Employment Land Review Update

May 2015

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1. Executive summary

1.1.1 This report updates the council's Employment Land Review published February 2014 (ELR 2014). The update has three main purposes. Firstly, it supports the amendments proposed to the Submission Local Plan in relation to the proposed housing target of 850 dwellings per annum, and the inclusion of an annual job growth range of 450 – 700. Secondly, the update assesses a range of methods for jobs forecasting, and considers the impact of the findings on the economic policies contained within the Submission Local Plan. Thirdly, this report includes consideration of market intelligence and market signals as required by the National Planning Practice Guide.

1.1.2 The update generally echoes the assessment of the economic context as set out in the ELR 2014. More specifically, the borough's commercial property market remains fairly moderate. The office market is relatively weak (in relation to other parts of the Enterprise M3 area) and generally attracting low rental values (averaging around £12.50 per square foot). The demand for industrial floorspace is stable, but is based on fairly low rents (in the region of £7 per square foot). There is evidence of more activity in relation to the storage and distribution sector, such as the redevelopment of the Sainsbury's distribution depot at the Houndsmills Industrial Estate in Basingstoke.

1.1.3 The permitted development right allowing for the conversion of office space to residential use is now starting to have a more significant impact when compared with the ELR 2014. Currently 516 units of residential accommodation are covered by approved prior notifications. However, it remains to be seen how much office floorspace will actually be lost via this mechanism.

1.1.4 Market intelligence and market signals at the local/regional level show that generally office rent levels in Basingstoke remain low in relation to a number of more buoyant locations, with the office market in Reading stronger, and likely to see further increases in rental levels in the coming years. The lack of grade A space in Basingstoke is particularly pertinent, as this forms the main focus for market demand, with Reading having considerable amounts available, and additional space now coming on stream in the Blackwater Valley (in Farnborough).

1.1.5 Market intelligence at the national level suggests that demand for office space is increasingly focused on higher quality space, which facilitates 'agile' working, with the amount of space afforded per employee declining. Office based employers are increasingly concerned with supporting employee well-being and seek to locate their business in locations benefitting from a diverse and sophisticated workforce. At the national level the industrial sector is now recovering strongly after the recession, whilst the storage and distribution sector is also seeing strong demand for suitable floorspace.

1.1.6 Since the publication of the ELR 2014, in order to help identify a jobs growth target as suggested by the Inspector this report has considered 3 methods for estimating the job growth forecast:

- job growth based on sectoral and employment forecasts and projections
- past trends, based on consideration of past Business Register and Employment Survey (BRES) data
- labour supply.

In relation to the first method, Hampshire County Council (HCC) have produced a report containing economic projections for Basingstoke and Deane over the course of the plan period using the Cambridge Econometrics (CE) model. This report predicts job growth of approximately 700 jobs per year over the plan period, with the main growth sectors being financial and business services, construction, accommodation and food services and information/communications. The largest amount of job growth is predicted to be in the financial and business services sector, amounting to approximately 400 jobs per annum over the plan period.

1.1.7 The council has also analysed past trends in relation to job growth in the borough on the basis of BRES statistics. Between 2003 - 2013 BRES data indicates that actual job growth averaged 590 per annum in the borough. If the significant fluctuations are regulated using a 3-year moving average (which smoothes out the peaks and troughs) then this figure comes down to 450 jobs per annum.

1.1.8 Labour supply analysis has also been conducted by Edge Analytics, which indicates that 850 dwellings per annum can deliver an increased resident labour supply of at least 460, but could reach 700 with a reduction in the current rate of net out-commuting.

1.1.9 Based on this evidence it is suggested that the proposed job growth range of 450 - 700 (8,100-12,600 in the plan period) is an appropriate response to the economic context pertaining to Basingstoke and Deane. The lower part of the job growth range reflects the assessments made of past employment creation trends and can be met by a conservative estimate of the growth in resident labour supply stemming from the provision of 850 dwellings per year. The top of the range reflects the labour demand projections set out in the HCC report produced on the basis of the CE model, and is also in line with the Enterprise M3 Local Enterprise Partnership (LEP) growth projections.

1.1.10 Given the considerable amount of vacant office floorspace in the borough it is not necessary or advisable to allocate additional space for office development. However, the policy included in the Submission Local Plan which supports the redevelopment of Basing View provides an important opportunity to provide the sort of high quality office accommodation which is currently lacking in the borough. Although the CE model shows a lower demand for storage and distribution floorspace than was indicated by the ELR 2014, there is still strong evidence of market demand pertaining to this sector in Basingstoke. Consequently, an additional site(s) for logistics is likely to be required as part of a future site allocations DPD, though the amount of floorspace required will need to be determined following more detailed assessment and analysis of market demand and land availability.

2. Introduction

2.1.1 This report updates the council's Employment Land Review, dated February 2014 (ELR 2014). In so doing it underpins the amendments to the Submission Local Plan following the Exploratory Meeting held 11 December 2014 (the details of which can be accessed via the following link):

http://www.basingstoke.gov.uk/content/doclib/606.pdf

The update focuses on an assessment of the following:

- consideration of job growth in the borough, based on sectoral and employment forecasts and projections, past trends (encompassing consideration of BRES data)
- the job growth target range proposed for inclusion in the Submission Local Plan
- an assessment of how job growth affects other policies in the Submission Local Plan
- a consideration of market intelligence and market signals as required by the National Planning Practice Guide.

2.1.2 The format of this report follows that of the ELR 2014, but is confined to updating those sections which are most relevant in light of the list set out above, and therefore covers the planning policy context, economic context, employment floorspace, employment growth forecasts and settlement distribution. In addition, this report includes a specific section explaining the basis for the proposed job target and also includes a section explaining how the Submission Local Plan with proposed modifications provides a positive framework for supporting economic growth.

3. Policy context

3.1 National Level

3.1.1 The national level planning policy is set out in the ELR 2014 (p.10). However, the ELR 2014 was published in February 2014 and hence before the publication of the National Planning Practice Guide (PPG). Therefore, this update sets out the key provisions contained within the PPG in relation to employment issues.

3.1.2 The PPG provides the national level guidance on assessing economic development needs. Plan makers are required to consider the following factors:

- the recent pattern or employment land supply and loss to other uses
- market intelligence
- market signals (such as levels and changes in rental values and differentials between uses)
- public information on employment land and premises required
- information held by other public sector bodies and utilities in relation to infrastructure constraints
- the existing stock of employment land
- the locational and premises requirements of particular types of business
- identification of oversupply and evidence of market failure.

3.1.3 The PPG also requires analysis of supply and demand of employment land, with a view to identifying any mismatch between quantitative and qualitative supply of and demand for employment sites. This will provide an understanding of which market segments are over or under supplied. Plan makers are also required to consider forecasts of quantitative and qualitative need, as well as the particular characteristics of such needs. The key output is an estimate of the scale of future needs, broken down by economic sectors. Local authorities are required to develop an idea of future economic needs based on a range of data which is current and robust, taking into account business cycles and forecasts.

3.1.4 In terms of methodology, the PPG states that plan makers should consider the following:

- sectoral and employment forecasts and projections (labour demand)
- demographically derived assessments of future employment needs (labour supply techniques)
- analyses based on the past take-up of employment land and property and/or future property market requirements

- consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

3.1.5 Another update in relation to national level planning policy is that there has recently been a change to the PPG in order to address the need for 'starter homes', which may impact on the future availability of employment land. In December 2014 the government published a consultation, *Stepping onto the property ladder: Enabling high quality Starter Homes for first time buyers – a consultation*. This consultation proposed to create a new planning policy to allow applications for starter homes to be built on "exception sites on under-used or unviable industrial and commercial land that has not been identified for housing." The government responded to this consultation on 2 March 2015 and issued a written ministerial statement which confirmed that the scheme would go ahead and that planning policy would be changed as follows:

"After careful consideration of these responses, the Government is today making the following change to national planning policy:

Local planning authorities should work in a positive and proactive way with landowners and developers to secure a supply of sites suitable for housing for first time buyers. In particular, they should look for opportunities to create high quality, well designed Starter Homes through exception sites on commercial and industrial land that is either under-used or unviable in its current or former use, and which has not currently been identified for housing[1]…"

3.1.6 The new PPG text states that this new national planning policy should be taken into account in plan-making and decision-taking, and should be read alongside other policies in the National Planning Policy Framework. Given the current stage of the Submission Local Plan it is considered impractical to identify potential sites for starter homes in this DPD. However, this issue should be addressed in the site allocations DPD which the council will be progressing following the adoption of the Submission Local Plan. The requirement to make provision for such sites is likely to put further pressure on employment land and could divert redevelopment opportunities away from improved commercial floorspace towards residential use.

[1] HCWS324, 2 March 2015

3.2 Local Level

3.2.1 Following on from the Exploratory Meeting held 11 December 2014 the council has carried out further analysis of the Submission Local Plan, and in light of the Inspector's advice is proposing various amendments. Two of these amendments have particular relevance in relation to employment generation and economic growth, namely the increase in the housing figure in the Submission Local Plan with proposed modifications from 748 to 850 homes per annum, and in the inclusion of a 'job growth target'. The background to each of these proposed amendments is set out in the Report to Cabinet dated 17 March 2015 and approved by Full Council 26 March 2015:

http://www.basingstoke.gov.uk/rte.aspx?id=1504&MeetingId=2037

3.2.2 The increase in the proposed housing figure will impact on the supply of labour, and hence inevitably requires reconsideration of Scenario 3 (labour supply) in the ELR 2014. In addition, the proposed job growth target has been considered in relation to labour demand factors, which has involved a reconsideration of Scenario 1 in the ELR 2014 in light of additional evidence provided by HCC based on economic projections for the borough using the CE model. The council has also carried out additional analysis of past development trends in order to assess how this relates to the job growth target and in order to update Scenario 2 in the ELR 2014.

3.2.3 Turning more specifically to the background to the proposed job growth target, the council initially utilised a range of 450 – 600 p.a. as the starting point for further work to identify a jobs target for the borough. However, the council has subsequently reconsidered that range in light of the Enterprise M3 Strategic Economic Plan (SEP), which contains the following high-level aims (to be achieved by 2020):

- to increase GVA per capita to 25% above the national average through increased productivity and a focus on high value sectors
- to increase the employment rate from 77.4% to 80%, creating 52,000 new jobs
- to add 1,400 businesses annually to the area.

3.2.4 These aims apply across the Enterprise M3 LEP area and no geographically specific targets were set in the SEP. The council notes that application of the same annual job growth rate (just less than 1%) of the LEP target, would suggest an annual figure for the borough of 697 jobs per annum.

3.2.5 The council has engaged with the Local Enterprise Partnership to work towards synergy between the topics of housing and employment numbers. Enterprise M3 (EM3) have responded that they would be broadly supportive of the approach outlined in the Cabinet report dated 17 March 2015 (i.e. the proposed changes to the Submission Local Plan), although they were not able to comment on the specific figures included as they have not undertaken their own modelling at this geographic level. They added that:

“Basingstoke has been identified as one of the ‘Growth Towns’ within the Enterprise M3 area, meaning that it is one of four towns which significantly drive economic growth within the area. Substantial investment has already been directed here within the first two tranches of Growth Deal funding, forming a ‘Growth Package’ for Basingstoke which aims to promote further economic growth.”

3.2.6 Therefore, the council considers that a figure of 700 jobs per annum, which is broadly consistent with the EM3 job growth target, should be used as the higher end of the job growth range. A range of between 450-700 (8,100-12,600 in the plan period) is based on available evidence, i.e. the Edge Analytics demographic modelling work, economic projections using the CE model in relation to job creation and the overall job growth target set out in the SEP. Updates have been made to Policy EP1 (Economic Growth and Investment), to reflect this position, as shown in Appendix E of the report which was reported to Cabinet 17 March 2015 (please refer to link about in paragraph 3.5). This update to the ELR 2014 provides a range of evidence and analysis which explains the job growth target proposed in the amendments to the Submission Local Plan.

3.3 Permitted development rights

3.3.1 The ELR 2014 made reference to the permitted development right which currently allows the change of use from B1(a) office to C3 residential. These permitted development rights were originally intended to be temporary, lasting until 30 May 2016. However, the government have since consulted on making these permanent. The outcome of this consultation is not currently clear and the parliamentary briefing dated 17 March 2015[2] stated that the government has not yet issued a response to this part of the consultation. Property consultants Lambert Smith Hampton consider that it appears increasingly unlikely that this permitted development right will be made permanent[3].

3.3.2 The permitted development right has already had an impact on the availability of employment land in the borough, which is likely to persist in the future. This issue is covered in more detail in later sections of this document.

[2] www.parliament.uk/briefing-papers/SN06418.pdf
[3] http://www.lsh.co.uk/commercial-property-research/2015/04/office-market-activity-hits-highest-level-since-2001

3.3.3 In addition, in July 2014 the government consulted on allowing light industrial and storage/distribution buildings to change to residential use; as with the current temporary permitted development right, the outcome of the consultation has not yet been clarified by the government.

4. Economic context

4.1.1 The ELR 2014 establishes the economic context for the study by reviewing recent economic conditions and trends within Basingstoke and Deane, relative to the wider sub region and the national economy. Where an update is available it has been set out below.

4.2 Local Enterprise Partnership

4.2.1 The role and background to the Enterprise M3 Local Enterprise Partnership has been set out in the ELR 2014, and the main update in this regard, namely the Enterprise M3 Strategic Economic Plan (SEP) published since the ELR 2014, has already been referred to above. In addition, the EM3 publishes regular labour market updates (produced by HCC Research and Intelligence)[4], which provides useful information in relation to the economic context influencing the demand for employment land in the borough. The most recent labour market report sets out the following relevant pieces of information:

- the employment rate in the UK has now reached the highest rate on record, with strong growth in the three months up to January 2015
- however, employment growth in the south east region was considerably weaker, and over the previous year employment growth in the south east was the slowest in England
- headline unemployment in the south east remained broadly unchanged over the last quarter (three months up until January 2015)
- according to an estimate from the Office of National Statistics the number of workforce jobs in the south east in the three months to December increased at a faster pace than in the previous quarter, however, growth in the total number of jobs was driven by self-employment
- the fastest increases in the numbers of jobs in the south east during the quarter were in real estate activities, construction and finance & insurance. The sharpest decreases were in wholesale & retail, public administration and manufacturing
- wage increases were weak, with non-bonus related pay in the UK only rising by 1.6% over the quarter
- the LEP concludes that the consumer based recovery is based on low inflation
- the quarter saw a rise in unemployment claimants in Basingstoke (74), as well as increases in youth unemployment in the borough.

4.2.2 The previous quarter (three months up to October 2014) witnessed a decrease in employment levels in the south east region. However,

[4] http://www.enterprisem3.org.uk/labour-market-update/

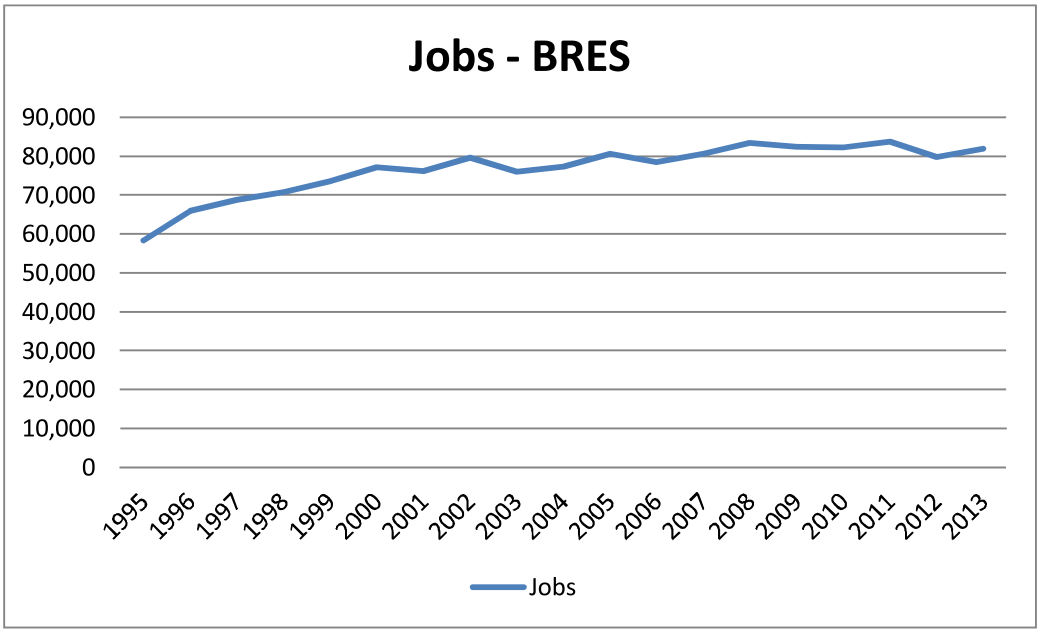
Basingstoke saw a decrease in unemployment over that period (104), including a decrease in youth unemployment. The previous quarter also saw a reduction in unemployment in Basingstoke (36).

