

Employment Land and Premises

~ **MINORITY REPORT** ~

Produced by a minority of Scrutiny Committee members

SEPTEMBER 2014

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INTRODUCTION

1. On 10th September 2014, Fylde's Policy Development Scrutiny Committee considered a recovered decision taken by Cllr Trevor Fiddler, Portfolio Holder for Planning and Development in respect of the Employment Land Evidence Base Update¹.
2. By a majority of nine to seven, the Committee resolved not to call-in his decision.
3. This report is produced by the seven members / proxy members of Fylde's Policy Development Scrutiny Committee of 10th September 2014 who remain dissatisfied with the Committee's decision.
4. We have issued this minority report to explain the basis of our dissatisfaction, and to call for a Task and Finish Scrutiny Group to investigate the matter in more detail.

BACKGROUND

5. On 12 June 2013, having approved a Preferred Options Consultation Draft version of Fylde's new Local Plan, The Portfolio Holder brought it before the Council to seek endorsement.
6. A majority of Councillors did endorse it, but a large minority (41% of the Full Council meeting) felt unable to support it, and refused to endorse it.²
7. They subsequently issued their own 'Minority Report'³ setting out the reasons why.
8. Chief amongst these was their first issue listed – the Preferred Option's 'Chapter 6: Employment Land' which asserted that the evidence base in relation to Employment Land assessments was flawed and could not be relied upon.
9. The June 13 Minority Report argued there was an overstated need for employment land. Furthermore, it asserted the overstated need had resulted in an over-allocation land for industry - and for the houses associated with it - and this error had prevented the release of redundant employment land for housing, increasing demands on Greenfield sites for both employment and housing.
10. At the end of the Preferred Options consultation period, on 22 August 2013 a consortium of ten of Fylde's community groups concerned with planning issued a joint statement.⁴ Although this centred around the number of houses required, it noted the wider issues and called on Fylde Borough Council to suspend the current consultation, and withdraw its Preferred Options proposal until it was able to support it with its own declared housing requirement together with its related evidence and reasoned justification. Only then should the Council issue an amended Preferred Options, together with the housing requirement, and re-present both for public consultation.
11. The Council did not withdraw its Preferred Options, but the Portfolio Holder did invite representatives of those groups to meet him on 14 April 2014 to discuss their concerns - one of which was housing, and another was employment land, as had been identified in the June 13th Minority Report.
12. That meeting concluded, inter alia, with an invitation to Mr Guest of Warton to submit a paper regarding his concerns about the excess allocation of employment land, and the basis on

¹ Individual Cabinet Member Decision. Employment Land Evidence Base Update. Reference no: 2014/10

² Minutes of the FBC Special Council Meeting 12 June 2013

³ Minority Report On The Fylde Local Plan To 2030 - Preferred Options Consultation Document

⁴ 'Declaration of Unsound Planning Consultation' 22 August 2013

which he asserted it was excessive, so that further discussions could take place with officers to establish the validity of his assertions.

13. In May 2014 Mr Guest wrote to the Portfolio Holder and the Head of Planning, enclosing his paper together with a covering letter in which he said "The reason for producing a note was to encourage a proper debate of the available evidence. I would appreciate an opportunity to discuss this with whoever is responsible for commissioning the studies and endorsing their findings for the Council.". We understand he also voluntarily restricted circulation of the paper prior to having the opportunity to sit down with the council to discuss it.
14. No such opportunity was offered.
15. But on 11th August 2014, the summary of Mr Guest's paper, together with the officer's response to the summarised headings was presented to a meeting of the Local Plan Steering Group. The agenda item was headed: 'Briefing Note and Draft Report to the Portfolio Holder' and the officer responses were set out in section 2 i) – vi)
16. Members of the Steering Group had not been provided with Mr Guest's full paper, nor its conclusions, only with its summary accompanied by the officer's rejection of the points he had set out from 2 i) – vi). As a consequence it had not been possible for members of the Steering Group to consider the underlying logic and reasons in Mr Guest's paper.
17. The record of that Steering Group meeting shows the Group was recommended to endorse the officer's commentary set out under section 2 i) – vi) of the Briefing Note, (and to provide members of the Steering Group with a full copy of Mr Guest's paper). However, independent Councillors signified disagreement with the endorsement, and refused to do so.

THE PORTFOLIO HOLDER'S DRAFT DECISION

18. On 15th August 2014, the Portfolio Holder published a Proposed Decision. It was "That the Portfolio Holder considers this report and endorses the commentary set out under section 2 i) – vi) to be sent to the author of the representation as the Council's considered response to his representation and that the Fylde Employment Land and Premises Study (July 2012) be retained in the Council's evidence base."
19. The decision was proposed to be effective and implemented from 27th August 2014.

THE CALL IN MEETING

20. However, the decision was subject to a valid Recovery request by twelve Councillors, and a Call-in Scrutiny Meeting took place on 10th September 2014.⁵
21. Two members of the public spoke in the Public Platform
 - Mr Guest: said he had submitted his paper at Cllr Fiddler's request and asked for an opportunity to discuss it with officers to get to the bottom of his concerns. He said unfortunately he was denied that opportunity and to date had received no reply after four months. He had since viewed the draft response to his paper and concluded that it did not appear to have addressed any of his material issues. He thought the officer's response to his paper seemed to ignore, misrepresent, or misunderstand the points he had made.

He said the salient facts remained the same. Serious historic errors had been made which continue to inform policy making, and that the Council's figures show that less land is being used for employment now than was the case in 2001. Significantly more land has been lost

⁵ Policy Development Scrutiny Committee. Call-In Request – Employment Land Evidence Base Update 10 Sept 2014

to employment than has been taken up. The Council's own figures show the rate of new employment land take-up has been reducing progressively for 20 years, and there is more than enough new land already designated for employment to meet demand to 2030 even when allowing for a substantial rise in employment and ignoring the land being released by BAe

- Mr Moor: said the officer response to Mr Guest's paper had been dismissive, superficial, and selective. He drew attention to the Grimley Report which had contained glaring errors that were still informing the Local Plan via the Sub Regional Review, and the SHLAA, which had taken more Greenfield land than was needed. He argued the officer's original failure to see the Grimley error had been compounded and magnified, and their complete failure to address this aspect of Mr. Guest's paper spoke to their competence.

He said Fylde's consultants had used seven permutations of the need for employment land. Six of these had showed a need for about the same or less land than exists at present. The seventh said twice as much was needed. Despite its being logically flawed like the Grimley Report, the seventh option had been chosen. Fylde's officers had justified this in their response to Mr Guest by saying the other six did not square with Fylde's vision for future growth.

Mr Moor argued that the Local Plan is supposed to be built on evidence, but Fylde's Employment Land policy was not being based on evidence, it was being based on a vision, and a vision was not evidence. He said visionary growth, based on an imaginary need for employment land had already contributed to nightmare numbers of Greenfield applications.

22. The Scrutiny Meeting proper then began, and the report before the Scrutiny Committee concluded:⁶
 - 3.1 It is proposed that the commentary set out under section 2 i) – vi) above be sent to the author of the representation as the Council's considered response to his representation. It remains that the Fylde Employment Land and Premises Study 2012 is considered to be a robust part of the emerging Local Plan's evidence base.
 - 3.2 If the author of the representation should decide to pursue his challenge to this, or any other, part of the emerging local plan's evidence base, there will be ample opportunity for him to comment upon it through the formal consultation process. It is likely that the Council will carry out further consultation based upon a reappraisal of the strategic options for the Borough.
23. Several members of the committee were unfamiliar with planning, and most found the topic complex. At least one member (who later voted to reject the call in) said they had not even received all the Committee's paperwork for the meeting.
24. The Portfolio Holder had invited representatives of BE/AECOM to attend the meeting.
25. When this was drawn to the Chairman's attention, she invited them to speak. They gave an exposition of how they had conducted their assignment, and continued their support of the Portfolio Holder's position by answering some questions.
26. Mr Guest was not given the same opportunity to take part in the meeting. In fact, the chairman had made it clear that, after their 3 minute statements, public speakers would not be allowed to make any further contribution to the meeting.
27. During questioning, Councillor Duffy questioned the Portfolio Holder about the 2006 Grimley report and elicited an admission that it was now considered flawed.

