Matter 5 Employment Land Provision

Issue: Is the plan positively prepared and would it be effective in providing for enough employment land to meet objectively assessed needs?

5.2 Will the provision of the employment land proposed improve the ‘self containment’ of the District in terms of the commuting patterns of residents?

5.2.1 The Forum have, in their Matter 2 statement included a report from Lichfields and RPS on the matter of the Objectively Assessed Housing Needs (“OAN”) of Tandridge.

5.2.2 In summary, the Forum consider that the Council has not adequately addressed this issue. Because the growth figure proposed by the Council is too conservative, it cannot be definitely said that the balance of housing and jobs has been robustly considered.

5.2.3 It is acknowledged that Tandridge is currently a net-exporter of labour, which gives rise to outward commuting to service employment needs. Through comprehensively planning for employment growth within the District, the Council could look to rebalance the scales here. It should also be noted that this rise in employment will need to be met with a commensurate level of housing to accommodate the increases in the working-age population.

5.2.4 Turning to the assessment of future growth, Section 5 of the Lichfields/RPS report deals specifically with the matter of employment land provision, and highlights the fact that the Economic Needs Assessment Update (“2017 ENU”), refers to a jobs growth figure of 7,700 over the Plan period 2013-2033. Which suggests an average annual growth rate of circa 0.7%. The 2017 ENU then goes on to reflect on the relationship of past trends to the 2017 Experian forecast: “The Experian forecast shows an average annual growth rate in Tandridge of 0.7% over the period 2013-2033. This is half the growth rate of 1.49% per annum that was seen in the district from 1997-2016 – a period which included a relatively long period of recession. Therefore, when considered against past economic growth trends in the district, the Experian forecasts could be considered conservative”. Paragraph 1.23, 2017 ELU

5.2.5 It is clear that the Council considers elsewhere in its evidence base that the 2017 Experian projections are likely to be towards the lower end of the spectrum and assume a growth rate which is only half of what has been observed in the past.

5.2.6 The 2017 ELU takes this point further, considering an adjusted employment growth projection, which seeks to provide for a more positive estimation of job growth in the District. The sectoral changes within this scenario are highlighted as part of Table 11 of the 2017 ELU, which would derive a total job growth of 9,560 jobs (1.15% CAGR), which is somewhat higher than the baseline projections, despite also including a period of economic downturn. Whilst going someway to align the Experian forecast with past trends, the 2017 ELU also offers support for this approach, noting that:
“Providing a quantum of employment land towards the higher end of the identified range would help to **improve the current commuting balance and reduce levels of out-commuting.**” Para 1.31 2017 ENU

5.2.7 As set out in the Objectively Assessed Housing Needs statement this is an important consideration, as this terminology closely resembles that of the PPG (2a-018-20140306) which requires Plan makers to consider what could be done in order to rebalance commuting rates, as a means to provide greater employment opportunities for the existing and future workforce.

5.2.8 The Council’s employment land requirement as part of the proposed Spatial Strategy (Policy TLP01 of MD1) indicates that at least 15.3ha of employment land will be supported through the Plan - a figure identified with the ‘labour demand baseline’ of the 2017 ENU (Figure 15 refers) equating to the jobs figure of 7,700. The ‘Labour Growth’ scenario, underpinned by the adjusted Experian forecast (9,560 jobs) would derive a higher employment land requirement of 22.5ha. What is not clear is why the Council has not sought to adopt the higher Labour Growth scenario, when their own evidence suggests that this would not only be a more accurate assessment of future growth (aligned with past trends and LEP aspiration – paragraph 1.25 of ECRT4), but would also improve the commuting balance.

5.2.9 As things stand, the Council has undertaken no alternative sensitivity testing of this issue, and it remains unclear what the implications of this option would be, were the Council to pursue an option which sought to Plan for a more positive economic outlook. It is eminently feasible that the Council could seek to accommodate this employment requirement, yet the Councils have chosen to actively pursue an approach which would worsen the baseline pattern of commuting.

5.2.10 The Forum considers that the current approach relying on the 2017 Experian forecast is flawed and no consideration has been given to whether this projection is grounded in a sense of realism or is appropriate for Tandridge. Whilst it is recognised that Experian are a reputed forecasting house, projections represent a static point in time and are subject to fluctuation on a quarterly basis. For this reason, it is not uncommon to seek multiple forecasts and also consider past trends as a way of appraising the reasonableness of options available. This has not been undertaken in either of the Council’s evidence base documents from 2015 and 2018.

5.2.11 Having regard to the above and to changes in the working age population, as set out in the Objectively Assessed Housing Needs statement, the Forum is concerned that the Council’s approach towards aligning jobs and workers is too conservative and does not present a fair reflection of likely job growth in the District. This is evident from the Council’s own evidence which identifies that the 2017 Experian projection relied upon is only half the rate of growth experienced between 1997 and 2016. The Council has not qualified why it is reliant on such a low projection and what is expected to have occurred that would see such a downward trend in the growth aspirations for the District.

5.2.12 The Council’s own evidence indicates that historically (ECRT4, paragraph 1.4), employment growth has operated at around 1.4%, double the rate of the Experian forecast relied on by the Council. The Forum does not have access to this data, but instead relies on estimates in job changes provided by NOMIS, the same data considered by the Guildford Inspector. This dataset operates from 2001 rather than
1997. Although covering a smaller sample area, this data indicates that over the period 2000-2012 up to the start of the Plan, the Council area has experienced growth of 0.91%, indicating that the District is likely to have experienced a significant change during the period 1997-2001. This being said, the Forum have opted to progress an Employment-OAN, which uses the 0.91% growth figure, which sits somewhere in between the Council’s 0.7% forecast, and the historical rate of 1.49%.

5.2.13 The Forum’s approach is to dovetail this forecast of economic growth with expected changes in the working age population, including Economic Activity Rates (EARs). The Forum does not have access to the rates of change observed in the Experian forecast relied on by the Council, and instead, the decision has been taken to model an alternative adjustment to the EARs.

5.2.14 The approach taken by the Forum in respect of EARs, is to start with data from the 2011 Census for Tandridge. From 2011, the rate of change is not held static, but adjusted consistent with rates of change observed within the Fiscal Sustainability Report, prepared by the Office for Budget Responsibility (“OBR”). The latest data, published in July 2018 has been applied to the job growth forecasts for Tandridge, to give an understanding of the likely change in working age population.

Table 5.1 Employment scenario

<table>
<thead>
<tr>
<th>Employment scenario</th>
<th>Population Change</th>
<th>Household Change</th>
<th>Dwelling Change</th>
<th>Dwellings (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 SNHP (0.91% Employment Growth)</td>
<td>+20,673</td>
<td>+11,110</td>
<td>+11,455</td>
<td>+576</td>
</tr>
<tr>
<td>2016 SNHP (0.91% Employment Growth)</td>
<td>+19,337</td>
<td>+9,683</td>
<td>+9,985</td>
<td>+499</td>
</tr>
</tbody>
</table>

Source: RPS analysis using POPGROUP

5.2.15 The above suggest that in order to balance jobs growth and housing the housing target should be a minimum of 570 dpa to improve the ‘self containment’ of the District in terms of the commuting patterns of residents. To plan for less housing will just exacerbate the existing problems and prejudice the council’s economic prospects. In addition, the Forum considers that no compelling reasons have been given as to why the Council could not accommodate the Labour Growth scenario of 22.5ha of employment land. This is more closely aligned with previous rates of job creation and is better aligned with the forecast growth sectors of the LEP, Gatwick Diamond and local business surveys.