4.2.3 Therefore, in light of the above, it appears that whilst there is evidence of a marked economic recovery at national level, at the regional scale the upturn is less pronounced. Indeed, the modest ebb and flow in unemployment in Basingstoke over the last year is illustrative of what is currently considered to be only a fairly moderate improvement in the job market, with little sign of the economic recovery nationally leading to any significant changes in the local level job market. As a result, whilst the LEP data is just a snapshot of the recent economic conditions, it is indicative of what appears to be currently a fairly measured economic recovery at the local level.

4.3 Employment conditions and trends

4.3.1 The ELR 2014 set out the Business Register Employment Survey (BRES) employee jobs data up until 2011. The graph below (Figure 1) updates this until 2013. The graph shows a decline in 2012 from 83,700 to 79,800, but then a rise again to 81,900 in 2013. These figures though reinforce the apparent plateauing of the jobs market in Basingstoke and Deane since 2002; in 2002 the BRES figure was 79,600, which has increased to only 81,900 in 2013.

Figure 1 – BRES data showing the number of jobs in Basingstoke and Deane



Source: BRES

4.4 Commuting patterns

4.4.1 The ELR 2014 contains information on the council's functional economic area in paragraphs 4.38 – 4.42. A detailed consideration of this issue is set out below. However, for the purposes of the ELR it is considered that commuting patterns are of particular relevance. The summary below outlines the findings of the analysis carried out by the council in relation to the 2011 census, which shows that:

- On a daily basis there is a net outflow of 5,108 workers aged 16 and over.
- The net outflow is particularly significant in the following sectors:
  - Public administration and defence; compulsory social security (-2,452 workers)
  - Information and communication (-1,111 workers)
  - Professional, scientific and technical activities (-866 workers).
- And occupations:
  - Associate professional and technical occupations (-1,592)
  - Professional occupations (-1,216)
  - Administrative and secretarial occupations (-1,186).
- The industries where a greater proportion of workers travel longer distances are:
  - Mining and quarrying (16% travelling 60km or more)
  - Financial and insurance activities (18% travelling 60km or more)
  - Professional, scientific and technical activities (10% travel 60km or more)
  - Public administration and defence; compulsory social security (10% travel 60km ore more).
- Those employed in more senior occupations are more likely to travel longer distances to work.

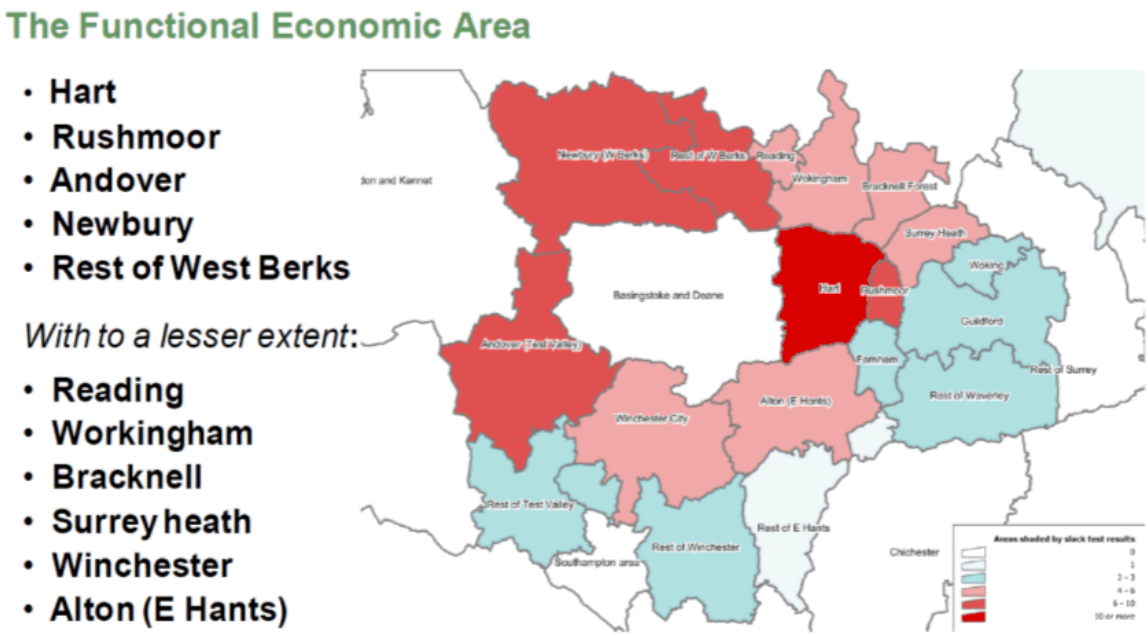
4.4.2 This additional analysis supports the conclusion set out in paragraph 4.42 of the ELR 2014 that the borough loses a greater proportion of higher qualified residents to other districts than it attracts. This also illustrates that there is a pool of highly qualified labour to draw from who could potentially work within the borough instead of commuting to other areas.

4.5 Functional Economic Area

4.5.1 Functional economic areas are used to provide a context for how a local economy relates to its surrounding area and to understand the strength of connections between neighbouring areas. This section provides an overview of existing information on the Basingstoke Functional Economic Area in relation to guidance in the PPG.

4.5.2 In 2008 the council commissioned GHK to define the functional economic area (FEA) around Basingstoke. This report sets out that the FEA for Basingstoke and Deane includes Hart, Rushmoor, Andover, Newbury and the remainder of West Berks. The report also finds that there are linkages to a lesser extent with Reading, Wokingham, Bracknell, Surrey Heath, Winchester and Alton. However, it noted that the linkages were considered weaker than would be expected given the relative size of Basingstoke in relation to neighbouring areas.

Figure 2 - map denoting the FEA for Basingstoke and Deane, taken from the GHK report produced in 2009.



Source: GHK

This update also incorporates relevant additional information which is now available since the publication of the GHK study.

Policy context

4.5.3 The PPG states that there is “no standard approach to defining a functional economic market area”. However, it goes on to state that various factors could be considered, including:

- extent of any Local Enterprise Partnership within the area
- travel to work areas
- housing market area
- flow of goods, services and information within the local economy
- service market for consumers
- administrative area
- catchment areas of facilities providing cultural and social well-being
- transport network.

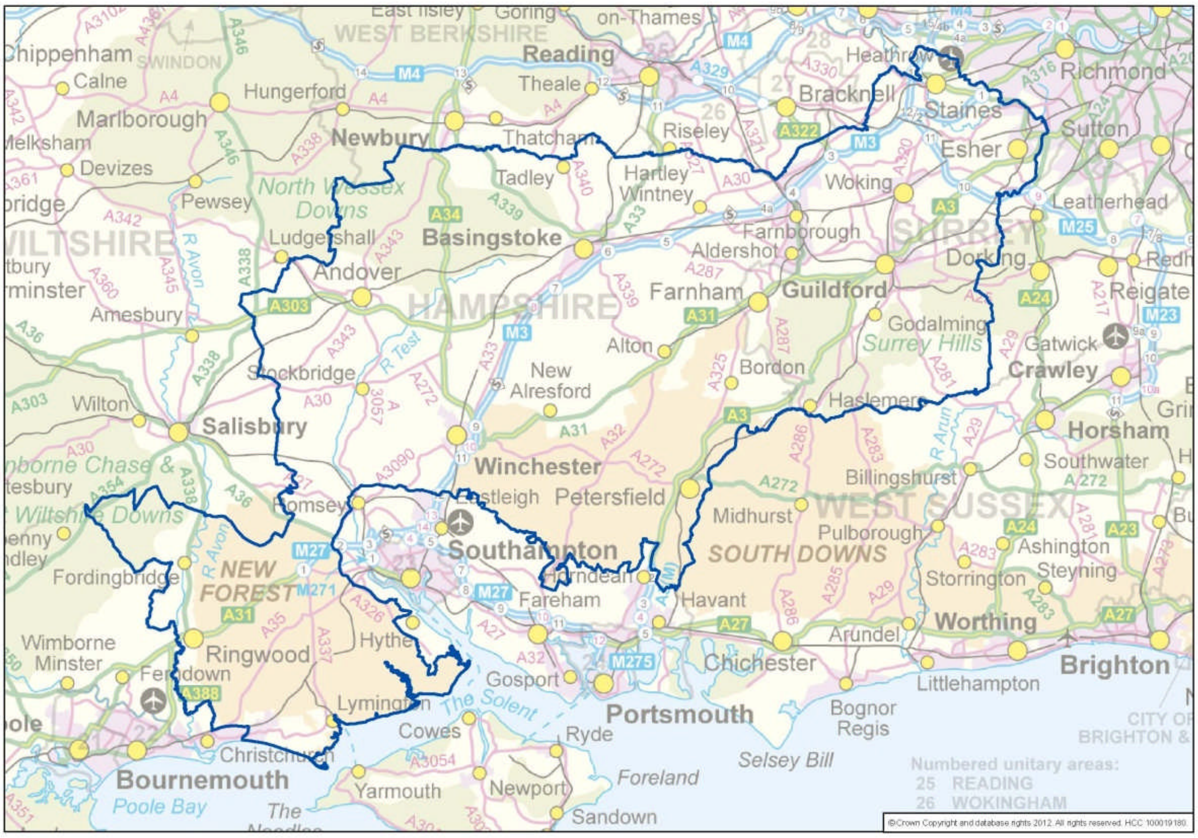
The PPG also states that “in some cases housing market areas and functional economic areas may well be the same.”

4.5.4 A number of the issues set out in the PPG are covered in the GHK report. However, where an update can be provided, or where relevant up-to-date information is now available in relation to the other factors referred to in the PPG, this is set out below.

Extent of any Local Enterprise Partnership within the area

4.5.5 As has been referred to elsewhere in this document, Basingstoke and Deane is included in the Enterprise M3 area. This area covers mid and north Hampshire and south west Surrey, stretching from the hinterland of London, along the lines of the M3 motorway to the New Forest taking in several towns in Hampshire and Surrey (including Aldershot, Andover, Basingstoke, Camberley, Farnborough, Guildford, Staines-upon-Thames, Whitehill & Bordon and Woking) and the city of Winchester. The Enterprise M3 area is located at the heart of a transportation hub with proximity to Heathrow, Gatwick and Southampton airports, Road and rail connections include stretches of the M25 and much of the M3 and A3.

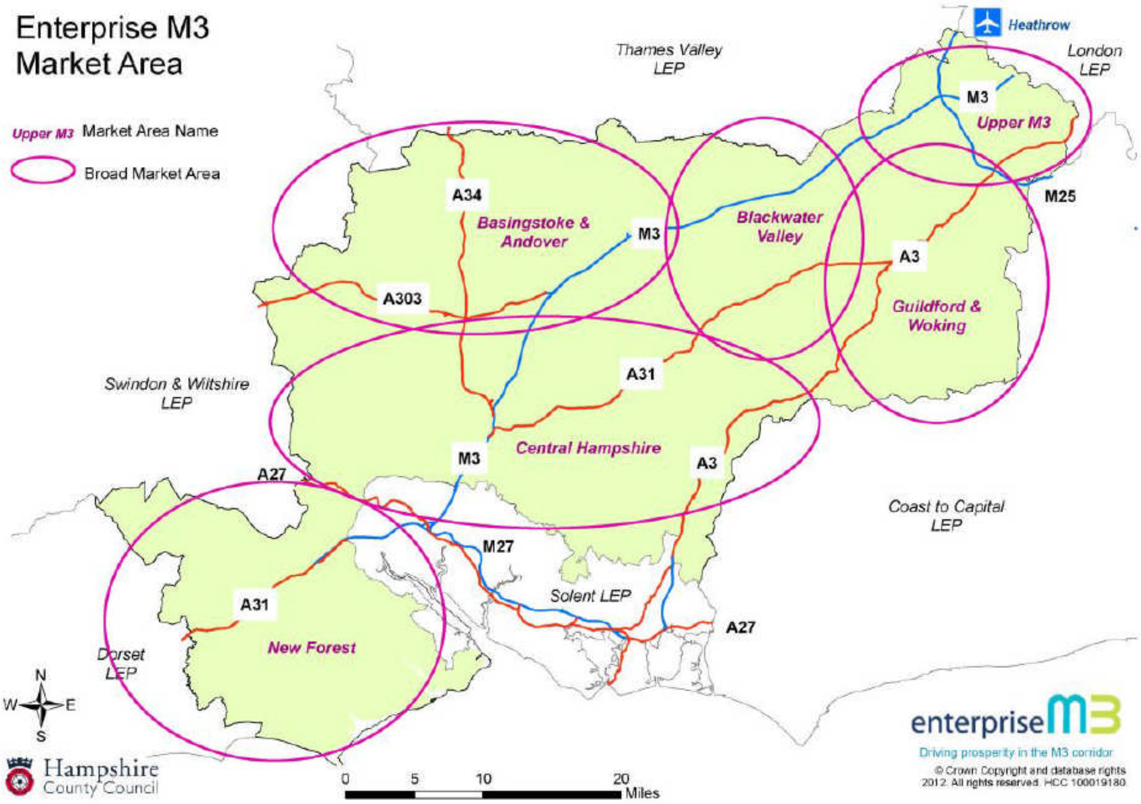
Figure 3 - the map below shows the extent of the EM3 area.



Source: EM3/HCC

4.5.6 The EM3 Commercial Property Market Study report (April 2013) (referred to elsewhere in this report) identifies various commercial market areas within the EM3 area. Basingstoke is grouped with Andover to form one of the market areas, with the Blackwater Valley market area to the east, which includes Hart and Rushmoor, and the Central Hampshire market area to the south. Therefore, it is considered that this study supports the economic linkage between Basingstoke and Andover identified in the GHK report.

Figure 4 - commercial property market areas identified in the EM3 Commercial Property Market Study



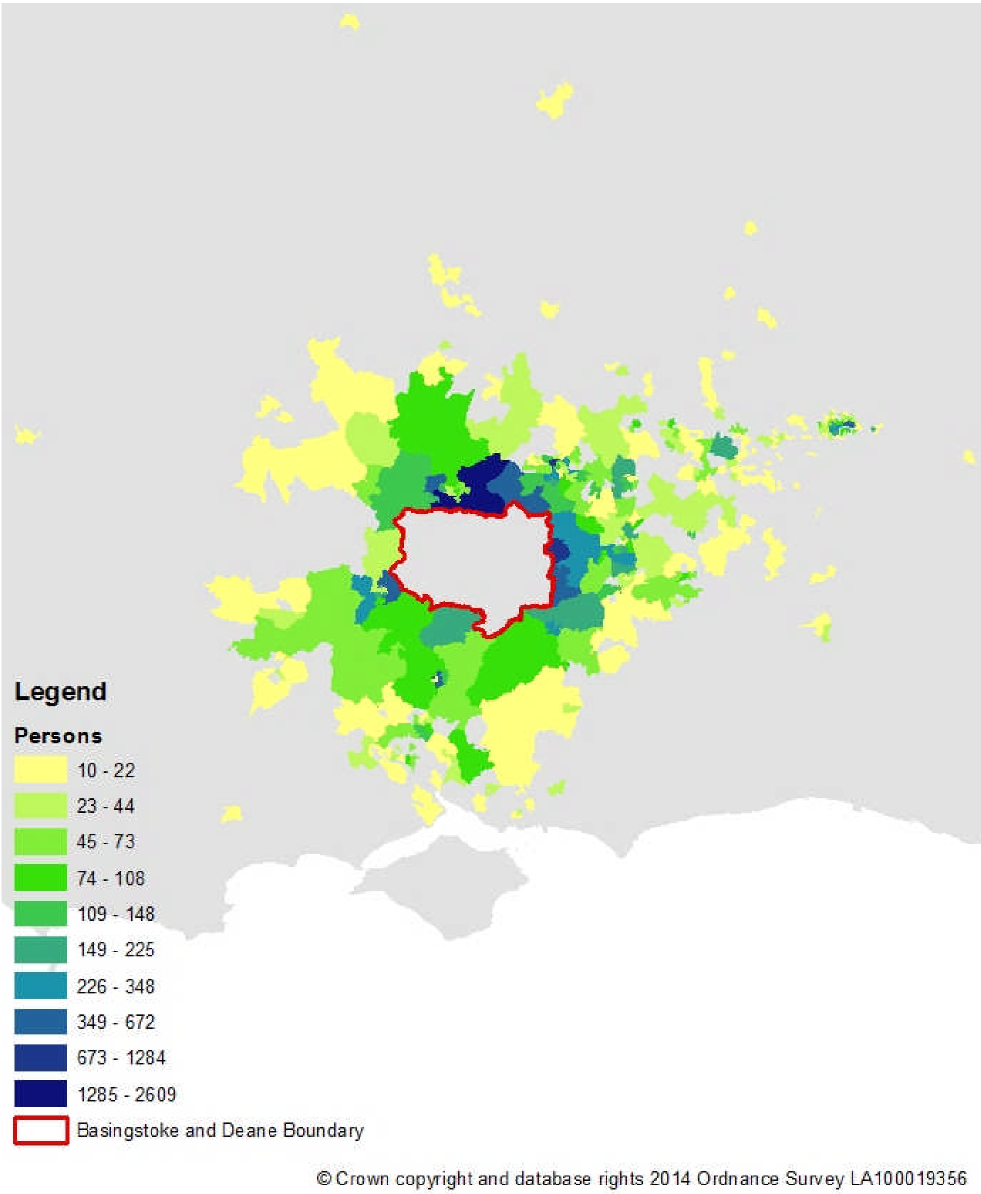
Source: EM3/HCC

Travel to work areas

4.5.7 The GHK report notes that Basingstoke has its own, relatively self-contained travel to work area (TTWA). However, the report does note that there is evidence of linkages with some of the Blackwater Valley towns and West Berks. The results from the latest census support the conclusion of the GHK report, as there is evidence of a proportionately higher number of commuter flows from West Berks, Hart and Test Valley when compared with other areas. However, overall, Basingstoke's level of self-containment remains relatively high at 66%. The maps below illustrate the results of the 2011 census, and associated linkages identified with neighbouring authorities. In addition, the GHK report noted that there is a particular characteristic pertaining to West Berks which accentuates the apparent connection, namely one large employer just over the border from Basingstoke and Deane employing a significant amount of Basingstoke and Deane residents, and this remains the case.

