



PRE-DRAFT



**REGIONAL SPATIAL STRATEGY
(RSS)**



TOPIC PAPER 4:



ECONOMY



**Consultation
Winter 2004/05**



Foreword

The Yorkshire and Humber Assembly has reached another crucial stage in the development of 'PLANet Yorkshire and Humber' - the new Regional Spatial Strategy (RSS). A draft of the new RSS is to be submitted to Government by the end of April 2005.

In preparing the new draft RSS the Assembly is committed to involving as wide a range of organisations and individuals as possible. The preparation process for the new draft RSS therefore provides for two specific periods of public consultation *before* a new draft RSS is prepared and submitted to Government. This is in addition to the continual involvement of many partners in the technical work for the new RSS.

The first consultation document - 'Draft Spatial Vision and Strategic Approach' (July 2004) - considered the overall approach that should guide the preparation of the new RSS (particularly the role of sub-areas), key issues facing different parts of the region and possible responses to these issues.

We have now reached the second stage of consultation. This is based on the need to consider in more detail how we can develop a clear spatial strategy for the region that takes into account all of the issues identified in the RSS Project Plan ('Shaping the Future', January 2004). This second stage of consultation is therefore structured around a series of 'topic papers', of which this is one. The full list of topic papers is:

Topic paper 1:	Introduction to Pre-Draft RSS
Topic paper 2:	Spatial Options
Topic paper 3:	Housing
Topic paper 4:	Economy
Topic paper 5a:	Freight
Topic paper 5b:	Strategic Public Transport
Topic paper 5c:	Public Transport Accessibility
Topic paper 5d:	Demand Management
Topic paper 5e:	Aviation
Topic paper 5f:	Transport Investment Priorities
Topic paper 6:	CAP reform
Topic paper 7:	Energy
Topic paper 8:	Water
Topic paper 9:	Sustainable Tourism
Topic paper 10:	Forestry
Topic paper 11:	Biodiversity
Topic paper 12:	Culture
Topic paper 13:	Health
Topic paper 14:	Education
Topic paper 15:	Minerals
Topic paper 16:	Sustainable Waste Management
Topic paper 17:	Retail and Leisure
Topic paper 18:	Monitoring

Please bear in mind that these topic papers are raising many challenges that policies in the new RSS will need to address. The topic papers do not include draft policies and there will need to be a great deal of integration across topic areas before the policies are drafted. The purpose of this stage of consultation is to receive feedback on what direction you think RSS policy should take.

Please note that these topic papers have not been endorsed by the Assembly, or its advisory body the Regional Planning and Infrastructure Commission. They do not represent Assembly policy but give an important opportunity for a wide range of stakeholders to feed in to the further development of the new RSS for the Yorkshire and Humber region.

Your comments

We would like your comments on these topic papers. You can answer the questions that we ask in the papers or you can send us your general comments.

We need to hear from you by **Friday 25 February 2005** so that your views and ideas can be taken into account as we prepare the new draft RSS to submit to Government.

Please send your comments to

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All the topic papers and accompanying documents can be found at www.yhassembly.gov.uk

Strategic Environmental Assessment/Sustainability Appraisal

At each stage of the development of the new RSS, a Strategic Environmental Assessment/Sustainability Appraisal (SEA/SA) is being carried out. At this stage, this appraisal has particularly concentrated on Topic Paper 2 – Spatial Options. The report of this appraisal is also available from the Assembly.

Any queries

If you have any queries about the topic papers, or any aspect of RSS, please call the Regional Planning and Transport team on 01924 331590.

Topic Paper 4 - Economy

Introduction

1. Existing RSS for Yorkshire & the Humber (published in December 2004, and based on the selective review of RPG12) sets out a strategic planning framework for responding to the need for economic development in the region. Current guidance sets out policies on the following -

Policy E1: Town and City Centres

Policy E2: Rural employment opportunities

Policy E3: Planning the overall provision of employment land

Policy E4: Employment site selection and development criteria

Policy E5: Managing the Employment Land Portfolio

Policy E6: Tourism (amended during the Selective Review of RPG)

Background to Policy Development for the new RSS

2. In developing appropriate policies for economic development in the new RSS, we need to respond to a number of new factors that have arisen since the current RSS was drafted in the late 1990s. These factors are:
 - Changes and new developments in national policy and guidance
 - The need to better address the spatial implications of / links with the Regional Economic Strategy (RES)
 - The need for the new RSS to be more specific – and for the economic policies to reflect the distinctive needs of the different sub-areas of the region
 - Work to develop proposals that will underpin the implementation of the Northern Way Growth Strategy
3. In light of the above, and the 'scoping work' that the Assembly has undertaken with partners during 2004 on the economy theme of RSS, a range of economic issues has been highlighted for consideration in developing RSS policy guidance. The issues fall into a number of categories:

Issues that help set the **context** for the whole of RSS:

- Core/ key cities, polycentric development; Northern Way
- High quality environments
- Intra and inter-regional disparities

Issues, which are important to the economy but **cut across** a number of other themes in RSS:

- Transport links/accessibility/connectivity
- Skills

- Regeneration/ regeneration priorities, identification of zones
- The role of urban centres
- Rural economies

Issues which are **primarily economic** and have a regional spatial dimension:

- Clusters/ priority sectors
- Employment land
- Other spatial issues arising from the Regional Economic Strategy

Regional Economic Strategy

4. The Government's economic policy nationally is to achieve high and stable levels of growth and employment, while ensuring that the benefits of economic growth can be shared by everyone, and deliver a better quality of life.
5. *Advancing Together*, the Yorkshire & Humber strategic framework, sets out the region's aspirations, which includes achieving the Government's economic policy aims in a way that actively promotes all of the principles of sustainable development. *Advancing Together* will be delivered through a range of regional, sub-regional and local strategies. At the regional level the Regional Economic Strategy (last reviewed by Yorkshire Forward in 2003 and upon which a review is set to commence in 2005) plays a fundamental role and its implementation is supported through the sub-regional investment plans.
6. But the RSS is also important in setting the framework for 'where' and 'at what scale' development should take place. Government guidance is that RSS should give the spatial context for, and complement RES. The RES has to operate within and alongside the long-term spatial context for the region provided by RSS. However, the key message is that RES and RSS should be mutually supportive and complementary and this should be a fundamental principle that guides both the preparation of the new RSS and the review of the RES during 2005.
7. RSS should help to give certainty for local authorities and for other agencies concerned with land assembly and site development. Detailed and sometimes contentious issues, such as the relationship between strategies for adjoining areas, are often left to the local level. There is the potential conflict between 'go for growth' economic plans and more protectionist land-use development plans. This suggests that new arrangements will need to cover the process of conflict resolution, particularly with the advent of more specific sub-regional guidance and detail in the new RSS.

Responding to the Issues

8. This topic paper sets out for comment some ways that the new RSS could respond to economic issues. Policies for some economic issues

will be addressed within other parts of RSS (reflecting the 'cross-cutting' nature of many of these issues); others will need specific guidance in the 'economy chapter' of RSS. This topic paper primarily focuses on those issues that may need explicit guidance from a purely 'RSS economy policy' viewpoint, i.e:

- Regional Economic Strategy 'clusters' and priority business sectors
- The supply of employment land
- Other spatial issues arising from the Regional Economic Strategy
 - Urban and rural renaissance
 - Key economic assets and locations
- Other economy related issues
 - Regionally significant sites
 - Safeguarding employment land
 - Promoting social inclusion
 - Competitiveness and skills
 - Small and medium enterprises (SMEs)

The remainder of the paper addresses each of these issues in turn.

Question 1: Do respondents agree that the list of issues set out in paragraph 8 should form the priority for RSS guidance?

Regional Economic Strategy 'Clusters' and Priority Business Sectors

9. The economy in any area is made up of firms in a number of different industrial or business sectors. There may also be concentrations or particular 'clusters' of firms, which can be a combination of firms in particular sectors or just one sector.
10. The ways in which different sectors and clusters can contribute to economic development has been the subject of much debate nationally in recent years. However, the Government's Competitiveness White Paper, *Our Competitive Future: Building the Knowledge Based Economy*, clearly emphasises the importance of promoting the expansion and creation of clusters or networks of knowledge driven companies. Given the emphasis in the RES on the development of key business 'clusters', Yorkshire Forward has suggested that it is essential that policies in the RSS should provide a supportive framework to facilitate 'cluster' growth, and that this should also be reflected at the local level in Local Development Frameworks (LDFs).
11. The key question, therefore, is how can the new RSS play a role in supporting and facilitating the particular business clusters identified in the RES?

- 12.** The following considerations are relevant to this question:
- Research by the Office of the Deputy Prime Minister (ODPM) revealed few examples anywhere in the country in which the planning system was currently working alongside other agencies in supporting particular sectors or clusters. The general approach that the planning system has taken has been not to prioritise particular sectors above others – but to promote all types of business development
 - The current classification of businesses that is used in planning (set out in the 'Use Classes Order' or UCO) is very 'broad brush' (each 'Use Class' covers a very broad range of types of business). This limits the ability of the planning system to target or limit development on particular sites to the particular (and much more specific) types of businesses that may constitute a 'cluster' in RES terms. West Midlands RPG makes the statement that the current UCO makes it difficult to put a Policy into effect that seeks to target very specific business 'clusters' rather than business generally.
 - In many other regions the approach has generally been that the needs of 'clusters' can be met within the general provision that is made for strategic investment sites and land. A common approach is that providing an adequate portfolio of sites and facilitating general economic development is more important to creating a healthy, prosperous and diversified economy.
 - Not all 'clusters' have clear regional spatial implications. For example, West Midlands Regional Planning Guidance states that the land use requirements of each cluster identified in the West Midlands' RES vary considerably and should be addressed at the local level.
- 13.** In this region Yorkshire Forward are preparing/reviewing a series of Cluster Development Plans that seek to put the RES policy into effect. However, the RES and the Cluster Development Plans have few, if any, strategic 'spatial' propositions that could easily be picked up in the RSS (references are largely to site-specific projects).
- 14.** Although there is little evidence in the region that 'cluster' development is being inhibited by 'spatial'/planning policies, some concerns have been raised by Yorkshire Forward. There are specific instances of cluster-related business developments such as chemical industries, having difficulties in securing planning permissions.
- 15.** Distinctive spatial policies for individual clusters would require clarity in terms of distinctive 'geographic concentration' of cluster activity and differing spatial requirements of cluster related businesses. While spatial references in Yorkshire Forwards cluster plans are limited, however, some distinguishing features can be described in the Table on the next page:

Cluster	Definition	Spatial Issues
Advanced Engineering	Related manufacturing SIC codes	<ul style="list-style-type: none"> • Accessible locations • Connections to labour supply • Connections to research facilities • RES references to the Advanced Manufacturing Park at Waverley (Rotherham) • Mapping does not, however, suggest any discernible geographic concentration
Chemical	Related manufacturing SIC codes	<ul style="list-style-type: none"> • Cluster based around Humber and West Yorkshire
Bio-Science	Defined by research and commercialisation, with a focus on University roles	<ul style="list-style-type: none"> • Cluster is embryonic, largely focussed around York • Research strength recognised at York, Leeds and Sheffield Universities
Digital	Wide ranging definition covering design, creative, manufacturing, processing, service and distribution related SIC codes	<ul style="list-style-type: none"> • Growing emphasis in many urban locations/masterplans. Key projects include: • e-campus, Sheffield city centre • e-HQ, Leeds Thorpe Park and centre • Listerhills Science Park, Bradford centre • Digital City, Hull centre

16. While some spatial patterns are evident, Yorkshire Forward has confirmed that, in practical terms, RSS policy requirements are likely to be the same for each cluster. They require a supportive and flexible policy framework within which a range of physical investments to support cluster development can be delivered.

17. On the basis of the above considerations, the following preliminary conclusions are drawn as to a possible policy response to 'clusters' in drafting the new RSS:

- RSS should make supportive spatial policy statements that acknowledge the importance of clusters to the region's economy and to the delivery of the RES.
- Reference should be made in the RSS to the objectives of the Cluster Development Plans and how RSS can influence delivery.

- Recognition in the RSS that policies that will be supportive of 'clusters' encompass a wider range of topics, including property needs, infrastructure, access to quality labour pools and supply chain/trading links (and account needs to be taken of this in other sections of the RSS as well as the Economy chapter).
- Recognition in RSS of the spatial distribution of cluster businesses in the region, where these can be identified, (e.g. advanced engineering & manufacturing in South Yorkshire, food in Humber and North Yorkshire, chemicals in West Yorkshire/Humber, bio-science in York, digital in urban centres) and that Local Development Frameworks in those areas should provide policy based presumption to support cluster related development, subject to specified criteria (i.e. amend existing Policy E4 in the RPG/RSS).

Question 2: Do you agree that the above approach set out in paragraph 17 should be pursued in RSS to support cluster development?

The Supply of Employment Land

Introduction and background

18. Planning Policy Statement 11 ('PPS11', Regional Spatial Strategies) states that until more detailed guidance is published in Planning Policy Statement 4, RSS should seek to complement and assist the implementation of the RES.
19. It indicates that RSS should identify strategic priority areas for economic development and give guidance on the general locations and criteria for strategic site selection, including major inward investment sites, so that sufficient sites are made available to meet business needs while ensuring that major 'Greenfield' sites are not released unnecessarily as part of a process of competition between nearby authorities.
20. While part of this advice will be developed through the detailed consideration of policy for the sub areas, ensuring a proper supply of employment land is a key, overarching element of RSS. It will need to provide the framework for rationalising the current portfolio of sites and provide a coherent direction for economic development that will be supportive of wider planning and regeneration initiatives across the region. This should assist the region in meeting its economic development ambitions in a more sustainable manner.
21. A key role for local planning authorities will be to take forward this guidance in LDFs, setting out a clear strategic framework for employment land in their area, as well as providing more delivery-focused policies (for instance through Area Action Plans) for bringing sites forward for development. Employment land guidance will need to strike the right balance between specificity and allowing for an appropriate degree of discretion in its interpretation and implementation locally through LDFs.

22. The most significant issue that the new RSS needs to address is the extent to which the current supply of *allocated* employment sites is appropriate (in quantitative, qualitative and locational terms) with the patterns of current, projected and planned economic growth in the region as a result of the RES and Northern Way proposals.
23. However, calculations of “need” for employment land supply are notoriously difficult, and often controversial. Land for employment is not utilised in a consistent pattern which is easy to model. Unlike land for housing, employment sites are developed and redeveloped in a manner which reflects changes in the market and the sectoral ‘mix’ of local economies. There are a large range of different businesses requirements for sites and premises. Notwithstanding these difficulties, the following sections attempt to draw out the principal issues for RSS to address.

