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East Hertfordshire Employment Forecasts and Strategic Economic Development Advice
Final Report

Prepared on behalf of
East Hertfordshire Council
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Executive Summary

1. This report considers the future pattern of employment growth in East Hertfordshire and the surrounding area in order to inform the development of the East Hertfordshire District Plan Part 1: Strategy. Specifically, the study sets out forecasts for employment in the District to 2031; discusses the socio-economic factors that will influence the pattern and location of job growth; and considers the implications for distribution of planned development within the District.

2. East Hertfordshire is a District of fairly small towns and an extensive rural area. It lies between the A1(M) and the M11. To the west there are a string of towns along the A1(M): Hatfield, Welwyn Garden City, Stevenage, Baldock and Letchworth. To the south and east there are the urban areas of Hoddesdon, Cheshunt and Harlow. Stansted Airport, a major centre of employment, lies just outside the District boundaries to the north east of the District.

3. This geography has a significant bearing on patterns of economic development. East Hertfordshire is not a self contained economy. Indeed it is part of a sub-region with a number of urban centres, each important centres of employment, linked on both the east and west by motorways that knit together the towns located close to those motorways. This area, which in this report, is referred to as the A1(M)-M11 Southern Sub-Region is an integrated labour and property market.

4. East Hertfordshire is an important part of this sub-region, but in economic terms it plays a supporting role in relation to the adjacent urban centres and Stansted Airport. It is home to many of the people who work in these adjacent towns (and the airport). The District's business base is made up predominantly of small and medium sized firms, many of which will have linkages to companies in the sub-region, to London or with Stansted airport.

5. Over the next 19 years (to 2031) forecasts indicate that employment in the sub-region will grow by some 60,000 jobs, of which 9,700 are expected to be created in East Hertfordshire. The forecasts suggest that of the 9,700 additional jobs forecast in East Hertfordshire, over 6,100 will be created in the financial and business services sector. All economic forecasts are subject to major uncertainties, and never more so than in the current economic environment, but are necessary for planning purposes.

6. However forecasts are less reliable for small areas, such as individual districts, than for sub-regions, and those are less reliable than for regions. This is because the way forecasts are prepared cannot readily take locally specific patterns of development into account. Great care also has to be taken in translating forecasts of jobs into estimates of requirement for business space (B1, B2 and B8 use classes) since large numbers of jobs (typically half of all forecast jobs) are not associated with occupation of such business space.

7. In view of these considerations this report has examined the key strategic sites within the sub-region that are, and will, cater for businesses by providing office, industrial and warehousing space (B1, B2 and B8 use classes). Each of the surrounding urban authorities has significant large scale sites or potential sites which they are promoting or likely to promote for employment purposes. These sites have good access to the motorway network and therefore are strategically well positioned to capture investment and jobs.

8. This study concludes that the major sites in the urban areas of the sub-region adjacent to East Hertfordshire are likely to capture the majority of demand from large scale business occupiers and from many medium and

small sized businesses. Even Bishop's Stortford, the one town in East Hertfordshire located on a motorway lacks the scale of Harlow, and is somewhat disadvantaged by being further than Harlow from the M25. Harlow itself is challenged by competition from some of the other sub-regional business parks.

9. In view of this, DTZ's judgement is that the forecasts from the East of England Forecasting Model may over estimate the scale of likely employment growth in East Hertfordshire to 2021 and under-estimate the potential for employment growth in some of the urban areas within the sub-region. DTZ's assessment is that East Hertfordshire will continue to achieve growth through the attraction and growth of small and medium sized employers, rather than attraction of new large employers.

10. The study makes a number of recommendations regarding the overall strategy for economic development in East Hertfordshire. However the main purpose of the study has been to inform the development and appraisal of different spatial options for the distribution of new homes and provision of land for business development (B1,B2 and B8) uses. The study concludes that a distributed pattern of sites suitable for business use is most appropriate to meet the diverse needs of businesses and would complement a strategy that distributed housing growth across the existing settlements in the District.

11. The study concludes that the location with the strongest prospects for employment growth in the District is **Bishop's Stortford**, because of its location on the M11; its proximity to Stansted Airport which is expected to generate additional jobs in future years; and the character of the town. To realise this potential for growth, DTZ anticipates the need for allocation of new employment land particularly for B1 uses, at a location on the A120 on the northern or western side of the town, ideally as close as practicable to Junction 8 on the M11. There is also scope for employment growth in the town centre. It would be consistent with planning policy to plan for significant residential growth to accompany employment growth.

12. In **Hertford and Ware** the opportunities for employment growth are deemed to be more restricted that at Bishop's Stortford, but the towns have good road and rail links with London and adjacent towns. Thus there is scope to accommodate additional residential development in and around the two towns with little threat that new residents will be unable to access key centres of employment. Population growth would help reinforce the two town centres, which are likely to have to adapt to a tougher market environment. There is likely to be a need to rejuvenate and adapt existing industrial estates, and a potential requirement to identify new sites for B1 development.

13. **Sawbridgeworth** is not assessed to be a location where it will be possible to attract new business occupiers on any scale; it is probable that most residents of the town currently travel out of the town to work, be that to local centres of employment or into London. If there were large scale residential development in Sawbridgeworth, this pattern of most residents working elsewhere outside the town would be reinforced.

14. **Buntingford** is not a strategic employment location and will not attract large scale employers, since such employers would not be able to recruit locally. But the town could attract smaller, essentially local, employers. Were additional housing to be developed in Buntingford, the current patterns of employment would probably prevail, with a relatively high proportion of new residents being either retired or at a stage in their career where they can work part time, or work from home; or others who are mobile workers who are not attached to one place of work; and still others who accept commuting by car as the consequence in living in a market town in a rural setting.

15. A number of options are being considered for development of new homes to the **north of Harlow**, and there have been suggestions in the past of the development of a significant new business park in connection with such a residential development. DTZ do not regard the proposal for a business park as a realistic and deliverable option within the current plan period to 2031.

16. However the north of Harlow is located close to Harlow Town railway station and close to significant areas of employment in Harlow itself, so the absence of a business park as part of the development proposals would not mean that residents would find it difficult to access jobs. The residential development might over the longer run contribute to the economic development aspirations for Harlow.

17. A site on the eastern edge of **Welwyn Garden City** is one of the options under consideration for new housing. Given the wide range of employment opportunities in Welwyn Hatfield, and more generally in the A1(M) corridor, new residents would have access to jobs, but would probably be very reliant on car transport to access jobs other than in town centre locations. Consideration might be given to a modest employment land allocation as part of the scheme, which would in some way compensate for difficulties in identifying a site for modern B1 development in a high visibility, high accessibility location in Hertford and Ware.

18. The option of encouraging modest housing growth in the **villages across East Hertfordshire** is not likely to change current patterns of employment, whereby those residents who work either travel by car to work in the surrounding towns or further afield including central London; with probably an increasing number working at or from home. The most obvious policy for the local authorities (District and County) to pursue to limit the impact of village growth on car based journeys is to ensure all villages are able to access high quality broadband internet services.

1: Study Objectives and Context

STUDY OBJECTIVES

1.1 East Hertfordshire Council is currently undertaking technical work to finalise a development strategy for the District to 2031. A fundamental objective of the development strategy is to deliver sustainable communities. This means that plans for new housing provision must be dovetailed with plans for provision of employment opportunities.

1.2 Thus the development strategy entails making decisions about the appropriate number of new homes to be planned in the District. Population forecasts suggest that between 500 and 850 dwellings per annum will be required; that is between 10,000 and 17,000 new homes over the 20 year period 2011-31.

1.3 But the development strategy also needs to plan for anticipated growth in employment in the District. This study presents forecasts of employment growth for East Hertfordshire and evaluates what these forecasts imply for the provision of land for employment purposes.

1.4 More specifically this study is designed to inform the spatial strategy for the District; that is, the study provides information and advice regarding the pattern of employment growth across the District in terms of where employers are likely to want to locate and hence where jobs will be located.

1.5 These insights about the pattern of employment growth across the District will be used to inform decisions about the options that exist for the location of new homes; one among many factors influencing the preferred pattern of housing growth is whether jobs will be available locally for people living in new homes.

NATIONAL PLANNING POLICY FRAMEWORK

1.6 The recently published National Planning Policy Framework provides the overarching framework within which East Hertfordshire District Council is working as it puts its development strategy in place. The sections of the NPPF which deal with economic development are set outoverleaf, since these frame the discussion about what options are appropriate to pursue at the local level.

Extract from the National Planning Policy Framework (paras 18-22)
Building a Strong, Competitive Economy

18. The Government is committed to securing economic growth in order to create jobs and prosperity, building on the country's inherent strengths, and to meeting the twin challenges of global competition and of a low carbon future.

19. The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system.

20. To help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century.

21. Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. In drawing up Local Plans, local planning authorities should:

- set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
- plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
- identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
- facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

22. Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.

REPORT STRUCTURE

1.7 This report addresses a wide range of issues designed to inform decision making regarding the overall spatial strategy for East Hertfordshire. The report is structured as follows:

- Section 2 describes the structure and character of the sub-region within which East Hertfordshire is located, and identifies the role that the towns and villages of East Hertfordshire play in this sub-regional economy.
- Section 3 sets out published forecasts of job growth in East Hertfordshire and the surrounding authorities to the year 2031, and comments on those forecasts, with particular attention to the limitations on employment forecasting at the individual district level.
- Section 4 discusses a number of key trends that are shaping the pattern of job creation in terms of the type of jobs that are created and the spatial distribution of jobs
- Section 5 examines the major employment sites in the local authority districts surrounding East Hertfordshire and how well placed they are to capture a significant share of jobs growth occurring in the district.
- Section 6 discusses the likely pattern of demand for employment land in East Hertfordshire and comments on economic development issues that are specific to East Hertfordshire
- Section 7 presents the conclusions of the study and specifically comments on the options for the distribution of planned new homes from an economic development perspective.

2: East Hertfordshire Strategic Economic Context

INTRODUCTION

2.1 The National Planning Policy Framework expects that local authorities will set out a clear economic vision and strategy for their area in their Local Plans.

2.2 The guidance states that authorities should positively and proactively encourage sustainable economic growth; as part of this the NPPF states that the local authority should identify strategic sites that will meet the requirements of local businesses and inward investors to meet the needs of employers over the plan period.

2.3 In developing an economic vision and identifying the best way to promote the economy it is important to understand the character of the local economy and its business base. This should inform decisions about the amount, type and locations of employment land allocations.

2.4 It is not the role of this study to define the economic vision for East Hertfordshire, but in commenting on employment forecasts for the District and the distribution of employment land, it has been necessary to consider the nature of the East Hertfordshire economy, and the role that East Hertfordshire plays in the sub-regional context in which it is set.

2.5 This section therefore provides a high level assessment of the nature of the East Hertfordshire economy set within its sub-regional context.

DEFINING THE SUB-REGION

2.6 It is generally acknowledged that local authority boundaries do not reflect the boundaries of functional economic areas. Therefore in thinking about economic relationships within an individual local authority it is useful to identify the relationship that authority has in economic terms with adjacent authorities. With respect to East Hertfordshire, the District can be identified with two functional economic areas identified in previous studies; the London Arc; and Travel to Work areas.

The London Arc

2.7 The London Arc was formally recognised as a sub-region in the East of England Plan, the Regional Spatial Strategy. The government has indicated its intention to abolish the RSSs, but the identification of a sub-region wrapping around London to the north and east that has strong similarities and issues, is of relevance to understanding the role of East Hertfordshire.

2.8 The London Arc as defined in the East of England plan comprises the areas to the north and east of London that are closest to and most strongly influenced by London. The RSS defined this area as comprising the districts of Broxbourne, Dacorum, Hertsmere, St Albans, Three Rivers, Watford and Welwyn Hatfield in Hertfordshire and Brentwood, and Epping Forest in Essex.