4.5.8 Hart District Council has recently commissioned research concerning their Functional Economic Area[5], which included consideration of the surrounding travel to work areas. That report identifies a trend towards the expansion of the Reading travel to work area, and suggests that there is evidence of increasing linkages between Basingstoke and Andover. However, the report suggests that it is still expected that Basingstoke retains a distinct travel to work area (paragraph 5.3.3).

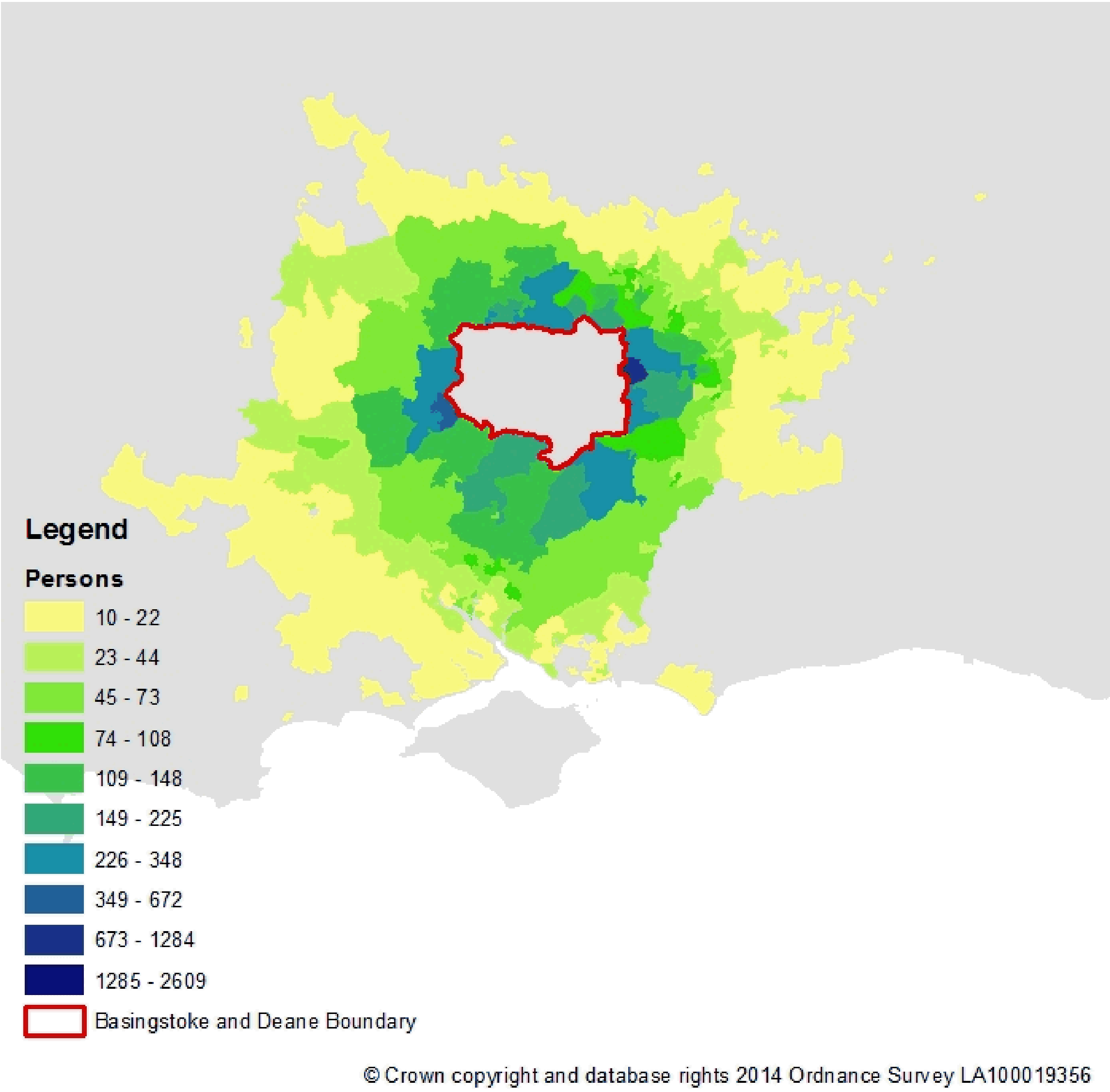
Figure 5 – location of workplaces outside of Basingstoke and Deane where residents of Basingstoke and Deane travel to work (showing only areas containing 10 or more people)



Source: BDBC

[5]http://www.hart.gov.uk/sites/default/files/4_The_Council/Policies_and_published_documents/Planning_policy/Hart_Functional_Economic_Area%20-%20Sept%202014%20Final%20Report.pdf

Figure 6 – location of residents outside of Basingstoke and Deane that travel to work in Basingstoke and Deane (showing only areas containing 10 or more people)



Source: BDBC

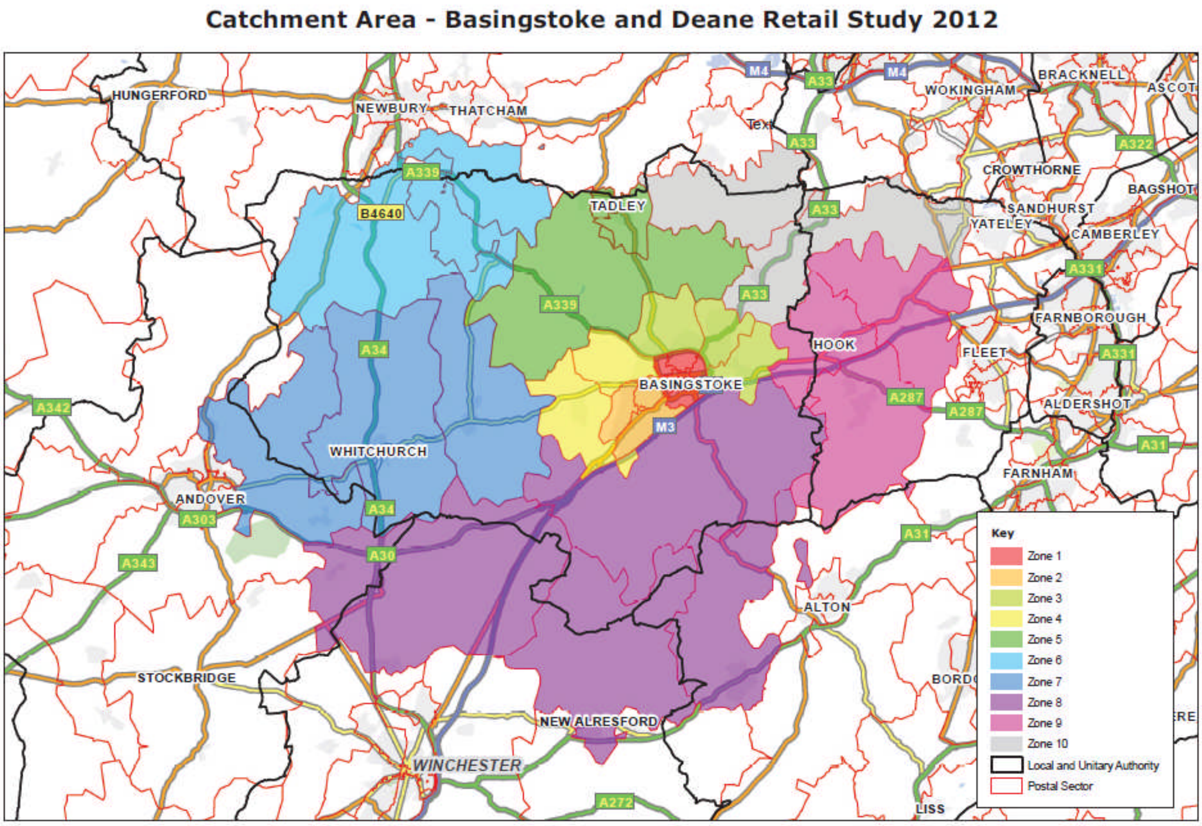
Housing market area

4.5.9 This issue is considered in detail in the council's updated SHMA (2015), which concludes that although there is some overlap across administrative boundaries, Basingstoke and Deane Borough is not closely related to any one surrounding area and can be considered as a standalone Housing Market Area. Therefore, this implies that the council's FEA economic area is also relatively self-contained, though with some linkages to neighbouring authorities.

Service market for consumers

4.5.10 In terms of the market for consumers, the council has updated its retail assessment since the production of the GHK report. This established that the retail catchment area for Basingstoke town centre comprised the vast majority of the area of the borough itself, with the addition of small parts of Test Valley and West Berks, and some larger areas of Winchester, East Hants and Hart. However, in terms of population, the largest catchment outside of Basingstoke and Deane is the town of Hook in Hart, which is located just outside of the Basingstoke and Deane boundary.

Figure 7 – retail catchment area for Basingstoke and Deane, as set out in the council's Retail Study Update 2012



Source: Strategic Perspectives

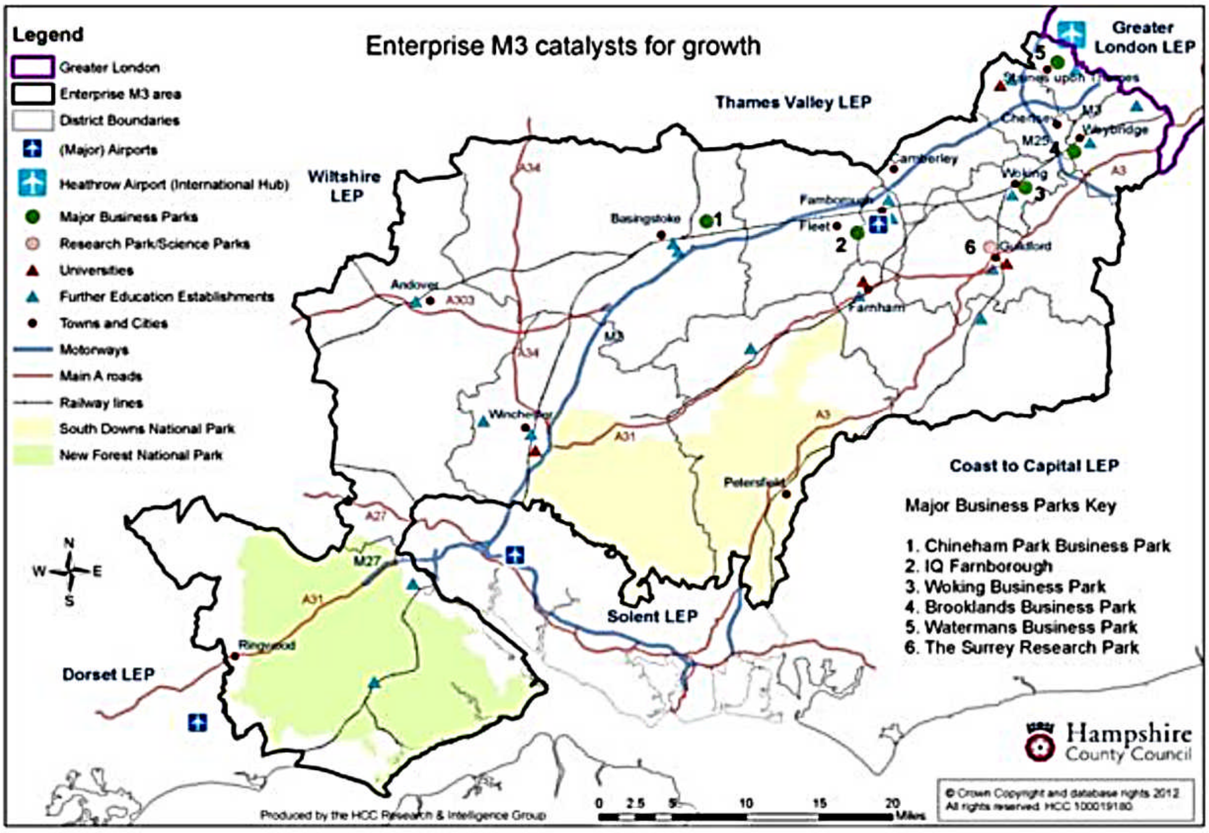
4.5.11 The consumer market has also been addressed in the Hart FEA analysis, which found evidence of a strong linkage, at least in terms of leisure and retail expenditure, with Basingstoke. This is presumably due to the proximity of Hook to Basingstoke, and the relatively stronger retail offer of Basingstoke when compared with Fleet[6].

4.5.12 Therefore, the information published subsequent to the GHK report supports the conclusion of a link with Hart, and also suggests some lesser economic linkages to Test Valley, West Berks, Winchester and East Hants.

Transport network

4.5.13 The GHK report states that transport and connectivity were identified by the local business community as key strengths of Basingstoke. The report notes the importance of the easy access to the M3 and M4 motorways, and the availability of rail connections with London Waterloo along with local services to Andover, Newbury, Reading and Winchester (paragraph 3.2.1). Figure 8 below (taken from the Enterprise M3 Strategy for Growth 2013[7]) illustrates the extensive transport network pertaining to Basingstoke and Deane.

