



Topic Paper – Employment

Cambridge City Council and

South Cambridgeshire District Council

March 2014

RD/Top/020

Topic Paper – Employment

Key Evidence:

- Employment Land Review (Warwick Business Management Limited for Cambridge City Council and South Cambridgeshire District Council 2008) (RD/E/10)
- Employment Land Review Update and Review of Selective Management of Employment Policies (SQW for Cambridge City Council and South Cambridgeshire District Council 2012) (RD/E/20)
- Employment Land Review Addendum (SQW for Cambridge City Council 2013) (RD/E/30)
- Cambridge Cluster at 50: The Cambridge Economy Retrospect and Prospect – EEDA and Partners 2011 (RD/E/060)
- South Cambridgeshire Economic Development Strategy 2010 – 2015 (RD/E/050)
- Strategic Housing Market Assessment (Chapter 12 Forecast for Homes of All Tenures May 2013 (RD/Strat/090)
- Population, Housing and Employment Forecasts Technical Report (April 2013) (RD/STRAT/080)
- Cambourne Retail and Employment Study 2013 (RD/E/140)
- South Cambridgeshire Annual Monitoring Report 2014 (RD/AD/270)
- Cambridge Annual Monitoring Report 2013 (RD/AD/350)

National Planning Policy Framework

- 1.1 The National Planning Policy Framework (RD/NP/010) requires local planning authorities to plan proactively to meet the development needs of business and support an economy fit for the 21st century.
- 1.2 Paragraph 21 of the NPPF states that 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.

Establishing an Economic Strategy and Vision

- 1.3 The Cambridge Local Plan 2014: Proposed Submission (RD/Sub/C/010) and Submission South Cambridgeshire Local Plan (RD/Sub/SC/010) provide a vision for sustainable economic development, to support the continued success of the economy of the greater Cambridge area to innovate and grow highly successful businesses in the international knowledge economy, as well as supporting development of the wider economy.
- 1.4 The Cambridge Local Plan 2014: Proposed Submission seeks to deliver employment space to support the continued development of a strong local economy, able to remain competitive on the global stage. It envisions the city continuing to grow as a centre of excellence and world leader in the fields of higher education and research, and plans to foster the dynamism, prosperity and further expansion of the knowledge-based economy, while retaining the high quality of life and place that underpins that success (The Vision for Cambridge to 2031, page 11, RD/Sub/C/010). It identifies six key employment sites to help the Cambridge cluster to continue to grow and develop.
- 1.5 The Submission South Cambridgeshire Local Plan (RD/Sub/SC/010) has a vision to achieve impressive economic growth (Policy S/1). Its objectives are to support South Cambridgeshire's position as a world leader in research and development and technology based industries, research and education, and to support the rural economy (Policy S/2). The Local Plan aims to ensure there is sufficient land available in the right places to support the economy, providing the right balance between supporting growth whilst protecting the quality of the built and natural environment. The Submission South Cambridgeshire Local Plan identifies a number of strategic locations for future employment growth. It also includes a number of planning policies to support the development of employment in villages and the rural area.

Identifying objectively assessed needs for Jobs

- 1.6 Identifying the objectively assessed need for jobs and homes is addressed in the Joint Working and Development Strategy Topic Paper (RD/Top/010).
- 1.7 The NPPF says that plans should make every effort to objectively identify and then meet business needs. A key issue for the new Local Plans has been the appropriate levels of new employment and housing development that should be planned to come forward over the next 20 years.
- 1.8 The councils undertook Issues and Options consultations in summer 2012 that drew on the evidence provided in a variety of available forecasts to identify a range of options for levels of jobs growth that were subject to consultation.
- 1.9 An update to the Strategic Housing Market Assessment (RD/Strat/090) to identify the objectively assessed needs of the Cambridge Sub Region

housing market area, and each district within it, was prepared in parallel with the councils' Issues and Options consultations. The updated chapter was published in May 2013 and is the key chapter of the SHMA supporting the Local Plans. The SHMA update was informed by a Technical Report (RD/Strat/080) prepared by Cambridgeshire County Council Research Group on behalf of the SHMA authorities.

- 1.10 The Technical Report forecasts population growth between 2011 and 2031 taking account of all relevant national, sub regional and local demographic and economic forecasts, adjusted to reflect the 2011 Census. Taking this approach reduces the reliance upon the accuracy of any one forecast, recognising that forecasting is not an exact science, and that no projections or forecasts are perfect. It also means that the identified total reflects where forecasts agree, providing a greater degree of certainty.
- 1.11 The number of jobs to be planned for is 22,100 in the Cambridge Local Plan 2014: Proposed Submission (Policy 2), and 22,000 in the Submission South Cambridgeshire Local Plan (Policy S/5), or 44,100 across both districts. This fully meets the figures identified as the objectively assessed needs.