Analysis of Employment Land in Yorkshire and the Humber

(i) Progress

24. At the time current RPG (now RSS) was prepared there was a general perception that there was an over-supply of employment land allocated for development in the region. Evidence from the 1999 Regional Employment Land Survey (RELS) appeared to back this perception. At that time there was more than 21 years’ supply of employment land in the region, based on average rates of take-up of land for development. A second survey, carried out in 2003 updated this data and added detail about site availability and constraints.
25. During 2004 additional work has been undertaken in order to develop an approach to evaluating the need/demand for employment land and how best to judge provision in qualitative, market and sustainability terms. At a regional level demand assessments are controversial. However, they are an important contextual input (at least) to the development of an employment land strategy in the RSS.
26. Approaches taken by other regions have been studied in the context of the recent guidance issued by ODPM in December 2004. Following this evaluation an interim indicative assessment of the need for employment land has been carried out.
27. More detailed information on this process can be found in the following three documents which are available from the Assembly website;
 - Regional Employment Land Strategy: Methodology (2nd Draft)
 - Regional Employment Land Strategy: Baseline Report
 - Regional Employment Land Strategy: Demand Assessment

(ii) Overview

- 28.** Current RSS (based on a selective review of RPG12) acknowledges that there are fundamental problems with the region's employment land portfolio and that this issue needs to be addressed as a priority.
- 29.** The current supply of strategic employment land (i.e. sites of at least 1 hectare in size) based on the 2003 RELS and the ODPM's most recent floorspace statistics for the region exposes certain issues:
- There is approximately a total of 6000 ha of such sites. Current
 - take up for employment land in the region is estimated at 255 ha per annum. This gives a headline figure of over 23 years supply. However, much of this land is not immediately available for development, with only 10 years supply of sites available for development within three years.
 - Only 40% of allocated sites are on brownfield land (i.e. previously
 - developed land). However, this is an average and in some parts of the region only 10% of allocated land is on brownfield sites.
 - A significant proportion of the landbank is comprised of legacy
 - sites, i.e. land which has remained undeveloped for 10 years or more. As work by English Partnerships has exposed, many of these sites may be unlikely to be redeveloped in the near future or may be in unsustainable locations (*Hardcore Site Survey 2003* - available from the Assembly).
- 30.** The RELS *Demand Assessment* document sets out a detailed analysis of the detailed figures for districts and the sub regions. This exposes further potential mismatches between the current provision of employment land and interpretations of demand forecasts.

(iii) Evaluating Current Provision

- 31.** ODPM guidance in *Employment Land Reviews* (2004) indicates that in the context of overall regional employment land needs, the following questions will need to be addressed at the local level:

Existing employment sites

- Should any of these be safeguarded?
- Is it worthwhile to identify certain areas as being of local importance or value?
- Is there a need to define preferred employment uses or types of
- development for some individual areas or sites?

New employment sites to be allocated

- Is there a case for identifying Strategic and Local Employment
- Areas? What are the benefits of this distinction?

- How should acceptable employment use types of development be defined?
- How many different site classes' are needed to ensure the appropriate quality of development and needs are met on each site?

Areas/sites no longer to be safeguarded for employment development/use

- Is a specific alternative form of development to be allocated?
- What general or site-specific criteria should apply to the change of use of these sites?

32. Guidance in RSS should set the context for and assist local authorities in responding to these challenging questions.

Modeling the Demand for Employment Land

33. In working on the preparation of RSS, economic data has been based on several sources, including advice from the Office of the Deputy Prime Minister (ODPM), the Confederation of British Industry (CBI) and the Office of National Statistics (ONS). All of these sources and the initial results of the modeling paint a generally consistent picture. While this is 'trend-based' evaluation, it is regarded as important as it gives a clear picture of the policy challenges that the RSS needs to address.

34. Further modeling still needs to take place to take account of the potential impacts of regeneration initiatives (such as Objective 1 and 2) and the sub-regional investment plans of Yorkshire Forward. In addition, in preparing draft RSS, account will need to be taken of the impact of the preferred spatial strategy emerging from the work set out in Topic Paper 2 'Spatial Options'. This will give a perspective that takes account of proposed interventions and policy objectives, as well as projected trends.

35. Currently available forecasts about the likely changing employment patterns have been based upon the Regional Econometric Model. This has been developed by Experian Business Strategies on behalf of Yorkshire Futures. The model uses data on historical employment, output, productivity, population estimates and forecasts and other labour market information to test employment impact scenarios against a baseline dataset. The model has informed work on other components of RSS.

36. The base scenario of the Econometric Model represents the detailed default situation and employment forecasts. It is important to note that the model, and by implication the demand assessment, is based on a series of assumptions on the Region's economy. The model uses a wide variety of historic economic data and positions the Yorkshire and Humber economy within the national context. For a full outline of the Econometric Model, reference should be made to the *Database and*

37. The *Demand Assessment* report prepared for the Assembly includes a full description of the following process and the initial results. It also includes analysis of complimentary data.
38. Over the period for which economic modelling is perceived to be reliable certain predictions can be made. Using the sectoral analysis of the region's economy 2004-2014 it can be forecast that total employment in the region will grow by 2%, comprising:

Leeds	+2.4%	North Yorkshire	+3.6%
Humber	-2%	South Yorkshire	+1%

39. Certain sectors are likely to demonstrate more than 10% growth rates, including hotels & catering, banking & insurance, health and business services. Sectors predicted to shrink by more than 10% include agriculture, textiles & clothing, fuel refining and mining.
40. Work has been carried out to translate the employment forecasts into employment land forecasts. This approach is in accordance with recent ODPM guidance. However, this is by no means an exact science; there are very few detailed regional studies that have attempted this process.
41. The basic steps taken were as follows:
- Calculation of employment forecasts by industrial sector
 - Conversion of industrial sector to use class
 - Application of employment densities
 - Application of average vacancy rates
 - Application of plot ratio assumptions