Figure 8 – map showing key transport infrastructure in the EM3 area



Source: EM3/HCC

[6] The Hart FEA Analysis 2014 notes that Basingstoke is 7th in the top 50 retail centres in the South East, whereas neither Fleet nor Farnborough make the top 50. Please see section 7 in the Hart FEA Analysis for more information.
[7] http://www.enterprisem3.org.uk/uploads/3a8b730273d330f5cb578b8048d14a4ffcb102f9.pdf

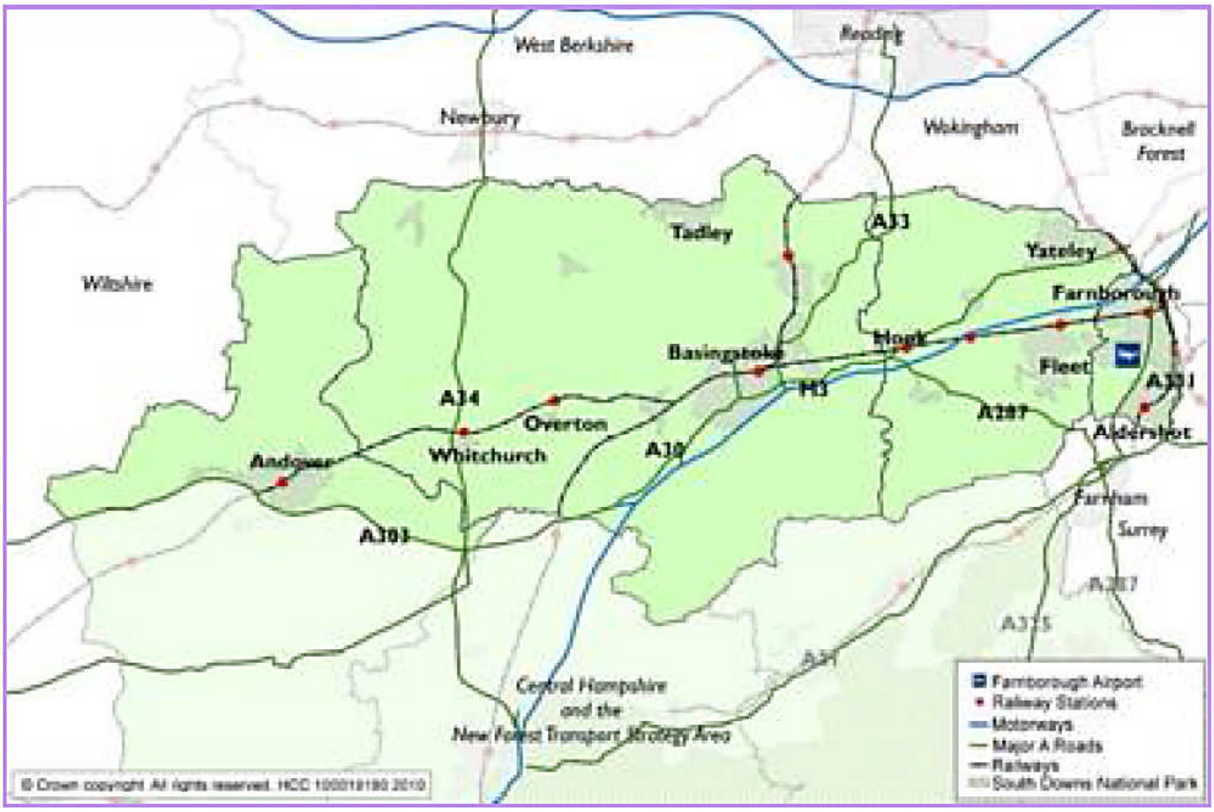
4.5.14 The map shows the importance of the M3 motorway, which connects Basingstoke with London and the south-coast. This also links up with other important primary routes such as the A303 to Andover and the A34 to Newbury, which also connects to the M4 motorway. There is also a primary route connecting Basingstoke with Alton.

4.5.15 In terms of rail connections, the map shows the railway line linking Basingstoke with Andover to the west and Hart and Rushmoor to the east. In terms of the quality of service provided, there is a direct regular service between Basingstoke and Andover, Fleet, Hook and Farnborough (all with fairly short journey times). There is also a direct regular service to Reading, which takes between 15 and 25 minutes. There are also regular trains going directly to London Waterloo, with journey times ranging from 50 to 70 minutes. However, in order to reach Newbury it is necessary to change at Reading, and journey times range from between 50 and 65 minutes. In terms of connections with other neighbouring authorities, there is a direct regular service to Winchester, with journey times between 18 and 25 minutes. East Hants though is less well connected, with journeys to Alton and Petersfield both requiring a change of train and take over an hour.

4.5.16 Since the publication of the GHK report HCC has produced a Local Transport Plan (LTP) 2011 – 2031[8]. This put Basingstoke and Deane in the North Hampshire Area, which also comprises part of Test Valley, along with Hart and Rushmoor. Therefore, this reinforces the linkages between those areas in terms of establishing the FEA of Basingstoke and Deane.

[8] http://www3.hants.gov.uk/hampshire-ltp-2011-part-a.pdf

Figure 9 – map showing North Hampshire Transport Strategy Area as identified in the LTP.



Source: HCC

4.5.17 Overall, Basingstoke has very strong transport connectivity, which creates potential linkages with a wide geographical area, as evidenced by the travel to work data cited above. The LTP emphasises that Basingstoke has particularly strong transport connections with Test Valley (Andover) to the west, and Hart and Rushmoor to the east. In addition, there are also clear linkages with Reading and London. There is a transport connection with Newbury, though this is weakened somewhat by the lack of direct rail route.

Conclusion in relation to Functional Economic Area

4.5.18 This review of recent evidence available supports the conclusions of the GHK study completed in 2009. Overall the various factors indicate Basingstoke has a relationship with Hart, Rushmoor and Test Valley, as well as West Berks in relation to travel to work patterns. However, the relatively high level of self-containment of the borough demonstrates that these linkages with neighbouring authorities are not particularly strong.

5. Overview of employment floorspace

5.1.1 The information below updates the section of the ELR 2014 which provides an overview of employment floorspace in Basingstoke and Deane. This section considers the current stock of employment floorspace, as well as recent trends and changes to the supply of commercial premises.

5.2 Development of employment floorspace

5.2.1 Table 1 below shows the details of new employment floorspace created in 2013/14. This illustrates that the new floorspace provided was predominantly for storage and distribution use, which amounts to 17,736 sqm. This new storage and distribution floorspace has been delivered almost exclusively on one site, namely the Sainsbury's storage and distribution centre on the Houndsmill Industrial Estate in Basingstoke, which provided 16,630 square metres of new floorspace in 2013/14. However, it should be noted that this is part of a redevelopment of this site, resulting in a net loss of floorspace, but with the level of jobs provided at the site remaining constant.

Table 1 – New employment floorspace created in 2013/14

	Gross	Loss	Net
Office	238	1399	-1161
Industrial	304	0	304
B8	17736	0	17736
Mixed	1515	85	1430
	19793	1484	18309

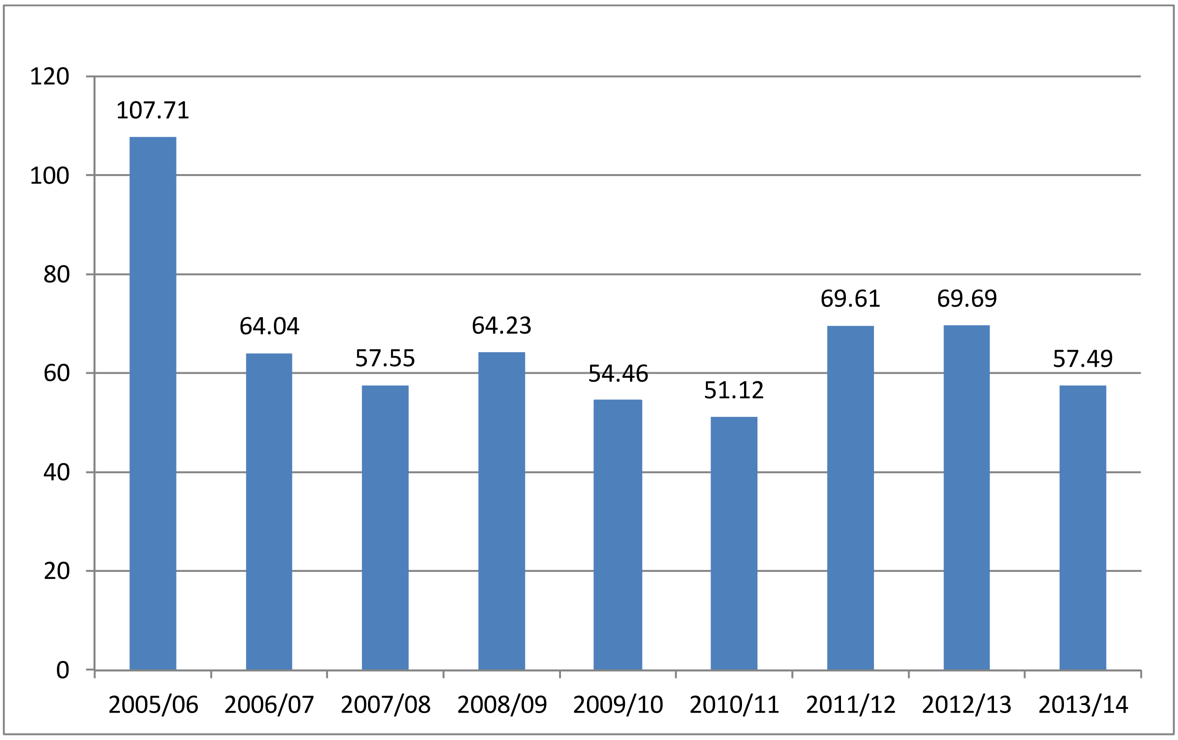
Source: HCC

5.2.2 At the time this update was being produced, the data concerning the provision of employment floorspace for 2014/15 was not yet available. However, the information regarding new employment floorspace under construction during the 2013/14 period suggests that the provision of new floorspace in 2014/15 is likely to fall back down to levels consistent with 2008/9 to 2012/13, as only 3,713 square metres was under construction during that monitoring period. Therefore, whilst the 2013/14 data could be argued to provide evidence of a boost in demand of employment floorspace in the borough, and particularly in relation to the storage and distribution sector, more detailed analysis appears to suggest that the results in 2013/14 are derived from the redevelopment of one existing large site, and hence do not provide robust evidence for a significant departure from the trend of more moderate demand for new floorspace which became apparent from 2008/9.

5.3 Supply of employment land

5.3.1 Figure 10 below updates the previous employment land review in order to illustrate the amount of available employment land which could be developed. This graphs shows the combination of allocated employment land, and that which benefits from an extant planning permission for employment use. As can be seen from the graph there has been a fall in the amount of available employment land during the last year. However, a significant amount of land remains available for employment use, especially when considered in light of the amount of vacant floorsapce.

Figure 10 – shows the amount of available employment land (hectares) in the borough



Source: HCC

5.4 Vacant Floorspace

5.4.1 The ELR 2014 refers to the Enterprise M3 Commercial Property Market Study (2013) in terms of setting out the amount of vacant floorspace. This shows that in 2013 there was 144,015 sqm of vacant office space, amounting to 28% of the total floorspace available. The EM3 study showed that there was 79,952 sqm of industrial space available, with the vacancy rate standing at 8%. The EM3 study remains the most up-to-date information available on this subject.

5.5 Losses of employment space

5.5.1 As has been noted above, there has been a reduction in the amount of available employment floorspace since the production of the ELR 2014. Some of this reduction is a natural result of the increase in employment floorspace constructed over the same period (which reduces the amount of unutilised land), principally at the Sainsbury's site referred to above. In addition, some significant sites have ceased to fall within the definition of available employment land, the most significant being the Eli Lilly and Victoria site, which now benefits from a planning permission for residential redevelopment (14/00865/OUT) for 578 units, resulting in the loss of 4 hectares of employment land. The Gresley Road site has also been deleted from the HCC figures, resulting in a loss of 2.96 hectares; however, this site is still be redeveloped for a use which will generate employment (transportation), but not within a B-use class.

5.5.2 In addition, a planning application has also now been granted for the demolition of Telford House in Hamilton Close and its redevelopment for storage and distribution use (14/00611/FUL). The proposal will result in the loss of 5,761 square metres of office space (the site area is stated as 0.63 hectares on the planning application form), and the provision of 1,846.4 square metres of B8.

5.6 Impact of permitted development rights

5.6.1 In addition to the reduction in available employment floorspace noted above, it is important to also consider the loss of commercial floorspace stemming from the permitted development rights which allows for such sites to be converted to residential use via a prior notification procedure. At the time this update has been produced the HCC figures were not yet available concerning exactly how much floorspace has been lost as a result of the permitted development rights. In addition, the limited amount of information required for the prior notification applications means it is difficult to quantify exactly how much commericial floorspace could potentially be lost.

5.6.2 However, it is clear from the Table 2 below showing the prior notification applications which have now been accepted (for change of use from office to residential) that this will have an impact on the availability of office floorspace in the borough. The significant amount of changes of use is indicative of the overprovision of poorer quality office space noted in the ELR 2014. Accordingly, the market response has naturally been to look for alternative uses, with residential use being the most viable, especially given the availability of the permitted development right and consequent lack of affordable housing requirements for residential conversion.

Table 2 – shows the sites which currently benefit from a prior notification allowing change of use from office to residential using the temporary permitted development right

Reference no.	Address	No. of units	Date PN determined
13/02263/GPDOFF	Hermitage House	5	18.12.2013
13/02705/GPDOFF	16 - 18 Winchester Road	14	10.02.2014
14/00276/GPDOFF	Corbiere House	7	27.03.2014
14/00281/GPDOFF	One Stop, Stanford Road	1	08.04.2014
14/00379/GPDOFF	Wakeford Farm House	1	09.04.2014
15/00245/GPDOFF	Threadneedle Property Unit Trust	7	20.03.2015
14/00524/GPDOFF	Threadneedle Property Unit Trust	12	17.04.2014
14/00833/GPDOFF	Wella (UK) Ltd	63	16.05.2014
14/00850/GPDOFF	9 And 9A Winton Square	2	19.05.2014
14/01185/GPDOFF	26 Winchester Street	4	18.06.2014
14/01230/GPDOFF	Dextra Court	56	10.07.2014
14/01648/GPDOFF	Clarendon House	14	25.07.2014
14/01710/GPDOFF	10 Winchester Street (first floor)	1	29.07.2014
14/02153/GPDOFF	Peacock House	24	16.09.2014
14/02433/GPDOFF	Wella (UK) Ltd	12	10.10.2014
14/02561/GPDOFF	Chailey Court, 25 - 27 Winchester Street	23	21.10.2014
14/02770/GPDOFF	Cranbourne House	21	30.10.2014
14/03693/GPDOFF	Units 1 And 2, Upper Whitehill Farm	2	21.01.2015
14/03558/GPDOFF	Verum House, 19 New Street	26	16.01.2015
14/03542/GPDOFF	Fishron Securities, Fairfield House	29	16.01.2015
15/00503/GPDOFF	37-41 Wote Street	36	01.04.2015
15/00524/GPDOFF	12A London Street (Mango Grove)	3	13.04.2015
15/00526/GPDOFF	Normandy House, Alencon Link	153	09.04.2015
Total		**516**	

Source: BDBC (using Uniform database)

5.6.3 Only a very simplistic attempt can be made to assess the impact the permitted development rights may be having on the availability of employment land in the borough. More specifically, given that the vast majority of the residential accommodation being proposed is for flats, which generally appear to be in the region of 55 square metres (based on Normandy House, including circulation space), then the permitted development right could potentially account for the loss of in the region of 28,380 square metres of office space (516 units multiplied by 55). Based on the ratio in the ELR 2014 of 1 office job per 11.5 square metres of accommodation, then the losses from the permitted development right potentially reduce the employment capacity by approximately 2,467 jobs.

Whilst this is concerning in terms of the loss of employment potential, the reduction in the amount of poor quality office space could be beneficial for the office market. In addition, it is by no means certain that all of the space in question will actually be redeveloped, and hence the actual amount of space lost is likely to be somewhat lower.

5.7 Market Intelligence and Market signals

5.7.1 This is a new section vis-à-vis the ELR 2014 and reflects the requirement in the PPG for the Local Planning Authority to consider market intelligence and market signals. The EM3 Commercial Property Market Study 2013 has already been referred to in the ELR 2014 and is still the main source of information available in relation to the commercial property market in Basingstoke and Deane. The section sets out the findings of a survey of recent commentary on the state of the commercial property market. It should however be noted that there is an inherent limitation with this type of assessment, as it inevitably focuses on short-term market demand issues as opposed to longer-term strategic issues.

5.7.2 In terms of current market intelligence, a recent news article produced by commercial property consultants Montagu Evans suggested that there were signs of some limited improvement in the Basingstoke office market[9]. The news article mainly focused on the re-development of Basing View. However, the article referred to increased demand at Chineham Park, in the form of the letting of space at Central 40, which had sat vacant since 2008. The rent generated in that case was £18 per square foot. The article reported that:

"Newman [Andrew Newman of Hollis Hockley) says that with annual take-up still far below historic averages - 82,500 sq ft let last year, compared with 150,000-200,000 sq ft in the good years - rental growth is not likely to be rapid.

He says: "Rents have started to edge up but it's true that the point at which they will support speculative development is still a long way off, unless the council decides to help out with the land."

5.7.3 Therefore, whilst it appears that there are some signs of improvement in the office market, the improvement is within very limited parameters, with no sign of any significant changes likely in the near future. It is considered that this highlights the need for the council to continue its proactive approach in relation to Basing View, and indicates the importance of a policy to support this redevelopment in the Submission Local Plan with proposed modifications.

