Local Development Plan

DRAFT PREFERRED STRATEGY

EMPLOYMENT BACKGROUND PAPE

NOVEMBER 2008

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1.0 INTRODUCTION

1.1 This paper considers the existing policy context; the economic position within the area; the potential for growth, the amount of land that is required to deliver its economic aspirations; and concludes by identifying the need for new land.

1.2 The paper focuses on the employment land needs for the group of B Use Classes, i.e. B1 (Business), B2 (General Industry) and B8 (Storage or Distribution). It is acknowledged that other land uses have capacity for employment generation and that they can make an important contribution to the local economy of any particular area. However, these requirements are calculated in different ways and are not included within this Paper.

1.3 The Paper is informed by the ‘Employment Sites and Premises Study’ (2007) undertaken by URS and Cooke and Arkwright on behalf of Blaenau Gwent County Borough Council.

2.8 The Wales Spatial Plan identified three Strategic Opportunity Areas in South East Wales where areas are seen as having the potential to deliver regional benefits. The Heads of the Valleys is one of these three Strategic Opportunity Areas and Blaenau Gwent is well placed to deliver some of these regional benefits.

2.9 The County Borough comprises one key settlement identified in the Wales Spatial Plan - Ebbw Vale.

South East Wales Economic Forum's 'Enter the Dragon Economy' (2005)

2.10 This document sets out a 10 year economic development strategy for South East Wales. Its vision for this area is that of '*a region on the way to becoming one of the most prosperous in Europe, and providing opportunities for every individual, enterprise and community to share in that prosperity'*.

2.11 The approach to achieving that Vision is reflected in five principles:

Coherence: we have built a coherent framework out of the many policies and initiatives that are already in place across the region, and we have provided new ideas to fill any gaps in the overall structure.

Balance: we have sought to develop a balanced strategy that works to the benefit of all parts of the region and to the full range of different enterprises, individuals and communities within South East Wales.

Strategic: our focus is on policies and initiatives that will have impacts that are both widespread and long-term.

Sustainability: we have concentrated on policies and initiatives that will produce sustainable improvements in the performance of the region and the opportunities that it offers, rather than quick fixes or partial solutions.

Evidence-led: we have based our analysis and recommendations on the best evidence available, regarding both the particular nature of the South East Wales region, and the lessons of experience elsewhere.

2.12 The document highlights the particular need to improve the connectivity of the Valleys with the facilities of the lowlands/plain and to provide easier access to employment opportunities. It also refers to the need to maintain an appropriate supply of property for employment in South East Wales but accepts that many existing premises are presently not capable of satisfying market requirements in qualitative terms. In seeking to provide an appropriate portfolio of land for development in the future, consideration should be given to the likely changes in the economy. Business services, tourism and higher added value engineering and manufacturing are identified as most likely to expand and to play an increasingly significant role within the regional economy.

3.0 ECONOMIC PROFILE OF BLAENAU GWENT

3.1 This section provides an economic profile of Blaenau Gwent and considers the recent performance of its economy relative to that of Wales.

Figure 1: Map of Blaenau Gwent

3.2

3.3 The County Borough covers an area of approximately 10,900 hectares with an estimated population of 69,300 (2006), with most of the population concentrated in the towns of Abertillery, Brynmawr, Ebbw Vale, Tredegar, Nantyglo and Blaina. Only 23% of the Borough is defined as being an urban area.

3.4 There are differences between the north of the Borough which has good access via the Heads of the Valleys Road and the south of the borough which is topographically constrained and is less accessible. This has been recognised in the Local Development Plan Draft Preferred Strategy which adopts a different development strategy for the northern and southern strategy areas.

3.5 The focus in the northern area is on growth and regeneration whereas the focus in the south recognises the constraints on growth and focuses on regeneration.

3.6 The challenge for the Council is to adapt to the changes facing its economy and the disparities that exist within the Borough, whilst meeting challenges set in the Wales Spatial Plan and the Heads of the Valleys Strategy.