Initial Results for Employment Land

42. Pages 26-28 of the *Demand Assessment* set out the headline messages for employment floorspace forecasts in terms of light industrial/office (B1 use class), general industrial (B2) & storage and warehousing (B8) uses. This is only one way of looking at the issue. However, the results expose some significant issues:

Light industrial/office B1 Employment Floorspace Forecasts

43. In summary, every District in the region is forecast to experience a growth in demand for B1 office floorspace, resulting in an additional 820,000m² required by 2014. The only area where there is not the case is in Rotherham, which is forecast to have a decline in demand for B1 floorspace, of over 18,000m². The areas with the largest proportional increase in demand for B1 floorspace is Calderdale, which is forecast to require over a fifth more B1 floorspace, whilst Sheffield is forecast to

experience an increase in B1 floorspace need of around 15%. Growth is expected to be strongest in the Leeds City Region, and weakest in the Humber Estuary area.

General Industry/B2 Employment Floorspace Forecasts

44. The majority of Districts in the region are forecast to experience declining demand for B2 industrial land, totalling around 1.4 million square metres by 2014. The decline in the likely requirement for B2 land is strongest in York, which is forecast to need around 25% less B2 land in 2014 than in 2004. By 2014, Sheffield is forecast to require around a quarter of a million square metres of B2 land less than presently, based on the forecast decline in employees in the manufacturing sector. Only the Districts of Hambleton and Ryedale are forecast to require additional B2 land, and these requirements are relatively minor in nature.

Warehousing & Distribution/B8 Employment Floorspace Forecasts

45. The forecasts for B8 floorspace are mixed across the region, with an overall slight increase of around 33,000m² by 2014 likely to be required, taking into account the forecast movements in the employee market in wholesaling, storage and distribution in general. The picture does vary considerably at sub-regional and district level, however, with the Leeds City Region forecast to require around 120,000m² additional B8 floorspace by 2014, and the Humber Estuary forecast to require around 63,000m² less. Forecast growth is strongest in Leeds City and Wakefield, whilst decline is strongest in Hull and North East Lincolnshire.

Summary of Total Employment Land Requirements

46. The following table summarises the forecasts for employment land 2004-2014. At this stage the table is for indicative purposes only. There are clearly a number of issues that need considered:
- The detailed figures for districts are the results of mathematical modelling. They must, therefore, be regarded as being indicative of potential *trend* rather than a precise indication of land that should be allocated.
 - The vacancy rates used for each District could be rebalanced. It is likely that vacancy rates in certain areas of Yorkshire, such as South Yorkshire and port areas of the Humber, have considerably higher vacancy rates in the B2 and B8 sectors than indicated in the ODPM's vacancy statistics.
 - The Employment densities used are insufficient to accurately reflect variations in ratios of employees to floorspace in the region; the densities for B1, B2 and B8 land uses are likely to be far lower than those in London and the South East, and possibly the general density levels suggested by English Partnerships.

- The figures are based on trends and projections in employment – and in finalising RES and RSS strategies we may wish to seek to modify or ameliorate those trends.

47. Despite these issues, an attempt has been made to present a very rough estimation of the likely additional requirement for employment land in the region. A floorspace ratio of 40% has been applied to the floorspace figures, with the result that the region would appear to require around an additional 205 hectares of land for B1 uses, less than ten additional hectares of land for B8 uses, and potential will have 350 hectares of B2 land becoming vacant by 2014.

48. Given the current provision of more than 6000 hectares of allocated potential additional employment land in the region (and this figure only relates to sites larger than 1 hectare), there would appear to be a potentially significant strategic mismatch.

Example Calculation of Total Employment Land Requirements 2004-2014

	B1 (Hectares)	B2 (Hectares)	B8 (Hectares)
Calderdale	13.1	-28.4	4.1
Bradford	25.3	-31.0	-2.9
Kirklees	13.6	-16.6	3.5
Leeds	73.9	-52.1	20.5
Wakefield	7.1	-33.0	7.7
Selby	1.1	-4.8	-1.5
York	7.0	-26.2	-1.4
Craven	3.0	-5.6	-1.8
Richmondshire	0.7	-0.8	-0.8
Harrogate	5.1	-0.4	-2.4
Hambleton	1.1	1.4	-0.7
Scarborough	0.9	-0.1	-2.3
Ryedale	1.3	2.4	-1.1
City of Hull	0.2	-19.3	-8.6
East Riding of Yorkshire	7.5	-17.8	2.8
North Lincolnshire	0.9	-15.9	1.7
North East Lincolnshire	1.8	-17.3	-11.7
Doncaster	5.9	-17.9	1.4
Barnsley	3.3	-6	0.3
Sheffield	36.5	-53.7	3.3
Rotherham	-4.6	-13.8	-1.6
TOTAL	204.8	-357.0	8.5

Conclusions and Policy Implications

49. This is the first attempt at modeling the need for employment land for Yorkshire & the Humber in a structured manner. While at this stage forecast figures for B1, B2 and B8 uses must be regarded as being for illustration purposes, they do underline some of the commonly

expressed concerns simply giving a district based apportionment based on "total hectares of employment land" whilst ignoring business use and locational needs.