⁶ Agenda of Policy Development Scrutiny Committee 10th September 2014 (Page 5 of Appendix 3)

28. The Fylde officer who spoke later in the meeting appeared unable to understand the ongoing impact of these flaws. She argued that the BE AECOM Employment Land report 'began afresh.' But that fails to account for the policy impact Grimley had, and continues to have, on the Sub-Regional Employment Land Review, the Memorandum of Understanding with Fylde's neighbouring Boroughs, and Fylde's Strategic Housing Land Availability Assessment, all of which are current.
29. The oral argument made in favour of rejecting the call-in was almost entirely based upon a statement by the consultants that, in approximately 30 other engagements, their findings had never been seriously challenged and could therefore be relied upon.
30. The proposal to call-in the Portfolio Holder's decision was lost 9 votes to 7.⁷
31. The Chairman indicated that call-in request would thus automatically fail, and the Individual Cabinet Member Decision (dated 27 August 2014) would be therefore implemented.
32. A separate motion (proposed by Councillor Oades and seconded by Councillor Duffy) to set up an Employment Land Task and Finish group was then put to the meeting.
33. An amendment to defer the establishment of an Employment Land Task and Finish Group for consideration by the Local Plan Steering Group (proposed by Councillor Redcliffe and seconded by Councillor Aitken) was LOST on the Chairman's casting vote.
34. The motion to set up an Employment Land Task and Finish Group was also LOST.
35. The decision of the Portfolio Holder as at 27th August was "The Portfolio Holder has considered this report and endorses the commentary set out under section 2 i) – vi) to be sent to the author of the representation as the Council's considered response to his representation and that the Fylde Employment Land and Premises Study (July 2012) be retained in the Council's evidence base."
36. It follows that this decision has been implemented from the date of the Scrutiny Committee (10th September 2014)

SUMMARY OF RELEVANT INFORMATION

37. The terms and issues in this matter are complex and may be difficult for non-DM Members to follow. This is why we proposed an Employment Land Task and Finish Group to assemble evidence and investigate the details. We remain of the view that this matter needs further detailed investigation by a Task and Finish Group.
38. The Portfolio Holder's decision is in two parts: 1). To advise Mr Guest of his considered response to Mr Guest's paper, and 2). To retain the Fylde Employment Land and Premises Study of July 2012 (FELPS) in the Council's evidence base.
39. In a literal sense, this cannot be gainsaid. Mr Guest needs a response, and the evidence base must have information on employment land and premises.
40. But in a less literal sense, the implication of the decision is that the FELPS - as it stand today - is "considered to be a robust part of the emerging Local Plan's evidence base". (as set out in the conclusion of the officer's report to the Local Plan Steering Group and forming the basis of the Portfolio Holder's decision)⁸

⁷ Policy Development Scrutiny Committee Minutes – 10 September 2014

⁸ Employment Land Evidence Base Update. Portfolio Holder Report 15 August 2014 2014/10 (Section 3)

41. We take little exception to much of the evidence produced by BR/AECOM. Nor, (as is stated in the Scrutiny Committee Minutes) do we question the reliability or reputation of the work of BE Group.
42. What we do not support, is the way that the BE/AECOM evidence has been woven to produce an inaccurate conclusion which is leading to poor policy.
43. The essential facts remain
 - a) The Employment Land Study (2006) undertaken by GVA Grimley was seriously flawed.
 - b) Their study looked bullish (even before the recession) because it assumed growth of between two and three times the national and regional predictions for the period from 2005 to 2015.
 - c) This was despite the fact that since 1998, there had been a reduction in employment in Fylde which contrasted sharply with growth in employment in the rest of the region and nationally. So Fylde Borough had lost jobs in a period which saw employment grow in the North West and across the country, but despite this, Grimley forecast growth of nearly 11% above the average – that was twice the average national rate of growth, and three times the regional rate.
 - d) They used upbeat economic assumptions, and predicted an additional 946 jobs at BAe Warton, wrongly assuming these jobs would generate a requirement for an extra 9.19 ha of employment land in Fylde over and above the site BAe already occupied at Warton. There was plenty of capacity within its existing footprints at Warton and Samlesbury to cope with the extra staff; BAe has employed several thousand more in the past.
 - e) At the same time, BAe had declared its 8ha 'Marconi site' surplus to requirements. This did not feature in the Grimley review of employment land supply. But if Fylde's officers had spotted and corrected this omission - as they should - it would have increased the employment land supply figure from 27.3ha to 35.3ha.
 - f) Had the BAe errors of excess demand and reduced supply been corrected, it would have shown there was either two or three times as much land available as was needed, not a need for additional employment land.
 - g) But FBC used Grimley's (flawed) study to draw the conclusion that employment land was 'tight' and, in the case of the SHLAA exercise, to declare: '..employment land [has] not been included in this assessment .. because... there is a shortage of employment land..'
 - h) The continuing use of this flawed figure to develop policy ensured that almost all the land brought forward in the SHLAA exercise was Greenfield, when Brownfield was becoming available.
 - i) FBC also took the uncorrected Grimley demand figure of 27.7ha for the period to 2015 and extrapolated it to 60ha for the period to 2027 by a process of simple multiplication. This is a bogus number that compounds the original error with an unsound process. What we see here are officers believing it was acceptable not only to use, but also to extrapolate, pre-recessionary assumptions which were clearly wrong.
 - j) This extrapolation of 60 ha of need up to 2027 was then fed into the Fylde Sub Region Employment Land Review in 2010.⁹

⁹ Fylde Sub Region Employment Land Review: Summary Statement 2010 (p 3, para 6)

- k) That 2010 Review has informed current policy in, amongst other things, the 2013 'Memorandum of Understanding'¹⁰ which notes "In 2010 a Fylde Sub Region Employment Land Review was agreed by Blackpool, Fylde and Wyre which sets out the current position in terms of employment land availability." Furthermore, the officer's response to Mr Guest includes the statement "The MoU addresses a number of areas for co-operation between the authorities, but with specific regard to business and industrial development, the MoU addresses sub-regional employment land requirements; strategic priorities to strengthen the Fylde Coast economy....."
- l) The Grimley error, therefore, is still informing current policy, and the Portfolio Holder admitted as much during the call-in meeting. It follows that current policy - based on flawed research by Grimley - cannot be considered "a robust part of the emerging Local Plan's evidence base " as officers and the Portfolio Holder claim.
- m) Next we come to the principles of the BE/AECOM report of 2012. This did more or less what Grimley had done in 2006. Consultants looked afresh at how much land would be needed for future employment and, separately, at how much employment land would be available. Subtracting one from the other shows either a shortfall or a surplus of employment land.
- n) The consultants used two approaches to need. The first was a technical 'forward forecast' approach to calculating need based on Standard units of measure per employee in different industries (eg telesales requires much less area per employee than, say, shipbuilding).
- o) The second approach (called the 'Historic Take Up' model) was a purely arithmetic calculation that adds up all the land that had actually been taken up for employment in a set number of years, before dividing that total by the number of years in the count to give an average take-up per year. This averaged annual rate, (when multiplied by a number of years into the future) can be projected forward to deliver a figure of future need.
- p) This 'Historic Take Up model' uses the Council's own statistics and is a calculation that most primary school classes would be comfortable to undertake. It could have been done very easily by our own officers. However, the technical 'forward forecast model' was much more complex and was further sub divided into six sub-models using forecasts of likely employment change (addressing the changing nature of employment) and labour supply change (chiefly based on population growth of people of working age) overlaid with assumptions as to whether 100% or 60% would work in Fylde, and the effects of the Warton Enterprise Zone built in as well.
- q) All six of these forward forecast models show that Fylde will need about the same, or less land than is presently forecast to be available for employment.
- r) The easier to calculate 'Historic Take-Up model' - uses a simplistic extrapolation of unmodified historic data to conclude there is a need for twice as much land as is presently available, and this model has been chosen for adoption.
- s) But there was some data inconsistency in relation to land take up trends because the BE /AECOM work included car retail land take up, that was specifically excluded from Fylde's Sub Regional Review.
- t) The 'Historic Take-Up model' concludes that of the additional 26.2ha it says is needed, there is no inclusion to meet Blackpool's need. This is incorrect. The Historic Land

¹⁰ "Duty To Co-Operate: Memorandum Of Understanding Between Blackpool Council, Lancashire County Council, Fylde Council And Wyre Council August 2013" (P 9 para 4.19)

Take Up data clearly include Fylde's ongoing contribution to meet Blackpool's need, since there is no way of preventing Blackpool businesses from moving over the boundary, where over 60% of the Borough's new employment land has been created over the last 20 years. So Blackpool's need is already included in any predictions that derive from Historic Take Up data.

