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Exemption applied: None

Review date for release N/A

Approach to Employment Provision

Report summary:

Delivering high quality employment opportunities will be a fundamental aim of the new Local Plan. The Issues and Options report put forward a range of alternatives for discussion and this report sets out the responses and a very broad possible approach to the delivery of new employment land for Members to consider. This report focusses on identifying the matters to be addressed and further reports will be made to this Committee when work has progressed further and sites are required.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

- (1) That Strategic Planning Committee note the detail of the report and consider the existing evidence that will inform the broad strategic approach to employment provision in the new Local Plan
- (2) That Strategic Planning Committee agree, in principle, to commissioning/collecting further evidence as needed to ensure that there is sufficient robust evidence on employment need and supply to justify strategic policy on employment requirement provision to include in the Local Plan.
- (3) That Strategic Planning Committee consider the key concepts highlighted in paragraph 6.2 of the report and agrees to incorporate these into the employment strategy for the new Local Plan.

Reason for recommendation:

We must plan effectively for sustainable, high quality employment and be able to demonstrate that our proposed strategy is appropriate and will meet the local plan objectives and the needs of the District up to 2040. It is important that Members are given the opportunity and encouraged to provide an early steer on employment matters for the new local plan.

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Portfolio(s) (check which apply):

Climate Action and Emergencies

- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Medium Impact

Risk: High Risk; failure to provide sufficient high quality, sustainable employment land will undermine the local plan process, impact negatively upon the District’s economy and fail to deliver sustainable communities.

Links to background information National Planning Policy Framework: www.gov.uk/guidance/national-planning-policy-framework/6-building-a-strong-competitive-economy; Evidence - Greater Exeter Strategic Plan (gesp.org.uk); Scale-up Research - Heart of the south west LEP (heartofswlep.co.uk)

Link to Council Plan:

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Report in full

1 Introduction

- 1.1 The new Local Plan will have a crucial role to play in delivering high levels of quality economic growth for East Devon over the next 20 years. The strategic objective of “support(ing) business investment and job creation opportunities within East Devon and support(ing) a resilient economy” lies at the heart of this Plan. Policies will need to help make the District an attractive and competitive place to start, grow and invest in a broad range of businesses, attracting more and higher skilled jobs and attracting and retaining people of working age. Alongside housing growth, the new Plan will provide a firm foundation for meeting our future employment needs for the period up to 2040.
- 1.2 This report sets out some of the matters to be taken into account when Members’ consider the strategic approach to the provision of employment land in the local plan, informed by existing evidence and the key findings from the initial Issues and Options consultation. At this stage it is too early to produce a detailed strategy but Members should be aware of the broad context and the key messages arising from existing evidence so that they can make informed decisions as plan production progresses.

2 Existing position

- 2.1 Currently East Devon has around 78,500 residents of working age (16 – 64) which is the third lowest proportion of working age people (53.6%) of any local authority in the UK¹. Of these working age people, a relatively high number (84.5% equating to 65,000 people) are economically active (those who are either in employment or unemployed). Unemployment is low at 2.3% in East Devon, compared to 3.5% across the south west, and a national figure of 4.2%.
- 2.2 There are around 64,000 jobs in East Devon, and the ratio of total jobs to working age people (jobs/employment density) across the district is 0.82. This ratio has risen from 0.72 in 2008, but remains below the average level in the South West (0.88) and Great Britain as a whole (0.87). Jobs in the services industry predominate, with the proportion of those working in retail, accommodation and food services all higher in East Devon than at a regional or national level – these jobs are often lower paid and part time. This is reflected in earnings for those who work in East Devon (but may not live here), being lower than the regional and national average. However, the proportion of East Devon residents with higher level qualifications (NVQ level 4+) has been steadily rising from 32.9% in 2011 to 48% in 2015.
- 2.3 A significant proportion of East Devon residents travel outside the district to work – 18,400 people (around 41% of the working population) commute elsewhere to work, whilst there is an inflow of 12,500 people coming to work in East Devon. Exeter is by far the most popular other district to work in with 11,430 East Devon residents commuting here, representing a quarter of all work trips. The remaining almost 60% of residents work locally and provision of jobs close to employee’s homes (or enabling residents to work from home) is key to reducing travel and carbon emissions, and achieving sustainability.