Identifying Employment Land Needs

- 1.12 The councils jointly commissioned an Employment Land Review update in 2012 (ELR) (RD/E/20) to consider the implications of the anticipated growth in jobs. The ELR considers the findings from the employment projections and the implications of them alongside evidence of past take up and views of the market, in relation to future demand for employment floorspace and employment land over the period 2011-31.
- 1.13 The forecasting models identify jobs growth in individual employment sectors. The LEFM in 2012 output into 41 different employment sectors. Many jobs do not need to be accommodated in B class employment land, such as health care or retail. In order to convert jobs growth to land requirements, the ELR estimated the proportion of employment growth in each of these sectors that was likely to need to be accommodated within premises/sites linked to different business use classes (B class land uses). This allowed the total number of jobs anticipated to need land in the business use classes to be identified. A conversion is then applied to convert to full time equivalent jobs, as the forecasting includes all jobs.
- 1.14 The next step in the process requires a conversion from employment estimates to floorspace requirements, using up to date density assumptions (jobs per sq m of floorspace) for different types of employment. The floorspace needs were then converted to land area, using plot density ratios, based on national guidance and tested locally in comparison to actual developments.

1.15 The ELR also compared the resulting estimates land and floorspace requirements to past take up rates and other forecasts. The results of the ELR 2012 modelling exercise are detailed in the table below, showing the jobs, floorspace and land needs identified for each district.

Table 1.1: Employment Land Review 2012 Forecast Employment Needs

| | Cambridge jobs growth range ('000): Baseline – Policy-based | Net Floorspace Forecast ('000 sqm GEA) range | Land requirement (hectares) | South Cambs jobs growth range ('000): Baseline – Policy-based | Net Floorspace Forecast ('000 sqm GEA) range | Land requirement (hectares) |
|---------------------|--|---|------------------------------------|--|---|------------------------------------|
| Office – B1a | 3.8 – 5.0 | 45 – 59 | 6.7-8.7 | 8.1 – 8.2 | 98 – 100 | 30.0-30.6 |
| R&D – B1b | 1.6 – 1.6 | 19 – 20 | 2.7-2.9 | 4.1 – 4.1 | 50 – 50 | 15.2-15.3 |
| Industrial – B1c/B2 | 0.0 – 0.0 | 0.7 – 1.5 | 0.2-0.4 | -0.7 – -0.7 | -27 – -27 | -6.4 - -6.4 |
| Warehouse – B8 | 0.3 – 0.4 | 18 – 21 | 3.6-4.3 | 0.3 – 0.3 | 18 – 19 | 3.6 – 3.8 |
| TOTAL | 5.7 – 7.0 | 83 – 101 | 13.1-16.2 | 11.8 – 12.0 | 139 – 143 | 42.4-43.3 |

Source: Employment Land Review Update 2012 Tables 2-4 and 2-7

1.16 At Issues and Options consultation in 2012, the councils consulted on the different levels of jobs growth suggested by the Employment Land Review 2012 Update. For Cambridge, these were job growth options of 10,000, 15,000 or 20,000. For South Cambridgeshire, they were 14,000, 23,100 or 29,200 additional jobs.

1.17 The employment land needs for South Cambridgeshire from the ELR 2012 of 42.4-43.3 ha are reflected in Paragraph 2.36 of the Submission South Cambridgeshire Local Plan.

1.18 As detailed earlier, the SHMA reviewed a range of models and forecast to determine objectively assessed needs. It used the EEFM to forecast objectively assessed needs for jobs and homes. Although the SHMA figures for jobs was similar to the LEFM used in the ELR for South Cambridgeshire, for Cambridge the EEFM and SHMA jobs figure is significantly higher than the LEFM used in the ELR 2012, 22,100 additional jobs, over 2,000 higher than indicated by the LEFM in 2012.

1.19 Cambridge City Council therefore commissioned an addendum to the Employment Land Review (RD/E/30), to consider the impacts of the higher jobs figure on land needs. The comparison identified higher growth in offices and R&D sectors, but greater losses in industrial or warehousing type jobs.

This information was then used in the Cambridge Local Plan 2014: Proposed Submission.