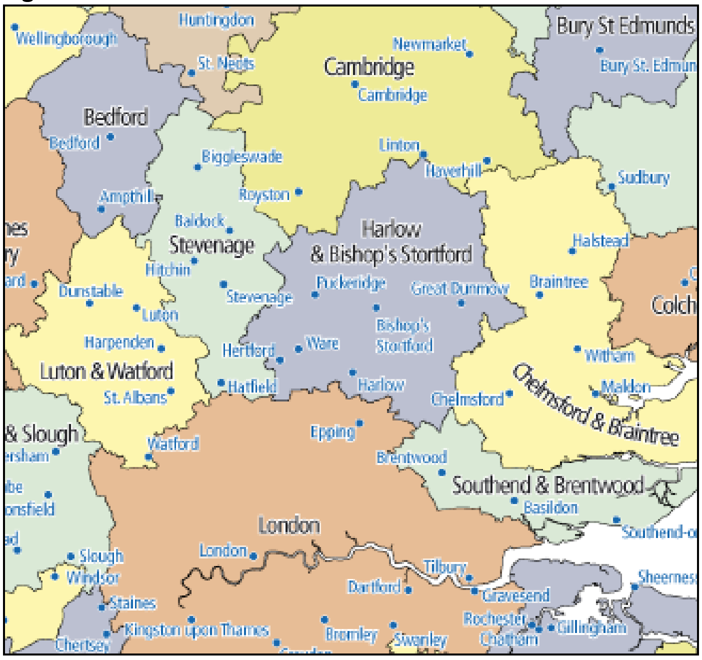
2.9 The RSS indicated that some of the characteristics of the Arc extend further to the north including East and North Hertfordshire Districts. Chelmsford, Harlow and Stevenage are on the margins of the Arc but were not included because their commuting relationship with London is weaker. It is of course possible that when new Travel to Work data from the 2011 Census are analysed it may become apparent that some of the proximate areas not included in the Arc, now have a stronger relationship to London than they did in 2001. The East of England plan was informed by the Travel to Work data from the 2001 Census.

2.10 While the London Arc authorities have similar characteristics and issues, and are linked together by the M25, it is a large sub-region; it would be hard to sustain the view that provision of employment sites in the west of the sub-region compete with those in the east of the sub-region. In terms of this study, therefore it is an overly large area for meaningful analysis.

Travel to Work Areas

2.11 Travel to Work Areas (TTWAs) are functional labour market areas. The fundamental criterion by which a TTWA is defined is that, of the resident economically active population, at least 75% actually work in the area, and also, that of everyone working in the area, at least 75% actually live in the area. Figure 1 shows the pattern of TTWAs based on the 2001 Census data.

Figure 1: Travel to Work Areas in East Hertfordshire and West Essex



Source: ONS[1]

2.12 Figure 1 also shows the major population centres and that the majority of the land area of East Hertfordshire, falls within the Harlow and Bishop's Stortford TTWA, which also includes, as the name of the TTWA suggests, Harlow, plus Stansted airport and a significant part of Uttlesford District, and parts of Epping Forest District.

2.13 The western borders of East Hertfordshire fall into the Stevenage TTWA which is an elongated area running north-south along the route of the A1 from Hatfield in the south to Biggleswade in the north. The boundary of the London TTWA laps along the southern boundary of East Hertfordshire.

[1] http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/travel-to-work-areas/index.html

2.14 It is worth commenting that the number of Travel to Work areas is falling over time, as people travel further to work, and as travel to work patterns grow more complex. In 1981 there were 334 TTWAs in England and Wales; in 1991, 314; and in 2001 only 243.

2.15 It is reasonable to expect that when the results of the 2011 Census is analysed, that the boundary of the London TTWA will extend further northwards; and that quite possibly the boundary between the Harlow and Bishop's Stortford TTWA will have shifted, and perhaps the two TTWAs will have become one. Later in this report evidence is presented that the level of net out commuting from East Hertfordshire has increased dramatically since 2001.

A Sub-Regional Employment and Property Market

2.16 The analysis of the TTWA shows that East Hertfordshire is far from being a self contained area. On the basis of the 2001 Census, the District's strongest functional relationship is with Harlow and Uttlesford, which is not surprising given the proximity of much of the District to Harlow, and the presence of Stansted airport in Uttlesford only 3 or 4 miles from the centre of Bishop's Stortford.

2.17 However, it may well be that in the past 10 years functional relationships between East Hertfordshire and Welwyn Hatfield, Stevenage, Broxbourne and London have growth stronger, because of job losses since 2006 in East Hertfordshire and a general increase in mobility. East Hertfordshire is a highly accessible location in terms of rail links to central London and road links, to the north and south as well as east and west.

2.18 For the purposes of this study, DTZ have therefore looked at East Hertfordshire in the context of a sub-region comprised of Broxbourne, Welwyn Hatfield, Stevenage, North Hertfordshire, Uttlesford, Harlow and Epping Forest. This area not only makes sense in labour market terms, but also in terms of the commercial property market. Strategic sites within this area are likely to be competing for the same occupiers.

2.19 Within this sub-region, East Hertfordshire is distinctive in terms of its settlement structure and character. Much of the District is rural, and its key towns, Hertford, Ware and Bishop's Stortford, are relatively small in comparison to the surrounding towns of Harlow, Stevenage, Welwyn Hatfield, and the consolidated urban area of Hoddesdon/Cheshunt to the south.

2.20 In the rest of this report we call this sub-region the A1(M)-M11 Southern Sub-Region.

THE DRIVERS OF ECONOMIC AND EMPLOYMENT GROWTH

2.21 The economic potential of any area in the UK can be quickly assessed by reference to four factors, which collectively shape the economic performance of an area. These four drivers of economic and employment growth are as follows:

- Strategic Accessibility
- Quality of Life
- Skills
- Innovation and Enterprise

Strategic Accessibility

2.22 In a national context East Hertfordshire is highly ranked in terms of Strategic Accessibility. It has good road and rail access to London; in a national context good access to international airports – Heathrow most importantly, but also Stansted. It is part of the favoured London City Region, which has consistently over many decades outperformed the rest of the country in terms of economic and job growth.

2.23 In the sub-regional context, East Hertfordshire is somewhat disadvantaged compared to the other towns in the sub-region, simply because they are somewhat closer to the motorway junction, have a somewhat shorter rail journey time into London, or have better access to rail stations on the national railway network. East Hertfordshire is only superior to most of the sub-region in terms of ease of access to Stansted Airport.

2.24 The time penalty for a business locating in East Hertfordshire compared to other locations in the sub-region is not high, because of A414 and A10 dual carriage way links to the national motorway network; but the time penalty is probably sufficient to deter inward investors who have no other reasons to locate in East Hertfordshire.

2.25 If there are well located sites on or very close to the motorways or mainline rail stations these are likely to have the edge over sites in East Hertfordshire. It is only Bishop's Stortford with its proximity to Stansted and easy access to the M11 that has a clearly distinctive offer in terms of strategic accessibility that competes with the surrounding towns.

Quality of Life

2.26 Quality of life is an increasingly important factor in business location decisions; but in terms of its influence on location decisions it is more significant perhaps at the sub-regional level than at the individual local authority level. This reflects the fact that provided those factors that contribute to perceived quality of life are available in the sub-region, then this will be sufficient to help businesses to attract the key personnel it requires for success.

2.27 Quality of life is difficult to quantify; but East Hertfordshire can be deemed to have a high quality of life, reflected in the quality of the countryside and towns in the District; the range and quality of housing and schools. In this it is favoured compared particularly to Harlow and Stevenage, which live with the heritage of being post-war New Towns.

2.28 However, since senior employees can enjoy the quality of life in East Hertfordshire even when their business in based in adjacent urban areas, this does not necessarily mean that East Hertfordshire is more favourably positioned to attract inward investment than the surrounding urban areas. Rather the quality of life on offer in East Hertfordshire can be deemed as being important to the economic success of the A1(M)-M11 Southern Sub-Region.

Skills

2.29 East Hertfordshire has a strong representation of people with higher level skills and of people employed in managerial and professional occupations, in contrast to the position particularly in Harlow and Stevenage. However, the skills profile of the resident population is largely a reflection of the nature of the residential and labour market of the sub-region.

2.30 East Hertfordshire is a relatively high priced residential area with a higher level of home ownership than the new towns of Stevenage and Harlow, and a larger stock of larger properties, including many character properties. As with quality of life considerations, the skills of those who live in East Hertfordshire are available to employers in the whole of the sub-region (and London).

2.31 Thus high representation of higher levels skills is therefore important to the economic success of the A1(M)-M11 Southern Sub-Region, as a whole; but it does not necessarily mean that the employers that wish to tap into that skills base have to locate in East Hertfordshire. They may in fact be able to draw upon a larger pool of skilled labour by being located in a more accessible location either on the motorways or close to mainline rail stations.

2.32 There are no Higher Education Institutions located in the District, but the University of Hertfordshire is based in Hatfield, and Anglia Ruskin University is establishing a presence in Harlow. The Hertford Regional College also has a campus in both Ware and Cheshunt in Broxbourne to the south of the District, which specialise in vocational training.

Innovation and Enterprise

2.33 East Hertfordshire's largest private employer is GSK, a global leader in the pharmaceuticals industry. GSK also has sites in Stevenage and Harlow, so the A1(M)-M11 Southern Sub-Region as a whole has a strong presence in the pharmaceuticals and bio-technology; and can capitalise on links with the Cambridge sub-region, which has the largest cluster of bio-technology activity in the UK.

2.34 There are three other distinctive features of the East Hertfordshire economy. Bishop's Stortford is the town closest to Stansted Airport which is located in Uttlesford District. A high proportion of activities linked to the airport will be located at the airport, and extensive areas of land are allocated for airport related development around the airport. Significant numbers of those that work at the airport live in East Hertfordshire and the growth of the airport will stimulate business growth in East Hertfordshire as well as Uttlesford District and elsewhere.

2.35 Other than GSK, the East Hertfordshire economy is characterised by having a large number of small and medium sized employers. It has a reasonably large representation of manufacturing enterprises, though the proportion of all enterprises accounted for by manufacturing businesses is below the regional average. The proportion of business in the financial and business services sector is above the regional average, as is employment in these sectors.

2.36 Many of the businesses in East Hertfordshire are likely to be part of the broader cluster of pharmaceutical and advanced engineering businesses that characterise the London Arc; but the nature of this cluster is that it requires proximity in terms of location in the same sub-region, rather than co-location. There is also likely to be a strong business relationship with London.

2.37 Overall East Hertfordshire has a lower proportion of employment in public services and administration, athough Hertford hosts the headquarters of Hertfordshire County Council and East Herts Council.

SUMMARY

2.38 East Hertfordshire can be regarded as part of a sub-region covering the towns and countryside north of the M25 which are linked by the south-north A1(M) and M11, and to a lesser extent the dual carriageway A10. The area is essentially rural in character, with large areas of extensive countryside, much protected by Green Belt designation.

2.39 East Hertfordshire is located between a number of the major towns in the sub-region. The District is characterised by smaller towns and extensive areas of open countryside, with a large number of villages. East Herts plays an important role in the overall sub-regional economy, but it tends to play a supporting role to the towns around the edge of the sub-region.

2.40 Thus in terms of the economy East Hertfordshire can be characterised as a location for SMEs; and a place where many of the higher paid and more skilled population who work in the surrounding towns live. The District also has a high level of self employment (accounting for 17% of all jobs). Its largest employers are GSK at Ware and Hertfordshire County Council.

2.41 The sub-region also has a certain coherence in property market terms comprising the A1(M) and M11 corridor immediately north of the M25. Businesses looking to occupy property may well consider a location in either the A1(M) and M11 corridor as having very similar characteristics in terms of proximity to London and the M25, and northwards connections.

2.42 Any economic and employment strategy for the District must therefore fit within the broader strategy for the A1(M)-M11 Southern Sub-Region, recognise the plans of the neighbouring urban areas, and consider the prospective growth of Stansted Airport.

3: Employment Scenarios

INTRODUCTION

3.1 This section examines the likely magnitude of employment growth over the period from 2012 to 2031. The section starts by explaining the broad approach used in the preparation of the employment scenarios and the caveats that must be borne in mind in interpreting the results. The central scenario for employment in the District is then set out, and an explanation given of the relationship between job growth and requirements for employment land. Consideration is then given to the circumstances that might lead actual employment growth to diverge from the central scenario and the implications for policy.

THE EMPLOYMENT PROJECTIONS

3.2 DTZ has drawn upon forecasts from the 2012 East of England Forecasting Model, which is based on the Oxford Economics forecasting model. The model generates forecasts not only of employment, but linked forecasts of population, households, output and housing requirements. The 2012 outputs of the EEFM are published on Cambridgeshire County Council's website[2].

3.3 DTZ has extracted the data on employment growth for East Hertfordshire, and for the 7 authorities that border East Hertfordshire. These data are used to prepare a sub-regional forecast of employment growth between 2012 and 2031, broken down by authority. As discussed in Section 2, these 8 authorities comprise a coherent sub-region, which encompass most of the Stevenage Travel to Work Area (TTWA) and most of the Harlow and Bishop's Stortford TTWA.