50. On this basis and given that many issues, including density assumptions, land constraint issues and local economic conditions vary significantly across the region, it is not being suggested that Draft RSS should prescribe a precise "allocation" figure for employment land. Employment is not a ubiquitous issue like housing, detailed guidance and approaches need to reflect specific local circumstances and, therefore, must be driven by the LDF process.
51. How the regional dimension can give a context for this work needs to be agreed. The key issue is that ODPM guidance in *Employment Land Reviews* (Dec 04) indicates that it will be for the RSS to identify key economic sectors and provide the spatial framework for employment development across the region to be taken forward in LDFs.
52. Other regions have expressed more general statements along the lines of "Within sub region X there will be a need to reduce the overall amount of available allocated employment land suitable for B2 uses by 25%"
53. It could be argued that the most appropriate form of RSS advice would be an explicit requirement for LPAs to evaluate local needs employment land, land for business moves/expansion and "strategic" inward investment. This evaluation would be based on a refined regional picture of need, incorporating policy drivers from other components of RSS, including a clear spatial strategy for the region and sub areas, and would underpin an examination of allocated employment sites locally. There would be an assumption that there would be a clear intention of de-allocating sites that were either uncommitted, superfluous or in unsustainable locations. Local or sub regional advice could be in the context of the relative scale of provision of sites suitable for B1, B2 or B8 uses.

Question 3: *Respondents are asked to consider:*

- *How might local aspirations differ from trend-based forecasts for employment land?*
- *Do you agree with the proposed approach for addressing employment land needs in the RSS asset out in the paragraph 53?*

Other Spatial Issues Arising From the Regional Economic Strategy

Urban and Rural Renaissance

(i) Background

54. In combination with clusters, the Yorkshire Forward Urban and Rural Renaissance programmes constitute together the two key strategic planks of the RES. The two programmes are highly distinctive and unique in terms of economic strategy but also are well differentiated from each other in terms of aims/objectives, methods and outcomes. This section of the report discusses what, if any, the role is for RSS on this issue.

(ii) Spatial Implications

55. In spatial terms Yorkshire Forward's Urban and Rural Renaissance programmes have some notable similarities. In marked contrast to cluster strategy, they relate to specific locations, i.e. larger urban or small market town locations. Also, they roll forward a strategic future for each place/hinterland. Give this can be up to 20 years hence, they have the potential to influence current and future land use plans/strategies.

56. The Assembly is working with Yorkshire Forward to see how the towns they designate will relate to RSS. In turn in order to support the delivery of Yorkshire Forward's Urban and Rural Renaissance programmes, it could be possible for the RSS to:

- Make supportive spatial policy statements that acknowledge the importance of the Renaissance programme as part of Government policy & RES delivery;
- Set out how regional and local spatial planning policy can support delivery of the "Strategic Development Framework" for the Urban Renaissance Towns and Renaissance Market Town Programme both generally and for specific towns.
- Include a generic policy presumption in favour of development in urban renaissance centres, subject to specified criteria including appropriateness to urban renaissance and overall environmental quality, particularly design of urban form, buildings and the public realm;
- Include generic policy presumption in favour of economically supportive development in rural renaissance towns subject to specified criteria including appropriateness to rural renaissance strategies, investment plans and overall environmental policy.

Question 4: Do you agree that RSS should support the RES renaissance agenda in the way set out in paragraph 56?

Key Economic Assets and Locations

57. RES emphasises that high quality locational 'assets' are critical for economic success. The most competitive cities and regions are doing more to improve the quality and distinctiveness of their places and the infrastructure that services. Of the range of critical assets that underwrite the performance of the economy, the RES identifies several as important:
- Transport infrastructure, both internal links and external connections
 - Universities and other institutions of higher education
 - Key sites such as large-scale quality business sites and incubator accommodation for high tech start up companies
 - Tourism and environmental assets
58. Yorkshire Forward suggest that, inter alia, support for the following in RSS would assist RES approaches to key assets/locations:
- Specific references to the importance of the Key Cities and other main urban areas as places of higher education learning and research;
 - Specific references to particular Key Investment Locations such as the Waverley Advanced Manufacturing Park and Science City York as class leading locations for specialist activities and companies operating in the global knowledge economy;
 - Specific references to the importance of the M1 and M18 corridors and the Humber Trade Zone as accessible locations capable of delivering substantial economic development goals;
 - Recognition of Leeds City Centre as the regional hub for high value added business services and related activities;
 - Consultation mechanisms between YF and the National Park Authorities seeking to positively influence their policies and plans for the emergence and development of tourism businesses in locations which protect and conserve the natural resources of the region. (Ditto for those Local Authorities responsible for AONB's and Heritage Coast).
 - Inclusion of an explicit policy objective to optimise the economic benefits of environmental assets, without compromising environmental value;
 - Policy reference to the economic value created by built environmental assets (e.g. architectural quality, public realm), particularly in relation to urban and rural renaissance objectives.
 - Inclusion of a generic policy presumption in favour of development that promotes tourism in the region, subject to specified criteria (re-assessment of RPG Policy E6);

Question 5: Do you agree that the issues identified by Yorkshire Forward for assisting the implementation of the Regional Economic Strategy (as set out in paragraph 58) should be supported in RSS?