Table 2: Forecast Employment Needs of Cambridge based on the SHMA 2013

| | Cambridge City jobs growth range ('000): SHMA EEFM | Net Floorspace Forecast ('000 sqm GEA) range | Land requirement (hectares) |
|---------------------|---|---|------------------------------------|
| Office – B1a | 7.0 | 83 | 12.2 |
| R&D – B1b | 2.7 | 32 | 4.8 |
| Industrial – B1c/B2 | -0.3 | -11.8 | -2.8 |
| Warehouse – B8 | -0.6 | -33.7 | -6.7 |
| TOTAL | 8.8 | 70.2 | 7.4 |

Source: Cambridge City Employment Land Review Update: Addendum May 2013 Tables 2 to 4.

- 1.20 The need for 7.4 ha of employment land is reflected in Paragraph 5.6 and Table 5.1 of the Cambridge Local Plan 2014: Proposed Submission.
- 1.21 The new local plans are planning to enable a net increase of 7.4 hectares in Cambridge and 43 hectares in South Cambridgeshire. In both administrative areas the detail of the numbers tell a more complex story, with anticipated net growth in land needed for office and research and development, particularly offices, set against net losses of industrial and warehousing land.
- 1.22 These figures are based on assumptions around the sectors applied to the outputs from the forecasting, which itself has a number of assumptions built in to it. The employment land requirements are, therefore, a guide and the figures outputting from it are directions of travel rather than hard targets. The councils also have less influence on the delivery of jobs than of housing. The councils can help ensure that suitable land is available in the right place to be attractive to business, and that conditions in Cambridge are conducive to doing business, but ultimately business growth is dependent on different factors for different businesses and wider economic conditions.
- 1.23 Reflecting this the new Local Plans explore the available employment land to deliver the anticipated jobs growth, identifying a range of strategic sites that will make a significant contribution during the plan period, alongside the stock of land that has already been through the planning process and has planning permission. The plans also include policies to support the continued evolution

of existing employment sites, and the development of new and existing businesses.

Identifying land to meet employment needs

- 1.24 The Employment Land Review 2012 (RD/E/20) indicated overall a good availability of employment land to meet development needs, but a shortage of office space, focused on two areas of pressure: the City Centre, and the northern fringe around Cambridge Science Park. To continue the success of the economy more office space is needed in these areas.
- 1.25 Both new local plans identify a range of strategic sites that will make a significant contribution to future employment provision.
- 1.26 In Cambridge:
- **Station Area West and Clifton Road (Policy 20)** - Development at the Station Area West and Clifton Road Area of Major Change, as defined on the policies map and shown on Figure 3.7 of the Cambridge Local Plan 2014: Proposed Submission, will support the continued regeneration of vibrant, mixed-use areas of the city, centred around and accessible to a high quality and improved transport interchange.
 - **West Cambridge (Policy 18)** – Further development on this existing site for uses where there is a national interest or special need related to the University of Cambridge to provide a development cluster focusing on occupiers with strong links to the University of Cambridge and academic association with similar activities that would benefit from proximity. The plan proposes a denser development of this site to make better use of land and provide a better sense of place on site.
 - **Cambridge Biomedical Campus and Addenbrooke's (Policy 16)** - Further development on this existing site which provides international centre of excellence for patient care, biomedical research and healthcare education.
 - **Land adjoining Peterhouse Technology Park (Policy 26 and allocations GB3 and GB4 in Appendix B)** - Land was identified in both Local Plans following a joint review of the Green Belt on the edge of Cambridge. In Cambridge, two sites will provide 3.7 hectares for employment use. A further site adjoining this area is allocated for employment in the Submission South Cambridgeshire Local Plan.
- 1.27 There are a number of joint strategic sites, which cross the administrative boundary and are therefore being planned jointly:

- **North West Cambridge (North West Cambridge Area Action Plan)**(RD/AD/290)– Identified to meet the future needs of the University, and to provide opportunities for research and development given its local, national and international significance. This cross boundary site gained outline planning permission in 2012 including up to 40,000 sq.m. commercial employment floorspace (Class B1(b) and sui generis research uses)
- **Cambridge Northern Fringe East (Policy 14 and Policy SS/4)** – This area is identified in both the Cambridge and South Cambridgeshire Proposed Submission Local Plans as an opportunity for mixed use employment led development, taking advantage of the increased accessibility provided by the Science Park Station and the Guided Busway. The capacity of the site will be explored further through an Area Action Plan. Preparatory work has already commenced on the Area Action Plan with the Issues and Options consultation programmed to start in December 2014 and adoption planned for 2016.'

1.28 In South Cambridgeshire:

1.29 **Paragraph 8.10** identifies the strategic sites that were planned through the last round of plan making. These sites will continue to form part of the new Local Plan strategy.