- u) Mr Guest's paper summarised the various models saying "AECOM/BE Group used 7 different models to predict the need for additional employment land in the period to 2030. Two show we will not need any more employment land and can release up to 29ha of the land currently in use; four predict that we will only need to use a fraction (about a quarter) of the 22.3ha of employment land already identified as becoming available under existing plans; one model (based on historic employment land take-up) shows that we will need more than twice as much land as is currently identified as becoming available (a total of 48.6ha). Bizarrely this latter model has been used without amendment as the basis of the study's recommendation."
- v) The officer's and Portfolio Holder's response to this was "Paragraph 10.39 of the FELPS explains why BE Group have recommended using the historic take-up trends. Ultimately, in other comparable local authority areas they have discounted the use of employment and labour supply models which have generated unusually negative outcomes. From a Fylde perspective negative outcomes do not square with the vision in the Fylde Local Plan to 2030..."
- w) We argue this response is not a sound basis on which to construct policy. As one of the public speakers said at the Scrutiny Call-in a vision does not constitute evidence.
- x) Furthermore, as Mr Guest has showed, if the Historic Take Up model is adjusted for the land which has been lost to employment (that is, if you use a net figure that takes account of both land taken up for employment and land lost to employment over the same period), the outcome of the Historic Land take up model aligns within the range of the other six studies, and predicts a reduction in employment land needed to 2030.

CONCLUSIONS

- 44. We believe the evidence leads to a position requiring less land in 2030 than is available now, despite the predicted increase in employment.
- 45. We also believe this can be explained by the changing nature of employment - where automation, and advances in technology allow operations with far less space per employee. It is also affected by the enormous growth in working from home – now at 23% of all employment premises in Fylde.¹¹
- 46. It is also the case that migration from traditional sites to new sites means the potential release of employment land to other uses.
- 47. But a policy showing the need for less employment land in the future does not appear to square with the growth in employment that Fylde has as its vision - as the officers have said in their response to Mr Guest.
- 48. So we believe the option that demonstrates obvious growth – the unsoundly constructed option that says twice as much land will be needed in the future – was selected and adopted, despite the six 'more technical' studies finding this was not the case even though employment itself is forecast to grow.

¹¹ Employment Land and Premises Study F75(p)/Final Report/August 2012 (P 126, Para 8.14 and Table 46)

49. We are unable to determine whether officers and / or the Portfolio Holder were influenced by the prospect of a vision in which more employment land means more houses - which in turn means more New Homes Bonus, but the prospect cannot be completely discounted.
50. So for these reasons, we believe the present Fylde Land and Premises Study is, like the Grimley Report before it, flawed. Furthermore, if it is allowed to continue unchanged, it will feed in to other policies such as housing numbers and lead to their being flawed.
51. If adopted, this policy will take up to twice as much additional land as is needed. It has also understated the area of redundant employment land that could be released for other uses such as housing - which would ease the pressure on existing countryside Greenfield sites. It will also impact on the calculation of housing need for new employees.
52. We believe there is a serious risk the Local Plan could be found to be based on conclusions that are unsound. We therefore call for this matter to be addressed in detail via a Task and Finish Scrutiny Group; that Mr Guest be invited to take part in that group, and that a further report be made to full Council.
53. Some may argue about delays in the local plan process, but since the emerging Local Plan is about to be reconsulted upon, now would be a very appropriate time to feed the results of a detailed Employment Land and Premises investigation in with the revisions that will be made as a result of consultation.
54. If those of us supporting the minority position are right, and there are flaws in the logic and arguments on employment land, that will undoubtedly be rehearsed at the Inquiry in Public. We believe it is likely to take less time, trouble, and cost to sort the flaws out now, than it will if they have to be resolved in front of an inspector.
55. The specific details of the flaws in the Employment Land and Premises study are well set out in Mr Guest's detailed report which we reproduce as an appendix to this Minority Report, together with the officer's response to his summary, and a further response regarding our view of the officer's comments.

This report is published and issued by the seven members / proxy members of Fylde's Policy Development Scrutiny Committee of 10th June 2014, who remain dissatisfied with the Committee's decision

Councillors: Julie Brickles, David Chedd, Maxine Chew, Charlie Duffy, Karen Henshaw, Liz Oades, and Elaine Silverwood.

This appendix comprises

1. Mr Guest's covering letter to the Portfolio Holder
 2. His detailed critique of the Employment Land and Premises Study
 3. His Conclusions
 4. His summary, together with Fylde's officer comments and a response to those comments
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67 Church Road
Warton, Preston
LANCS PR4 1BD

Dr . Trevor Fiddler
Mr Mark Evans
Fylde Borough Council
Lytham St Annes

Gentlemen,

Employment Land Requirement

Please find enclosed a copy (each, under separate cover) of my note reviewing the various employment land studies commissioned by FBC and other evidence as requested by you at the meeting on 14th April. The delay arises from my deciding to double check the references and update some of the calculations to include information you have recently published.

It seems to me that the issue of employment land has not been well understood and this has led to the formulation of faulty policies with which the Council finds difficult to comply. The reason for producing a note was to encourage a proper debate of the available evidence. I would appreciate an opportunity to discuss this with whoever is responsible for commissioning the studies and endorsing their findings for the Council.

It is clear that the category of employment covered in the Employment Land reviews is only part of a larger employment picture that embraces other categories (such as retail). Nevertheless, there has been a surprising degree of confusion about the basic level of employment (real and predicted) in recent years. Grimley's study recorded a loss of employment from 1998 to 2005 but then predicted an additional 4650 jobs by 2015. The BE Group predicts a 1000 to 2000 jobs increase by 2017 followed by stagnation and a slight fall. The Preferred Options consultation document referred to a recent strong rise in employment. However the SHMA claims that from 2001 to 2011 there was a 1.2% fall in employment. It would be helpful to understand what the Council's central assumptions were for past, present and future employment numbers and I would be grateful if you could put me in touch with the right officer for this.

I hope you find the enclosed note useful and I look forward to being able to discuss it with someone at the Council.

Yours faithfully

DETAILED CRITIQUE

A Brief Critical Review of Fylde Borough Employment Land Studies

1. GVA GRIMLEY STUDY

An 'Employment Land Review' study was undertaken for FBC by GVA Grimley in 2006. The study identified land available for future employment use and looked at the prospects for future employment growth (that would create a need for additional employment land). They used consultants called Cambridge Econometrics to look specifically at Fylde's employment growth expectations in the period covered by the Grimley study (2005-2015).

1.1 Key assumptions

The study anticipated a substantial employment growth rate in Fylde borough in the period from 2005 to 2015. This prediction dramatically reversed the trend in previous years where the report admits: 'There has been a downturn in aggregate employment across the Fylde borough since 1998; the trend has been shallow but definite. This compares unfavourably with adjacent areas including Chorley and Preston The borough has continued to lose jobs in a period which saw employment growth within the North West region and Great Britain' (section 12). Notwithstanding the record, Grimley predicted in 2006 that: ' the overall forecast growth for Fylde is expected to be significantly above the average at nearly 11% by 2015; this is twice the national average rate of growth and three times the regional rate of growth for the same period.' (section 8). The central assumption of the study assumed an additional 4,652 employees in Fylde over the period to 2015.

1.2 Its calculation and conclusions

In looking at employment land requirements, the study estimated the extra employment space needed by the additional employees it predicted in various industries and concluded that they would require an additional 27.7ha of employment land (table 47). This was based on a high level (ie inefficient) land use assumption. The equivalent number at the low use (efficient) assumption was 18.7ha. They also did an alternative simple calculation based on historic annual land take-up. This established an annual figure of 2.64 hectares (that they admitted included an uncharacteristic peak year) that was modified to a true run rate of 1.57ha pa. These rates gave total numbers of 28.9ha and 17.3ha respectively (but they ignored the lower 'characteristic' figure and carried the higher figure forward in their later deliberations). They also looked at a case where there is no growth at BAeS, and this led to a total requirement of 18.5ha. In their recommendation they plumped for the 27.7ha figure, which they justified on the grounds that it was most similar to the historic take up figure (problems with this historic take-up model are examined in section 3.5 of this note).