3.4 East Hertfordshire lies at the centre of this sub-region which DTZ have called the A1(M)-M11 Southern Sub-Region. A sub-regional analysis is required since all forecasting models tend to become less reliable at forecasting growth for smaller geographic units, because purely local factors can play a much greater influence on growth, and because local authority boundaries are not based on functional economic areas.

3.5 Figure 2 shows that in 2012 it is estimated that there are some 431,000 jobs in the sub-region, of which around 64,000 (around 15%) are in East Hertfordshire. These figures are for all jobs, including those of the 11,000 or so self employed people. The self employed account for around 17% of all jobs. The EEFM anticipates that over the period 2012 to 2031, around an additional 60,000 jobs will be created in the sub-region, of which 9,700 are forecast to be in East Hertfordshire.

Figure 2: Estimated Total Employment ('000) at 2012 and Forecast to 2031

'000	2012	2016	2021	2026	2031
East Hertfordshire	63.9	68.8	71.3	72.6	73.6
Broxbourne	41.0	43.2	44.3	44.8	45.1
Welwyn Hatfield	78.5	85.3	90.1	93.9	97.5
Stevenage	48.3	50.5	51.3	51.6	51.8
North Hertfordshire	52.9	56.1	57.4	57.9	58.4
Uttlesford	43.7	46.2	47.4	47.5	47.3
Harlow	42.9	45.0	45.8	46.3	46.8
Epping Forest	59.3	64.5	67.5	69.0	70.4
A1(M) M11 Sub Region	430.6	459.7	475.1	483.7	490.9

Source: East of England Forecasting Model, DTZ

[2] http://www.cambridgeshire.gov.uk/business/research/economylab/Economic+forecasts.htm

3.6 Figure 3 presents the same forecasts, showing the number of additional jobs created in the 5 year periods (4 years in the case of 2012-16) to 2031. Figure 2 shows that the EEFM projects anticipated job growth of 29,000 in the sub-region over the next four years (2012-16). Employment growth is forecast to be much slower in subsequent 5 year periods to 2031. This profile of job growth essentially anticipates a very strong recovery in the economy before 2016, which is reflected in high levels of job creation. Job growth is less rapid in the decade 2021-31 due to labour market constraints.

Figure 3: Forecast Additional Jobs created ('000) by Time Period

'000	2012	2012-16	2016-21	2021-26	2026-31	2012-31
East Hertfordshire	63.9	4.9	2.5	1.3	1.0	9.7
Broxbourne	41.0	2.2	1.1	0.5	0.4	4.1
Welwyn Hatfield	78.5	6.9	4.8	3.8	3.5	19.0
Stevenage	48.3	2.2	0.7	0.3	0.3	3.5
North Hertfordshire	52.9	3.2	1.3	0.5	0.5	5.5
Uttlesford	43.7	2.5	1.2	0.1	-0.2	3.7
Harlow	42.9	2.1	0.8	0.5	0.5	3.9
Epping Forest	59.3	5.1	3.0	1.5	1.3	11.0
A1(M) M11 Sub Region	430.6	29.1	15.5	8.6	7.2	60.4

Source: East of England Forecasting Model, DTZ

3.7 The rapid rate of job growth in the early years of the forecast is apparent in Figure 4 which presents the percentage rate of job growth for each 4 or 5 year period to 2031. In the initial four year period 2012-16 the EEFM forecasts a 6.8% increase in jobs in the sub-region. Over the entire 19 year period the EEFM forecasts a 14% increase in employment at the sub-regional level and a 15.1% increase in East Hertfordshire.

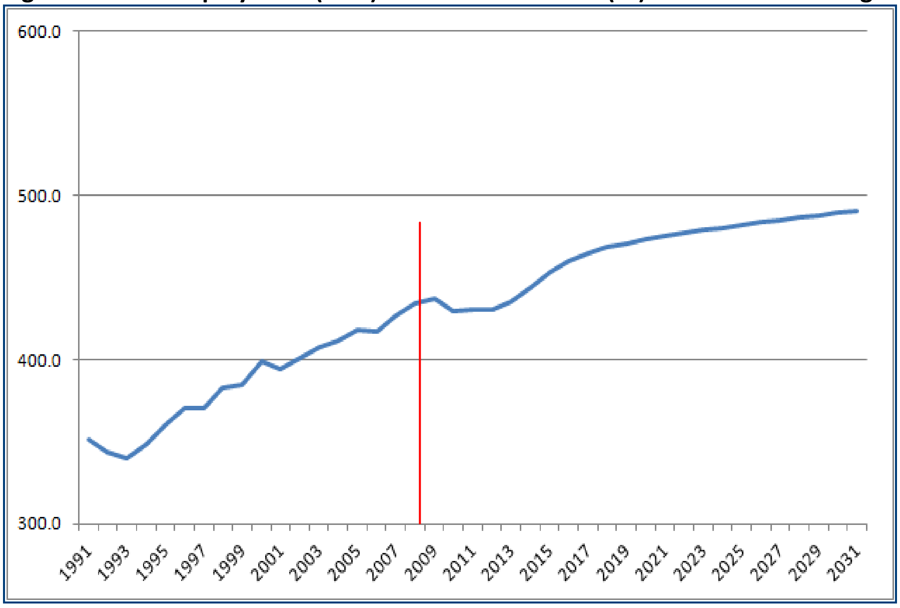
Figure 4: Percentage Growth in Employment by Time Period

%	2012	2012-16	2016-21	2021-26	2026-31	2012-31
East Hertfordshire	63.9	7.6%	3.7%	1.8%	1.4%	15.1%
Broxbourne	41.0	5.4%	2.4%	1.1%	0.8%	10.0%
Welwyn Hatfield	78.5	8.8%	5.6%	4.2%	3.7%	24.2%
Stevenage	48.3	4.6%	1.4%	0.6%	0.5%	7.3%
North Hertfordshire	52.9	6.0%	2.3%	0.9%	0.8%	10.3%
Uttlesford	43.7	5.8%	2.6%	0.3%	-0.4%	8.4%
Harlow	42.9	4.8%	1.9%	1.1%	1.0%	9.1%
Epping Forest	59.3	8.7%	4.7%	2.3%	1.9%	18.6%
A1(M) M11 Sub Region	430.6	6.8%	3.4%	1.8%	1.5%	14.0%

Source: East of England Forecasting Model, DTZ

3.8 Figure 5 shows the historic pattern of employment growth across the sub-region since 1991. The chart shows that at the sub-regional level there has been a long period of sustained employment growth up until 2010 with a substantial drop in employment recorded between 2009 and 2010 and stagnation since. Employment is forecast to grow in 2013, with rapid growth in the period to 2017 before the pace of employment growth starts to slacken.

Figure 5: Total Employment ('000) 1991-2031 in the A1(M)-M11 South Sub-Region Actual and Forecast



Source: East of England Forecasting Model, DTZ

COMMENTARY ON THE EEFM FORECASTS

3.9 It is important for policy makers to understand the limitations of long term economic forecasts, particularly in a time of great uncertainty. There are two key uncertainties that need to be highlighted and discussed.

- First, the level of uncertainty associated with the national level forecasts
- Second, the uncertainties introduced by modelling down to sub-national and in particular the local level

National Level Forecasts

3.10 In terms of national economic forecasts, there is much uncertainty about the future pattern of growth in the UK and the rest of Europe in the next few years, quite apart from the next 20 years. There is widespread discussion about the possibility that the financial crisis that started in earnest in 2008 represents a break with the past in terms of the pace of economic growth, and linked to this, employment and earnings growth.

3.11 At this point in time, it is too early to say whether the UK economy will return to previous patterns of output and employment growth in future years. The central forecasts of all mainstream economic forecasters are that, in due course, the UK will recover from the current recession and that the economy will return to its long term historic rate of growth.

3.12 However, it is important to bear in mind that no forecasters anticipated 3 years ago the double dip recession which has occurred in the UK; and that official forecasts, such as those prepared by the Bank of England and the Office for Budget Responsibility have progressively moved the date of anticipated recovery further out, as year by year it has failed to materialise.

3.13 It is DTZ's judgement that the crisis in the Eurozone is still very far from being resolved, and that this will result in a drag on economic growth in the Eurozone and, therefore in the UK. DTZ expects that when the Office for Budget Responsibility reports later this autumn, it will become clear that the government's planned debt repayment programme will take longer to achieve that previously planned; and therefore there will be limited scope for expansionary fiscal policies.

3.14 DTZ's considered judgement is therefore that employment will not recover at the pace set out in the EEFM forecasts, and that this will be reflected in subsequent revisions. Indeed there is the real possibility that the UK will grow at a significantly slower pace than observed over the 1991-2008 period for a number of years. This has been a common place experience of economies that have experienced major financial crises; this would restrict employment growth to below the levels forecast by the EEFM.

3.15 However, in practice, uncertainty at the national level should not materially affect policy making at the local level. There is general agreement that a return to growth at the long run trend would be desirable. National and local government are working to achieve that objective, and the NPPF clearly implies that local policy should not constrain growth. Thus it is appropriate for local planning authorities to plan for 'return to normality' within their Local Plans; and this is what the EEFM forecasts represent.

Sub-Regional and Local Forecasts

3.16 The greater problem for development of strategy at the local level is that, whatever uncertainties there are about economic forecasts at the national and regional level, the problems of accurate forecasting become much greater at the sub-regional or local level. This is because models such as the EEFM are essentially top down models. Growth is forecast at the national level and then modelled down to regions and sub-regions.

3.17 These nationally top down forecasts cannot take account of purely local factors that influence the location of future employment growth, or the prospects of locally significant employers. Thus the standard basis for modelling down from national and regional forecasts is to calibrate the forecasts by reference to the existing economic character of any area, particularly the sectoral composition of an area.

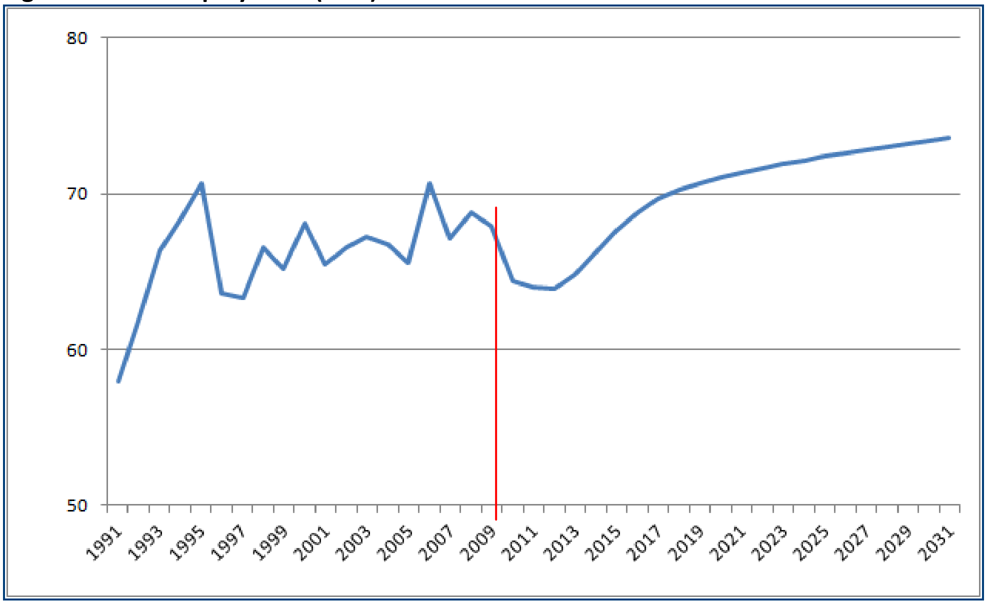
3.18 An area which has a strong representation of employment in sectors forecast to grow nationally will be expected to exhibit strong employment growth and vice versa. This assumption works well at regional level, but becomes progressively less robust at the more local level. For example, the robustness of local forecasts of employment can be undermined by the closure or rapid expansion of a locally significant business, particularly if it has a strong local supplier base.

3.19 Equally at sub-regional level, the pattern of provision of employment land, and the success of different competing strategic employment sites can, over time, significantly alter the pattern of job growth between different districts. This is particularly so, when major employment sites may be located just adjacent to the borders of a local authority district. For example significant employment growth at Stansted Airport will be reflected in the job numbers in Uttlesford District, but have a major bearing on job opportunities for East Hertfordshire residents.