- **Northstowe (Northstowe Area Action Plan)** (RD/AD/130) - Employment policies are included in the Northstowe Area Action Plan. The new town is now making good progress through the planning process. Planning Permission was granted and section 106 completed for the first phase in March 2014, and construction is anticipated to start in 2014. In total the town will include around 20 ha. of employment land. The first phase will deliver 5 hectares, focusing on B1c/B2/B8 uses and the second phase will begin to bring forward the town centre which will include much of the remainder of the employment.
- **Cambridge Science Park (Policy E/1)** – The Cambridge Science Park has played an important role in supporting the research and development and high tech sectors since the 1970s. Its accessibility has been significantly enhanced by the Guided Bus and the planned Science Park Station. Early parts of the site were built forty years ago at low densities. The Submission South Cambridgeshire Local Plan identifies the opportunity for their redevelopment and densification, to make better use of the site and provide additional employment capacity at this area of development pressure.
- **Land adjoining Peterhouse Technology Park (Policy E/2)** - 6.9 hectares in South Cambridgeshire identified for employment use, adjoin the area identified in the Cambridge Local Plan 2014: Proposed Submission.

- 1.30 New settlements identified in the Strategic Sites chapter of the Submission South Cambridgeshire Local Plan will provide further opportunities for employment provision.
- **Waterbeach New Town (Policy SS/5)** - allocated in the Submission South Cambridgeshire Local Plan for 8-9000 homes and supporting facilities. The plan requires appropriate employment provision, which will be explored through an Area Action Plan. There is also significant capacity on the Cambridge Research Park which is located adjacent to the site.
 - **Bourn Airfield New Village (Policy SS/6)** - planned as a new community west of Cambridge. In addition to employment opportunities from the redevelopment of the former ThyssenKrupp site which adjoins the site, the new village will incorporate employment opportunities, which will be explored through an Area Action Plan.
 - **Cambourne West (Policy SS/8)** – Part of the existing Business Park remains undeveloped. As part of the proposals for Cambourne West the Submission South Cambridgeshire Local Plan identifies the area south of the Business Park road as residential, whilst delivering an equivalent area of new employment space on the northern part of the new Cambourne West development, to deliver a mix of employment, responding to issues identified in the Cambourne Retail and Employment Study (RD/E/140).
- 1.31 A small number of village employment allocations are carried forward from the adopted South Cambridgeshire Site Specific Policies DPD (RD/AD/120), in Policies E/3 and E/4. Three of the sites are the remainder of partially completed employment sites (Pampisford, Over, Papworth Everard). One site at Longstanton has yet to commence. The allocation was made in conjunction with a residential development which is nearly completed.

Employment Land Supply

- 1.32 The new Local Plans identify a healthy supply of land when considered against the employment land needs identified.
- 1.33 Table 5.3 in the Cambridge Local Plan 2014: Proposed Submission identifies the employment land supply at March 2012 in Cambridge. A net supply of 12 hectares is identified, compared with an identified need for 7.4 ha.
- 1.34 In the Submission South Cambridgeshire Local Plan, paragraphs 8.10 and 8.12 establish the existing supply of land available in the district. The latest situation is provided in more detail in the Annual Monitoring Report (RD/AD/270). The net supply from existing planning permissions is 95 ha. (South Cambridgeshire AMR figures 4.35 and 4.36), existing allocations in the

South Cambridgeshire Local Development Framework (including Northstowe) is 33ha. (South Cambridgeshire AMR figure 4.37). New provision in the Submission South Cambridgeshire Local Plan on strategic sites will be determined through Area Action Plans. The proposed allocation adjoining Peterhouse Technology Park will deliver 6.9 hectares. Housing developments at Sawston and Gamlingay (Policy H1) will result in the loss of around 12ha. of industrial land. This gives an overall net supply of 123 ha, compared with an identified need for 42.4-43.3 ha.

- 1.35 This allows for flexibility in the supply of employment land. There will always be a certain amount of churn as businesses start and grow and move to new premises to meet their needs; a larger supply of employment land means that there is more likely to be empty land or floorspace to move into, and businesses will not have to wait as long for someone else to move out. This also means that if the economy performs more strongly than forecast there is a buffer provided so that employment growth in the area is not constrained while the local plan is reviewed in response to changing circumstances. This will also provide flexibility to adapt to rapid change, reflecting NPPF paragraph 14.