They then looked at all the employment sites already in the system for future development (discounting some sites that were available but not geared to meet the forecast type of employment demand) and produced a list : Discounted Supply of Suitable Sites (table 57) showing a supply of 27.3ha. that was expected to become available in the study period from identified planned developments.

They concluded (para 13.6, page 231, Grimley study) that: 'there appears to be a sufficient match between supply and demand' (i.e. a 27.7ha demand is broadly met by a 27.3ha supply). FBC drew the conclusion that employment land was tight.

1.3 Areas of concern

There was one significant error even if you fully accepted the upbeat economic assumptions. Grimley predicted an additional 946 jobs at BAeS, Warton but they incorrectly assumed in their calculations that these jobs would generate a requirement for an extra 9.19 ha (Table 47) of employment land in Fylde over and above the site BAeS already occupied at Warton. This was a substantial error and should have been picked up by FBC. BAeS had plenty of capacity within its existing footprints at Warton and Sablesbury to cope with the extra staff; it has employed several thousand more in the past and would indeed have needed to employ any additional staff on its existing sites. Correcting this error has a substantial impact on the demand figure, reducing it from 27.7ha to 18.51ha.

At the same time (certainly before the report was published and FBC used its conclusions to inform its SHLAA strategy) BAeS had declared its 'Marconi' site of some 8ha as surplus to requirements. This did not feature in the Grimley review of employment land supply. Had it done so, as it should, it would have increased the employment land supply figure from 27.3ha to 35.3ha.

The effect of correcting just this BAeS error (without questioning Grimley's other assumptions) would be to move from a conclusion that there would be a broad balance between supply and demand to a conclusion that there would be twice as much land available as was needed (35.3ha available and 18.5ha required). In fact, if you use Grimley's low land-use assumption the requirement figure comes down to around 11.5ha, suggesting that there is three times as much land available as is needed.

The BAeS error is repeated to a degree in some of the other calculations, in the sense that, for instance, when the hotel and restaurant business says that it expects to take on more staff, it doesn't mean it's going to build another hotel or restaurant. It usually means it will employ more staff to cope with extra business and busier shifts on its existing sites.

The reality is that, even if you accepted Grimley's optimistic economic assumptions at face value, a proper critical reading of the study would show that there was far more employment land already available or earmarked in the planning/development process than was going to be necessary, by a factor of more than 3.

1.4 Its effects

FBC used the study's conclusion that there was a balance of supply and demand ('there appears to be a sufficient match between supply and demand') to draw the conclusion that employment land was 'tight' and in the case of the SHLAA exercise to declare: '..employment land [has] not been included in this assessment .. because... there is a shortage of employment land..' This ensured that almost all the land brought forward in the SHLAA exercise was Greenfield although it was already apparent that substantial areas of Brownfield land were becoming available.

2 FYLDE SUB REGION EMPLOYMENT LAND REVIEW (2010)

FBC took the uncorrected Grimley figure of 27.7ha demand for the period to 2015 and extrapolated it to 60ha for the period to 2027. This is a bogus number that compounds the original error with an unsound process. Not only is this based on an incorrect initial number but the presumption that the exaggerated growth rates and restricted land supply postulated in the Grimley report for the period to 2015 would continue to 2027 appears not to have been questioned. Furthermore no allowance was made for a natural matching growth in the supply

Why FBC felt in 2010, well into a recession, that it was acceptable to continue to use (and even extrapolate forward on the basis of) pre-recessionary assumptions that could clearly be seen to be wrong is a mystery. In addition the Grimley report itself actually foresaw existing employment land increasingly being released after the period covered by its study (i.e. after 2015).

3. AECOM/BE Group: EMPLOYMENT LAND and PREMISES STUDY

This study was commissioned by FBC and its final report is dated August 2012. The underlying economic predictions were commissioned from Oxford Economics. The study involved all the usual range of activities including questionnaires to businesses and stakeholder consultations. The basic task, as in the case of the Grimley study was to identify the need for employment land, in this case, for the period to 2030. The study recognised employment land of 22.32ha already identified in the planning system as becoming available in the period.

3.1 Key assumptions and calculations

The BAeS Warton site and its Enterprise Zone were specifically excluded from consideration on the grounds that it was a separate exercise intended to draw business in from outside the region to replace BAeS work. However the impact of the Enterprise Zone was reflected in the economic forecasting models (ie they modelled situations without an Enterprise Zone and with one – in the latter case they assume extra employment outside the zone of 500 employees over the period).

The study developed 7 models to assess the amount of employment land needed. The first model is based on historic employment land take-up trends. The other 6 are more scientific attempts to predict the future, based on the work done by Oxford Economics. These 6 models forecast employment growth using two different techniques. The two techniques expand to 6 models by changing assumptions on the Enterprise Zone (Policy on and Policy off) and, in the case of the second technique, varying the percentage of workers deemed to commute out of the borough. In each of the 6 cases the land required is then calculated (as in Grimley) on the basis of the space required to support an employee in a particular industry sector. The ranges shown arise from differences in the employee density assumptions.

The first technique looks at employment changes broken down into 19 industry sectors using the Oxford Economics forecast. This predicts a decline in manufacturing and a growth in services (only in the private sector; public sector services are set to decline). In the period to 2017 there will be a 4.1% growth in employment (additional 2000 jobs). Total employment will then plateau for 5 years before a slight drop to a further plateau lasting to 2030 (see section 10, table 63).

The second technique is based on population forecasts produced by Oxford Economics for the period to 2030. The prediction is for the Fylde population to grow from 77,000 (2012) to 85,000 (2030). The study expects the working population to grow by 1100. It goes on to calculate how much extra employment land would be needed for them to work on. This is broken out into forecasts that assume a) that the whole 1100 work within the Borough and b) that only 66% do (the current ratio).

The different techniques and assumptions produced 7 different models:

- i) long term employment land take-up history;
- ii) employment change (no Enterprise Zone effect)
- iii) labour supply change (100% work in Fylde).
- iv) labour supply change (66% work in Fylde).
- v) employment change (with Enterprise Zone)

- vi) labour supply change (with Enterprise Zone; 100%)
- vii) labour supply change (with Enterprise Zone; 66%).

3.2 Its results

The tables below show the results of the different models in the study. In Table 3.2.1 the figures show the predicted change in the employment land requirement between now and 2030. A negative number shows the area of land that is currently used for employment that will no longer be required and can be assigned for other use.

Table 3.2.1

Model	Land required (relative to current employment land) by 2030
i)	+ 48.6 ha
ii)	- 15.42 ha to - 23.88 ha
iii)	+ 4.08 ha to + 4.67 ha
iv)	+ 2.69 ha to + 3.08 ha
v)	- 19.60 ha to - 29.19 ha
vi)	+ 5.64 ha to +6.42 ha
vii)	+ 3.72 ha to + 4.24 ha

Two of the models (those based on employment change) predict a material reduction in the amount of employment land required by 2030. Four of the models (based on labour supply deriving from population change) predict a slight increase in the amount of employment land required; in each case substantially less than the 22.32ha already identified as available employment land. One model (based on an interpretation of the historic land take-up records) shows a requirement for substantially more employment land; more than twice as much as the 22.32ha already in the pipeline..

For the purposes of the forthcoming Local Plan, the question is what additional changes are required on top of the 22.32ha of future employment land already identified in the existing plans (but not yet in use). Table 3.2.2 below shows the changes required in the Local Plan relative to those existing planning assumptions (i.e. changes in the area of employment land required compared to the existing area in use plus the 22.32ha already planned).

Table 3.2.2

Model	Land required relative to current planning assumptions
i)	+ 26.28 ha
ii)	- 37.41 ha to - 46.2 ha
iii)	-17.65 ha to - 18.24 ha
iv)	- 19.24 ha to -19.63 ha
v)	- 41.92 ha to - 51.51 ha
vi)	- 15.90 ha to -16.68 ha
vii)	- 18.08 ha to - 18.60 ha

In all the models save i), it is shown that the presently planned 22.32ha very substantially exceeds the forecast demand (and of course in two cases none of the 22.32ha is required and some existing employment land can be re-assigned). The study explains that this result derives from the fact that the industry sectors in decline use more land than those industries expected to grow. Model i), which is based on historic trends, shows a significant area of additional employment land will be required over and above the planned 22.32ha..

3.3 Its conclusions and recommendation

As we can see, six of the seven predictions of future employment land requirements indicate that the 22.32ha already identified within the planning process will provide substantially more employment land than is necessary.