[9] http://www.montagu-evans.co.uk/news?story=662

5.7.4 With regard to industrial land, Hollis Hockley have reported in February 2015 that there have been new lettings at The Loddon Centre, with 4 now recorded at the site[10] (for industrial/warehousing). However, the rents quoted are fairly low at between £7.00 and £7.25 per square foot. Other lettings at the site are also recorded by the same agent, but at an even lower rent, namely £6.75 per square foot[11]. Hollis Hockley also make reference to the recent letting of office space at the newly refurbished Copenhagen Court, where the recent refurbishment, flexibility of office sizes and financial packages available were referred to as being particular significant factors[12].

5.7.5 The findings from the article referred to above is reflected in a survey of commercial premises available on the Showcase website (a marketing database for available commercial property). The office space available on 8 April 2014 was assessed, and of the 64 premises recorded, the average rent was £12.60 for office space, and £7.10 for industrial (based on 41 premises recorded). The EM3 study in 2013 stated that the Basingstoke and Andover market area has rents being quoted at an average of around £12 per square foot, which was referred to as being the lowest of the EM3 LEP market areas, whilst the average industrial rent of £7.00 was described as being approximately 10% lower than the LEP average. Therefore, it appears that there has been no significant upturn in the commercial property market in Basingstoke over the past two years.

5.7.6 The council's Economic Development Team has also been consulted during the production of this update. In terms of the office market they echo the difficulty in Basingstoke of achieving a rental value which would justify speculative development (i.e. it would be necessary to demonstrate values of between at least £20 – 22 per square foot). They also note the difficulties caused by the ease of relocation associated with office based employment, and the uncertainty associated with restructuring of national and international businesses, as both can have a significant impact on the office market. They consider that Basingstoke does have a strong manufacturing base, including some which fits within the advanced manufacturing category, and that this provides a promising avenue for growth. The Economic Development Team note the strong potential of the storage and distribution sector in Basingstoke owing to the excellent location of the town in relation to the M3, and consider that there is strong market interest in terms of developing suitable sites around the town.

5.7.7 Looking beyond the Basingstoke and Deane commercial property market, national commercial property consultants Lambert Smith Hampton (LSH)

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10 http://www.hollishockley.co.uk/index.asp?PageKind=NewsItem&RefID=40567744&PageNumber=1
11 http://www.hollishockley.co.uk/index.asp?PageKind=NewsItem&RefID=98998225&PageNumber=1
12 http://www.hollishockley.co.uk/index.asp?PageKind=NewsItem&RefID=56508601&PageNumber=2

have recently published a report on the national office market[13]. This explains that nationally 2014 saw very strong demand for office accommodation, the highest since 2001. However, this report did note a surprising downturn in the office market in the Thames Valley region (located next to Basingstoke and Deane). The report noted the rise in speculative office development and a fall in the availability of grade A office accommodation. The limited availability of grade A space is consequently forcing businesses to take up lower quality space instead.

5.7.8 The LSH report predicts that the office market will remain strong in 2015, but with growth falling back somewhat from the very high levels seen in 2014. The report predicts that market activity will be partly constrained by a growing shortage of ready-to-occupy grade A space. LSH anticipate a recovery in the Thames Valley market during the course of 2015. Speculative development is predicted to increase, though with the focus remaining on central London. LSH predict new office development will be focused on town centres and around transport interchanges. LSH also state that the withdrawal of obsolete office space for conversion will continue, reflecting the steady growth of agile working practices and increasing demand for alternative uses. However, the pace of activity is likely to slow from 2014, given what LSH consider to be the increasing likelihood that the current temporary permitted development right allowing change of use to residential will not be extended beyond May 2016.

5.7.9 In terms of office vacancy rates, LSH identify that across the country this stands at 9.5%. However, that is largely driven by the high demand and hence low vacancy rates in London. Outside of London the average stands at 12.5%.

5.7.10 The LSH report states that a large proportion of new office development involves either refurbishment of existing space or development on sites previously used for offices. LSH consider that evidence therefore suggests that the overall quantum of office space is entering into a gradually downward trend. However, this should support a general improvement in the quality of supply and boost long-term prospects for rental growth. LSH state that in managing this change it is vital that planning policy is used to protect and enhance the established office cores across the UK's markets.

5.7.11 LSH note the trend of increasing demand for office-type employment. However, they note that this needs to be considered alongside changing working practices. Driven by advanced communications technology, many large corporates are seeking to increase space efficiencies and encourage

[13] http://www.lsh.co.uk/commercial-property-research/2015/04/office-market-activity-hits-highest-level-since-2001

'agile'[14] working. LSH state that this trend will focus demand on the best quality space, but may lead to accelerating levels of poor quality space overhanging the market.

5.7.12 LSH note several trends in relation to the form of office accommodation being sought by businesses:

- A desire to use space more efficiently, with staff density levels having increased from approximately 15 sqm per person to approximately 10 sqm.
- In seeking to achieve 'spaceless growth', businesses are placing increasing importance on the quality of space that they do occupy.
- Employers are focusing on employee wellbeing and looking to appeal to a diverse and sophisticated workforce.
- Access to a range of amenities offering refreshment, exercise and relaxation are other important ways that workspaces can support wellbeing.
- Businesses are increasingly using their workspace as a means to communicate the values and culture of the organisation. As working practices become more agile, the office is likely to serve increasingly as a focal point for the face-to-face interaction between staff and clients, intensifying this trend further still.

5.7.13 In their assessment of the Thames Valley office market in 2014 LSH notes that the following factors were most important in determining where to position their business, location was the most important, followed by the quality/efficiency of the accommodation, with the cost of the space now only third on the list[15].

5.7.14 Turning more specifically to an assessment of the Thames Valley office market, in terms of the areas of that market which are closest to Basingstoke, the LSH report notes the fairly weak demand in Newbury, with demand below the 10 year average and a lack of grade A space. Reading on the other hand has seen very strong growth since 2013 with the market currently 37% above the 10 year average. This has resulted in high rental values, with town centre rents now at £31 per square foot and out of centre standing at £30 per square foot. LSH predict that rental levels in Reading are still likely to rise further, with rents of £36 per square foot anticipated by 2018. However, Reading is still seeing high vacancy rates, currently standing

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[14] *"Agile working is a way of working in which an organisation empowers its people to work where, when and how they choose – with maximum flexibility and minimum constraints – to optimise their performance and deliver "best in class" value and customer service. It uses communications and information technology to enable people to work in ways, which best suit their needs without the traditional limitations of where and when tasks must be performed."* - The Agile Organisation 2013 Quotation taken from report titled Agile Working – A Guide for Employers produced by ENEI (Employers Network for Equality and Inclusion.
http://www.nhsemployers.org/~/media/Employers/Documents/SiteCollectionDocuments/Agile%20Working%20Guide.pdf

[15] http://www.lsh.co.uk/commercial-property-research/2014/07/thames-valley-office-market-report-2014

at 21%. Additional grade A accommodation is also currently becoming available owing to the commencement of the Forbury Place development.

5.7.15 The Blackwater Valley (which includes Farnborough), saw a significant rise in the take-up of space in 2013, however, this fell back considerably in 2014. The LSH report also notes the commencement of new grade A space at the Farnborough Business Park. Grade A space is now able to command reasonable rates in the area, with £22 now achievable, whereas older accommodation is under considerable pressure. Older space in the area is continuing to be given over to alternative uses. LSH expect rents in the Blackwater Valley to continue to rise, with £25.00 anticipated by 2018.

5.7.16 Turning to the industrial and logistics sector, LSH have reported strong growth in this market at national level during the last two years[16]. As with office accommodation a lack of grade A space is hampering the recovery, and pushing business to take up poorer quality space. LSH foresee this market continuing to be strong heading into 2015.

5.7.17 The Savills commercial property market update published in March 2015 also provides an interesting perspective on the industrial and logistics sector[17]. Savills note there has been a continuous 30 month period of increase in the industrial/warehouse activity at the national level. As such the recovery in relation to this sector has been arguably somewhat stronger than is the case in relation to office space, which has seen a more inconsistent pattern of growth.

5.7.18 Savills have also produced in April 2015 a ‘Big Shed Briefing’[18] which analyses the logistics sector. This notes the very strong growth in this sector during the last two quarters at national level. The strong take up in space is reducing the amount of available premises. Savills note that the average size of speculative unit nationally is 196,000 square feet, though in the south-east it is slightly over 200,000 square feet. Savills expect demand for logistics premises in 2015 to continue to be strong.

5.7.19 In terms of other sectors, the Savills market update identifies a recovery in the leisure and retail market during the course of 2013 and the early part of 2014. However, this recovery has softened markedly during the latter part of 2014. In terms of the retail sector, Savills are confident about a positive outlook for 2015, and note that shopping centre investment grew markedly in 2014, continuing the rise seen in 2013. Therefore, there is evidence nationally of positive market conditions in relation to the retail sector, which could lead to potential expansion in retail floorspace.

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[16] http://www.lsh.co.uk/commercial-property-research/2015/03/record-year-for-industrial-sector
[17] http://pdf.euro.savills.co.uk/uk/commercial---other/development-pmi-1503.pdf
[18] http://pdf.euro.savills.co.uk/uk/commercial---other/big-shed-briefing-apr15.pdf

5.8 Summary

5.8.1 In light of the above it is considered that the trends identified in the ELR 2014 have been largely continued in the period since its publication. More specifically, the evidence indicates that the office market in Basingstoke remains fairly weak, with the out-dated office stock continuing to be redeveloped, and the permitted development right (from office to residential use) giving particular impetus to this trend, at least in the short-term. The market appears to remain stronger in relation to industrial floorspace, with vacancy levels much lower than is the case in relation to the office sector, though rents remain lower, and the market for such accommodation appears to be steady as opposed to strong. There is some evidence of a strengthening market in relation to the storage and distribution segment, as evidenced by the recent development at the Sainsbury's depot in Houndmills and the planning consent granted at Telford House, though there are no clear signs at present that this constitutes a consistent surge in demand for such space.

5.8.2 In light of the market intelligence in relation to office accommodation it is considered that given the increasing significance of high quality office accommodation it is important that the Local Plan does all it can to facilitate the delivery of higher quality office space through the refurbishment or redevelopment of existing office sites. In addition, the market intelligence set out above highlights the importance of the following in order to provide a positive business environment and support economic growth:

- facilitate the regeneration of Basing View in order to provide better quality office space
- protect and where possible enhance the offer of the town centre in relation to amenities offering refreshment, exercise and relaxation
- where possible improve connectivity between employment sites and the town centre (principally in relation to Basing View)
- provide a range of high quality residential accommodation in order to ensure that a varied workforce is available and can access the housing they require.

6. Economic and employment growth

6.1.1 This part of the report updates section 8 of the ELR 2014 which considers future requirements for B use class employment space in the borough based on 3 scenarios. This section incorporates new evidence commissioned from Hampshire County Council (HCC) (Research and Intelligence Team), who have produced economic projections for Basingstoke and Deane based on the Cambridge Econometrics' Local Economy Forecasting Model. The borough council has also conducted additional analysis of past job creation rates based on BRES data. In addition, the borough council has commissioned consultants Edge Analytics to consider the labour supply implications of the new housing target of 850. This section culminates in an explanation of the job growth target which has now been proposed for inclusion in the Submission Local Plan.

6.2 Labour demand

6.2.1 As has been referred to above, HCC have produced economic projections for the borough based on the Cambridge Econometrics (CE) forecasting model (the full *Economic Growth Forecast for Basingstoke and Deane* report is attached to this document, please see Appendix A). The model combines projections based on national and regional forecasts with detailed information from various sources of national statistics. The model has been used to produce a baseline projection for the local economy of the borough over the plan period. The results indicate that Gross Value Added (GVA) is likely to increase by around 2.4% per annum over the plan period, leading to a net additional growth in employment of 0.7% per annum, which is equivalent to around 700 new jobs per year[19], totalling 12,700 jobs over the plan period. Table 3 below shows a summary of the results, taken from the HCC report.

[19] The CE/IER guidance recommends that all employment figures are rounded to the nearest 100. However, in this case HCC have rounded to 25, as when comparing these figures with regional projections the high level of similarity made it difficult to compare the predictions.

Table 3 – baseline projections for Basingstoke and Deane (rates per annum)

Forecasting period	2011-2016 (5 years)	2016-2021 (5 years)	2021-2029 (8 years)	2011-2029 (18 years)
GVA[1]	1.97%	2.77%	2.42%	2.39%
Productivity [2]	1.24%	1.97%	1.80%	1.69%
Employment	0.73%	0.79%	0.60%	0.69%
Employment change	3,600	4,000	5,200	12,700
Annual employment change	700	800	650	700

Note: Employment includes employee jobs and self-employed for the economy of Basingstoke and Deane. This is the workplace estimate rather than residents in employment. Gross Value Added is measured in CVM 2010 prices.

Numbers may not add up due to rounding.

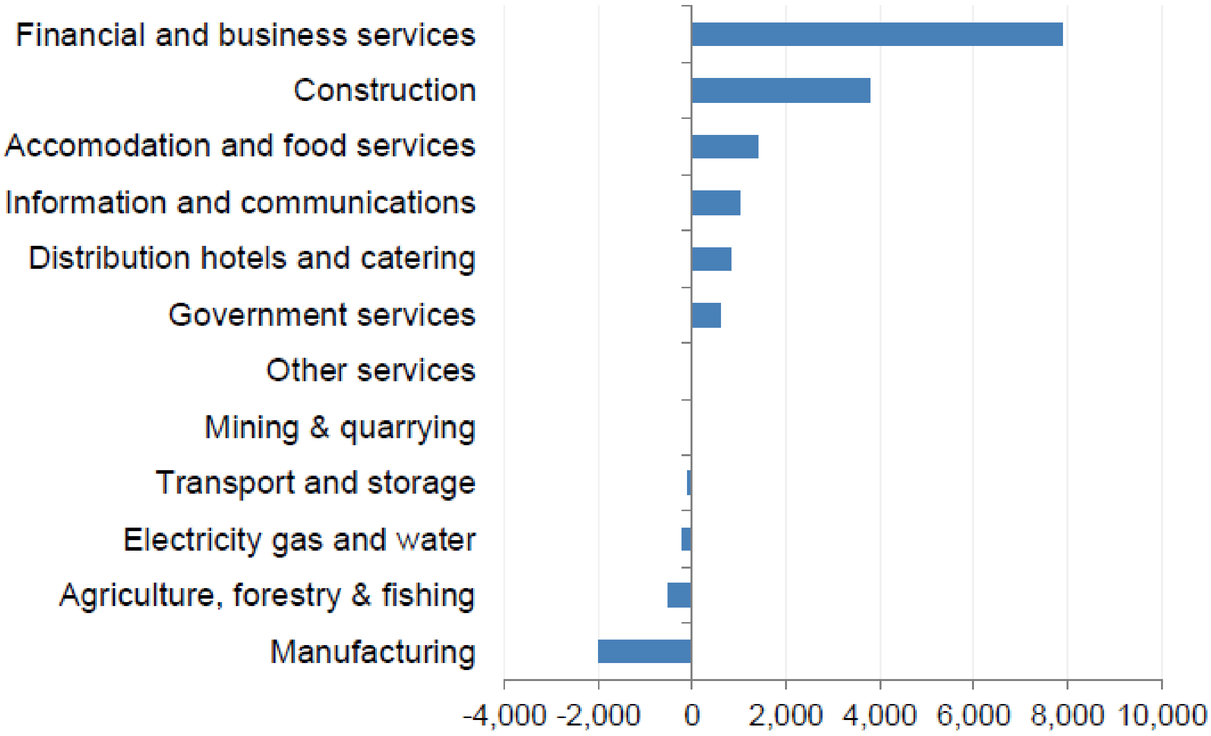
Source: HCC

Sectoral increases

6.2.2 The CE model has also been used in order to predict the employment growth within the main economic sectors in the borough (please see Figure 11 below). The main growth sectors are identified as construction, accommodation and food services, information/communications and financial and business services. The largest increase in the number of jobs is anticipated in financial and business services, which is predicted to create on average 400 jobs per year over the plan period. The implications for the above in relation to the provision of employment space will be considered in more detail below.

6.2.3 The sectors which are anticipated to see a decline are agriculture, manufacturing, and electricity/gas/water. However, owing to the relatively small contribution these sectors make to the economy, with the exception of manufacturing, the reductions in employment levels in these sectors will not have a significant impact on the wider local economy.

Figure 11 - projected change in employment numbers for Basingstoke and Deane per sector over the plan period



Source: HCC

6.2.4 The level of employment growth predicted for office-type employment in the ELR 2014 is only marginally higher at 8,532 over the plan period (on the basis of scenario 1, labour demand/job growth, which is derived from Experian data). However, the CE model predicts a considerably lower level of employment growth in the storage and distribution sector than was predicted in the ELR 2014. The ELR 2014 predicts an average of 82 jobs per annum (1,484 in total) in the storage and distribution sector, whereas the CE model predicts only very minimal growth in that sector. The CE model is more consistent with past trends, as noted in scenario 2 of the ELR 2014, and as considered in more detail below.