Developing Employment policies

- 1.36 The NPPF requires Local Planning Authorities to support existing business sectors, taking account of whether they are expanding or contracting and, where possible, to identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs that may not be anticipated in the plan and to allow a rapid response to changes in economic circumstances. They should also plan positively for the location, promotion and expansion of clusters of knowledge driven, creative or high technology industries.
- 1.37 The new Cambridge and South Cambridgeshire Local Plans have responded to evidence that greater flexibility is required to support the continued development of high technology research and development clusters. The adopted Local Plans include a policy of selective employment management, which was introduced in the 1980s to nurture the then developing high technology cluster. This imposed limitations on the occupancy of new premises, through planning conditions for the first 10 years, to:
- Offices providing an essential service for Cambridge as a local or Sub-Regional Centre;
 - High technology and related industries and services, and educational uses primarily concerned with research and development which can show a need to be located close to the university and other established research facilities close to Cambridge;
 - Other small scale industries which contribute to providing a greater range of employment opportunities (up to 1850 sq m for a single user).

- 1.38 The 'Cambridge Cluster at 50 – The Cambridge Economy – retrospective and prospective (EEDA and Partners 2011)' (RD/E/060) identifies that the high-tech cluster is 'maturing', and anticipates growth in the high tech economy will be slower than in the past, and other sectors will account for a higher proportion of growth. It states that Cambridge may not have been making the best use of its knowledge based assets, and recommends some rebalancing towards outward looking high-tech and knowledge based activity (such as high value manufacturing, and headquarters functions). Consultations with businesses leading to the South Cambridgeshire District Council's economic development strategy highlighted that some businesses and stakeholders perceived planning policies to be insufficiently flexible (for change of use, extensions and new premises), and that the policy was a particular problem for small and medium sized businesses.
- 1.39 The Employment Land Review 2012 (RD/E/020) explored alternative options for the policy. The local economy in the last few decades has been a success story, and it difficult to ascertain whether this was as a result of the policy or despite it. Nevertheless the review identifies a number of potential disadvantages of the policy moving forward, including exacerbating a shortage of general offices, and holding back high value manufacturing.
- 1.40 At Issues and Options consultation in 2012, the councils consulted upon various options setting out the future options for how selective management of the economy could be taken forward. Options 122 to 124 in Cambridge Issues and Options Report 2012 (RD/LP/240) and issue 62 in the South Cambridgeshire Issues and Options Report 2012 (RD/LP/030).
- 1.41 Following consideration of options through the Issues and Options process, the councils have responded by removing restrictions on the occupancy of new employment buildings that were included in previous plans. This is described in paragraphs 8.45 to 8.48 of the South Cambridgeshire's Proposed Submission Local Plan, and paragraph 5.13 of the Cambridge Local Plan 2014: Proposed Submission.
- 1.42 The only element to be retained is a restriction on large scale warehousing and distribution centres, through Proposed Submission South Cambridgeshire Local Plan Policy E/11.
- 1.43 The evidence base referred to above considered the needs of specialist high tech clusters in the greater Cambridge area. Appropriate sites have been identified to support the continued development of the economy that is important both to the local area and nationally, and policies have been adapted to support the continued evolution of the Cambridge clusters. Proposed Submission South Cambridgeshire Local Plan Policy E/9 specifically supports the continued development of clusters. The Cambridge Cluster at 50 study highlighted the need to make employment areas attractive places to work, and the importance of complementary facilities. Policy E/10

has responded by supporting small scale leisure eating and social facilities to be developed on business parks. Likewise Policy 40 in the Cambridge Local Plan 2014: Proposed Submission supports the provision of shared social spaces within large employment areas.

- 1.44 Policies protecting industrial sites in Cambridge have been reviewed, and within protected industrial sites a more flexible approach to the loss of industrial land is proposed, in line with the NPPF, see Policy 41.
- 1.45 Policies in the South Cambridgeshire Local Plan for employment in rural areas have also been reviewed to provide greater flexibility to meet the continued needs of businesses.
- 1.46 Policy E/12 on new employment in villages has been amended to remove specific size thresholds which set floorspace limits by use class. These restrictions were proving too inflexible to take account of site specific circumstances: therefore a more general criteria based policy has been included. There is also greater flexibility to support village employment on the edges of villages, through Policy E/13. Whereas the previous policy allowed use of previously developed land on the edges of villages, a criteria based policy sets out appropriate circumstances where the development of employment may be supported. The new South Cambridgeshire Local Plan continues to protect village employment land, unless its continued loss is demonstrated as inappropriate taking account of market demand and the benefits of alternative proposals (Policy E/14).
- 1.47 There are many businesses in South Cambridgeshire located in the countryside. Many of these are on recognised business parks. Policy E/15 identifies these sites, and supports their continued evolution to meet the needs of users. There are also businesses located away from these business parks. The plan aims to support their appropriate expansion in appropriate circumstances, through Policy E/16. The plan continues to support the conversion or replacement of rural buildings for employment (Policy E/17), and farm diversification (Policy E/18).