Other Economy-Related Issues for Consideration in the RSS

Regionally Significant Sites

59. Current RSS indicates that development plans should make provision for a range of “regionally significant employment sites” and that these be protected from “inappropriate or piecemeal development”. RSS goes on to state that the sites must be realistically attractive to the international or national market and be located in accordance with the criteria in Policies E4 and T1.

60. There is an assumption that meeting these site requirements will be from within existing employment land allocations. The types of sites to be identified within the region are set out under the following typologies:

Single-user site

61. This was anticipated to be a single location for a major single user capable of accommodating a development in the range 25-50+ ha, accessible by public transport from the major urban concentrations of South and West Yorkshire.

Estuary-related sites

62. Major locations on the north and south banks of the Humber well related to the ports. These were suggested to comprise one site on the south bank of up to 100 ha and a limited number of key sites on the north bank which in aggregate provide up to 100ha.

Premium sites

63. Up to 12 general locations for major employment projects with a national or international choice of location, generally within the size range 15-40 ha, designed to meet the needs for high-tech products and processes and service sector growth. (An indicative distribution was for up to five sites in South Yorkshire, four in West Yorkshire, two in relation to Humberside and one in relation to Greater York.).

Suggested approach for new RSS

64. Over the last few years there has been a marked reluctance from a majority of local planning authorities to designate land as “strategic sites”. Significant opportunity costs and the rapidly changing nature of investment markets were cited as reasons not to take forward this approach.

65. During work on the 2003 regional employment land survey, direct questions were raised both in discussions and more formally via the survey questionnaire about the potential definition of these sites.

Responses were varied; certain sites were suggested as being potential candidates for 'strategic sites', other LPAs put forward no sites.

66. So what is the alternative to the approach set out in current RSS? As discussed in the section of this paper on the supply of employment land, PPS11 gives some messages on this matter. It indicates that RSS should identify "general locations and criteria for strategic site selection, including major inward investment sites, so that sufficient sites are made available to meet business needs while ensuring that major 'Greenfield' sites are not released unnecessarily as part of a process of competition between nearby authorities."
67. A way forward could be via the sub regional strategy route and through developing distinctive spatial approaches within each of the sub-areas identified in Topic Paper 2. For example, work on the South Yorkshire Spatial Strategy has identified a series of important strategic locations - such as the Advanced Manufacturing Park at Waverley (Rotherham). The sub areas could provide the vehicle for the consideration of strategic locations, as an alternative to a potentially more parochial district based approach or a regional "mathematical division" (as in current RSS). Amalgamated results of a "final draft" sub regional approach could then be matched against an agreed regional 'control total' provided by economic modeling and liaison with Yorkshire Forward. A list of regional strategic sites could then be highlighted in RSS. This would enable a more realistic market-based approach to the designation of strategic sites and, hopefully, avoid opportunity costs.

Question 6: Do you agree with the principal of the approach for addressing regionally significant sites set out in paragraph 67?

Safeguarding employment land

68. An important issue to emerge from the RSS consultation process is the safeguarding of employment land from other land uses, both in urban and rural areas. Many local authorities are increasingly under pressure for the change of use of employment land, principally to residential uses but also to retail/leisure.
69. Local Planning Authorities have also sought to ensure continued employment uses as part of redevelopment proposals by promoting mixed-use developments. However, there is also evidence of employment land being lost to other uses on a more ad hoc basis. This does not provide certainty for planners or private developers or ensure appropriate provision for businesses and other organisations.
70. The suggested approach for the new RSS is that RSS policy support, considered in the development of the sub areas, could assist Local Planning Authorities safeguard employment land in specific areas – for example resisting residential changes of use in Leeds, York and Sheffield City centres. This could be delivered by a clear policy in the RSS and LDFs, setting out the reasons for the safeguarding policy and the criteria by which the planning authority will consider a change in use. However,

this approach should not be used as a means to hoard employment land and should be reviewed regularly.

Question 7: Do you agree with the concept of safeguarding employment land for RSS set out in paragraph 70?

Promoting Social Inclusion

- 71.** This objective is related to sustainable development and highlights the need to link to the region's regeneration priorities. National planning policy sets out a variety of means by which the planning system should assist in promoting social inclusion. For example, emphasis is placed on the need to ensure that employment, retail, leisure and other services are all accessible by public transport. In rural areas there is a need to improve access to key services and increase employment and housing opportunities.
- 72.** The suggested policy approach is that policies to support the rural and urban renaissance agenda are need to compliment this issue. Other areas of RSS development will need to be cross-referenced in order that this element of sustainable development is not overlooked. Difficult choices may need to be made, particularly in relation to increasing transport/connectivity of residential areas and employment opportunities.

Question 8: Do you agree with the approach to addressing social inclusion set out in paragraph 72?