Strangely the study's authors reject these six predictions in favour of the one prediction, based on a simple extrapolation of historic employment land take up, which showed that significantly more employment land must be designated up to a total of 48.6ha (more than twice the 22.32ha already identified).

3.4 Areas of concern

3.4.1 BAeS Warton site

One of the major weaknesses of the studies undertaken so far is a failure to probe the likely evolution of the BAeS site which itself comprises nearly half of current employment land in the Borough (242ha out of a total of 498ha – Table 3, Fylde Sub Region Employment Land Review: Summary Statement) and houses a business that seems to be in long term managed decline as BAeS transfers business to its Samlesbury site with much better motorway access. Decisions already taken by the Government and BAeS will significantly impact use of the site (notwithstanding the success or failure of the Enterprise Zone) within the plan period.

3.4.2 Some data inconsistency

It was apparent that some of the data used by BE Group to establish its employment land take-up trends was not consistent with the equivalent data appearing in the Fylde Sub-Region Employment Land Review. On investigation it appears that BE Group had included car retail related land take-up that was specifically excluded in the Sub Region review. For the purposes of this exercise, I have applied the Sub Region review assumptions.

3.4.3 Pent up demand

The study supports its decision to use the high land requirement figure predicted by the historic land take-up model on the basis of what it called 'pent up demand' identified in its business and market survey activity. Table 60 shows a comparison of currently available units (office and industrial separately) of different sizes against the demand for such units over the next two years from the survey sample. The study interprets this information to suggest that there is a potential shortage of large office sites and medium size industrial units. This is unjustified for several reasons.

The figures in Table 60 do not represent the total available supply. They only show a snapshot of what is currently empty. When a business moves into one of these empty units, it leaves a newly empty unit behind it, so the supply is not reduced. The real role of empty units in the market is to provide a degree of flexibility in the system to make it easier for businesses to move. Given that

the requirements listed in the table are expected to arise over the next two years, the data seem to show more than adequate flexibility.

The survey revealed very high levels of satisfaction with business accommodation. The study's own findings declare that 'There are ample vacant premises in the Borough to meet these requirements' (AECOM BE Group study Final Report Exec Summary viii).

The idea that there is a shortage of large office capacity is impossible to square with the scale of loss of office accommodation and re-designation of redundant office capacity in the Borough over the last decade. If there had been a serious demand, one would have expected FBC and the developers to have met it with office conversion projects instead of the wholesale re-assignment that has actually taken place.

The figure of 2.3ha of pent up demand put forward by the study represents less than 0.5% of the employment land in the Borough (Fylde Sub Region Employment Land Review). It is not a pent up demand (implying that it cannot yet be met) it is exactly what you would expect to see in a healthy well-resourced market.

3.4.4 Blackpool Requirement

The study suggests that its recommendation that an additional 26.28ha is required to meet Borough needs does not include the employment land requirements of Blackpool. This is not the case. The figure used is derived from the historic land take up data. These data clearly do include the Borough's ongoing contribution to meet Blackpool's need since there is no way of preventing Blackpool businesses from moving onto the sites on the Blackpool boundary (where over 60% of the Borough's new employment land has been created over the last 20 years). Blackpool's need is included in any predictions that derive from the historic take-up data.

3.4.5 Model confusion appears cause of flawed recommendation

BE Group's decision to ignore the evidence of the six of its prediction models in favour of one with completely different results seems to have been based on a misunderstanding of the fundamental difference between those six models and the seventh model based on historic land take up trends.

It must be assumed that the methodologies used in the six ignored models are respectable methodologies normally used in this kind of endeavour (otherwise why would BE Group pay Oxford Economics to undertake their work and why would FBC pay BE Group to do this study at all?). The study's authors state that their methodologies follow ODPM guidance for such studies (Executive Summary iii) and are based on BE Group's experience and application in other employment land review studies. For them to dismiss all this as they do in section 10.37: 'Common sense suggests this argument (ie all the models except i) is flawed.' is very strange. Even more so is the comment in 10.39: 'In all instances where BE Group has been involved these models (effectively models ii to vii) have been discounted in favour of historic land take-up trends'. What was the purpose of models ii) to vii) and all the work that went into them if BE Group's experience suggested they should be ignored?

The fact is that the six models based on future industry and population trends all produce an answer to the question: 'how much more or less land will I need to use to support employment in 2030 than I am using to support employment now?'

The seventh model (based on historic land take up trends) is answering the question: 'how much new employment land will I need to bring into use by 2030 based on past experience?' The questions are completely different and both answers have some relevance for planning purposes.

The BE Group seem to have assumed that both questions were the same and that the answers should be the same, forcing them to deduce that some of the answers were wrong. This appears to have led them to misunderstand the evidence and draw the wrong conclusions.

The historic rate of employment land take-up has been used in both the Grimley study and this BE Group study as a reason to reject any calculated predictions of lower need so we'll consider it in the next section.

3.5 Historic land take-up

The methodology is straightforward. As the BE Group report puts it: 'Employment Land take-up is recorded by the Borough Council. In Table 61 a schedule of all completions between 1989 and 2011 is shown. The 59.6ha of land developed over this period equates to an average take-up of 2.7ha/year. Analysis of the most recent 5,10, and 15 year periods reveals respective annual take-up averages of 2.98; 2.13 and 2.01ha.', The figure of 2.7ha is then multiplied by 18 in the study to calculate the amount of additional employment land needing to be commissioned between 2012 and 2030, a total of 48.6ha. FBC would certainly not have needed to go out to consultants to produce this model.

The first thing to say about this model is that it is based purely on new employment land take up. It is measuring land that comes into use for employment purposes that was not in such use before. The model does not take any account of land taken out of employment use or of emerging spare or redundant employment land. Unlike the other models, it is not measuring change in the amount of employment land actually in use. Thus the model fails to take account of the change in the nature of business and the migration of employment land from one part of the Borough to another. It recognises businesses setting up on new sites at Whitehills and elsewhere but does not recognise the land taken out of employment use at Sadler's, Cookson's, GEC Marconi and many other sites. This is why its results differ markedly from the other models that effectively account for land coming into and leaving employment use. The historic take-up model is not wrong on its own terms; it's just answering a different question. We can however amend the historic take-up model to answer the same question as the other models by including employment land taken out of employment use in the calculation (using the FBC figures for the period from 2001 - 2013). This is quite instructive.

3.5.1 Amended historic take-up model

Looking at the summary tables at the end of the Business and Industrial Land Schedule (base date 31 March 2013) published by FBC there is a table entitled 'Land Lost to Business and Industrial Use Since Mid-Year 2001'. This schedule shows that 23.8ha of land that had been employment land was re-categorised for other uses between mid 2001 and March 2013. This table does not include the 8ha site (ex-Marconi) in Warton that was declared surplus to their requirements by BAeS some years ago (and since completely assigned to non-employment use), nor the Land Registry site (1.1ha); it does include a part of the Stocks and Bonds offices site in St Annes (7.3 out of 11.9ha) and part of the Aegon/Guardian site (0.6 out of 4.9ha) that are all surplus to their previous employment requirements.

To produce an amended model it is necessary to use employment land take-up figures from the same start point (mid 2001). In looking at the figures in the BE Group report (Table 62) it was apparent that there were inconsistencies between it and the equivalent table (Table 4 in Summary Statement) in the Fylde Sub Region Employment Land Review. Unpicking the details it was clear that the BE Group study included some categories that were ruled out of the employment land category by the Fylde Sub Region Review (car show rooms). For the purposes of this exercise the

Fylde Sub Region figures are used together with figures from Fylde's own Business and Industrial Land Schedule (Base Date March 2013) to cover the last 3 years (to March 2013). This gives a total employment land take-up from mid 2001 to March 2013 of 17.4ha.

For the purposes of running an amended historic take-up model I'll run two cases. Case 1 will use the 'lost' employment land figure of 23.8ha from the FBC schedule. Case 2 will add to this 8ha representing the Marconi site at Warton that has been out of employment use for many years and was effectively allocated for residential/retail use by March 2013.

First we work out the net gain/loss of employment land since 2001; then we find the annual average gain/loss; then use the annual average to calculate the change in the amount of employment land needed between 2013 and 2030 (i.e. multiply the annual average by 17). The results are shown in the Table 3.5.1 below.