National and regional context

6.2.5 The HCC report also examines the economic performance of the borough relative to national and regional projections. At national level Gross Value Added (GVA) is predicted to increase by 2.16% per year, with employment levels increasing by 0.69%. At regional level, the report looks at two geographical groupings, the EM3 area, and the South East region. The EM3 area is predicted to see a 2.41% increase in GVA, and a 0.77% increase in employment, whilst the regional GVA growth is predicted to be 2.27%, with a 0.66% increase in employment.

6.2.6 Therefore, as can be seen from the above, the projected increases for Basingstoke and Deane in relation to GVA and job growth would be above the predicted rises at both national and regional level. In addition, the predicted growth for the borough is in alignment with that of the wider EM3 area.

6.3 Past trends

6.3.1 Analysis of BRES data has shown that between 2003 and 2013 (10 year period) the overall increase in the number of jobs was 5,900, an average of 590 per annum. These figures are distorted somewhat by significant fluctuations over the period, and on either side. If these fluctuations are regulated using a 3-year moving average, which smoothes out the peaks and troughs, then the same period shows an average of 450 jobs per annum. The past trend for actual job growth as a percentage is 0.776% using the overall increase, whereas using the rounded average it would be 0.582%.

6.3.2 The 10 year timeframe identified above is considered to be a useful period to analyse, as it incorporates a period of significant economic growth at national level (for the first half of the time frame), followed by the years of stagnation from 2008 until 2013. This data suggests that the CE model yields a prediction which is above past trends, and therefore implies that the model anticipates a fairly high level of economic and employment growth.

6.4 Labour supply

6.4.1 The ELR 2014 assessed that 748 dwellings per annum would deliver an increase in resident labour supply of 406 workers per annum. That would implicitly assume an average of 0.54 workers per new home constructed. If the same ratio is applied to 850 dwellings per annum, then this would assume an increase in resident labour supply of 459 (assuming all other variables remained the same).

6.4.2 The ratio of workers to new homes set out above is not particularly high, and given the net out-commuting referred to above, it is considered that there is reason to believe that the ratio can be improved by increasing the borough’s level of self-containment. Accordingly, Edge Analytics have assessed the impact of a reduction in the commuting ratio to 1.01 (i.e. only minimal out-commuting as a ratio, 1.00 would denote an even balance between in and out commuting, whereas the current ratio is 1.06). If such a ratio can be achieved then Edge Analytics consider that sufficient workers to meet a demand for 700 jobs per annum could be achieved with a housing supply of 807 dwellings per annum. As such it would not actually be necessary to achieve the full level of reduction in out-commuting assessed by Edge in order to accommodate a level of job growth close to the 700 figure, and even a relatively moderate increase in self-containment would be sufficient to support a level of job growth towards the middle or top of the target proposed to be included within the Submission Local Plan.

6.5 Summary

6.5.1 In summary, this update to the ELR 2014 has set out various scenarios for assessing potential job growth using a range of methodologies. Table 4 below summarises the analysis which has been compiled:

Table 4 – summary of job growth analysis undertaken

Job Target for BDBC 2011-2029	450-500	500-550	550-600	600-650	650-700	**Source**
Method of assessment						
Past Jobs Growth	450		590			BRES
CE Model					700	HCC
Labour Supply	450				700	EDGE
Application of EM3 .87% pa growth rate					700	EM3

In light of the above, past trends indicate that between 2003 – 2013 average job growth ranges from between 450 to 590 (based on BRES data). This indicates that the CE model predicts a level of job growth which is somewhat above past trends.

6.5.2 In terms of labour supply, when using a fairly low ratio of new jobs to additional homes constructed this aligns with the lower estimates of past trends. However, a higher labour supply is achievable assuming a higher ratio of jobs to homes can be achieved, for example through improving the borough's level of self-containment.

7. Job growth target

7.1.1 The jobs growth target proposed to be included in the Submission Local Plan is a range of 450 - 700 (8,100 - 12,600 over the plan period). Therefore, this range accords with the employment growth analysis set out above. More specifically, the continuation of past trends would align with the middle or lower end of the range (depending on precisely how the past trends are assessed). Accordingly, it is considered that achieving employment growth which is consistent with past trends would support economic growth. Furthermore, this level of job growth can be accommodated through the provision of 850 dwellings per year even assuming a conservative ratio of labour supply relative to new homes.

7.1.2 The top of the job growth target accords with the CE model projection for job creation in the borough. In addition, this figure is aligned with the EM3 Strategic Economic Plan. Furthermore, given the existing pattern of net out-commuting, in order to seek to achieve a sustainable pattern of economic development it is considered appropriate to pursue an ambitious approach to job growth with a view to providing opportunities for the existing workforce to find suitable employment within the town.

7.1.3 As is implicit from the statement above, in order to meet the higher end of job growth target it would be necessary to increase the level of the borough's self-containment in terms of the relationship between those living and working in the borough. This is considered to be a realistic aspiration, as the information set out above demonstrates that the majority of the out commuting is by higher skilled professionals, which is exactly the sector of the borough's economy which the CE model predicts will generate the highest level of employment growth.

7.1.4 Furthermore, it is of relevance that the council is in the process of regenerating the Basing View site in central Basingstoke, with the first stage, in the form of Waitrose/John Lewis already under construction. The redevelopment of this area is primarily focused on providing Grade A office space, as well as a wide range of public realm improvements. Therefore, the regeneration of Basing View is likely to provide the sort of office accommodation and business environment which is likely to attract firms which will employ highly qualified professional workers, and is anticipated to facilitate a significant increase in jobs over the plan period.

8. Planning for economic and employment growth

8.1.1 Economic and employment growth is generated by a number of factors, and ultimately the level of influence the Local Plan can have over those factors varies considerably. For example, macroeconomic factors which influence economic growth at the national level are clearly beyond the control of the Local Plan. In addition, the Local Plan can do little to directly improve the attractiveness or viability of existing employment space. Therefore, local level planning policy needs to focus on the drivers of economic growth which fall within the planning remit. Essentially this can be distilled down to putting in place suitable policies and/or allocations in order to:

- provide suitable and sufficient housing for the workers needed to meet the economic demands of the area
- make provision for suitable employment premises, which meet market demand; this can be through the provision of additional space where needed or the enhancement and suitable redevelopment of existing sites
- facilitate the achievement of a high quality living and working environment in order to ensure that the area is attractive to a range of workers and encourages firms to locate their operations in the borough
- underpin improvements in the transport network where possible and improve connectivity
- support improvements in the level of education and skills in the area (though the potential to which this can be achieved through planning policy is limited to providing policy support for education related facilities).

8.1.2 In light of the above it is considered that the Submission Local Plan with proposed modifications provides an effective planning policy framework for growth as it:

- allocates sufficient housing land to supply enough workers to meet the needs of the economy of Basingstoke and Deane
- sets out flexible policies in relation to housing mix in order to ensure that a broad range of workers will be able to find suitable accommodation in the borough, which responds to the wide variety of jobs available in Basingstoke and Deane
- aims to ensure that new residential accommodation will be high quality, which will help underpin employee well-being
- seeks to support community, leisure an cultural facilities and services, which helps to improve the living and working environment of the town
- puts in place town centre policies designed to support the vitality and viability of this part of the town, which will benefit residents and workers

- sets out flexible policies in relation to the borough's existing employment land in order to ensure that this can respond to market conditions
- provides a proactive strategy for improving the quality of the borough's office accommodation (at Basing View)
- includes an allocation for additional transport infrastructure (Chineham Railway Station) in order to improve rail access in relation to the business parks in Chineham and provides a basis for funding bids to improve infrastructure, for example from the LEP for highways improvements.

8.1.3 In addition, it should be noted that increasing the number of residents automatically supports economic and job growth to a certain extent, as it leads to more consumption and hence boosts sectors such as retail and catering. Accordingly, the increase in the proposed housing target to 850 dwellings per annum also needs to be considered in light of the benefits this will have in terms of supporting economic growth.

8.1.4 Therefore, it is considered that the Submission Local Plan does all it can to provide a holistic planning policy framework for underpinning economic growth in the borough over the plan period.

9. Provision of new employment land

9.1 Office

9.1.1 There is projected to be an expansion of the financial and business services sector in the borough, with the CE model predicting an increase of approximately 7,900 jobs in this sector over the plan period. Logically this will lead to an increase in the demand for office space. In light of the market intelligence referred to above some of the demand will be focused on higher quality office accommodation which meets modern market requirements. However, given the market intelligence referred to above regarding the trend towards ‘spaceless growth’ and lower amounts of space provision per office employee, the amount of actual floorsapce required in order to meet this office based employment growth is likely to be lower than has traditionally been the case.

9.1.2 In terms of the provision of additional floorspace, the regeneration of Basing View is anticipated to lead to an increase in the amount of high quality office space available. In addition, given that this will be new space it can be specifically tailored to meet current market demand.

9.1.3 The EM3 Commercial Property Market Study 2013 estimates that there is currently 144,015 square metres of vacant office space/available development sites (for office use) in the borough. This means that there is potentially capacity for around 12,523 B1a related jobs in the borough at existing large office sites/allocations[20]. Given the considerable oversupply of such accommodation it is available at very low rents and hence provides ample opportunities for businesses seeking lower priced accommodation.

9.1.4 Therefore, it is considered that given the trend towards lower space requirements for office based workers, the considerable amount of existing vacant space/sites available, as well as the redevelopment of Basing View, there is no need to allocate additional space/sites in order to meet the demand for additional office based employment. Accordingly, employment generation for office based jobs should be focused on existing premises, which will help facilitate a sustainable approach to economic growth.

[20] Based on the ratio of floorsapce to jobs in the ELR 2014, i.e. 11.5 sqm per employee.

9.2 Industrial

9.2.1 The ELR 2014 concluded that the existing market for industrial floorspace was functioning effectively, with a vacancy rate of approximately 8%, which is within normal parameters. In terms of future demand, the CE model predicts a contraction in the manufacturing sector over the course of the plan period. A contraction of this sector could be overly pessimistic given existing vacancy rates and market intelligence provided by the council's Economic Development Team. Accordingly, it is considered that the most logical prognosis for this sector based on the information available is that demand for additional industrial floorspace will be maintained, but at modest levels.

9.2.2 The EM3 study showed that there was 79,952 sqm of vacant industrial space available. This would provide capacity for 1,859 industrial jobs, which is considerably in excess of the demand indicated by past trends or the CE model. Therefore, it is considered that there is no justification for allocating additional land for industrial purposes.

9.3 Storage and Distribution

9.3.1 A key finding of the ELR 2014 was the identification of significant demand for additional storage and distribution floorspace. This was largely based on Experian data from 2013, which predicted a floorspace requirement of 122,430 square metres (based on labour demand projections). However, this conclusion is contradicted by the results yielded from the CE model, which suggested that the projected employment demand for this sector will be minimal.

9.3.2 The ELR 2014 recommended that the council allocate at least one new site for industrial, storage and distribution use over the plan period to provide in excess of 15 ha of land for industrial uses (p.88). On the basis of the CE model it is considered that this was potentially an overestimate of the need for additional storage and distribution space.

9.3.3 However, given the market intelligence which demonstrates there is a demand for the provision of logistics floorspace (as set out in the ELR 2014 p.31), it is recommended that this issue should still be explored in more detail at the time of the future site allocation DPD. It should be noted that on the basis of the CE model the demand is potentially lower than the 122,000 square metres identified in the ELR 2014 (which was based on Experian), and hence any future site identification through the site allocations DPD should be based on an up-to-date, robust study of the demand for such floorspace at that time.

10. Settlement distribution

10.1.1 This section updates the discussion of ‘settlement distribution’ set out in section 9 of the ELR 2014. The bulk of the analysis above is largely focused on the employment land issues associated with Basingstoke town, therefore the information set out below focuses on the particular characteristics of the employment areas in the borough outside of Basingstoke town.

10.2 Basingstoke town

10.2.1 Given the high quality transport connections, significant amount of existing employment land, and plentiful labour supply within the town, it is considered that the most sustainable approach is to focus employment growth in the borough on Basingstoke Town. This approach will be supported by the redevelopment of Basing View, facilitating appropriate re-development of the town’s other existing employment sites and a potential future site allocation in the forthcoming site allocations DPD subsequent to the adoption of the Submission Local Plan with proposed modifications.

10.3 Whitchurch

10.3.1 Whitchurch has an existing employment area, the Ardglen Industrial Estate, comprising 4.1 ha of commercial space. The employment space provided is of an industrial nature (including some storage and distributions uses). In addition to the existing employment site, the land to the north of the industrial estate has previously been allocated in the Adopted Local Plan for employment use. There is also a planning application covering the site for proposed employment development dating back to 1999, which has never actually been issued owing to difficulties with providing a suitable means of access. Given the deliverability problems which have been encountered with the land to the north, this area has been proposed to be de-allocated for employment purposes in the Submission Local Plan with proposed modifications.

10.3.2 At the time of this update there was a limited amount of commericial floorspace available in Whitchurch. The only commercial property being advertised was one fairly small office (above a shop in the centre of the town, at a rent of £10 per square foot). The ELR 2014 states that the majority of demand for premises in Whitchurch is from established businesses seeking additional floorspace in order to expand their businesses. Given the representations received during the course of the previous public consultations on the pre-consultation stages of the Local Plan, and the lack of available employment space, the previous conclusion appears to remain relevant and suggests that it is necessary to ensure that additional employment space is provided in Whitchurch.

10.3.3 Whitchurch Town Council is currently in the process of preparing a neighbourhood plan. This will provide an opportunity for the town council to allocate suitable employment floorspace in order to meet the need for additional floorspace in the parish. However, if none is allocated through the neighbourhood plan then it is recommend that the borough council consider allocating suitable space in the site allocations DPD.

10.4 Overton

10.4.1 Overton was not assessed in the ELR 2014. However, it does contain some employment premises. In particular, Overton contains a large employer in the form of De La Rue (who produce banknotes and passports). In addition, there is a small cluster of industrial units around the station and at Quidhampton.

10.4.2 At the time of this update there was only one employment site being advertised in Overton, namely a general industrial/storage unit in Quidhampton (near Overton).

10.4.3 As with Whitchurch, Overton is currently in the process of preparing a neighbourhood plan. The draft version of the neighbourhood plan has been published for consultation and does not propose the allocation of any new employment space in the parish.

10.4.4 The representations received in relation to the public consultations held on the pre-submission stages of the Local Plan do not appear to contain any evidence of significant demand for new employment floorspace in and around Overton. Therefore, it is considered that currently there is no strong evidence that there is justification for allocating new employment floorspace in Overton through the Local Plan or subsequent site allocations DPD.

10.5 Bramley

10.5.1 The ELR 2014 notes that Bramely contains an established, allocated employment site of 3.5 ha. This site (Campbell Court) provides office accommodation amounting to 29 office suits of approximately 250 square metres of floorspace. At the time of this update there was 1 office being advertised for rent in Bramley (1,985 square feet of accommodation at Cambell Court), at the fairly low rent of £7.5 per square foot.

10.5.2 The ELR 2014 referred to the consultation with local agents, which indicated that there was no demand for additional commercial accommodation in Bramley. It is considered that there is no evidence available which would contradict that conclusion.

10.5.3 Bramley Parish Council is also in the process of preparing a neighbourhood plan. Therefore, it they do identify the need for additional employment floorspace during the course of their consultation process then they have an opportunity to allocate suitable space through the neighbourhood plan.

10.6 Kingsclere

10.6.1 The ELR 2014 notes that there is an employment site on the outskirts of Kingsclere with good access to the A339, providing offices and light industrial accommodation. At the time of this update a number of premises were available for rent in the parish. An office was available at New Kingsclere Park, providing 1,727 square feet of accommodation with car parking (no price was quoted). In addition, an office was available to rent in a converted barn, available at £13.75 per square foot. 2 offices were also available in Kingsclere Park, available at £5 per square foot. A light industrial unit was also available in Kingsclere Park at £6 per square foot.

10.6.2 The agents consulted at the time of the ELR 2014 stated that there was no demand for additional premises in Kingsclere. In light of the amount of space available, and the low rents being quoted, it is considered that there is no reason to challenge the previous conclusion that there is no obvious demand for additional floorspace in Kingsclere.

10.6.3 Kingsclere Parish Council is also in the process of preparing a neighbourhood plan. Therefore, it they do identify the need for additional employment floorspace during the course of their consultation process then they have an opportunity to allocate suitable space through the neighbourhood plan.