3.20 The difficulties of accurate forecasting at a local level can be illustrated by comparing the past pattern of employment growth in East Hertfordshire (Figure 6) with the past pattern of employment growth in the A1(M)-M11 Southern Sub-Region (see Figure 5). The pattern of employment growth at the sub-regional level (Figure 5) has been quite smooth over the past 20 years. In contrast the pattern of employment growth in East Hertfordshire has been much less predictable.

3.21 In East Hertfordshire peak employment in the period 1991-2012 was achieved in 2006, with an estimated loss of 6,000 workplace jobs by 2012. The peak employment of 70,600 achieved in 2006 is not expected to be achieved again until 2019.

Figure 6: Total Employment ('000) 1991-2031 in East Hertfordshire Actual and Forecast



Source: East of England Forecasting Model, DTZ

3.22 The scale of employment loss in East Hertfordshire since 2006 also raises the question whether East Hertfordshire has become less competitive as a business location in recent years. However this does not mean that East Hertfordshire has an economic problem. Indeed while East Hertfordshire has lost jobs since 2006, with the exception of Uttlesford District, East Herts has the lowest unemployment rate of the authorities in the A1(M)-M11 Southern Sub-Region; and the highest employment rate (the % of people of working age in jobs).

3.23 However, one consequence of the loss of jobs in the District appears from the EEFM to be that net out commuting has probably increased very significantly since 2006 from an estimated 2,600 people to 12,000 people.

3.24 This may be deemed to be undesirable in terms of sustainable development, but caution should be exercised in reaching this conclusion, because it could be that the average distance travelled to work has not increased significantly.

3.25 This could be the case, because the District is surrounded by a number of major employment centres. If the increase in net out-commuting is associated with people travelling to work in these urban centres adjacent to the District, then they may not be travelling much further to work than previously. However it is possible that the average distance travelled to work has increased if increasingly people live in East Hertfordshire as a highly accessible location and use the motorways and rails services to central London to access jobs.

THE IMPLICATIONS OF JOBS GROWTH FOR EMPLOYMENT LAND PROVISION

3.26 In view of the comments above, the EEFM forecasts must be treated with care, but it is important for policy makers to consider the implications of what the forecasts suggest; that almost 5,000 new jobs might be created in East Hertfordshire over the next four years (that is by the end of 2016), an additional 1,250 jobs pa; and that over the entire period 2012-31 some 9,700 jobs might be created.

3.27 In DTZ's view the implied rate of growth to 2016 would be most welcome, but it is hard to believe. The overall level of job creation to 2031 is more credible, but is predicated on a swift return to the conditions prevailing before the financial downturn. There are a number of doubts about whether this will materialise, but in terms of planning it would be wise for a local authority to plan for this.

3.28 It is important to appreciate, however, that the pace of job creation in East Herts is not simply a product of a national economic recovery over the next four years, sustained throughout the period to 2031, without recurrence of another recession; but it is also a function of how competitive East Herts is as a business location. The development market is competitive, and if other areas are a more attractive location for new employment development, those areas may capture a larger share of sub-regional employment growth than implied in the EEFM forecasts.

3.29 But for the purposes of discussion, DTZ will assume here that the District Council needs to plan for provision of an increase in total employment of 9,700 jobs. What might this mean in terms of employment land provision? It is important to realise that not all employment growth will take place on land designated for B1, B2 and B8 development, since many people do not work in activities on land designated for employment use.

3.30 To start with it is important to note that around 1,600 of the additional jobs forecast for the district between 2012 and 2031 are associated with an increase in self employment. The self employed are very likely to work from home, or at home, though some will have their own premises. But there will also be those who are employees who will also work from home or at home. Trends in home working are discussed further in Section 4 of this report.

3.31 In addition, job growth associated with many sectors also does not give rise to demand for B1, B2 and B8 floorspace. This is particular true of growth in employment in the hotel and catering, health, education and a number of other sectors. It has not been part of the scope of this study to provide estimates of employment land requirements arising from a projected 9,700 growth in jobs, but from Employment Land Studies undertaken elsewhere typically around half of all projected employment growth does not give rise to a requirement for employment land.

3.32 Figure 7 shows the sectoral pattern of job growth between 2012 and 2031. Manufacturing employment is forecast to decline while virtually all job growth is driven growth in service sector. This will generate a large requirement for new B1 space, while there will be a reduced demand for B2 space. This therefore gives rise to questions about whether B1 uses can be accommodated on land currently in use for B2 occupiers.

3.33 To the extent that this it is possible to redevelop land in B2 uses to accommodate B1 developments there is a reduced requirement for new employment land allocations. But if B2 land cannot be recycled in order to accommodate B1 developments, because of the location or character of the site, the shift in employment land requirements from B2 to B1 can result in a requirement for significant additional land allocations.

Figure 7: East Hertfordshire Employment Change by Sector 2012-31

	2012	2031	2012-31	% Change 2012-31
Agriculture	742	536	-206	-28%
Mining, Quarrying, Ultilities	411	310	-101	-25%
Manufacturing	5,959	4,066	-1,893	-32%
Construction	6,066	7,660	1,594	26%
Wholesale	3,742	4,244	502	13%
Retail	5,873	6,826	953	16%
Accommodation and Food Services	4,712	5,411	699	15%
Transport and Storage	1,280	1,406	125	10%
Information and Communications	951	1,009	58	6%
Financial and Business Services	16,630	22,750	6,121	37%
Public Adminstration and Defence	1,723	1,611	-112	-6%
Education	5,911	5,962	51	1%
Health	6,067	6,938	871	14%
Other Services	3,846	4,865	1,019	26%
Total	63,914	73,596	9,681	15%

Source: East of England Forecasting Model, DTZ

4: Key Trends Affecting Employment Land Requirements

INTRODUCTION

4.1 All employment forecasts rely to a considerable extent on modelling which is based on calibration of the relationships between key variables in the past. However over a 20 year period it is important to be aware that major social, technological, economic, environmental and political change (STEEP) can occur, and this can have profound effects. For example it is easy to forget that the use of the internet and email as a mainstream tool of business was only really established in the late 1990s. Overall volumes of rail passengers was pretty stagnant between 1981 and 1994, yet grew rapidly from 2001.

4.2 In the next 20 years a number of changes can be expected that will affect the overall usage of space by businesses, and the perceived benefits of different locations. This section focuses on the pattern of change, with a view to anticipating the sort of change in the space requirements of employers and their locational preferences; and making a judgement of how these may affect East Hertfordshire, and more generally the A1 (M) and M11 Southern Sub-Region.

THE FOCUS ON CITIES AND TOWNS

4.3 In the past decade there has been a strong policy focus in all areas of government on encouraging economic growth in cities and towns. This has been driven by the desire for sustainable growth, with city locations generally offering greater scope for use of previously developed land, and central locations allowing large numbers of people to access work using public transport.

4.4 The emphasis on sustainable development remains in the NPPF, but DTZ's interpretation of the NPPF would be that, if there is a strong business led demand for space outside of cities and towns, planning policy should not prevent this, since to do so would constrain economic development. In the future, therefore relatively more attention will be on accommodating market demand where it arises.

4.5 The question therefore is *'what sort of location will businesses favour in the future?'*. There are clearly important sectors of business that favour city centre locations, in particular the financial and business services sector and many creative businesses. The central areas of big cities offer benefits in terms of clustering of similar activities, a large labour catchment area and a place where many employees wish to work.

4.6 The urban areas that benefit from the growth of demand for space in central business districts, tend to be the major cities in the UK. These central areas have a large pool of skilled workers, and a strong city centre retail and cultural offer. It is cities which are benefitting from this trend, more so than towns, and larger towns more so than smaller towns. Given anticipated growth in the Financial and Business Services sector, larger settlements are likely to attract much of this growth.

4.7 There is evidence that this trend to 'centering' has undermined demand for out of town business parks. There is evidence from around the South East of England that motorway business parks have, to an extent, fallen out of favour as locations for major businesses; though they continue to find favour with businesses where by reason of their mode of operation, many staff drive and are drawn from a relatively large catchment area.

4.8 The more successful out of town business locations are those with 'added value'. The growth in science and technology parks linked to Universities is notable, and their success is partly associated in some cases with actual linkage to the Universities; or perceived benefits of association with a University and other companies located on the same development. Other out of town centre business parks sell their quality of environment and ease of car-borne access compared to town centre locations.

4.9 In the wholesale distribution sector there has over the past decade been a very significant move to key locations on the national motorway network, and this trend is set to continue, as towns continue to suffer congestion, and distribution continues to be dominated by road transport. The move to larger distribution depots seems likely to continue, but may be complimented by a growth in demand for local depots as internet sales require localised distribution.

CLUSTERING

4.10 The geography of clusters is often misunderstood. The foundational work on clusters associated with Professor Michael Porter in a USA context, identified clusters at the regional scale. In the UK one can see clustering at two very different spatial scales.

4.11 It tends to be assumed that it is important to the development of clusters that businesses are located close together. One can observe such clustering in the City of London in terms of the financial services sector in the City, and of technology start ups around Silicon Roundabout in London's Old Street. Outside of cities such clustering can be apparent in cities such as Cambridge, where the high representation of research based companies derive benefits from being located in relatively close proximity. In each of these cases it is the high level of person to person contact that delivers benefits to businesses.

4.12 However clusters can exist at quite a different scale, with companies spread across an area. For example much has been made of the motorsports cluster associated with the south Midlands from South Oxfordshire, through Northampton and Milton Keynes into the East of England. Here the businesses are relatively dispersed, but there is a common supply base, a pool of skilled labour and certain key locations where people mingle, such as Silverstone. Businesses are located close enough together to derive benefits from the cluster, but do not need to be co-located.

4.13 In sub-regional clusters, such as those that characterise Hertfordshire, with a strong representation of pharmaceuticals and advanced engineering, the benefits of clustering are associated with a common pool of skilled labour, a network of suppliers, a supportive research base; and the stimulus and scope for dissemination of innovation that comes from competing firms being located in relative proximity with scope for staff to move between companies.

4.14 In such sub-regional clusters there should be no expectation that businesses wish or need to be co-located on the same site. They do benefit from being in the same sub-region, and being part of business networks in that region. Therefore ease of travel around the sub-region is important – and this is very much a feature of the A1(M)-M11 Southern Sub-Region which is traversed by motorways and dual carriageways and good rail links to central London.

4.15 Businesses based in East Hertfordshire are able to benefit from this sub-regional cluster without the need to be located on the same site as related businesses.

CHANGING WORK PATTERNS AND THE USE OF SPACE

4.16 For many years practitioners have been expecting changed working practices in office based employment to be evidenced in increased efficiency of space. New working practices – which cannot really now be regarded as new – such as full open plan offices, with limited provision of individual offices, but enhanced provision of meeting rooms; deliberate under-provision of office space relative to the number of workers to allow for the fact that a full complement of staff is never in an office and linked to this hot desking; encouragement for workers to work from home or on the move and provision of technology to enable this to happen. All these developments should allow office occupiers to economise on the use of space.

4.17 However it is only in recent years that increased efficiency in the use of space has become apparent. Figure 8 presents official guidance on employment densities published in 2010. This shows that office space (B1a) is now being used much more efficiently than in 2004, with the average floorspace per worker in offices having fallen from 16-19 sq m per worker to 11 sq m per worker. Thus for any given forecast of increase in employment in occupations accommodated in offices, less office accommodation will be required than thought in studies that used the 2004 Employment Densities guidance.

Figure 8: Employment Density Assumptions

Use Class	Sq m (2010 figures)[3]	Sq m (ODPM 2004)[4]
B1a	11	16-19
B2 (inc B1b/c)	36	29-34
B8	70	50-80
Non-B on B Sites	40	-

Sources: Employment Densities Guide 2nd Edition, 2010, HCA & OffPat;
Planning: Employment Land Reviews – Guidance Note, ODPM, December 2004

4.18 However it is important also to note that employment densities have fallen in connection with B2 and B8 uses; that is for any given number of employees in businesses occupying industrial or warehouse space, more space is required. This probably reflects two trends:

- In the distribution sector the increased use of automation in warehouses has enhanced productivity in the sector. Recent years have seen very large automated warehouses built which employ relatively few people compared to their floorspace.
- In the manufacturing sector, two effects have been at work. As in the distribution sector increased automation may have reduced employment densities. It is also likely that in the downturn, businesses have reduced staff, but still occupy the same premises.

4.19 These changes in the pattern of occupation of industrial and commercial buildings will feed through into the anticipated requirement for the provision of new employment space and hence of employment land at the local authority level. Relative to forecasts made before the publication of the 2010 requirements, other things being equal, the space anticipated to be needed to accommodate office based activities will have fallen, but the need for warehousing and industrial space will be greater; though in the case of industrial space this will most likely manifest itself as a reduction in the anticipated surplus of industrial (B2) space.