Table 3.5.1

Case	Emplt land take-up since 2001 ha	Emplt land lost/spare since 2001 ha	Total inc/dec since 2001 ha	Average inc/dec since 2001/13 ha/pa	Tot inc/dec Emplt land 2013 - 30
1	17.4	23.8	-6.4	-.53	-9.0
2	17.4	31.8	-14.4	-1.2	-20.4

The predicted change in employment land required is shown in the final column. The figures in the final column corresponds to the figures in Table 3.2.1 above; they show that not only will there be no need to use any of the 22.32ha of land already assigned for future employment use but that, by 2030, we will actually need less employment land than is currently in use.

The amended historic take-up model is probably the model with the strongest evidential base (all based on FBC figures) and it produces a prediction that is closely aligned with the employment prediction models used in the BE Group study.

3.5.2 Lessons to be drawn from amended model

This exercise is instructive for two reasons. Firstly it shows that, if you ask the same question, all the different models (taking widely differing approaches) give you answers that fall within the same range. Which is to say that the amount of employment land required to support expected increased levels of employment in the Borough to 2030 ranges from a small amount of additional land (that is a very small proportion of the additional 22.32ha already assigned) down to 30ha less than is currently in use (over 50ha less than is currently in use and assigned). The weight of evidence points to there being a need for less employment land in 2030 than is currently in use.

Secondly, the exercise confirms the general validity and relevance of the 'employment' and 'population' based models used by the BE Group and contradicting the suggestions that 'Common sense suggests [they] are flawed' or that the market in employment land is so imperfect and distorted that it renders those models unrealistic. An amended historic take-up model that measures land coming into and leaving employment use is as realistic as it gets and it clearly predicts a reduction in the total amount of employment land required.

Helpful as it is to see that all the evidence is reasonably consistent it would be wrong to assume that this answer gives the whole story or that the un-amended historic take-up model is totally irrelevant. The total amount of employment land in use is not the only issue of importance.

Location is also important and it is this that seems to have been driving the historic land take-up figures. In effect there has been some migration of employment away from traditional sites to new sites.

4. What the evidence really seems to show

4.1 Less land required by modern businesses

The evidence from the BE Group study is that the Borough has a reducing absolute requirement for employment land notwithstanding predicted increases in the level of employment. The study makes the point that the industries it expects to grow will use employment land more effectively than those it expects to shrink. It also established (although its use of statistics needs to be viewed with caution) that a substantial proportion of companies in the Borough operate from home (23% of its survey – table 43).

4.2 Migration of sites and loss of traditional businesses

The real significance of the historic take-up figures is not that they demonstrate an increase in employment land use (as we have established in 3.5) but rather that they illustrate the migration of employment sites from one part of the Borough to another. In the main this migration has been away from the South of the Borough to the North, more particularly to sites that are closer to the M55. As new business sites have become available with excellent transport links in Kirkham and at Whitehills, businesses from Fylde and Blackpool have moved to the new sites. It should also be recognised that the existing land take-up figures already include meeting the demand of business from Blackpool since many of the new sites are on the border with Blackpool and there is no way of, or reason for, excluding Blackpool businesses from using the sites.

The northerly trend is not only driven by the migration of existing businesses in search of better premises. The loss of Sadler's, Cookson's, Aegon, Land Registry and Stocks and Bonds and their employment sites from have been driven by broader national economic rationalisations in those business areas and represents the kind of business change anticipated in the Grimley and BE Group studies.

4.3 Further loss of manufacturing expected

Both the Grimley and BE Group studies anticipate further loss of manufacturing business with its relatively inefficient use of land. BAe Systems has been investing heavily in its Samlesbury site and, beyond its current Typhoon manufacturing programme, will not be undertaking any final assembly and flight-testing at its Warton site. In those circumstances the maintenance of the site's runway, will become an expensive and unjustified overhead on the business. Since the runway was, and still is, the site's one critical advantage, one cannot sensibly expect BAeS to commit to the site to the end of the LP plan period. Attempts to attract business to part of the site through the Enterprise Zone have not been very successful serving mainly to illustrate the relative attractiveness of the Samlesbury site with its superior transport links. The future of the Toshiba/Westinghouse nuclear site, now owned by a company whose home country has radically changed its position on nuclear power in the last couple of years, must also be uncertain. The Grimley report anticipated that after 2015, employment land would be increasingly released by these industries.

4.4 Trends in employment land take-up

As discussed in 3.4 above, there are some errors (or at least inconsistencies with the sub-regional data) that lead to a misleading interpretation of employment land take-up trends in the BE Group study. The Fylde Sub-Region Employment Land Report covers land take-up from 1991/92 to 2009/10. It shows an overall average take-up of 2.6ha pa that is close to the figure used by BE Group. However, it produces a separate figure for the period from 2001/02 to 2009/10 of 1.8ha pa. A simple analysis of the same data also reveals that the average for the previous decade (1991/92 to 2000/01) was 3.32ha pa. (Table 4, Fylde Sub-Region Employment Land Review: Summary Statement); the reduction trend is strong. Bringing the data even more up to date, we can use the FBC Business and Industrial Land Schedule (Base Date 31 March 2013) to look at the average rate over the last 10 years and 5 years periods recorded. Over the last 10 years the average was 1.5ha pa. Over the last 5 years the average has been 1.24ha pa. The table below summarises the situation.

Table 4.1
Average rate of employment land take-up over time

Period	91/92 to 00/01	01/02 to 09/10	Last 10 years *	Last five years *
Take-up	3.32ha pa	1.80ha pa	1.50ha pa	1.24ha pa

* note: figures adjusted to remove car retail as discussed in 3.4.2 .

The trend is not unexpected since land take-up has been driven by two main factors that, over time, have a diminishing impact as business adjusts to them.

Firstly, the creation of the M55 and its link roads has transformed transportation links into the Borough and it was always going to be more attractive to site businesses closer to this feature. Initially one would expect existing businesses to migrate from their existing sites as well as new businesses to set up there. Over time, the backlog of existing business migration dies down and one is left with the meeting the needs of new businesses (minus the failure of existing ones) at a lower ongoing rate. Also the over all quality of the existing stock of sites has progressively improved as older sites have dropped out of use and this further reduces the need for business migration. The result is ever reducing pressure to migrate the employment footprint.

Secondly, the nature of business and its use of land is changing dramatically. Not only have we lost manufacturing jobs and sites but we are also losing those businesses that required large centralised office blocks. What businesses do is changing and the way that they do it is changing. Home working is a growing feature across the country that is well reflected in Fylde. All this change is dramatically reducing the amount of space that employers need to provide for employees and this is becoming apparent in the employment land take-up figures.

4.5 Future capacity

While the evidence indicates that a slight reduction is expected in the amount of employment land in use by 2030, there is a need to allow some flexibility to recognise the, needs (albeit reducing needs) represented by the historic land take-up figures.

At the rate of employment land take-up averaged over the last 5 years the 22.32ha already identified in the planning system will meet demand for a further 18 years, taking us beyond the end of the plan period. This takes no account of the land that Grimley and the BE Group studies both anticipated being released by current manufacturing operations at BAeS and Toshiba Westinghouse.

BAeS and Toshiba/Westinghouse both represent industries that use outrageously large areas of land in their processes. In combination they occupy over 320ha of the Fylde. At the current rate of

employment land take-up this area would provide a source of employment land that would last more than 250 years. Neither industry is likely to survive in its present form for a tenth of that period.

5. CONCLUSIONS

Evidence provided by the Grimley and BE Group studies into the requirement for employment land in the Fylde appears to have been misinterpreted. This has led to mistaken Council policies and to misleading contributions to sub-regional studies.

Despite a growth in employment in the Borough, less employment land will be required in 2030 than is the case now.

There has been a record of migration of employment land in the Borough from traditional sites to new sites with better transport links via the M55. The effect has been to release quite large areas of employment land to other uses (housing and retail).

The needs of Blackpool for business and employment land have been addressed by new employment land sites on the Fylde/Blackpool boundary for the last 20 years and are already fully reflected in Fylde's employment land take-up figures

The rate of employment land take-up has progressively reduced as the business disrupter effect of the M55 link to the national motorway system has been absorbed.

The requirement to continue to provide migratory flexibility and new employment land take-up can comfortably be met by the land already designated for future employment use for the LP period to 2030.

Based on the evidence, there seems to be no justification for assigning any further land for employment in the Local Plan beyond the 22.32ha already identified for that purpose.