11. Conclusions and recommendations

11.1.1 This update to the ELR 2014 concludes that the proposed job growth range of 450 - 700 (8,100-12,600 in the plan period) is an appropriate response to the economic context pertaining to Basingstoke and Deane. The lower end of the job growth range reflects assessments made of past employment creation trends and can be met by a conservative estimate of the growth in resident labour supply stemming from the provision of 850 dwellings per year. The top of the range reflects the labour demand projections set out in the HCC report produced on the basis of the CE model. The top of the range is also in line with the Enterprise M3 growth projections.

11.1.2 Accordingly, the proposed job growth range factors in an element of caution, with the bottom of the range not constraining growth, but being largely predicated on the continuance of past trends, whereas the top of the range allows for the council to aim more proactively for higher growth if at all possible.

11.1.3 In order to achieve the higher end of the job growth range it will be important to adopt a positive approach to improving the borough's level of self-containment. This will be facilitated by the policies set out in the Submission Local Plan with proposed modifications, for example policy SS8 which underpins the redevelopment of the Basing View site in the centre of Basingstoke.

11.1.4 Moreover, it is considered that the Submission Local Plan with proposed modifications provides a holistic planning policy framework for supporting the economy of the borough. Accordingly, the council is doing all that is reasonably possible in planning policy terms to support sustainable economic growth, which accords with the objectives of the NPPF (paragraph 19).

11.1.5 In terms of recommendations flowing from this update to the ELR, the majority of the findings of this report support the existing policies in the Submission Local Plan with proposed modifications. However, the results from the CE model in relation to storage and distribution indicate that a more cautious approach should be adopted in relation to the provision of additional floorspace for this sector, and that whilst an additional site may need to be allocated as part of a future site allocations DPD, the floorspace needed is potentially somewhat less than the 122,000 square metres identified in the ELR 2014.

Appendix A – Economic growth forecasting produced by HCC

Economic Growth Forecast for Basingstoke & Deane

Economic forecast for Basingstoke and Deane Borough Council based on the Cambridge Econometrics' Local Economy Forecasting Model

April 2015

Hampshire County Council

Contents

1. Introduction

1.1 This report provides a baseline forecast for the local economy of Basingstoke and Deane. This has been prepared by Hampshire County Council with the help of the Local Economy Forecasting Model (LEFM) provided by Cambridge Econometrics (CE) and Institute for Employment Research (IER).

1.2 Hampshire County Council’s Research and Intelligence Team has been commissioned by Basingstoke and Deane Borough Council to prepare a set of economic forecasts that would provide additional information to support the Borough’s Employment Land Review.

1.3 The main purpose of this report therefore is to estimate the likely volume and structure of employment change in Basingstoke and Deane between the years 2011-2029.

1.4. The baseline scenario is based on the information provided within the LEFM model, which has been used to produce a forecast for economic growth, productivity change and employment change at national, regional and local level. In this scenario the level of economic growth locally is higher than both the regional and national average.

1.5 Basingstoke has been identified in the Strategic Economic Plan of the Enterprise M3 Local Enterprise Partnership (LEP) as one of the LEP’s key growth towns. The key growth towns deliver collectively around a third of the jobs and GVA of the whole LEP area. It is important to understand how the economy of the district is likely to change in order to be able to plan for the future of the district and the wider area.

2. Methodology

Forecasts are not precise estimates of the future but should provide an indication of the direction, scale and pace of change.

(LEFM user manual)

2.1 The LEFM package is designed in such a way that it combines projections from CE/IER's national and regional forecasts with detailed information from various sources of national statistics. These include information from Government Departments and the Office for National Statistics National Online Manpower Information System (NOMIS).

2.2 The main focus of the model is on employment but it also includes many other labour market indicators such as population, activity rates and unemployment. The model also produces other outputs such as consumer expenditure and gross fixed capital formation. The measure of employment is jobs (as opposed to residents in employment) which count both full-time and part-time employees as well as those self-employed. If one person has more than one job each of these jobs would be counted separately.

2.3 The model assumes that additional economic growth come from increased demand, i.e. any increases in population would result in increased demand for goods and services which would then feed into higher production and therefore higher employment. Projections of population come from the ONS Sub-National Population Projections.

2.4 Although a number of econometric relationships are applied in the local versions of the LEFM software, there are also many relationships imposed by assumptions. These are based on the broader regional or national models estimated by Cambridge Econometrics and Institute for Employment Research. In general, the model outlines the implications for the future based on the continuation of past trends.

2.5 The forecasts contained in this analysis are based on the national and regional forecasts of summer 2014.

2.6 The Hampshire LEFM model covers the area of the Enterprise M3 and the Solent Local Enterprise Partnerships. The local baseline forecasts are available for seven sub-areas, including North Hampshire.

2.7 Local information sourced from the Business Register and Employment Survey (BRES) and the Annual Population Survey (APS) (Workplace Analysis) has been used to estimate the likely future changes in the local economy of the Basingstoke and Deane district, linked particularly to the North Hampshire sub-area forecasts.

2.8 All local projections are policy neutral, i.e. they do not take into account any particular local policies or interventions aimed at supporting certain new developments or specific sectors.

2.9 It is possible to use the model to test alternative scenarios. These, along with the baseline forecasts, can be used in the process of improving understanding about the local economy. This can then guide policy makers and others who operate within the local economy in their decision making.

3. Headline findings

3.1 The baseline projections for the local economy of Basingstoke and Deane are presented in Table 1. The overall economic growth rate for the district over the years 2011-2029 is around 2.4% per annum. The annual change in productivity over the forecasting period has been estimated at around 1.7%. These changes result in a net additional growth in employment at a rate of 0.7% a year, which is equivalent to around 700 new jobs a year or 12,700 jobs over the 18 year period.

3.2 The initial forecast for the year 2011-2016 indicates that the expected growth in employment would be around 0.7% a year. It is then projected to accelerate up to close to 0.8% a year in the following five years. After that, the growth in employment is expected to slow down to 0.6% a year. These rates are roughly equivalent to an annual change in employment figures of 700, 800 and 650 for the respective years.

Table 1 Baseline projections for Basingstoke and Deane (rates are per annum)

Forecasting period	2011-2016 (5 years)	2016-2021 (5 years)	2021-2029 (8 years)	2011-2029 (18 years)
GVA[21]	1.97%	2.77%	2.42%	2.39%
Productivity [22]	1.24%	1.97%	1.80%	1.69%
Employment	0.73%	0.79%	0.60%	0.69%
Employment change	3,600	4,000	5,200	12,700
Annual employment change	700	800	650	700

Note: Employment includes employee jobs and self-employed for the economy of Basingstoke and Deane. This is the workplace estimate rather than residents in employment. Gross Value Added is measured in CVM 2010 prices.

Numbers may not add up due to rounding.

3.3 As recommended by CE/IER all employment figures are rounded to the nearest 100. However, as the two tested scenarios provide very similar results, it has been decided that for the overall employment

21 Gross Value Added (GVA) is a measure of economic prosperity and indicates how much has been produced in a given economy in a given time,

22 Productivity presents the economic output value per unit of input, e.g. per job. (Productivity = GVA/Employment)

change the numbers are rounded to the nearest 25. This will help to better understand the impact of the slightly lower economic growth and productivity growth rates on the overall employment change in the district.

3.4 The equivalent change in GVA, Productivity and Employment rates of growth at the Enterprise M3, regional (South East) and national level are presented in Table 2. The overall rate of economic growth in Basingstoke and Deane is similar to that in the Enterprise M3 area at around 2.4% per annum. The district’s economy, however, has a high projected increase in productivity at 1.7% a year and therefore a lower growth in employment at close to 0.7% a year compared to 1.6% and 0.8% for Enterprise M3 respectively.

Table 2 Baseline projections for Basingstoke and Deane and comparator areas (rates are per annum)

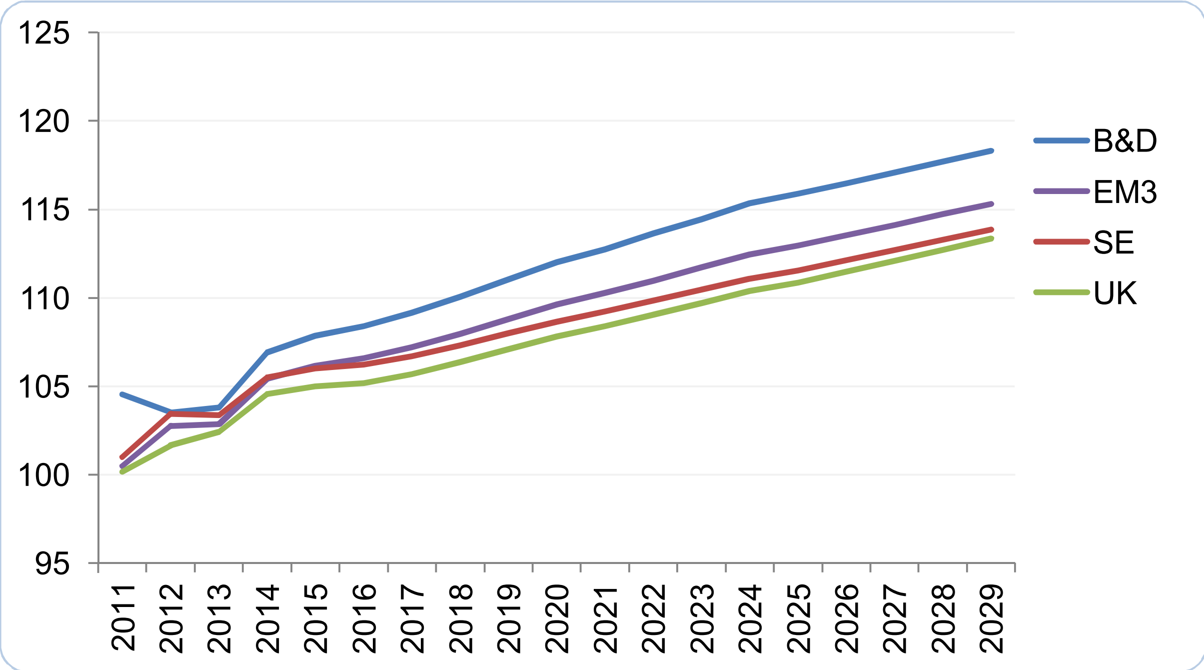
Forecasting period 2011-2029 (18 years)	Basingstoke and Deane	Enterprise M3	Regional	National
GVA	2.39%	2.41%	2.27%	2.16%
Productivity	1.69%	1.63%	1.59%	1.46%
Employment	0.69%	0.77%	0.67%	0.69%

Note: Gross Value Added is measured in CVM 2010 prices.

3.5 The projected economic growth for the region, according to the baseline scenario, is around 2.3% a year over the forecasting period. The equivalent measure at the national level is around 2.2%. These lower rates of economic growth are achieved mainly through a lower projected growth in productivity, although at the regional level the projected growth in employment is also slightly lower at around 0.7% a year. The expected trajectory for employment growth is also presented in Figure 1.

3.6 For comparison purposes, an alternative scenario using regional rates of growth has also been tested. This alternative scenario shows similar sectoral patterns of growth, but with a lower overall increase in job growth at around 675 per annum.

Figure 1 Baseline projections of employment for Basingstoke and Deane and comparator areas, index (2010=100)



4. Industrial structure

4.1 Table 3 and table 4 present the projected change in employment in Basingstoke and Deane by main industrial groups. Both tables identify the sectors which potentially may drive the economic growth locally over the projected 18 years period. The rates of growth (table 3) and the projected change in employment numbers (table 4) are highest for the following sectors:

- *Construction*
- *Accommodation and food services*
- *Information and communications*
- *Financial and business services*.

4.2 Whilst the highest rate of growth is projected for *Construction*, it is the *Financial and business services* sector that is expected to grow most in terms of the actual job numbers. Around 7,900 new jobs should be created in the latter with around additional 3,800 new jobs in the *Construction* industry. *Accommodation and food services* is projected to grow at a similar rate to the *Financial and business services* sector but the number of additional jobs is much lower at around 1,400. The *Information and communication* sector is expected to see a growth of around 1.0% a year, which is equivalent to 1,000 additional jobs by the end of the forecasting period.

4.3 Figure 2 and Figure 3 present graphically the projected rate of change in employment and change in employment numbers respectively. They also identify which sectors are projected to grow and which are projected to decline over the forecasting period. Figure 2, which shows the annualised rates of change, has additional bars for the past rates. In general sectors which grew or declined in the past are projected to continue their trends.

4.4 Interestingly the *Electricity gas and water* sector which has increased in employment numbers since 2000, is now projected to decline. A similar trend can be seen for *Transport and storage* and for *Mining and quarrying*, although at a much smaller scale. Conversely, *Distribution*, which fell in the past, is now projected to grow, although the rates of change are quite small.

Table 3 Past and projected rates of growth in employment for Basingstoke and Deane by main industrial groups

	2000-2011	2011-2016	2016-2021	2021-2029	**2011-2029**
Agriculture, forestry & fishing	**-5.4**	-9.7	0.0	-0.1	**-2.8**
Mining & quarrying	**0.2**	0.0	0.0	-0.1	**0.0**
Manufacturing	**-4.3**	-2.3	-1.0	-1.3	**-1.5**
Electricity gas and water	**7.5**	-8.9	1.3	1.3	**-1.7**
Construction	**2.5**	2.9	2.9	1.5	**2.3**
Distribution	**-0.2**	0.4	0.3	0.2	**0.3**
Transport and storage	**2.0**	-2.0	0.7	0.3	**-0.2**
Accommodation and food services	**1.2**	1.1	1.8	1.8	**1.6**
Information and communications	**1.9**	2.0	0.7	0.3	**0.9**
Financial and business services	**1.2**	3.2	1.2	1.0	**1.6**
Government services	**1.3**	-0.4	0.3	0.4	**0.2**
Other services	**1.8**	-0.6	0.3	0.3	**0.0**
Total	**0.4**	0.7	0.8	0.6	**0.7**

Table 4 Past and projected change in employment for Basingstoke and Deane by main industrial groups

	2000	2011	2029	2011-2029	2011-2029 a year
Agriculture, forestry & fishing	2,400	1,300	800	-500	0
Mining & quarrying	0	0	50	0	0
Manufacturing	13,500	8,300	6,300	-2,000	-100
Electricity gas and water	400	900	700	-200	0
Construction	5,900	7,700	11,500	3,800	200
Distribution	16,500	16,100	16,900	800	0
Transport and storage	2,400	3,000	2,900	-100	0
Accommodation and food services	3,800	4,300	5,700	1,400	100
Information and communications	4,700	5,800	6,800	1,000	100
Financial and business services	20,300	23,200	31,100	7,900	400
Government services	16,600	19,100	19,600	600	0
Other services	6,000	7,200	7,300	0	0
Total	92,400	96,800	109,600	12,700	700

Figures may not add up due to rounding.