[3] Employment Densities Guide 2nd Edition, 2010, HCA, Offpat, Drivers Jonas
[4] Planning: Employment Land Reviews – Guidance Note, ODPM, December 2004

THE CHANGING FACE OF RETAILING AND DISTRIBUTION

4.20 Internet shopping has been increasing year by year for the last decade. But while overall retail expenditure was growing, its impact on traditional retailing, was masked. In the current environment of stagnant or slow growth in retail expenditure, the impact of internet shopping on traditional retail centres is becoming more apparent. There is much discussion in the retail sector about the future of town centres, but it is certain that internet shopping revenues will increase and displace significant expenditure from traditional retail centres.

4.21 The drivers of the growth in internet shopping are various. In an age of austerity, people are seeking good deals. Internet shopping is price competitive and people can easily shop around on-line to get the best price. Rising petrol and parking costs are curbing visits to both out of town and town centre retail centres. Many people, having got used to shopping on the internet, find it more convenient; and with each passing year, the number of people who are comfortable shopping over the internet grows.

4.22 In terms of the requirement for business space, the growth of internet shopping is characterised by the need for large automated warehouse facilities, which will typically be located in highly accessible locations, typically distribution parks at motorway junctions. These are likely to serve a whole sub-region, so many areas will be serviced by distribution warehouses outside their locality. These large warehouses need to be accompanied by more localised distribution depots for home delivery by vans.

4.23 There is debate in the sector about whether there will be a growth in local pick up points, as an alternative to home delivery, given that many people are not at home during the working day. Local pick up points are likely to be piloted first in the major cities, particular in locations with dense populations of well paid employees, who undertake a significant volume of their purchasing over the internet.

4.24 The impact on traditional town centres of the growth in internet shopping is much debated, and is being conducted in a context where there has been a substantial increase in vacant space in most shopping centres, following the closure of many stores. The emerging consensus is that larger town centres will have to become broadly based centres of entertainment and shopping; that is they will have to become attractive destinations for a half or whole day out, which draws upon quite a wide catchment area.

4.25 Smaller or middle sized centres may struggle to retain expenditure, and hence shops, beyond those meeting local needs, unless they can capitalise on their distinctive character and draw in visitors. There is much discussion therefore about how best to use surplus retail space in such centres.

4.26 Suggestions are that space should be released for residential development. Such development should help sustain the local centre, by adding to the resident population of the town centre. It is also suggested that town centres could accommodate more small office space. The challenge here is that smaller offices in many small centres are not favoured by businesses because of the time taken in peak hours to get into and out of town centres and constrained or expensive parking.

4.27 Because of the time and financial cost of a town centre location many smaller office based businesses may look to locate in more peripheral or even rural locations. Only those businesses that clearly benefit from being in the town centre will locate there. Such businesses include those which are located in a town centre because clients combine a visit to the town centre, with conducting business; and those value good access to public transport, particularly rail services.

4.28 There will be those business owners that also wish to be based in the town centre because they personally are drawn to work in the town centre because it is a vibrant and attractive place to work, or because this helps with employee recruitment and retention. Over time there may be some modest growth in the number of very small businesses who opt to work in town centres, perhaps in shared office space, as an alternative to home working, particularly where the town centre is seen to be an attractive place to work and network.

SELF EMPLOYMENT AND HOMEWORKING

4.29 Around 17% of all those in employment in East Hertfordshire are self employed. This figure is higher than in adjacent urban areas such as Welwyn Hatfield, Stevenage and Harlow, but lower than the almost entirely rural area of Epping Forest. As a rule self employment is higher in rural areas than urban areas. In accessible rural areas higher levels of self employment are typically associated with higher representation of managers and professionals who work from home.

4.30 There has been a marked increase in self employment at the national level since the downturn in 2008. There is debate about whether this represents people who would rather be in employment, but are operating on a self employed basis to earn some income while seeking paid employment; or whether this represents a move of choice where people are choosing self employment over other options.

4.31 The cause of this growth in self employment is probably a consequence of both effects, and therefore an element of the growth in self employment will be a permanent change even as the economy improves.

4.32 The relatively high level of self employment will be linked to high levels of home working. The proportion of people who work from home or at home will not be known until 2011 Census data is issued on travel to work patterns. But the numbers are certain to have increased substantially since the 2001 Census, given the spread of broadband and the ease of working remotely since 2001. Enhancements in technology have been accompanied by growing acceptability of homeworking by employers.

4.33 It is particularly likely that an area such as East Hertfordshire will have high levels of homeworking. This is a product in part of the nature of those living in the District; generally there is a bias, compared to the surrounding towns, of older people, people in professional and managerial jobs, and a higher proportion of self employed people. Also there is a higher incidence of larger and detached properties, which make homeworking an easier option for those that wish to do so.

4.34 All these factors have an influence on the proportion of home workers in the workforce; though it must be acknowledged that the boundary between home workers and mobile workers, full time home workers and part time home workers is increasingly blurred.

4.35 In terms of this study, the implication of a large and growing number of resident homeworkers in East Hertfordshire is that this will tend to reduce the level of employment land provision required to accommodate a given increase in employment in the District. It does so both because people work from home full time, but also because employers economise on space to take account of the fact that only a proportion of their workforce need permanent desk space.

5: The Sub-Regional Distribution of Employment Growth

INTRODUCTION

5.1 As noted previously forecasts of employment growth are generally more robust for larger areas than smaller areas. Therefore sub-regional forecasts of employment growth are likely to be more robust than forecasts for an individual local authority. The precise distribution of employment growth within a sub-region will to a substantial extent reflect patterns of business expansion and decline at the local level; market led demands for employment space which will be drawn to areas with particular locational characteristics; and policy considerations – particularly whether local authorities allocate land for development in locations where the market wishes to develop and where occupiers wish to locate.

5.2 This section examines the sub-regional picture of demand and supply for employment floorspace. This reflects the fact that, as discussed in Section 2, East Hertfordshire, with the exception of Bishop's Stortford, is essentially a rural area with relatively small towns, surrounded by larger urban centres each of which has superior access to the motorway network than settlements in East Hertfordshire. The broad expectation is therefore that, with the exception of Bishop's Stortford, these other locations will be better placed to capture employment growth than East Hertfordshire, and that in East Herts the priority will be to provide for the growth and expansion of SMEs with local connections.

5.3 This section examines the major employment sites in the sub-region. In terms of sites in Hertfordshire, the report draws on the Hertfordshire Strategic Employment Sites Study. Information on sites in Essex has been sourced separately on the basis of published plans.

MAJOR EMPLOYMENT SITES

5.4 The major existing or prospective employment sites in authorities adjacent to East Hertfordshire and their status are as follows:

- Hatfield Business Park Hatfield (existing and scope for expansion)
- Gunnels Wood, Stevenage (existing and scope for new office development/regeneration)
- Knebworth Innovation Park, Stevenage (potential for allocation)
- Stansted Airport (proposed re-designation of 18 ha site for non-airport uses – site will be excluded from the airport boundary and classed as Stansted Mountfitchet by Uttlesford District Council)
- Harlow Enterprise Zone (current designation)
- Park Plaza, Waltham Cross (Broxbourne)

5.5 Subsequent sections Summarise the Hertfordshire Strategic Employment Sites report.

HATFIELD BUSINESS PARK

5.6 Hatfield Business Park is identified in the Hertfordshire Strategic Employment Sites as an existing strategic employment site, and categorised as a major Business Park. Indeed the Hatfield Business Park is the only business park in Hertfordshire that comes close to being a Premier Business Park; that is a strategic employment site capable of attracting major national and international businesses.

5.7 The Hatfield Business Park is well established. It provides a mix of employment floorspace (HQ offices, R&D and distribution uses) in a high quality landscaped environment. A Campus of the University of Hertfordshire is located on the south side of the site. The Business Park designation covers 400 ha. Some 3.5 million sq ft of business space has been developed and accommodates some 10,000 jobs. The Business Park is accessible from the A1 (M) Junctions 3 and 4 via the A1001 which runs alongside the motorway.

5.8 Around 16 ha of land remain available for development with extant planning consents for 895,000 sq ft of development, which could accommodate between 2,000 to 4,000 jobs (assuming an average employment density of 20-40 sq m per person). The Strategic Employment Sites Study indicated that the local authority might wish to consider extending the site in future to the west or north of the site, perhaps linked to residential developments.

5.9 The site clearly has the capacity to accommodate significant additional development. It is well established and is perceived by business to be a strong location. It is likely to absorb much demand from high quality occupiers from the A1(M)-M11 Southern Sub-Region but also further afield. It is likely to be favoured as a business location over any site in Hertford or Ware, where the business has no compelling need to be in either town. The exception is smaller employers and those which are price sensitive which will be able to satisfy their requirements at lower cost in East Hertfordshire.

GUNNELLS WOOD

5.10 Gunnels Wood is a 202 ha employment site on the western side of Stevenage, adjacent to the A1 (M). It is one of the largest employment sites in Hertfordshire, with around 18,800 people working in 300 businesses on the estate. The Strategic Employment Sites Study characterises the estate as a Strategic Mixed Use Employment Site. The estate is well located in relation to the A1(M) with access provided at Junction 7. Stevenage Rail station is located to the east of Gunnels Wood.

5.11 The site has a mix of uses, quality of buildings and environmental standards. It therefore caters for a wide variety of businesses in terms of size, type of operation and the quality and cost of the buildings occupied. Stevenage Borough Council are seeking to progressively upgrade the estate. Part of the plan is to create an office hub close to the station to deliver 70,000 sq m of space on 19ha of land, which could accommodate up to 3,500 jobs.

5.12 However the site is in a number of ownerships, so piecemeal redevelopment for a mix of uses is anticipated. The delivery of a much enhanced office product in Stevenage is therefore planned, but it will take a sustained effort over a period of years to transform the area into what will be perceived to be a high quality office environment. At present Stevenage is not perceived as a significant office location.

5.13 The other major features of Gunnels Wood are the presence of GlaxoSmithKline's R&D facility, part of a cluster of GSK facilities in the sub-region including its sites in Ware and Harlow; and Arlington Business Park located on the south side of Gunnels Wood a modern development of mainly B1c light industrial and workshop space with some office development, mainly for freehold occupation.

5.14 Gunnels Wood clearly performs a sub-regional role within the A1(M)-M11 Southern Sub-Region, providing space for a wide variety of activities, and opportunities for development and redevelopment of new space to meet the needs of occupiers. The Strategic Employment Sites Study indicates that the site will appeal to a variety of activities such as life sciences, high tech manufacturing, engineering, environmental technologies, as well as more general manufacturing, and small scale and start up businesses; and in the longer run back offices and general offices.

5.15 Sites and premises in Gunnels Wood will compete with sites in East Hertfordshire, but in DTZ's view would not have an overwhelming advantage in attracting businesses compared to sites in Hertford or Ware. Gunnels Wood has superior access to the A1(M), but Hertford and Ware may appeal to the medium and small employers who might consider location in Gunnels Wood, in terms of the intrinsic attractions of the town. Where Hertford and Ware may be disadvantaged is less easy access to the large pool of skilled labour that have easy access to Gunnels Wood via the A1(M).

KNEBWORTH INNOVATION PARK

5.16 Knebworth Innovation Park is a potential greenfield site in Stevenage immediately adjacent to and accessed from Junction 7 of the A1(M). The site is included as a location in the draft Stevenage Core Strategy, with the potential for development of 65,000 sq m of employment floorspace capable of attracting R&D activities and hence could accommodate 2,000 to 3,000 jobs.

5.17 However, the site is in Green Belt and adjacent to a Site of Special Scientific Interest (SSSI). So the case would need to be made that there are exceptional circumstances that justify the release of the land for development. In view of this, the case for release would probably have to be made on the grounds of release for life science and environmental technologies, with the scope for synergy arising from the close proximity to GSK's Stevenage R&D site and Gunnels Wood.

5.18 The deliverability of the site is uncertain because of its being in the Green Belt. There would also need to be joint promotion by Stevenage Borough Council and North Hertfordshire District Council. The site is identified in the Strategic Employment Sites Study as a potential business park/science park site. A similar opportunity does not exist in East Hertfordshire, unless there were to be any development potential at or close to the GSK Ware establishment.

STANSTED AIRPORT

5.19 The government approved the expansion of Stansted Airport in 1984, with a view to increasing capacity over time to 15 million passengers per year. Construction of the current terminal building began in 1988 and was completed in March 1991. Further permission for expansion of the airport to handle up to 35 million passengers was approved in 2008 . In the year to March 2012 the airport handled 17.8 million passengers.