There is a very substantial amount of employment land currently tied up in manufacturing industries that both the Grimley and BE Group studies expect to decline, releasing substantial amounts of additional employment land.

The potential for future pressure on green field land in the Borough from fracking operations makes it especially important that employment land policies are based on a full and thorough understanding of all the evidence.

Fylde already has a very large area of land assigned to employment in what most of us would regard as a relatively rural borough (498ha compared with 145ha in Wyre and 178ha in Blackpool). We need a more considered debate on what it's being used for and how it's changing.

A.L.G. May 2014

SUMMARY (with FBC Officers response and further comment)

Mr Guest's summary is in bold italic.

The officer's response is in Serif Roman typeface.

The further response (if any) is in serif plain italic.

- i) The Grimley study of 2006 contained a major error that led it to significantly overestimate the amount of land required to meet future employment demands in the period 2005 - 2015.

This issue has not been addressed in detail as part of this report. The Fylde Local Plan to 2030, Part 1 has not relied upon the GVA Grimley Study (2006). This study was superseded by the Fylde Employment Land and Premises Study 2012.

The lack of comment on this issue is not acceptable; the issue needs to be addressed in detail because:

- a) The error referred to fed directly into a flawed approach to the SHLAA exercise. FBC failed to make a detailed investigation into the contribution to be made by Brownfield land (while spending much effort into identifying all other possible sources of development land - including people's gardens). This led to an over-identification of Greenfield land in the SHLAA exercise which has never been corrected.
- b) This error fed into, and was compounded by, the FBC input to the Sub Region Employment Land Review (2010) and has not been corrected.
- c) The error goes to the heart of FBC's failings in commissioning and interpreting consultant's reports.

Conclusion: This issue does need to be properly addressed.

- ii) FBC compounded and magnified this error in its contribution to the 2010 Sub region Review by using it as the basis of an unsound extrapolation to predict the amount of additional employment land required by 2027.

This issue has not been addressed in detail as part of this report. The Fylde Local Plan to 2030, Part 1 has not relied upon the Sub regional Review (2010). This Review was superseded by the Fylde Employment Land and Premises Study 2012.

The Portfolio Holder has also decided not to comment on this issue. This is not acceptable because:

- a) The error was compounded in the input to the Sub Region review and needs to be urgently corrected since, by the Portfolio Holder's own admission, this document remains the basis of a sub-regional Memorandum of Understanding between the three boroughs on employment land requirements. The current grossly incorrect figure is helping to set the scene for misinterpreting the evidence in the BE Group Employment Land Study (referred to by the PH as FELPS).

- b) The way in which this input to the Sub Region review was derived and 'signed off' by FBC needs to be examined in detail. The casual and careless approach to evidence and what is true that seems to have underpinned this exercise needs to be addressed.

Conclusion: This issue does need to be properly addressed.

- iii) AECOM/BE Group used 7 different models to predict the need for additional employment land in the period to 2030. Two show we will not need any more employment land and can release up to 29ha of the land currently in use; four predict that we will only need to use a fraction (about a quarter) of the 22.3ha of employment land already identified as becoming available under existing plans; one model (based on historic employment land take-up) shows that we will need more than twice as much land as is currently identified as becoming available (a total of 48.6ha). Bizarrely this latter model has been used without amendment as the basis of the study's recommendation.

Paragraph 10.39 of the FELPS explains why BE Group have recommended using the historic take-up trends. Ultimately, in other comparable local authority areas they have discounted the use of employment and labour supply models which have generated unusually negative outcomes. From a Fylde perspective negative outcomes do not square with the vision in the Fylde Local Plan to 2030, Part 1 – Preferred Options (June 2013). The vision for Fylde to 2030 includes the following aspirations specific to employment land:

“Station facilities at Kirkham and Wesham will have been improved, making the town more accessible to other parts of the North West and increasing its sustainability as a residential and employment centre.

Opportunities for sub-regionally important employment at BAE Systems at Warton, Blackpool International Airport and Whitehills will have been realised and employment will have been provided close to where people live.

There will have been proportionate levels of employment growth to strengthen and diversify the local economies and reduce the need to travel.”

The Local Plan vision is a positive statement of how the Council wants the borough to be in 2030. Clearly Fylde is a place which aspires to growth. It wants to show it is open for business and employment land provision is part of that vision.

In support of the above is the Council's Economic Development Strategy 2012 – 2030 (January 2013). It aspires to the following:

“The economy of Fylde will be dynamic; providing economic growth, wealth creation and employment opportunities for a growing population from 2012 to 2030. This growing population will have the opportunities to ‘up-skill’ to meet the changing economic circumstances throughout this period and experience a quality of life in excess of that available in most of the rest of the UK. The Fylde will have the reputation of an area that embraces development and investment and is seen as a destination of choice for many businesses across many sectors.”

Under the provisions of the Duty to Co-Operate, a Memorandum of Understanding (MoU) between Blackpool Council, Fylde Borough Council, Wyre Borough Council and Lancashire County Council has been drafted and agreed by this Council's Executive. The MoU addresses a number of areas for co-operation between the authorities, but with specific regard to business

and industrial development, the MoU addresses sub-regional employment land requirements; strategic priorities to strengthen the Fylde Coast economy around Junction 4 of the M55/Fylde/Blackpool boundary; promotion of sustainable development on key strategic sites /corridors such as the Blackpool Airport corridor – Fylde/Blackpool boundary; The Lancashire Enterprise Zone, Warton and potential employment development at Whyndyke Farm.

The methodology utilised in assessing the historic take up of land in the FELPS included the motor vehicle franchises that have been developed at Whitehills as employment uses. This is because they are mixed uses involving an element of B2 use in the servicing and maintenance of motor vehicles and B1 uses related to administration. It is considered that this approach is justified, however, if a counter approach is taken and these sites are excluded in their entirety, the historic take up figure would be reduced from 2.7ha per annum to 2.5 ha per annum. This would reduce the amount of employment land required during the plan period by 3.8 ha. An alternative approach would be to calculate the amount of land used for B1 and B2 uses, i.e. excluding the sales showrooms, and calculate the land take-up accordingly. Whilst this exercise has not been undertaken, it is estimated that about 50% of the area of these sites is used as showroom, which would mean a reduction of 1.9 ha.

Paragraph 10.39 (nor any other part of sections 10) does not offer any evidence for rejecting the results arising from its other 6 sets of calculations. Saying that they produce unusually negative outcomes implies that they don't produce the answers that this and other boroughs want to see. In a serious business, if models were suspected to produce the wrong results then evidence would be gathered to compare actual outcomes with those predicted by the model. If there was a material difference the model would be corrected so that it could be relied on in the future. Serially ignoring the results of the model because customers think that the results are too negative does not seem serious or ethical in its only attempt to correct for the perceived 'errors'

In actual fact, in the case of this study the models produce results that correlate quite well with FBC's raw evidence from the historic land take-up trends taken together with the records of land lost to employment use when it is properly used. There appears to be little wrong with the models beyond the variance one might expect.

The rationalization put forward for ignoring the evidence is a series of vision statements. While these are admirable sentiments, all the actual evidence is that Fylde would be able to meet these objectives without identifying any more employment land than is currently in the system. This report is supposed to be the evidence base for the Local Plan strategy. The FBC vision, whatever you may think of it, should not be used as a filter for assessing (inflecting) the evidence. Both Grimley and FELPS reports make it clear that less employment land is required in the future to support substantial levels of employment growth.

The re-iteration of a justification for including car distributors in the historic land take-up figures is worrying since I have already pointed out that the Sub Region review does not include them (easily checked). I should perhaps also point out that the National Land Use Database: Land Use and Land Cover Classification produced by the office of the Deputy Prime Minister defines all of the following as 'retail-shops':

- Motor vehicle dealer display area;
- Motor vehicle maintenance and repair places;
- Motor vehicle repair garage;
- Motor vehicle sales;
- Motor vehicle spare parts and accessories;
- Motor vehicle testing station;

which is why the Sub Region review excluded them.

Conclusion: the full range of models and hard data produce broadly consistent results but the FELPS has drawn the wrong conclusions from its own data and models.

iv) When the historic land take-up model is amended to account for land lost to employment use (based on FBC's own figures), it also predicts a reduction in the amount of employment land required over the period to 2030. The true significance of the historic land take-up data is that they record the migration of employment land at a progressively reducing rate from older sites to new sites.