Figure 2 Past and projected rates of growth in employment for Basingstoke and Deane by main industrial groups

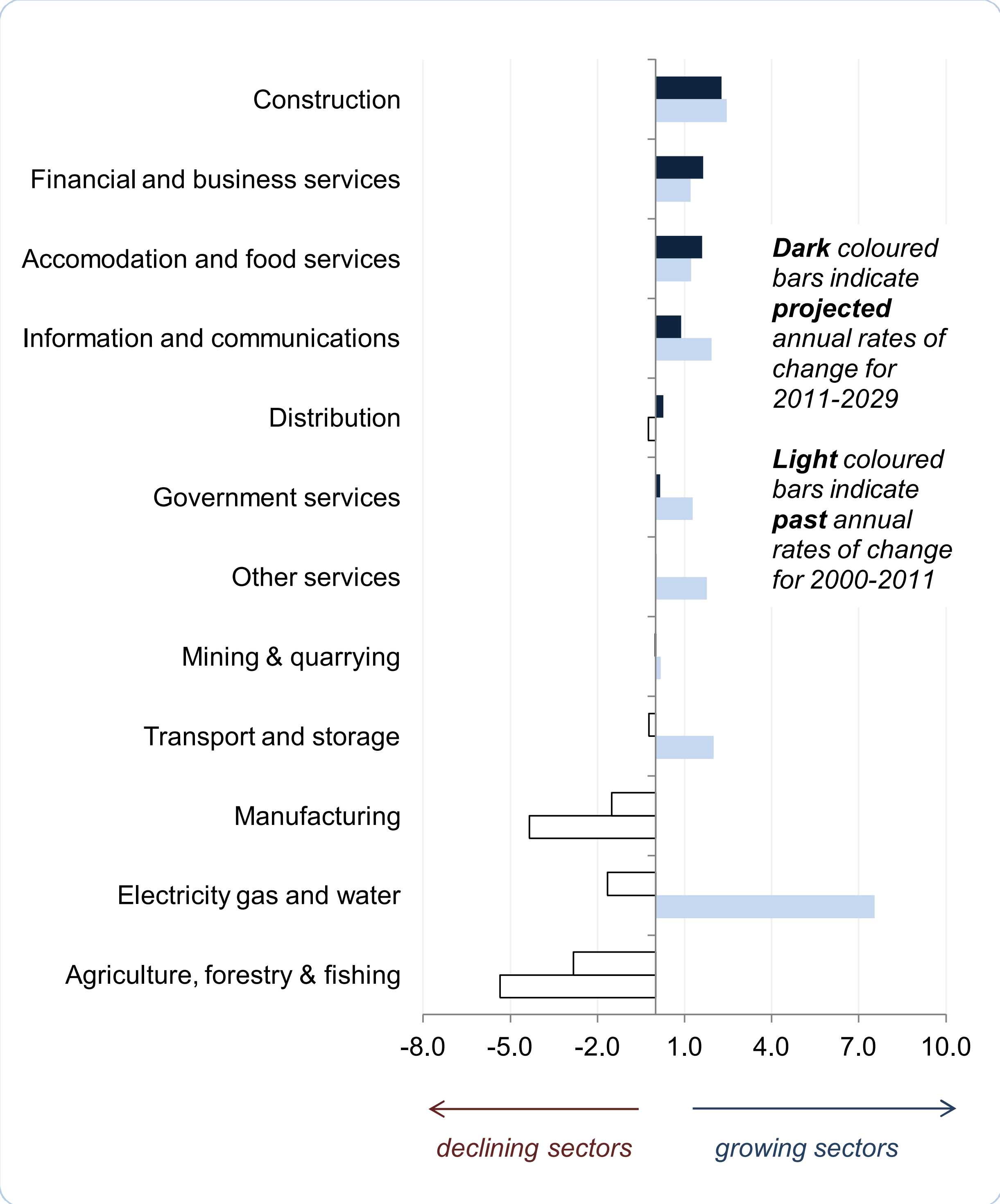
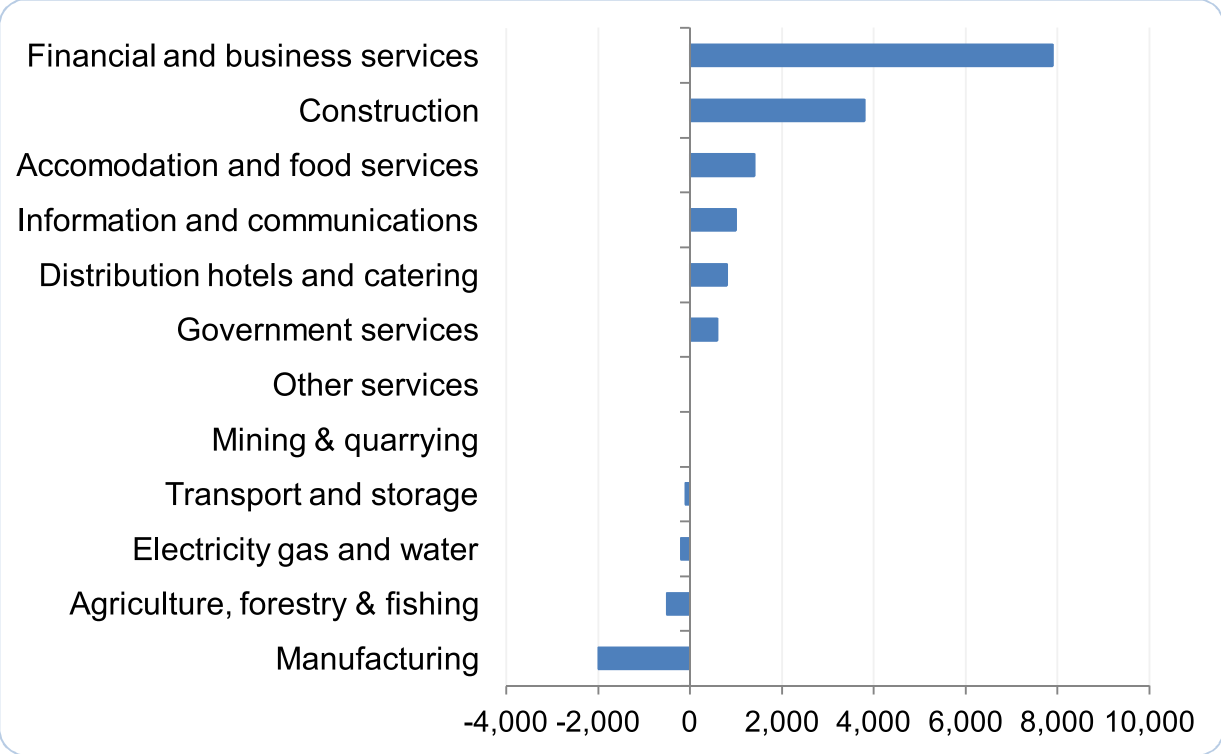


Figure 3 Projected change in employment numbers for Basingstoke and Deane by main industrial group, 2011-2029



5. Occupational structure

5.1 The following tables and figures provide an analysis of the occupational breakdown of the past and future employment changes in Basingstoke and Deane. Similarly to the industrial analysis there are two tables with the past and projected employment rates and changes in employment numbers. Further on the data is presented on two charts which help to identify the potential areas of future growth.

5.2 The additional employment growth is projected to be seen in such occupations as:

- *Managers and senior officials*
- *Professional occupations*
- *Associate professional and technical occupations*
- *Personal service occupations*
- *Sales and customer service occupations*.

5.3 On the other hand *Administrative clerical and secretarial* occupations are projected to decline further, and at an even higher rate than in the past.

5.4 Although the highest growth rate of 2.6% a year is expected in the *Professional occupations* occupation group, it is the *Manager and senior officials* who will see the highest growth in numbers by 2029, i.e. additional 6,300 jobs over the 18 years period. It is also interesting to note the shift in professional occupations which moves from a decline into the second largest growth group.

Table 5 Past and projected rates of growth in employment for Basingstoke and Deane by main occupational groups

	2000-2011	2011-2016	2016-2021	2021-2029	**2011-2029**
Managers and senior officials	**3.6**	2.0	1.6	1.3	**1.6**
Professional occupations	**-1.2**	2.6	2.7	2.6	**2.6**
Associate professional and technical occupations	**2.0**	1.2	1.5	1.2	**1.3**
Administrative clerical & secretarial occupations	**-1.8**	-2.1	-2.3	-2.5	**-2.3**
Skilled trades occupations	**-1.0**	-0.7	0.1	-0.5	**-0.4**
Personal service occupations	**2.5**	1.4	1.2	1.1	**1.2**
Sales and customer service occupations	**0.1**	2.3	1.0	0.7	**1.3**
Process plant & machine operators	**-0.8**	-1.1	-0.2	-0.4	**-0.5**
Elementary occupations	**-0.5**	0.5	0.3	0.1	**0.3**
Total	**0.4**	0.7	0.8	0.6	**0.7**

Table 6 Past and projected change in employment for Basingstoke and Deane by main occupational groups

	2000	2011	2029	2011-2029	2011-2029 a year
Managers and senior officials	12,900	19,100	25,300	6,300	300
Professional occupations	7,700	6,700	10,700	4,000	200
Associate professional and technical occupations	11,200	13,900	17,500	3,600	200
Administrative clerical & secretarial occupations	13,300	10,900	7,100	-3,800	-200
Skilled trades occupations	13,900	12,400	11,600	-800	0
Personal service occupations	5,100	6,700	8,400	1,600	100
Sales and customer service occupations	6,600	6,700	8,400	1,700	100
Process plant & machine operators	7,800	7,100	6,500	-600	0
Elementary occupations	14,000	13,300	14,000	700	0
Total	92,400	96,800	109,600	12,700	700

Figures may not add up due to rounding.

Figure 4 Past and projected rates of growth in employment for Basingstoke and Deane by main occupational groups

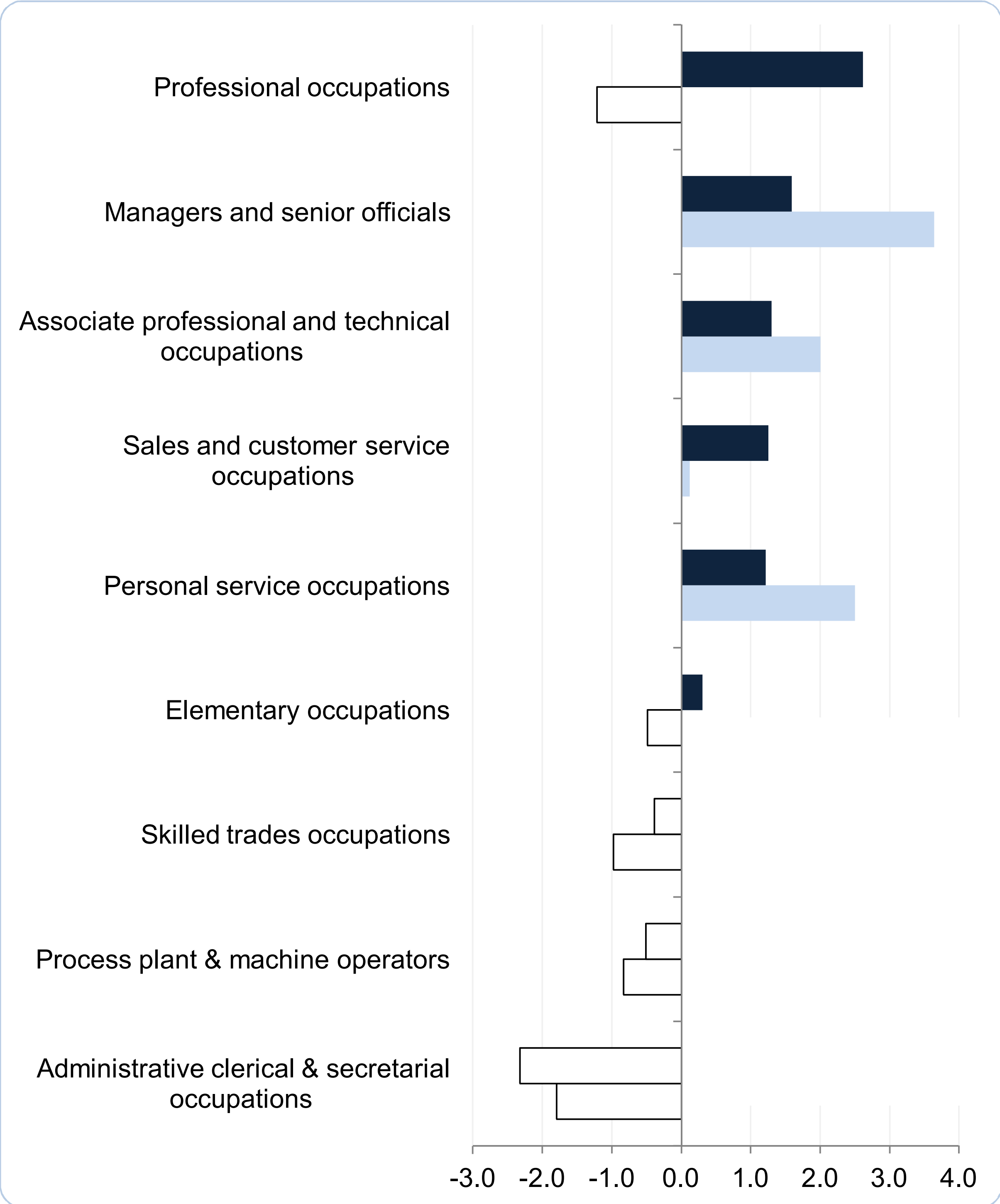
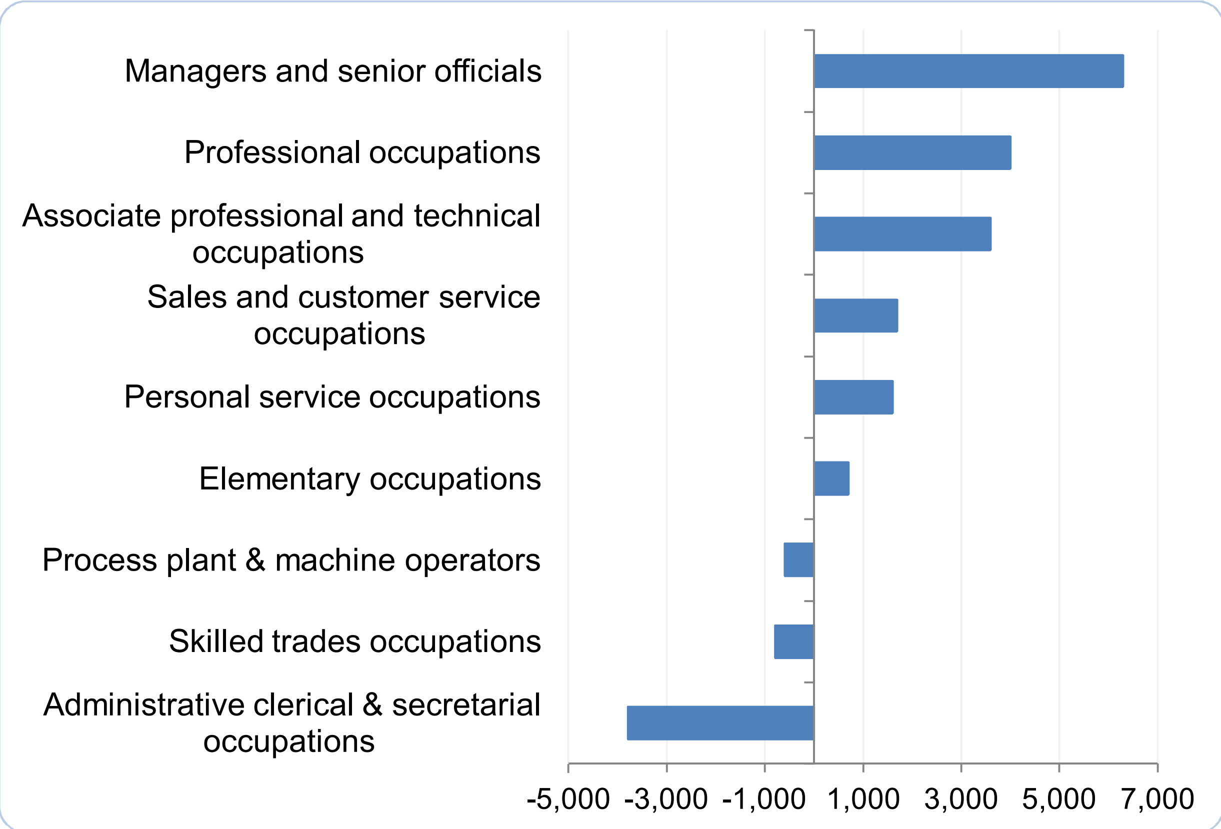


Figure 5 Projected change in employment numbers for Basingstoke and Deane by main occupational groups, 2011-2029



6. Conclusions

6.1 The local economy of Basingstoke and Deane is a relatively high performing economy. It is projected to achieve a higher level of growth than the South East region and the national economy over the plan period.

6.2 The baseline projections based on the LEFM model indicate that Basingstoke and Deane's economy may grow at around 2.4% a year over 2011-2029. With a productivity growth higher than the regional and national average rates, the number of jobs is estimated to grow at an annual rate of 0.7% which is equivalent to around 700 additional jobs a year. The strongest growth in jobs is projected between the years 2016-2021. Over the analysed 18 years the number of jobs may increase from 96,800 to 109,000, which is a net increase of 12,700 new jobs.

6.3 This projected growth compares with an annual average change between the years 2000-2011 of around 400 jobs. However, this time period covers the recession years when the economy witnessed an overall reduction in the number of jobs.

6.4 However, the industrial structure is likely to change over the plan period with more jobs forecasted in sectors such as *Financial and business services*, *Construction*, *Accommodation and food services* and *Information and communications*. The only sector which is anticipated to see a decline in job numbers is *Manufacturing*, although at a slower rate than past trends.

6.5 The occupational structure is also expected to see some changes with more jobs in the *Managers and senior officials* and *Professional occupations* categories as well as in *Personal services occupations* and in *Sales and customer service occupations*. *Administrative clerical and secretarial occupations* are forecasted to decline.