5.20 It is reported in the Draft Uttlesford Local Plan, that peak employment associated with the consented expansion plan (35 million passengers pa) would amount to some 16,800 people, with a further 6,400 employed off airport in either directly or indirectly related jobs. There is, of course no certainty of when, or if, the airport will operate at full capacity, but the sale of the airport could put in place an owner with an aggressive strategy for expansion.

5.21 Currently BAA report that 10,200 people work at the airport in around 190 different businesses[5]. This will not include employment in businesses located off airport. If the same relationship holds between off-site and on-site employment now as expected when the airport reaches full capacity, then there would currently be around 3,900 off-site jobs associated with or supported by the airport.

[5] Making a World of Difference: Stansted Airport Sustainability Report, BAA, 2011

5.22 Given the above figures there is the scope for creation of some 6,600 additional on-site jobs and 2,500 direct or indirect off-airport jobs if the airport expands to its full consented capacity. At present around 25% of employees live in East Hertfordshire. If the existing pattern of where employees work were to hold for the larger number of employees once the airport is operating at full capacity, this would imply that an additional 1,650 people living in East Hertfordshire would work at the airport plus potentially another 625 in direct or indirect off-airport jobs.

5.23 The scale of potential job growth associated with the airport is very significant in the context of the emerging Local Plan for East Hertfordshire, and particular Bishop's Stortford as the largest settlement close to the airport.

5.24 The planning authority Uttlesford District Council has allocated significant areas of land around the airport for airport related development. However the development of Stansted as a location for low cost operators flying point to point, has meant that the volumes of cargo handled, and hence spin off development, is much less than anticipated initially. In view of this the draft Uttlesford Local Plan contains proposals to release 18 ha of land on north side of Stansted airport for employment uses unrelated to the airport. The indicative capacity of the site would be for 37,000 sqm B8 warehouse use, and 19,000 sq m B1.

5.25 The 18 ha site has excellent access to Junction 8 of the M11, but the site is essentially industrial in character, being surrounded by other airport uses. In DTZ's view the site, assuming that its release for non-airport uses is confirmed, is likely to attract B8 rather than B1 uses. DTZ would expect that any office occupiers not directly linked to the airport, would be likely to prefer a business park, or possibly town centre location, with good access to the motorway in close proximity, but not at, the airport.

5.26 Bishop's Stortford would be the logical location at which to meet these demands from office users wanting to be close to, but not located at, the airport. The counterpart of this is that the site released at Stansted Airport is likely to be characterised more by B8 and possibly B1c (Light Industrial) uses, than B1a (Offices) or B1b (R & D) uses. Certainly it is more than likely that this site would be favoured by warehouse operators over any site currently available in Bishop's Stortford.

HARLOW ENTERPRISE ZONE

5.27 The South East Local Enterprise Partnership, working with Essex County Council and Harlow Council were successful in 2011 in securing designation of two sites totalling 51 ha (126 acres) as an Enterprise Zone. The successful designation of these two sites as an Enterprise Zone, imply that the development of these two sites are a priority for the Government and for Harlow Council. Essex County Council is investing in improving access to both sites using investment from the Growing Places Fund.

5.28 The Enterprise Zone covers two sites. There is capacity for new development on the former Nortel Campus located on the A414. This site comprises 23.1 ha (57 acres) of development land. The other site of 27.9 ha (69 acres) covers the north eastern corner of the Templefields industrial area which has potential for renewal and redevelopment. Overall there is anticipated to be capacity for delivery of around 128,000 sq m of B1a floorspace. Harlow Council anticipate that some 4,900 jobs could be created on both sites.

5.29 Harlow Council are seeking to establish the Enterprise Zone as a centre of excellence for healthcare and life sciences, capitalising on the cluster of major healthcare companies and organisations in West Essex, Hertfordshire and Cambridge. There are proposals for Anglia Ruskin University to establish a medical technology centre on the Enterprise Zone. The focus on healthcare seeks to capitalise on the presence of GSK and BUPA Home Healthcare in the town.

5.30 The Enterprise Zone will clearly be the main focus of public sector intervention and support in bringing forward new land for development (the Nortel Campus) and regeneration of an existing industrial area (North East Templefields). It seems probable therefore that these areas will be the focus for private sector investment, notwithstanding the fact that there are other industrial areas in Harlow that require rejuvenation. Given the capacity of the existing EZ sites it is probable that Harlow will not be promoting other sites that will compete with the EZ.

PARK PLAZA & MAXWELLS FARM, WALTHAM CROSS

5.31 Park Plaza is a 25 ha site north of M25 junction 25, and adjacent to A10 allocated in the Broxbourne Local Plan adopted in 2005. News International have developed a major print works of 83,200 sq m including warehousing and a service centre on the site. Around 10.6 ha still undeveloped. The development brief for 8.55 ha which is not covered by an existing consent seeks a comprehensive development with iconic buildings for business, including high technology, and R&D uses. Broxbourne Council therefore seek to ensure a very high quality development that is of national and regional significance.

5.32 The Broxbourne Core Strategy identifies the potential for release of further land in the southern A10 corridor as part of a longer term strategy to attract office and high value added enterprises in key sectors to the Borough. Two potential sites have been identified. The Park Plaza West site comprises 40 ha located next to the M25, west of the A10; and a site of 26 ha to the north of the Park Plaza West sites at Maxwell's Farm.

5.33 The Hertfordshire Strategic Sites Study comments that there is sufficient land at this location to deliver a major business park; and that this could prove attractive to major occupiers looking for *'highly prominent and well accessed locations'.* The Strategic Sites Study indicates that a business park of 120,000 sq m or more could be developed; and that a development in such a location with immediate access to the M25 would face little competition in the M25 Northern Quadrant.

5.34 However it must be noted that the two potential expansion sites are in the Green Belt, so a strategic review and a strong justification would need to be advanced for either of these sites to be released

CONCLUSION

5.35 East Hertfordshire is surrounded by major existing employment sites on the west, the south and east; and in each case there are plans for very substantial new development of B1-B8 space. Some of these sites have capacity for development now (Hatfield, Gunnels Wood, Stansted, Harlow Enterprise Zone, Park Plaza); others are longer term prospects (Extension to Hatfield Business Park, Knebworth Innovation Park, Park Plaza West/Maxwell's Farm).

5.36 All the sites in adjacent authorities have better strategic locations than currently available sites in East Hertfordshire, each being located on a motorway and in a motorway corridor. Even Bishop's Stortford, the one town in East Hertfordshire located in a motorway corridor, lacks the scale of Harlow, and is somewhat disadvantaged by being further than Harlow from the M25. Harlow itself is challenged by competition from some of the other sub-regional business parks.

5.37 DTZ's judgement is that larger employers, unless they have a specific desire or need to be in East Hertfordshire will tend to gravitate to the major sites in the three motorway corridors A1(M), A11 and M25. This will be because of the ability to draw upon the largest catchment area of skilled labour, the presence of other similar businesses (even if there is not direct relationship between the businesses) and a general sense of being in a high profile location.

5.38 In view of this, DTZ considers that the District based forecasts derived from the East of England Forecasting Model may well over-estimate employment growth in East Hertfordshire. At the same time the forecasts may underestimate the employment growth of a number of the authorities in the sub-region. In particular, in the light of development plans, the job growth forecasts for Stevenage and Harlow appear to be low.

5.39 DTZ believe that this is probably a reflection of the current low representation of business service employment in these Districts. Given that the forecasts anticipate the strongest employment growth in business services in future, the forecasting methodology tends to indicate that the greatest growth in employment will be in those Districts which already have a strong representation of such employment.

5.40 The forecasting approach does not reflect the efforts of key authorities to reposition themselves, and the degree to which as part of such a strategy, authorities make strategic allocations of employment land specifically to allow the authority to address under-performance in terms of employment growth. The forecasting approach is also not well adapted to take account of 'exceptional circumstances' such as the possibility that significant numbers of jobs are created at Stansted because a new owner adopts a different business strategy for the development of the airport business.

5.41 Forecasting methodology such as that employed in the EEFM also does not take into account the size structure of businesses in different districts. It may be that East Hertfordshire has strong representation of employment in Business Services, but this may be associated with high levels of self employment and small business. Thus there may be strong growth, but how that is translated into demand for business space may be quite different to areas where there is a strong representation of large business services providers.

6: Implications for East Hertfordshire

THE STRATEGIC FOCUS FOR EMPLOYMENT LAND PROVISION IN EAST HERTFORDSHIRE

6.1 The conclusion reached from the assessment of the competitive positioning of the various authorities in the A1 (M) – M11 Southern Sub-Region, is that employment growth in East Hertfordshire is likely to be achieved by pursuit of a two-fold strategy:

- Retention of existing major employers and supporting and enabling the growth of small and medium sized enterprises that have a particular local connection. Local connection may simply be associated with key decision makers and staff being local residents or because a firm has strong business linkages or historic associations with East Hertfordshire or within the sub-region
- Capitalising on the growth of specialist businesses in London and in the M25, A1(M) and M11 corridors, by catering for businesses that need to be in the sub-region, but do not need or want to be in the major employment centres. The attraction of East Hertfordshire to such businesses is likely to be the quality of the environment and lifestyle associated with living and working in East Hertfordshire.

6.2 The key role that the District Council can play in supporting this growth will be to ensure provision of a range of good quality sites, and fostering provision of good quality premises at a variety of sites across the District to provide choice and competition. Individual sites do not necessarily need to be large, but well accessed, attractive sites are important in attracting and retaining business in the growth sectors of the future.

6.3 With respect to the key role the Council has to play in ensuring appropriate provision of sites and premises there are some substantive strategic issues that need to be discussed. These fall under the following headings.

- GSK Ware
- Growth at Bishop’s Stortford/Stansted Airport
- Harlow North proposals
- Business Park
- Town Centres
- Residential Development and Job Creation

GSK WARE

6.4 GSK is the District’s largest private sector employer, and therefore retention of GSK in Ware is an important objective. There is no suggestion that GSK requires additional space, but the Council clearly needs to be alert to the needs of GSK and seek both to retain and, if possible, to grow GSK’s presence in the District.

6.5 The Council should seek to embed businesses that are linked to GSK in the locality, as part of reinforcing the pharmaceuticals/healthcare strengths of the sub-region. Dialogue should be maintained with GSK to determine whether any parts of the Ware site could be released to accommodate other businesses.

BISHOP’S STORTFORD AND STANSTED

6.6 Bishop’s Stortford has a superior strategic location to either Hertford or Ware, despite being located further north, and hence further from the M25 and London. This derives from its accessibility to the M11; and because it has Stansted airport on its doorstep. It therefore has a distinctive offer to potential occupiers that the other towns in East Hertfordshire lack.

6.7 It remains to be seen what plans a new owner of Stansted Airport will bring forward. However, it seems probable that any new owner will want to drive up revenues, and will be seeking to win business from other London and South East airports. Success in driving up passenger numbers and revenues is likely to be reflected in employment growth both at the airport and in the environs.

6.8 There are very large allocations of land for airport related uses at Stansted airport, but not all businesses that are associated with the airport will want to be located at the airport itself. In DTZ's view the proposed allocation by Uttlesford of an 18 ha site on the northern side of the airport for non-airport related uses is more likely to appeal to warehouse operators and B1c Light Industrial occupiers than B1a office occupiers or B1b R&D occupiers.

6.9 Bishop's Stortford should be seeking to capture office based users who want proximity to the airport, but do not want to be at the airport itself. Such airport linked businesses are likely to want to locate on the edge of town close to the airport. Thus in terms of employment land, sites on the western side of Junction 8 located on the A120 would be the favoured location. Those sites closest to Junction 8 will tend to be favoured over those further west along the A120.

6.10 Discussions have identified four possible sites:

i. the current site of the Bishop's Stortford Football Club, which would have to be relocated if developed for a B1 business park
ii. sites on the A120 on the eastern side of the B1383 Stansted Road
iii. the site to the south of A120 and west of Hazelend Road on the northern side of Bishop's Stortford
iv. the site to the south and east of the A120 and north of Hadham Road on the western side of Bishop's Stortford.

6.11 DTZ has not investigated the deliverability of any of these sites and it should be noted that the second site listed is not within East Hertfordshire but is part of Uttlesford District. DTZ would merely note that the attraction of each of these sites to business, and in particular occupiers searching across the sub-region as a whole for a suitable location, will diminish the further the site is from Junction 8 of the M11.

