
Examination of the South Cambridgeshire District Council Local Plan Examination 2014

Matter 4: Employment and Retail
on behalf of MCA Developments Ltd (3652)

Objector Reference 60575

October 2014

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South Cambridgeshire District Council
Local Plan Examination 2014**

Matter 4: Employment and Retail

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a. ***Is the forecast growth of net additional jobs (22,100 for Cambridge City and 22,000 for South Cambridgeshire District) based on a clear understanding of business need and a robust evidence base?***

1 As articulated through our representations to previous iterations of the Local Plan, MCA are concerned that policy SS5 of the South Cambridgeshire Proposed Submission Local Plan is not positively prepared and is not in accordance with Section 1 of the National Planning Policy Framework (NPPF) which urges Local Planning Authorities to do everything they can to support sustainable economic growth.

2 In the supporting text to Policy SS5 it is stated by the Council that the Local Plan:

“identifies a supply of land that is sufficient to provide the predicted 22,000 additional jobs and includes sufficient surplus that would also ensure that if the economy performs better than expected, the plan will not constrain economic potential (para 2.36)”.

3 The figure of 22,000 additional jobs represents the medium jobs growth scenario which was first presented in the Issues and Options Report published back in July 2012. The high growth scenario presented in the same Report suggested that the rate of increase in jobs could rise by as much as 1,500 additional jobs per annum or an increase of 29,200 jobs over the plan period. Although this higher growth scenario was not as high as the rate achieved over the last 20 years, the Council asserted in the Report that ‘it would be extremely optimistic given the natural slow-down in growth of the Cambridge Cluster at this stage in its development, even if there were major changes in economic policy locally’. MCA disagrees with the Council’s view on the recovery and growth of the District’s economy, which is not an accurate reflection of past or current trends.

4 The endorsement of only a medium jobs growth scenario aspiring to a 25% lower job creation, year on year, compared to the period 1991 -2011, is unproductive in the interests of the national economy, contrary to the broad ambition set by the NPPF and generally defeatist. The medium job scenario offered is actually a *low* growth scenario, relative to past performance and not a medium scenario. The supposed ‘*high*’ growth scenario does not remotely match the growth of the past 20 years, during which in the period 1991-1994 and 2008-2011 (over eight years) the economy was similarly in recession (i.e. 40% of the time) and mortgage interest rates in the first period were substantially greater (circa 12%) than those prevailing at present time or are likely to be seen in the foreseeable future.

- 5 It is therefore not a reasonable assumption to assume that the last 20 years were characterised by such exceptionally high growth that the highest growth option now considered for the next 20 year scenario cannot even match these historic figures. In reality, 40% of the past period was also in major recession and constrained in the early period by historically very high interest rates which peaked at over 15%. Without these regressive factors, growth between 1991 and 2011 may have actually been substantially higher and it is this much higher (unconstrained) 20 year growth benchmark which in fact would equate to a real 'high growth' scenario, and which in acceptance of present to medium term growth conditions, would perhaps be unrealistic to expect.
- 6 The most likely economic scenario over the period of assessment 2011 – 2031 is that similar to the period 1991 -2011, which also started in recession, up to 40% of the next 20 year period could be similarly constrained, in line with cyclical economic conditions. In this respect, as the first two years of this new 20 period have already been affected by the current recession, there is no reason to assume that regional growth in the next 20 year period cannot reasonably match that of the past 20 years, which as stated was not as exceptional as seems to be suggested, as without recessions at both ends of the period, may have been much greater.
- 7 The aspiration for future growth should therefore reasonably be at least to a similar level to the last 20 year period, especially as future jobs growth will have the benefit of increasing advances in communications technology, a greater available workforce due to in-migration from other European States and low to medium interest rates for the foreseeable future. Other economic drivers in the medium term will be the continued growth in the high-tech, bio-technology and software sectors. This unique cluster of high-tech and bio-technology companies is generally referred to as the 'Cambridge Phenomenon' and is cited by many as one of the mains reasons why economically Cambridgeshire is one of the UK's most successful regions.
- 8 Evidence from the South Cambridgeshire Annual Monitoring Report is already beginning to bear this trend out with an increased economic activity rate in South Cambridgeshire recorded in the last monitoring period, together with a reduction in the number of people unemployed and claiming Job Seekers Allowance. The District has consistently shown over 80% of the working age population as economically active, even though there are more employed residents in the district than the number of jobs (workplace population). The number of people claiming job seekers allowance doubled in 2009, from 636 claimants in 2008 to 1,508 claimants in 2009. However, there has been a reduction over the last four years to 1,104 claimants in February 2013.