Role and Function of settlements study

- 2.4 A role and function of settlements study is being produced by Officers and should be available to the Strategic Planning Committee in the summer. This study recognises that economic characteristics are a key consideration in determining the role and function of settlements, and an important indication of the sustainability of a settlement. For example, if there is a balance between the number of working age people and the number of jobs in a settlement, it means that residents have the opportunity to live and work in the same place (whilst accepting that there will still be some commuting). This study will provide an analysis of the economically active population at a settlement level, how many people are working at each settlement, and whether they travel elsewhere to work. This will directly inform the level and distribution of employment land in the new local plan.

Previous agreement to principles of future growth

- 2.5 Members have previously considered, at the SPC meeting in September 2018, a report setting out the principles for the future growth needs of East Devon. This discussed the level of housing growth likely to be required and the jobs growth associated with it. Members may still consider that the following is pertinent:
- “7.1 Key Issues*
- *Exeter Airport - Clearly it is important to safeguard safety at the airport, however a wider area of land is affected by noise from the airport. It is considered that any new growth should not be significantly impacted by noise from the airport nor should development be placed so close to the airport that it potentially prevents*

¹ Mid-2019 population estimates, ONS, published June 2020:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annual/midyearpopulationestimates/mid2019estimates#toc>

future growth and expansion of the airport due to its vital role to the local economy and meeting the travel needs of those living in and visiting the area.

- *The adopted Local Plan promoted a strategy that encouraged high technology industries to the district (specifically the west end) which is leading to an upskilling of the local labour force and raising average incomes. It is important that moving forward this approach is continued.*
- *Evidence suggests that the area has a high number entrepreneurs and small businesses and encouraging these businesses and provide suitable accommodation for them to expand and grow will be an important factor for accommodating growth.*
 - *Supporting traditional business sectors such as agriculture, tourism, service industries etc is also an important part of a sustainable strategy for growth.*
 - *Internet speeds across the district vary greatly and are known to be slow in many rural areas. A strategy for growth that supports business and enterprise needs to ensure that connectivity across the district is improved to make it more attractive to businesses as well as a well-connected area for residents.*

7.2 Principles for growth

- *Accommodate growth in locations that will not prejudice the future growth and operation of Exeter Airport or where development would be significantly impacted by airport and related activities.*
- *Ensure adequate employment space is provided to meet the needs of all types of businesses in sustainable and accessible locations.*
- *Promote new and emerging high technology industries such as data analytics and environmental futures.*
- *Encourage greater connectivity across the district ensuring high quality broadband infrastructure is incorporated into new developments and existing infrastructure is improved.”*

3 Adopted Local Plan policy approach

3.1 The adopted East Devon Local Plan (2016) set the aspiration for strong growth in the west of the District (i.e. the Growth Point), an approach which has proved successful. The key plan objectives for the whole of the District's economy were to:

- Improve average income levels
- Diversify the sectors where jobs can be found
- Improve local job opportunities
- Reduce the need to travel by car to secure work and jobs.

In terms of the allocation of employment land to enable this economic development aspiration, the Plan states:

“East Devon's West End will be a focal point for job provision with a particular focus on encouraging strategic inward investment. We are allocating 21.4 hectares of employment land in the West End which will be in addition to sites with planning permission that already exist for development of the following proposals:

- a) Land at Cranbrook - 5 hectares already committed.
- b) Land at [Exeter] Science Park - 25 hectares already committed.
- c) Land at Skypark - 40 hectares already committed.

In the rest of East Devon employment provision will mostly be geared to serving local needs with a view to securing jobs close to existing homes so that people have the option of not needing to commute long distances to work. Local employment provision will be made at East Devon towns with an expectation that larger scale housing allocations will be matched

with new jobs (around 1 for each home built). We estimate that, roughly speaking, 250 new homes could generate the need for around 1 hectare (or 2.5 acres) of employment land. The plan sets out a target of 17,100 new homes over the plan period which could mean up to 68 ha of additional employment land.”