6.12 This is primarily because businesses will want to maximise the catchment area that the business can draw labour from, which is determined more by acceptable journey times than distance; and to minimise travel times for those employees who travel in connection with work. The further west the site is located on the A120, the more it is likely to provide only for local needs, and not sub-regional business requirements.

6.13 There are indications that local professional businesses would prefer a good quality out of town centre location than a town centre because of the easier accessibility of an edge of town location. It is probable that all four locations listed above for an B1 business park would meet the needs of local businesses, and would be preferred to a town centre location because of the time penalty involved in travelling into the centre of Bishop's Stortford and the cost of parking.

6.14 However, it is clearly desirable in policy terms to promote office development in the town centre as part of the overall town centre strategy. But, demand for such space may be quite modest, if a good edge of town business park is promoted. However, efforts should be made to foster small scale business space development in the town centre as part of mixed used development proposals.

6.15 There would be the possibility of allocating a site for employment uses at Whittingham Way on the south of Bishop's Stortford. In DTZ's view this would not attract significant employers who are looking for space in the sub-region, simply because of the time and distance needing to be travelled to access the M11, be that through the town centre, or via the ring road. This is not, therefore, a strategic location and the decision whether to bring forward land at this location can be taken on the basis of assessed local requirements, since the site would only cater for local businesses.

HARLOW NORTH PROPOSALS

6.16 DTZ's assessment of the proposals for employment development at Harlow North is that such a development is highly speculative. There are two key issues which work against the concept of developing business space on any scale as part of an urban extension to the north of Harlow. First, the scale of employment land and potential for development in Harlow itself, particularly associated with the development of the Enterprise Zone. Second the issue of access to a new employment land allocation North of Harlow, and specifically the cost of providing high quality access to the strategic road network.

6.17 There are now substantial provisions for new employment land development at London Road in Harlow as part of the Harlow Enterprise Zone (see Section 4); and a substantial requirement for regeneration and renewal of the Templefields area in Harlow, both that within the Enterprise Zone and other parts. In policy terms these must take priority over any proposals to promote a business park in East Hertfordshire to the North of Harlow, and, in DTZ's view, the Enterprise Zone will take at least 10 years to deliver fully.

6.18 DTZ is also very sceptical of the scope for delivery of a major business park to the north of Harlow, given the difficulty of delivering good quality access to the site. There is access by means of the dual A414 to the west and then via the dual A10 to the M25, and via the dual A414 to the A1(M); but if the business park had to rely solely on these routes, it would be at a significant disadvantage to other business parks in the area in competing for mobile investment.

6.19 The site would have no easy access to the M11 whatsoever, and have to rely on accessing the M11 at junction 7, entailing a route across the breadth of Harlow, or north to Junction 8 through or round Bishop's Stortford. The solution to the problem of access to the M11 would be to build a new link road to the M11 and provide a new junction on the M11.

6.20 However there is no commitment in current infrastructure plans for provision of a Junction 7a to the north of Harlow. There are many schemes that already have Highways Agency approval in principle that have been put on hold until post 2015, so it hard to envisage such works being publicly funded until into the decade starting 2020.

6.21 Moreover, if the development had to fund both the costs of an access road to the M11 and make a contribution to the cost of a new motorway junction, the associated costs would very probably render the development unviable, though costs might be shared with a substantial new residential development. The Harlow Infrastructure Study[6] undertaken in 2010, estimated the cost of a new motorway junction north of Harlow at £50 million and an 8 km link road from Mead Lodge to the new junction at Sheering at £150 million. In addition £18 million was budgeted for further road improvements from the end of the dual section of the A414 out to the new link road.

[6] Harlow Infrastructure Study, March 2010, RTP and Atkins

6.22 If the access arrangements could be funded, the site would still be around four miles from the motorway junction, when the sites listed in Section 4 have almost direct access to a motorway. The business park would not be well positioned to compete for international and national businesses, so it would operate more as a sub-regional business park. Even as a sub-regional business park, the scheme would face stiff competition from other sites in the sub-region and this would make it still more difficult to justify heavy expenditure on infrastructure.

6.23 Moreover, if a new junction 7a on the M11 was promoted on the north or east side of Harlow, it would be more logical to explore the possibility of a business park adjacent to the junction than to have a business park that required a four mile connecting link to the M11 unless there were other compelling requirements for completion of such a link.

6.24 In their public consultation response the landowner interests north of Harlow have proposed a new Stort road crossing west of the A414 Eastwick/Burnt Mill road bridge for higher levels of growth north of Harlow.[7] This would improve access to the Pinnacles employment area, although it was not specified in the 2010 Harlow Infrastructure Study. The Pinnacles is one of the employment areas originally designated in the plans for the new town, but it now finds itself relatively isolated from the motorway network, and is in need of regeneration.

6.25 DTZ has not made any detailed investigation of this possibility, although it is understood that the local authorities' transport modelling work is currently underway.Even with a new M11 link and a new Stort crossing west of the existing A414 road bridge the Pinnacles estate would remain relatively isolated from the motorway network compared to many competing sites, including the London Road site in the Harlow Enterprise Zone.

6.26 Thus the only circumstances DTZ can conceive of large scale development of employment land happening at North Harlow in the plan period to 2031 would be if a strategic decision was made on highways grounds to continue the direct dual link of the A414 though to the M11 acting as a northern by pass to Harlow and a strategic west-east link. Even then a business park closer to the new junction in Epping Forest District would make more sense if there was a deliverable site.

6.27 Overall, DTZ cannot envisage such as scheme being delivered in the current fiscal environment in the plan period. DTZ therefore conclude that a large scale Business Park to the north of Harlow is not a realistic option in the Plan period.

SITES FOR MODERN BUSINESS REQUIREMENTS

6.28 DTZ has considered whether there is a requirement for new allocations of employment land in different parts of the District to meet the requirements of office (B1a), R&D (B1b) and modern industry (B1c) users in the District.

6.29 Because of the presence of significant existing business parks and significant proposals in the adjacent authorities, DTZ does not regard it as essential that the District has a large strategic allocation of land for B1 users other than in Bishop's Stortford; and away from Bishop's Stortford DTZ would doubt that such a development would be viable, because there would be limited demand

6.30 However there is scope for ensuring good quality sites in accessible, high visibility locations, suited for a mix of B1a and B1b and B1c uses for medium and small companies. In theory such development could take place

[7] Quod Planning response to East Herts Council's Issues and Options Consultation, Autumn 2010. Covering letter page 8.

through regeneration of existing sites, but it may be difficult to achieve a quality development on such sites. Thus the Council should think about identifying relatively small sites for B1 use in different parts of the District, but particularly in Hertford and Ware; with possibly a secondary provision in Bishop's Stortford in addition to a principal site ideally on the eastern or northern side of the town.

TOWN CENTRES

6.31 In view of the challenge which the town centres in East Hertfordshire are likely to face, it will be desirable to encourage retention and growth of appropriate office and service based businesses in town centres by appropriate planning policies; but it will be hard to attract large new office employers to central locations in the District, over central locations or business parks in the larger towns surrounding the District.

6.32 The best prospects for development will be to meet the needs of those occupiers which need easy access for large numbers of the general public, where a visit will be combined when coming into the town centre for other purposes; or where the population being served are members of the public dependent on public transport. Thus public service offices, and similar service providers, tend to need to be located in town centres.

6.33 More speculatively there is perhaps the potential to encourage micro-businesses to locate in shared office space in town centres. These are likely to comprise businesses with a few employees, who can no longer be home based, but which need only small amounts of space; and wish to be co-located with other businesses and are drawn to locating in the historic heart of the District's town with their mix of shops, cafes, restaurants and open spaces.

6.34 Such developments do not require formal allocations but a flexible approach to change of use in town centres, with a focus on encouraging activities that are mutually reinforcing to locate in town centres, as part of a strategy to maintain vitality and viability in the traditional centres of East Hertfordshire's towns.

RESIDENTIAL DEVELOPMENT AND JOB CREATION

6.35 Lastly given the focus of this study on how patterns of job growth should inform the spatial development plan for East Hertfordshire, it is worth commenting the inter-relationship of new housing provision and job creation.

6.36 It is certainly the case that population growth associated with new housing growth, boosts particular the local service sector, since a significant proportion of household income is spend locally, and population growth is accompanied by a growing requirement for schools, medical services, and increased spend in local shops and with local service providers etc which result in job growth in the locality.

6.37 Population growth within the retail catchment area of town centres will also support the existing retail base of town centres. Substantial residential developments are only likely to have relatively modest local retail centres catering for the needs of the new neighbourhood. The same will be true where additional housing is focused on villages or the smaller towns. Population growth in these locations will help retain existing shops.

6.38 DTZ would anticipate that any retail development as part of new residential neighbourhoods would be subject to an impact assessment to ensure that the scale of the retail provision is appropriate to the location and scale of the neighbourhood, and does not damage existing retail centres. Where such developments are associated with additional rail based commuting, local stores close to stations may stand to gain from increased footfall.

6.39 In an area such as East Hertfordshire which has good rail services to London, is an attractive place to live, and in general there is easy access to a wide range of jobs at the sub-regional level, it will be the case that access to employment will not constrain housing development. New residents will make their own trade off between where they wish to live and where they work, factoring in the time and cost of travelling to work.

6.40 It is desirable therefore to promote employment growth in locations where residential growth is planned, but it is not essential to the success of local economy, or to the success of residential development; and even if residential development and employment development go hand in hand, given the specialized nature of very many jobs market, there will always be people travelling to the jobs in town A from town B, while there are people who live in town A who are travelling to jobs in town B.

6.41 It is of course the transport networks that bear the brunt of complex patterns of travel to work; and it is this that implies in terms of sustainable development, housing and employment growth should as far as possible go hand in hand, since this creates greater opportunity for people to live and work locally. However the relationship between East Hertfordshire and London, and with the surrounding towns in the A1(M)-M11 Southern Sub-Region, means that complex travel to work patterns will persist, and are unlikely to change in the near future.

7: Implications for the Spatial Strategy

7.1 This study was commissioned to help inform the emerging District Plan for East Hertfordshire, and in particular to help inform the overall settlement strategy for the District including identifying those locations that would be most appropriate for housing development.

7.2 There are many criteria to be considered in deciding appropriate locations for new housing development. Two important criteria, however, is the availability of jobs for any additional residents; and the implications that new development may have for travel to work plans and the capacity of transport networks.

7.3 This final section of the report therefore sets out a series of observations about the scope for employment growth across East Hertfordshire District, taking into consideration that much employment growth is not associated with land allocated for employment (B1-B8) purposes.

7.4 Key conclusions from this study that should inform the economy elements of the Local Plan and any associated Economic Development Strategy for East Hertfordshire are set out below.

7.5 An East Hertfordshire Economic Development Strategy should:

- seek to retain existing employers, enabling those employers to expand or adapt without the need to move out of the District
- seek to attract Small and Medium sized Enterprises, particularly those linked to the existing strengths of the sub-region, notably the life sciences and engineering
- the key to attracting such employers is likely to be the quality of life in the District, ease of access to London and the national motorway network, and provision of a good range of modern sites and premises
- therefore sites and premises need to be available in each of the main settlements of the District suited to a range of users, with a flexible approach to allowing small scale rural developments
- there is a need to protect existing employment sites from redevelopment for non-business uses, except where there is clearly no requirement for on-going provision or the sites are not suited to employment uses
- there will be a need to foster the renewal and regeneration of some employment sites, so that more modern premises can be provided
- however, because the process of securing renewal of existing employment sites can be complex and slow, consideration should be given to identifying sites in the larger settlements for mixed B1 development
- the District's town centres will remain very important as locations where jobs are concentrated, but town centres face a challenge in the face of changing patterns of retail spending and business location
- therefore the District Council and its partners are likely to need to work hard to retain and grow the existing employment base in the town centres
- this focus on town centres as important centres of employment should not preclude development of new employment sites particularly for B1 uses in locations with good vehicular access
- a 'distributed' approach to housing provision would generally be best matched with a 'distributed' provision of employment sites, but with a focus on the major settlements.

7.6 Observations from an economic development perspective on the options for different settlements are discussed below.

BISHOP'S STORTFORD

7.7 Bishop's Stortford is the largest town in the District, and has the greatest potential of all the settlements in the District in terms of employment growth. This reflects the town's location on the M11 and its proximity to Stansted Airport which is a major centre of employment. The prospects of a new owner for the airport make the likelihood of future employment growth stronger; and Uttlesford District plan to release an 18 ha site at the airport for non-airport related business development. In DTZ's view this will be likely to come forward for warehouse (B8) development.