- 9 Furthermore according to the latest AMR published in March 2014 the number of businesses closing outweighed the number of new businesses opening in 2009 and 2010, however this trend has now reversed.
- 10 Whilst the most recent recession is the most significant of the post war period, it has now come to an end and South Cambridgeshire is one of the local authorities leading the national economy into sustained growth. The District's strong position in economic terms is clearly demonstrated by the recent report prepared by Local Futures in June 2013 and entitled 'An economic, Social and Environmental Summary Profile of South Cambridgeshire'.
- 11 According to the report South Cambridgeshire is ranked 30 out of 408 districts on the economic productivity score placing it in the top 20% of districts nationally. Furthermore the report highlights that the share of national GVA in South Cambridgeshire is very high by national standards, with the area ranking again in the top 20% of districts nationally.
- 12 The extremely cautious and below trend aspiration for economic growth in South Cambridgeshire over the next 20 years therefore sends out the wrong message for attracting inward investment into the district and housing growth predictions made on this basis, run the risk of seriously undermining future housing provision, when the national economy once again begins to show sustained growth.
- 13 Accordingly it is advocated that, as a minimum, the **high** growth scenario should be taken forward in the assessment of required dwelling numbers as it is actually only a modest scenario in comparison with past trends which does not match the economic aspiration of the NPPF. It is not accepted that these past trends represent an absolute, never again to be achieved benchmark, having themselves been severely constrained by recessionary factors and potentially well below what a genuinely high growth scenario might achieve in a 20 year period in a district within the Cambridge sub-region.
- 14 There is a strong case for the scenarios themselves to also be recalibrated, i.e. the current high scenario, being recalibrated as only the medium growth scenario (which by past trends it is, as it would still be less than achieved in the period 1991 – 2011). In turn a genuinely high scenario should be presented for further consultation, which assumes growth for at least 80% of the time. A low growth scenario in this context would show growth for only 40% of the period. These growth scenarios would present a more realistic set of scenarios for the district to 2031.

15 As clearly illustrated by the relocation of the Astrazeneca UK headquarters from Cheshire to Cambridge, the City is now the first choice of many companies planning to expand and create new jobs. Therefore, whilst some 22,000 jobs are proposed to 2031 MCA cannot understand why the Council has adopted a constrained and defeatist approach to the full economic growth potential of the Cambridge area. The strength of the District's growing economy should be recognised and nurtured.

16 For the reasons set out above MCA therefore objects to Policy SS5 on basis that as currently drafted it does not positively and proactively encourage sustainable economic growth and is therefore contrary to principles of the NPPF. To be considered sound the Plan should at the very least adopt the high growth scenario of 29,200 jobs over the plan period, otherwise contrary to the Council's current view, Policy SS5 has the potential to constrain economic potential rather than promote growth.

b. *Does the evidence base supporting employment and retail policies meet the requirements of Planning Practice Guidance? and;*

c. *Will the proposed amounts of land for economic development uses meet the needs for all foreseeable types of economic development?*

17 We consider that both questions b and c relate to similar issues and therefore are dealt with together in this matter statement.

18 The Planning Practice Guidance advises that the need for all land uses should address the quantity of 'economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment'. From a review of the Council's evidence based documents it would appear that the Plan does not meet the needs of all foreseeable types of economic development, in particular R&D.

19 The hi-tech and bio-tech sector provides around 20% of employment in the District. However it would appear that the Council's own Employment Land Review 2012 Update is not based on up-to-date evidence relating to floorspace requirements for R&D jobs. According to the Independent Assessment of Employment Land, undertaken by WBLM and PACEC in October 2013, the floorspace requirement of 50,000 sq m for R&D is not an accurate representation of what is required for this sector.

- 20 This is due to the fact that the employment forecast drew on the 2003 Standard Industrial Classification, which has now been superseded by the 2007 Standard Industrial Classification, and that the forecasts used to predict the number of R&D workers over the Plan period were underestimated (4,100 as opposed to 8,900 identified in the up to date forecast used by Cambridge City Council). These jobs were then converted to FTE using generic as opposed to sector specific ratios and the FTE jobs were converted into floorspace requirements using a high office based job density as opposed to lower R&D specific density.
- 21 Subsequently the Independent Review concludes that the Plan should make provision for 255,700 sq metres of B use class accommodation on 74 ha of employment land, as opposed to the Council's evidence base requirement of 143,000 sq m on 42.4 – 43.3 ha. To place these requirements in context, the Independent Review highlighted that the average gross take up in the period 1991 – 2011 was 12.33 ha per annum. The Draft Local Plan is forecasting a rate of 2.165 ha per annum and the independent review is forecasting a rate of 3.7 ha per annum.
- 22 Given that hi-tech and bio-tech companies are acknowledged as being one of largest employment sectors in South Cambridgeshire it is alarming that Council's own evidence base appears to have misjudged and undervalued the floorspace requirements for R&D. Therefore contrary to the guidance set out in the PPG the evidence would suggest that the Plan has not adequately considered the 'qualitative requirements of each market segment' and cannot be considered sound.
- d. Do the Plans accurately identify the likely requirements for new retail development (convenience and comparison goods over the Plan period)?**
- 23 MCA Developments Ltd have no specific comments in relation to retail provision throughout the district, but wish reserve the right to comment upon this matter at the examination hearing as required.