- 3.2 At present the annual monitoring report considers employment land allocated, approved and developed on allocated sites and larger employment sites (predominantly those in the west end, the towns and at Dunkeswell, Hill Barton and Greendale Barton). It should be noted that there are a number of smaller industrial estates and business parks located throughout the District along with numerous individual former farm buildings which are not currently recorded.
- 3.3 In terms of achieving ‘matched’ housing and employment it appears that new employment provision may be around 1/3 behind in the delivery of new jobs compared to housing since the adoption of the current local plan, however detailed statistical analysis has yet to be undertaken. There are a number of allocated employment sites which appear to have stalled (around 14ha) due to infrastructure constraints or lack of landowner interest (possibly exacerbated by NPPF guidance that employment sites may be redeveloped for housing in areas of high demand) and other, smaller sites, which might have been expected to come forward as employment windfalls eg barn conversions, being developed for alternative, higher value uses. Increases in homeworking and online shopping have led to recent reductions in demand for new office or retail space and high vacancy rates, especially in town centres.

4 National Guidance

- 4.1 The NPPF (2019) states that local authorities should set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth; helps create the conditions in which businesses can invest, expand and adapt; supports a prosperous rural economy; and is flexible enough to accommodate needs not anticipated in the plan. The driving economic objective which underpins Government guidance is set out in paragraph 8: “*to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure*”.

5 Evidence and Approach in the New Local Plan

- 5.1 Existing evidence predates our leaving the European Union and the Covid19 pandemic. Whilst it is a useful resource some of the conclusions will now be outdated and the impact of these events will need to be factored into our work. In particular the huge increase in homeworking, and associated reduction in demand for office space, supersedes the previous findings. This will also impact upon other areas of policy work as high speed broadband connectivity and homeworking space become essential requirements to many people and new uses need to be found for the surplus of office space. There will also be unintended consequences, such as a need to provide for increased private energy consumption and demand for recreation/socialising/occasional meeting space.
- 5.2 Apart from the responses to the Issues and Options consultation, the most up to date evidence available to underpin the new East Devon Local Plan is the Economic Development Needs Assessment (EDNA) 2018, produced for the Greater Exeter Strategic Plan (GESp) and the Heart of the South West Employment Land Study (ELP) produced for

the Local Enterprise Partnership. The ELP covers the County Council areas of Devon and Somerset and the unitary areas of Plymouth and Torbay.

Economic Development Needs Assessment

5.3 The EDNA identifies the potential level of economic growth that should be provided for in the GESP area to 2040. Whilst the assessment focusses on the GESP area as a whole (and therefore many of the conclusions are based on shared provision and needs and inter-relationships between the different authorities) there is considerable data specific to East Devon which can be used to inform our strategy. At the present time, with the pandemic and its associated recovery still ongoing, any new evidence is likely to become dated very quickly and Members may consider it prudent to wait until the situation stabilises before commissioning further work. It should be noted that Exeter City Council intend to commission an Exeter specific update to the EDNA which is likely to extend into the growth point area and this evidence will be available for our use.

Key points made in the EDNA (bold is Officer emphasis) are:

- East Devon's average wages of residents (£25,500pa) are the highest in the GESP area, and reflect the higher than average educational level of residents. This reflects the outward commuting of skills because the average wages of those working in the district are lower (£23,250pa) and lag behind Exeter at over £27,000pa. There are also higher than national average levels of part-time, minimum wage and seasonal jobs in East Devon which may account for wages overall being lower than the national average. **How can our strategy address the growing 'gap' between wages and house prices? Do we need to address the outward commuting of skills into Exeter and if so how?**
- East Devon is characterised by a number of **market towns** (the main towns being Honiton, Axminster, Exmouth and Sidmouth), a large **rural area**, and large **coastal areas**, all with differing types of employment. **It is likely that differing policies and strategies will be needed for each of these areas- for example policies relating to town centre shopping areas, agricultural diversification and tourism.**
- The District has seen strategic investment and growth in housing and employment on its western edges close the City of Exeter. The approach in recent years has been to promote four large sites (the Science Park, Skypark, Airport Business Park and Cranbrook town centre) as the Exeter and East Devon Enterprise Zone, designed to encourage economic growth and attract business, especially in high technology sectors. Members may consider that further development of storage and distribution uses in this area should be restricted and that these areas should focus on provision of highly skilled employment (particularly following the closure of Flybe). **Additional employment land allocations may be required in this area.**
- East Devon has higher than the national average employment in wholesale & retail, transport & storage, construction and accommodation & food services sectors. The district has lower than average employment concentrations in manufacturing, information & communications, and finance & insurance.
- In 2015 there were 5,500 micro businesses (0-9 employees) in East Devon. This is the highest number in the Greater Exeter area but still lower than the national average. Similarly, at 660 there were more small and medium businesses (10-249 employees) in East Devon and this level exceeds the national average. **There is a recognised shortage of accommodation for such businesses, and a lack of**

willingness to accommodate multiple small businesses, rather than one large user, on many of the allocated sites.

Employment Land Study

5.4 The ELP is a broader study which covers the majority of Devon and Somerset. Some of the data is broken down by District, and it is very interesting to draw comparisons between East Devon and other authorities, but it provides a high level understanding of the current supply of and demand for employment land and the challenges, and potential solutions, facing those bringing this land forward.

5.5 Key findings of the ELP (relevant to this Local Plan, bold is officer emphasis) are:

- A lack of data to accurately measure supply (particularly on smaller sites) and demand
- A lack of available, unconstrained sites. Even though there is a large supply of allocated sites many of these are not coming forward for development, suggesting they are not truly available.
- East Devon has a far higher publicly owned range of allocated sites than other authorities, however much of this land is not coming forward for development
- There is a real threat from loss of employment land to other uses so **Members may wish to develop strong protection policies, in line with the requirements of NPPF and PPG, to set a high bar for developers looking to change use, ensuring that any sites that are lost are genuinely unsuitable and not required.** Further tools such as Article 4 Directions could also be explored.
- There is an inadequate supply of office land, light industrial and general industrial in East Devon with high demand in all sectors. **Note- this position is likely to have changed post Brexit/covid**
- The key constraints to land coming forward and often multiple constraints apply to the same site are:
 - Infrastructure, and to a lesser extent other physical constraints;
 - Viability, either driven by the infrastructure challenges or a more fundamental challenge of development returns being lower than costs; and
 - Unwilling landowners, and some other land ownership issues.
- **Sites should not be allocated unless there is a willing landowner, infrastructure can be secured and viability is assessed**
- **Members may wish to consider directly intervening in acquiring and delivering employment sites.** It is of particular concern that sites may not come forward because higher value uses eg housing are preferred by the landowner

Issues and Options Consultation

5.6 We received a large number of responses to the economic development section of the Issues and Options consultation, held earlier this year, as well as numerous sites across the District submitted in response to the call for sites.

5.7 Question 12 asked respondents to indicate their level of support for a number of differing potential areas in East Devon that could accommodate future job growth and development. Overwhelmingly respondents supported increased homeworking in future. This will have wide ranging implications, for example in future housing design and infrastructure requirements, particularly broadband provision, and a need for less office space. The other options did not

result in very clear preferences. There was slightly more support for additional development in the towns, villages and countryside than opposition but significant numbers of respondents did not express a preference or left the form blank. The suggestion that additional employment development should be located close to Exeter, including a focus on the West End, did not elicit a preference from most respondents, although the slight majority of those that did express a view were not supportive. The written responses to this question covered a wide range of issues and included:

General

- Respondents generally support new employment but want it in suitable locations; delivered alongside housing (and at a similar scale) to reduce commuting; environmentally sustainable/incorporating biodiversity gains; and supported by adequate infrastructure.
- Homeworking was overwhelmingly supported but requires optimum broadband and mobile capacity. Houses need to be big enough to accommodate office space. Can be isolating so would need to consider other measures to promote healthy lifestyles and social cohesion
- Given the significant economic shock caused by the Covid pandemic, the Plan needs to take account of the latest evidence on likely recession, and plan for a long recovery and a shift in economic circumstances. Plan should be flexible as full impacts won't be known until the medium term.
- There should be a focus on training and employing young people and wages need to improve to cover the cost of living. Reliance on low paid/part time/seasonal jobs creates inequality and poverty
- Office spaces/hubs should be located close to public transport and shared, no longer a need for lots of office space for individual businesses
- Promote sites for technology and green business/industries
- Landscape/countryside should be protected to increase investment in tourism

Allocated sites

- Existing sites should be built out before greenfield sites are developed. Undeveloped sites eg at Heathpark, are an eyesore and detract from surrounding businesses.
- There is no longer a need for allocated employment sites and they may be more suited to meeting housing needs/ Do not allow allocated employment sites to be used for housing, especially if land is surrounded by other employment uses and would constrain their activity

West End/Growth Point

- Interrelationship with the development within the city boundaries – competition for these jobs with Exeter residents
- Skypark, science park and development at the growth point is slow – there is still capacity. Opportunity at Cranbrook to have small business clusters and develop land around Exeter airport.
- Developers supporting continued west end focus /'east of exeter', but to look to alternatives to that north of the A30, including along the A3052. Aspirations for Hill Barton and Greendale to grow countered by concerns that they are inappropriately large for the countryside location and are poorly controlled

Towns and Villages

- Allocating employment land in towns was seen as desirable but should be at a scale commensurate with settlement size and focus on small-medium businesses.
- Town centres should focus on retail and services with housing above. Resist change of use
- Small, cheap workshops/storage units are needed in towns and villages, ideal for start ups
- Access and infrastructure constrain rural development- focus on small, local provision

5.8 Question 13 asked what sort of jobs the local plan should encourage, including the opportunities to attract new and emerging sectors with highly skilled jobs. Support was strongest for more local entrepreneurs (51.8% strongly support) and traditional sectors (37% strongly support), followed by more high tech jobs (30.3% support) and, finally, more jobs through new and larger employers (17.6% support), with more than a quarter of respondents having no opinion on the latter and more than 7% opposing or strongly opposing this option.

There was a wide range of comments on the subject, including:

- More jobs would only attract more people to the area rather than help local residents;
- Diversity in the job market will deliver better resilience;
- A good mixture of jobs is needed – not just tourism, care and agriculture;
- How homeworking will continue to be the norm for many post-Covid, and that this will have a positive impact on climate change;
- To attract more high-tech employers we need far better internet connectivity across the district;
- Environmental and sustainability consideration should be key when promoting any form of employment, with the promotion of more green initiatives;
- People need jobs that offer an income that allows living in East Devon to be affordable; Small and medium sized businesses should be the future – not large employers – and that adequate provision should be made for new SMEs;
- Employers should be encouraged to offer apprenticeship and training programmes;
- Major employment projects should be located in the West End (east of Exeter).

There was a great deal of concern over the care sector, with calls for higher pay for these valued roles and more investment in the training and recruitment of staff, along with allowing care workers adequate time for home visits and ensuring they are paid for travel time.

There were also calls to prioritise support for agriculture, especially for smaller farmers who can provide local produce so residents can cut down on 'food miles' and 'eat local'.

5.9 Question 14 suggested 5 policy areas where policies could be developed to support the economy. These include promoting jobs close to where people live, encouraging people to patronise local businesses, supporting shared workspaces, allocating additional employment sites and links between economic development and developing a greener

economy. Views were sought on whether these were appropriate. Although most respondents (76%) ticked the yes box, a number did suggest other objectives as well as some people ticking the no box.