7.8 The town of Bishop's Stortford is well placed to capture job growth linked to the airport in terms of office users and other service providers, so there is likely to be demand for additional B1 and other floorspace. There will also be locally arising demand for employment floorspace, and the town should be able to capture an element of more mobile demand for business space arising in the sub-region. This is particularly so since the offer of the town is quite distinctive from that of Harlow to the south, and it is therefore not in direct competition with Harlow.

7.9 In terms of strategic employment development, DTZ would envisage that there will be a need to allocate employment land, particularly for B1 uses, on the A120 on the northern side of Bishop's Stortford. From a purely market perspective DTZ believe the site options closest to Junction 8 on the M11 would attract the most occupier demand, but this study has not considered deliverability of the four possible options identified in the study. There is also potential for B1 development, probably on a modest scale, in the town centre as well as scope for more substantial non-B class development which has the potential to create many jobs.

7.10 The potential scale of employment growth in Bishop's Stortford is therefore assessed to be significant. It would be consistent with broad principles of planning policy to provide a significant volume of new homes in the town, so that growth in jobs available is matched by a growing labour force.

HERTFORD AND WARE

7.11 Hertford and Ware each have their separate identity and town centres; however in terms of the industrial and commercial property market they are likely to be regarded as a single location and therefore they are discussed together in this report. DTZ's assessment would be that the prospects for employment growth are not as strong as in Bishop's Stortford, for a variety of reasons:

- The towns lack a prestige business park location, and the proximity to Hatfield Business Park and other prospective prestige developments in more strategic locations in adjacent Boroughs mean that Hertford and Ware would find it difficult to attract investment in such a development.
- There is a strong presence of public sector employers in the two towns, but particularly in Hertford as the county town of Hertfordshire. Public sector employment nationally is expected to decline in future years and this will particularly affect the two towns.
- There are threats to the traditional town centres arising from changes in patterns of retail expenditure that may make it difficult for town centre based employment in the two towns to expand as fast as in the past; though it is anticipated that the Council will be taking action to protect and promote the town centres.

7.12 However it is important to note that the two towns have excellent rail and road links to London and intermediate settlements; and to the towns in surrounding Districts that DTZ expect will find it easier to grow their employment base. Thus there is scope to accommodate additional residential development in and around the two towns with little threat of new residents being unable to access key centres of employment.

7.13 Therefore it is appropriate to consider significant residential development in and around both Hertford and Ware. This will have the benefit of helping to reinforce the town centres of both Hertford and Ware, by growing the catchment population; and the town centres may themselves start to attract a range of small scale office occupiers who value being at the heart of an attractive town, close to the railway stations and to other small businesses. Consideration would have to be given to the impact that road based out commuting would have on existing road networks.

7.14 Within the two towns DTZ think that it is probable that there will be a need to rejuvenate existing employment areas, such as Mead Lane and Foxholes/Caxton Hill in Hertford and Marsh Lane and Star Street/Widbury Hill to accommodate the shift to business service employment. Many of these existing sites benefit from central locations close to town centres and public transport. They vary in terms of their access to the strategic road network. Detailed work would need to be undertaken to determine the feasibility of regeneration and the degree to which any individual site can be adapted to the requirements of modern businesses.

7.15 DTZ has not undertaken any detailed assessment of sites or the local market, but would observe that in many local authority areas it has often proved quite difficult to reposition older industrial estates to cater for the needs of modern businesses. In view of this DTZ would recommend that the Council give consideration to identifying a small number of modest sites for new B1 employment in the Hertford and Ware area. In considering new allocations, due consideration should be given to the impact on existing employment sites.

7.16 There are a number of considerations in terms of what would make good sites. Ideally there should be reasonably good access to the trunk road system and good public transport accessibility. Visible sites on main roads are to be preferred. It may be that in the current difficult environment new developments would be most easily delivered in conjunction with new housing developments. One possible area of opportunity highlighted in discussions has been the possibility of employment space development at the intersection of the A10 and the A1170 north of Ware.

7.17 In general it is worth noting that it will be difficult, given the character of the A1(M)-M11 Southern Sub-Region it will not be easy to link ensure that residential development and employment growth will progress in tandem in any particular locality and this is true of Hertford and Ware. It is likely that 2011 Census data will show that people in the two towns work in a very wide variety of locations, and those who work in the towns are also drawn from diverse locations. Any scale of residential development in these two towns are likely to attract people who work in a wide variety of locations including central London and centres in the A1(M)-M11 Southern Sub-Region as well as locally.

SAWBRIDGEWORTH

7.18 Sawbridgeworth is located between Bishop's Stortford and Harlow on the north-south single carriageway A1184. It is unlikely that anything other than very local businesses will be drawn to the town. Road access is a key issue, with any business reliant on road transport disadvantaged by having to travel north and round, or through, Bishop's Stortford to access the M11 at junction 8; or south through Harlow to junction 7.

7.19 The town probably has a small employment base relative to its population, with most of those in employment travelling out by road to Bishop's Stortford or Harlow or further afield. The town is also located on the

Cambridge to London Liverpool Street railway, with both London Liverpool Street and Cambridge a 45 minute journey. Annually there are around 120,000 uses of season tickets, which compares to 273,000 from Harlow Town and 193,000 from Hertford East station indicating quite a high level of outward rail commuting given the size of the town.

7.20 Were large scale residential development to be promoted at Sawbridgeworth, the likelihood is that the majority of the increase in the working population would commute out, both by road and rail, either to London or to the neighbouring towns. It might be the sort of location that might over time attract increasing numbers of people working at or from home, at least sometimes, so that its resident employment base might grow as a result of growing numbers of self employed people or micro-businesses.

BUNTINGFORD

7.21 Buntingford is a small market town on the A10 in the north of East Hertfordshire District. It is some distance from major employment centres. Bishop's Stortford is some 12 miles from the town to the east, Baldock/Letchworth 12 miles to the west. Ware is 10 miles to the south, mostly on the dual carriageway A10. The town does not have a rail service.

7.22 It is very likely therefore that the majority of those who live in Buntingford who are in work commute out of the town, with the main flows likely to be to the south to Ware and Hertford. Relatively inaccessibility however probably means that the town has a higher proportion of older and retired people and lower levels of economic activity than the larger towns in East Hertfordshire.

7.23 It is possible that a relatively large proportion of those in work do so from home or at home, since this is an increasingly common characteristic of those living in rural areas – provided they have access to a good standard broadband service. It is quite possible that if new housing were provided in Buntingford, it would attract those who are able to work in this way, or those who want to live in a small market town and accept commuting.

7.24 Buntingford is not a strategic employment location and will not attract large scale employers, since employers would not be able easily to recruit locally. But it could attract smaller, essentially local employers either with strong local connections or those who regard it as a good central location to service customers in the ring of towns all located around 10-15 miles of Buntingford.

7.25 Were additional housing to be developed in Buntingford, the current patterns of employment would probably prevail, with a relatively high proportion of new residents being retired or at a stage in their career where they can work part time, or work from home; others who are mobile workers who are not attached to one place of work; and others who accept commuting by car as the consequence of living in a market town in a rural setting.

7.26 Given relatively high prices of housing in a rural market town, residential development is likely to attract higher skill, mid career families, who can afford the cost of travelling to work. There could be issues, however, if a significant amount of affordable housing were secured as part of development, in terms of residents finding it difficult to access work, and limited opportunities being available in the town itself.

HARLOW NORTH

7.27 The District Council is considering a variety of options regarding provision of new housing immediately to the north of Harlow, in the vicinity of Gilston and Hunsdon. This report has concluded that it is not realistic in the current plan period to plan for a significant business park development in this location. However this development would be as close to the major centres of employment in Harlow as many of the main residential neighbourhoods in the town itself.

7.28 Moreover, and probably as equally as significant, is the fact that the residential development would have good access to Harlow Town railway station, which has regular services into London Liverpool Street that typically take between 33 and 38 minutes. DTZ has little doubt that a development in this location would be marketed strongly to those working in the City of London as an attractive rural location, within acceptable commuting time of the City.

7.29 Were this area to be developed for new housing, residents could also be expected to find work in the Hoddesdon and Cheshunt, North London, Hertford, Ware and Welwyn Hatfield. Residents would be able to access jobs using the dual A414 and A10, or use rail services on the London Liverpool Street route to access jobs close to intermediate rail stations.

7.30 DTZ would not expect, therefore, for lack of access to jobs to undermine the viability of residential development in this location. Consideration would have to be given, however, to the ability of existing infrastructure in terms of both road and rail capacity to handle additional volumes of traffic associated with travel to work movements.

7.31 It is worth considering whether a new development in this location would contribute to the regeneration of Harlow. While DTZ would expect that initially a relatively low proportion of new residents would work in Harlow, it is quite probable that over time the proportion would increase, as households mature, and become disenchanted with commuting, or family commitments increase; and as residents find out about local jobs that can utilise their skills and talents.

7.32 The residents of new development in this location would be likely to contain a high proportion of graduates and those with high level skills. This would help knowledge intensive businesses in Harlow to recruit; and would help to attract other knowledge based employers to the town. A new community developed in an attractive setting could be significant in changing perceptions of Harlow as a place to live; even though the developers would market the development to purchasers as being a new community in East Hertfordshire, not as an urban extension to Harlow.

7.33 DTZ conclude that, from a regeneration perspective, residential development to the north of Harlow could help realise the aspirations Harlow Council have to foster the growth of knowledge based industries in Harlow, and be part of the process of changing the perceptions and reality of Harlow which have held back economic development for many years.

7.34 In terms of the different options that East Hertfordshire District are assessing north of Harlow, the two options that entail significant new residential development are either an urban extension, which would look to achieve a degree of integration with Harlow, though it would be separated from the existing town by the Stort Valley; and a more 'freestanding' new settlement further north near Hunsdon.

7.35 DTZ's view is that both options would be very similar in terms of where residents chose to work. In our view significant numbers of new residents of a freestanding settlement would in practice travel into London from Harlow Town station, or commute to other parts of the sub-region or further afield, taking advantage of the A414 and A10. But this option would have rather less potential in our view to contribute to the regeneration of Harlow, compared to an urban extension located on the north side of the Stort Valley. The urban extension option would also on balance be better in terms of the objective to encourage the use of means of travel other than the car.

EAST OF WELWYN GARDEN CITY

7.36 East Hertfordshire have identified an option of developing new homes on the eastern boundary of Welwyn Hatfield Council area, in what would, in effect, be an urban extension to Welwyn Garden City into East Hertfordshire. The site proposed is located on the dual A414 which provides direct access from Hertford and Ware to the A1 (M) at Junction.

7.37 Given the wide range of employment opportunities in Welwyn Hatfield, and more generally in the A1(M) corridor, new residents would have access to jobs, but would probably be very reliant on car transport to access jobs, other than in town centre locations, with additional traffic volumes focused on the A414, probably with the majority of outward journeys being to the west.

7.38 If this option were to be taken forward, consideration might be given to a modest employment land allocation as part of the scheme, which would in some way compensate for difficulties in identifying a site for modern B1 development in a high visibility, high accessibility location in Hertford and Ware.

VILLAGES

7.39 East Hertfordshire Council is also considering the option of meeting some of its housing requirements through modest provision of new housing in the many villages in the District. DTZ has not undertaken an analysis of the economic profile of the villages but would expect most to display the following characteristics:

- A demographic profile biased to older age groups and families, with a high proportion of people in work employed in higher skill occupations, a consequence in part of the higher price of housing in villages compared to towns, and lifestyle choices
- A higher proportion of retired people, and hence a smaller proportion of the adult population who work; the majority of those who work, using cars to travel to work, but with multiple destinations, albeit with a bias to the nearest towns, but also a number driving further afield or driving to stations to travel by train to central London.
- A higher proportion of the population working from home or at home, which is partly associated with the greater preponderance of self employment or owners of micro-businesses among older skilled workers. This would however be contingent on the villages in question having reasonably good broadband access, since most homeworking will now be dependent upon this.

7.40 Provision of new housing in villages will not fundamentally alter these demographic, lifestyle, and working patterns. It is worth noting, however, that because average household size is generally declining over time, some increase in housing may be needed simply to keep the population of villages at the same level.

7.41 Appropriate small scale provision of employment space would help sustain a local employment base, though in practice the great majority of those working in these premises are likely to be drawn from quite a wide area. The most obvious policy for the local authorities (District and County) to pursue to limit the impact of village growth on car based travel is to ensure all villages are able to access high quality broadband internet services.