Competitiveness & Skills

- 73.** When addressing regional disparities, the Government has identified five drivers of productivity:
- Investment – by businesses and the public sector in new plant, machinery or vehicles and buildings;
 - Innovation – for example in terms of the commercial exploitation of new ideas and expenditure on research and development;
 - Skills development;
 - Enterprise; and
 - Competitive Markets.
- 74.** Raising productivity and the competitive position of the UK economy is one of the framing principles for planning. PPS11 stresses that competitiveness should be increased at the regional level to raise the rate of trend growth at the national level and narrow the productivity gap with the UK's main competitors.
- 75.** At the regional level, improving competitiveness features strongly in the work and strategies of Yorkshire Forward and the European funded Objective 1 and 2. Improving business support activities and raising

skills levels are intended to raise competitiveness and are central to the RES.

- 76.** The suggested approach in new RSS in terms of skills is that RSS could consider:
- Education and skills related “spatial” elements of the RES / Framework for Regional Employment and Skills Action (FRESA) and the Regional and Sub-Regional Investment Plans and what is needed from RSS to deliver these.
 - Linkages to other strands of RSS on housing, transport and accessibility, sub-regional studies.
 - Regional spatial implications of the Learning and Skills Council led Strategic Area Reviews.
 - The development of clusters has been identified nationally as a means to improve the competitiveness of UK business on the world market. This, and other RSS policy areas, including the proper provision of employment land and the support for the creation of ‘quality places’ will support the implementation of RES. Beyond these matters, it is difficult to define a unique RSS role in promoting Competitiveness.

Question 9: Do you agree with the approach to competitiveness and skills issues set out in paragraph 76? (but see also Topic Paper 14 - Education.

Small and Medium Enterprises (SMEs)

- 77.** Current RSS/RPG 12 could be seen as underplaying its potential role in supporting small and medium enterprises (or ‘SMEs’), for example in terms of ensuring a supply of expansion space for developing businesses. Additionally, at a local level, many development plans do not currently include specific policies for small firms.
- 78.** Concerns about a lack of suitable accommodation for small businesses were raised during the scoping work for RSS. However, this issue needs to be acknowledged as being much a result of factors outside of the control of the planning system than current weaknesses with planning policy.
- 79.** Government planning guidance for SME’s is also sparse. *Planning for Clusters* (DETR 2000) and *Employment Land Reviews* (ODPM 2004) both stress the role of SMEs in cluster development. *Planning for Economic Development* (ODPM 2004) highlights the paucity of regional advice.
- 80.** However, SMEs have been identified as one of the key drivers of the regional economy in the RES. Yorkshire Forward has sought to take direct action to support the expansion of small businesses, for example by funding or facilitating the development of starter or incubator units. On this basis it is considered appropriate to consider opportunities for the support of SMEs in RSS.

- 81.** The suggested approach for the new RSS is that given the limitations in the planning system to deal effectively on a specific basis with SME's, and the need to maintain balance with support for general economic activity, the following policy areas could be considered for RSS:
- Support for the diversification of rural businesses.
 - Requirements for Local Development Frameworks (LDFs) to set aside land for small businesses or for a proportion of premises on new development sites to be reserved for small business expansion.
 - Support for the provision of incubator/starter units.
 - Recognition that SME's are an important component of many priority clusters.

Question 10: Do you agree that the suggested approach set out in paragraph 81 would provide appropriate areas of support for Small and Medium Sized Enterprises (SMEs)? Are there any other supporting policy areas for SME's that RSS could usefully address?

Summary List of Questions for Consultation:

Question 1: *Do respondents agree that the list of issues set out in paragraph 8 should form the priority for RSS guidance?*

Question 2: *Do you agree that the above approach set out in paragraph 17 should be pursued in RSS to support cluster development?*

Question 3: *Respondents are asked to consider:*

- *How might local aspirations differ from trend-based forecasts for employment land?*
- *Do you agree with the proposed approach for addressing employment land needs in the RSS asset out in the paragraph 53?*

Question 4: *Do you agree that RSS should support the RES renaissance agenda in the way set out in paragraph 56?*

Question 5: *Do you agree that the issues identified by Yorkshire Forward for assisting the implementation of the Regional Economic Strategy (as set out in paragraph 58) should be supported in RSS?*

Question 6: *Do you agree with the principal of the approach for addressing regionally significant sites set out in paragraph 67?*

Question 7: *Do you agree with the concept of safeguarding employment land for RSS set out in paragraph 70?*

Question 8: *Do you agree with the approach to addressing social inclusion set out in paragraph 72?*

Question 9: *Do you agree with the approach to competitiveness and skills issues set out in paragraph 76? (but see also Topic Paper 14 - Education.*

Question 10: *Do you agree that the suggested approach set out in paragraph 81 would provide appropriate areas of support for Small and Medium Sized Enterprises (SMEs)? Are there any other supporting policy areas for SME's that RSS could usefully address?*

References and Background Documents

The Government's Competitiveness White Paper (2003) , can be found on the Department for Trade and Industry Web-site at www.dti.gov.uk.

The Government's Guidance on the preparation of Regional Spatial Strategies (PPS11); Guidance on Employment Land Reviews (2004) and on Planning for Economic Development can all be found on the Office of the Deputy Prime Minister's Web-site at www.odpm.gov.uk

The Regional Economic Strategy can be viewed on the Yorkshire Forward Web-site at www.yorkshire-forward.com

Documents relating to the Regional Employment Land Survey can be found on the Assembly's Web-site (in the Planning and Transport Library) at www.yhassembly.gov.uk