Suggestions included:

- A policy on the regeneration of sites for mixed development;
- A more radical approach to providing accessible quality training;
- An objective to build self-sustaining communities for a diverse range of people;
- Support for shared workspaces that can provide more affordable premises/overheads, as well as provide support through social networks;
- The development of strategies to encourage upskilling and apprenticeships within new business development, particularly with young people in mind, as well as with those who have had to change career due to significant changes in the market;
- Support the provision of new/additional B8 (storage/distribution) sites for small and medium sized enterprises across the district;
- The promotion of rural economic growth by supporting the expansion of existing employment sites that are operating successfully and have reached – or are close to reaching – full capacity, as development opportunities are limited in the rural areas.

Criticism was made of Point 4 (*That may allocate further or additional sites if there are shortfalls identified or review shows that existing employment sites are unlikely to be developed or built-out*) as an ambiguous way of saying industrial and/or housing sites might have to spread around the area, that this approach seems to go against other parts of the report (including Point 5 discussed below) and could also conflict with environmental policy and town boundaries.

There was support for Point 5 (*Considering how we may embed environmental and sustainability considerations more fully into economic development objectives and in so doing how this can support a transition to low carbon/greener economy*) as the delivery of jobs close to where people live will reduce the need to commute and result in a more sustainable pattern of development, contributing to making the change towards a net-zero carbon future.

Other comments included:

- Economic policies should balance the health and well-being needs of the community and that GDP “is not a measure of happiness”;
- Given that agriculture and tourism are “the biggest industries in East Devon”, it would be a mistake to “concrete over” further areas of the district;
- That we need “employment nearer to homes not homes nearer to employment”;
- Policy should make it much more difficult to reallocate land already designated for employment use to change to housing, with any loop holes being removed.

6 Conclusion

6.1 In developing a strategic approach to the new local plan Members should take account of the latest evidence and consultation responses. It is likely that further research will be required to measure the impacts of recent events and forecast the likely economic trends so that the amount of land and type of uses required in the plan period can be accurately predicted. Similarly, the location of employment development is likely to be primarily led by the location of new housing.

6.2 A review of the existing evidence highlights some key concepts which Members may wish to consider in progressing the new local plan:

- The adopted Local Plan promoted a strategy of providing jobs alongside housing growth. Evidence suggests that this hasn't been achieved by the current local plan due to a slow delivery of allocated sites and that smaller sites which may have met some of the need have not been recorded. Regular monitoring to accurately measure supply (particularly on smaller sites) and ensuring that a 5 year supply of sites is always available would address this. It may be necessary to delete allocations or refuse to renew unimplemented permissions if sites are not developed.
- Jobs and homes should be provided in close proximity to increase the opportunity for residents to work near to where they live. (In reality, there will be many people travelling to and from settlements even where there is a reasonable match of number of jobs to workers, for example to travel to jobs that match their skills. This need to travel decreases as the range of available jobs increases). Sole-traders and small service businesses are most likely to occupy units very close to their homes.
- Highly skilled, technology sector employment should continue to be focussed in the West End, with an additional site allocated if evidence demonstrates a need.
- There is a particular need for small-medium business units in the towns and, at a lesser scale, in villages. Allocated sites tend to be developed for larger businesses/single occupiers but most demand is for small units.
- Village development has not incorporated small business units and these should be required in line with the 'one job one home approach'
- Strong protectionist policies could address the threat of loss of employment land to other uses. A high bar should be set for developers wishing to change the use of land to ensure that it is genuinely unsuitable and not required.
- Sites should not be allocated unless there is a willing landowner, infrastructure can be secured and viability is assessed. All of this should be ascertained early in the allocation process.
- East Devon has a far higher publicly owned range of allocated sites than other authorities and could directly intervene and acquire and deliver further sites. This would help to 'unlock' some existing allocations and deliver the smaller units for which demand is highest but do not return the highest profits to developers.

- A high level of homeworking is likely to continue and this will impact upon other areas of policy making. Demand for offices is likely to decrease (with vacant offices requiring new uses) whilst new houses may require dedicated workspace and superfast broadband.

Financial implications:

There are no specific financial implications requiring comment. All costs associated with the further commissioning or collecting of evidence will be taken from existing budgets.

Legal implications:

There are no legal implications other than as set out in the report.