No weight should be given to the above statement as it is logically flawed. Historic land take-up is a measure of the amount of land developed for employment uses in any given year and is presented in the Council's annual Business and Industrial Land Schedule (Section 4). This is not a measure of the migration of firms as suggested above. Demand or take-up can be the result of new investment by firms from outside the Borough, speculative development or expansion of firms within the Borough who can either continue to occupy their existing premises/site or vacate, not migration. Any vacated premises or sites could be subject to re-occupation by businesses and this need or demand would not be shown in the Council's annual Business and Industrial Land Schedule as new demand or need for land.

Where a site or premises is no longer used for an employment use this is recorded in the Council's annual Business and Industrial Land Schedule (Table 1 below). It is not however 'netted off' on an annual basis, rather this exercise is performed as and when needed through the production of an Employment Land Study (ELS). This is set out in Section 6 of the Council's most recent ELS.

Table 1: Land lost to Business and Industrial Use Since Mid-Year 2001	Hectares
Car Showrooms, Whitehills	5.0
Guardian, Ballam Road, Lytham	0.6
Cooksons Bakery Site, Preston Road, Lytham	5.2
Retail Applications, Whitehills Park	0.2
Whitehills Park, Health and Fitness Racquet Club	1.7
Lytham Quays, Dock Road, Lytham - Housing	2.3
Former Holt Jacksons, Preston Road, Lytham - retail	0.5
Units 1, 2 & 3 Lytham Trade Park, Preston Road, Lytham - C/U to D2	0.4
Waltons Coaches, Naze Lane Industrial Estate, Freckleton - B1, B2 & B8 to Coach Repair	0.7
Units 2 & 4 Naze Lane Industrial Estate, Naze Lane, Freckleton - C/U from B2 to Bus/Coach repair	0.1
Electronic Data Systems, Heyhouses, St Annes, Mixed Use Housing/Retail	7.3
Total	23.8

Source: Fylde Borough Council, Business and Industrial Land Schedule 2012-2013. Summary Table, page 20.

This is just plain silly and a complete misunderstanding of the point. It is agreed that the take-up of new employment land could be from people outside the borough or inside, from new or existing businesses. That is not the point. It is also agreed by both (as shown in Portfolio Holder's response to vi) that new employment land has been developed mainly in the North of the Borough and employment land has gone out of use in and around Lytham and St Annes. The critique merely conjoined the two facts to draw the (correct) inference that this amounts to a general

migration of employment land from the South towards the M55. The point about the historic land take-up figures representing a migration of employment land is that in a situation where the overall use of employment land is reducing (see next response), the fact that there is still take up of new employment land is illustrative of this migration process.

Conclusion: there is no logical flaw or error in the presentation of this issue.

v) In the period to 2030 the weight of evidence predicts a reduction in the amount of employment land required notwithstanding a predicted increase in employment in the Borough. Some movement from existing sites to new ones will continue albeit at a reducing rate and it would be sensible to use the additional land already identified (22.32ha) to provide the flexibility to deal with these changes rather than immediately allocate it to other uses. There is no requirement to allocate any further land to employment use.

No weight should be given to the above statement. It is incorrect, not substantiated by evidence and fails to understand the actual workings of the commercial property market and more broadly the development industry. The FELPS clearly and methodologically sets out how the need for additional employment land is generated and clearly states that there is a requirement for additional land during the plan period (to 2030) for the Borough of Fylde.

The scenario above is predicated on there being a declining demand for employment land and uses the findings of the economic forecasting within the FELPS as a basis for this. The forecasts are set out in Section 10 of the FELPS. All economic forecasting is uncertain and in the case of the FELPS these predictions are based on the best available evidence at the time. The FELPS does not recommend taking a 'weight of evidence' approach to incorporating the findings of the forecasting models. Rather it suggests that the forecasting models, inherently uncertain, should be considered (a requirement of the NPPF) but that in the experience of the authors the historic land take-up model has been used. Much of the narrative within Section 10 of the FELPS illustrates the limitations of the models in predicting future demand for employment land.

The critique shows that, since 2001 (on the basis of FBC figures), more land has been lost to Business and Industrial use than has been taken up. It follows that we are using less employment land to support employment than we did in 2001. This is probably a long-term trend but the figures publicly available only go back to 2001. The 'land lost to employment' figures are actually shown in the Portfolio Holder's response 2.1 iv). Mr Guest's own calculations are shown in section 3.5.1 of his paper.

His calculations using their data and method (corrected) of establishing the historic annual average and projecting it forward show that by 2030 we will need 20.4ha less than we currently use. Which means that the 22.32ha already identified in the planning process won't be needed either (a total saving of 42.62ha).

This is not surmise, this does not rely on complicated models; it is a simple statement of fact based on FBC's own recorded evidence and using their (and their consultant's) preferred method). The reasons for this result are actually covered in the FELPS (new industries and working practices use far less land; the FELPS records that 23% of the local businesses they surveyed operated from home; large head offices disappearing etc.).

In fact, in his paper, Mr Guest recommend the identified 22.32ha future sites remain available to support the need for any further migration.

Conclusion: all the evidence in the FELPS (the models and land records) supports Mr Guest's conclusion.

vi) Most of the new employment sites brought forward in the last 20 years have been situated in the North of the Borough on or close to the boundary with Blackpool and the M55. Since these sites have been open to occupation by businesses from Blackpool and Fylde, they have been serving the Blackpool requirement for employment land as well as that of Fylde for many years now. There is no requirement to make separate special provision over and above the conclusions drawn from the existing data.

The first sentence of the above is an acceptable account of events, the second fails to understand the exercise undertaken by the FELPS. The historic development pattern for employment land has shown a preference for allocations of new sites at or around the M55 junction with a loss in and around the settlements of Lytham and St Annes. This is probably a product of both market pressure on historic employment sites (greater land values for housing) and policy making by the Council (strategic allocation of Whitehills circa 2003).

Evidence presented in the FELPS and also the Whitehills Development Appraisal (October 2013) supports the statement that the vast majority of firms that have located in that area have come from the Boroughs of Blackpool and Fylde and to a lesser extent Wyre. However this does not support the conclusion that this essentially removes the need for employment land for Blackpool and Fylde. The need or demand for employment land, as derived from the historic take-up model in the FELPS, shows the demand for employment land within the boundaries of Fylde. The FELPS methodologically sets out the need for additional employment land to meet this demand or need for the Borough of Fylde. This same exercise has been undertaken at Blackpool Council and their ELS methodologically sets out the need for additional employment land to meet this demand or need for the Borough of Blackpool. The fact that businesses, largely ignorant of Borough boundaries, have chosen to locate in one Borough or the other does not affect this 'calculation'.

Blackpool Council's ask of Fylde Council to accommodate 14 hectares of its employment land requirement on lands in Fylde is based upon historic land take-up in Blackpool.

The Portfolio Holder agrees that businesses are blind to borough boundaries and that many Blackpool businesses have moved onto Fylde sites and (it follows) those business moves are included in the historic land take-up figure. To the extent that their methodology and predictions rely on historic business land take-up data, it already includes meeting the Blackpool requirement. If one wanted to separate the Blackpool requirement out, one would have to go back over the historic take up data and take it out of there as well.

One has to be very suspicious of the Blackpool data that almost certainly contains the same errors as the FELPS.

Conclusion: It may be that the 'Blackpool' requirement was only included to bring the Fylde number up to the 60ha they submitted to the Sub Region review. (which is why it's important to get that error put right).

FURTHER COMMENTS

The Portfolio Holder's response to Mr Guest's paper only addressed the summary points. It has failed to consider some other points he made:

- the reducing trend in employment land take-up (section 4.4 in the critique);
- potential for large amounts of land being made available by BAeS;

- and the general nonsense of FELPS failing to vigorously address the whole issue of BAeS and the Enterprise Zone.

The General Conclusion

The Portfolio Holder's response seems somewhat superficial and it does not does not seriously engage with or rebut any of the critique's material points. Nothing said in any of the response justifies the conclusion 'no weight should be given to the above statement'.

The issues remain to be resolved.

Officers have made errors in previous exercises (and certainly haven't denied it). It is believed Mr Guest's interpretation of their data and evidence is more rigorous and soundly based than theirs.

The hard data show a reducing requirement for employment land and a reduction in the migration pressures that drive the employment land take-up process.