3.7 The Council's aspiration is to create a network of sustainable communities. This means the provision of local facilities at the identified district/local hubs with the provision of main services at Ebbw Vale.

Population

3.8 The population of Blaenau Gwent has been falling since its peak of 127,611 in 1921. The loss of population has been caused by the decline of the coal and steel industries, leading to movements out of the County Borough for people to find employment elsewhere. The latest major closure to hit Blaenau Gwent was in 2002 when the Ebbw Vale Tinplate Works closed.

3.9 More recent population figures indicate that the rate of population loss appears to be slowing compared to longer-term trends. Between 2001 and 2006 the population fell from 70,064 to 69,300.

3.10 The Local Development Plan Draft Preferred Strategy aims to increase the population from 69,300 in 2006 to 71,000 in 2021 (2.45%).

Workforce

Table 1: Working Age Population

	Blaenau Gwent	Wales	Great Britain
Working Age Population	61.3%	60.4%	62.6%

Source: ONS 2007

3.11 Table 1 identifies that between 2006 and 2021, the number of people of working age in Blaenau Gwent is not expected to increase significantly.

Table 2: Economic Activity

	Blaenau Gwent	Wales
Economically Active	70.9%	75.5%
Employment Rate	66.0%	71.1%

Inactivity	29.1%	24.5%

Source: Nomis (2007)

3.12 The economic activity rate is well below the Welsh average and conversely the inactivity rate is well above. This is an issue the Council needs to address to improve the livelihood of its residents. Of the 12,000 inactive, 58% are women.

Table 3: Employment by Occupation

Source: Local Authority Profile for Blaenau Gwent, ONS (2005)

3.13 Blaenau Gwent's workforce is employed in a range of occupations with the highest

Local Economy and Business

Table 5: Employment by Sector

Broad Industry Sector	1998	2000	2002	2004	Change %
Agriculture and fishing	38	28	0	0	-
Energy and water	4	5	1	9	55.56%
Manufacturing (B2)	7,705	7,099	6,198	5,500	-40.09%
Construction	655	1,585	723	787	16.77%
Distribution, hotels and restaurants (B8 50% only)	4,659	4,239	3,842	4,336	-7.45%
Transport and communication (B8)	476	616	721	761	37.45%
Banking, finance and insurance (B1)	929	1,812	947	1,031	9.89%
Public administration, education and health	4,268	4,698	5,242	5,761	25.92%
Other services	953	1,171	996	1,048	9.06%
Total	**19,688**	**21,253**	**18,670**	**19,234**	**-2.36**

Source: URS Study (2007)

3.15

Deprivation Indicators

3.17 The Welsh Index of Multiple Deprivation 2008 (WIMD) is a measure of multiple deprivation for lower super output areas. The model of multiple deprivation which underpins the WIMD 2008 is based on the idea of distinct dimensions of deprivation which can be recognised and measured separately. People may be counted as being deprived in one or more of the domains, depending on the number of types of deprivation that they experience.

3.18 The WIMD 2008 contains eight domains of deprivation - income, employment, health, education, environment, community, housing and access. There are 1,896 Lower Level Super Output Areas (LSOAs). Ten of the 47 Blaenau Gwent LSOAs were in the most deprived 10% in Wales. In the 10% most deprived LSOa for Wales there are above average numbers of LSOAs for:

- Overall deprivation (21%)
- Income(17%)
- Employment (32%)
- Health (26%)
- Education (13%)

A total of 83% of Blaenau Gwent� LSOAs were more deprived than the Welsh average.

VAT Registered Businesses

3.19 VAT registrations is a useful yardstick for economic health, with high rates of new registration indicating favourable business conditions. It provides an insight into the level of entrepreneurship and the health of the local business community. Table 7 sets out the level of VAT registrations and deregistrations in Blaenau Gwent and Wales in 2006 as a percentage of business stock. This is re morly,13(mor,dp013(mor7t7t7t7t7o)-133(

Commuting Patterns

3.21 Three groups of economically active people can be identified within any local area:

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4.0 BLAENAU GWENT’S FUTURE POTENTIAL FOR ECONOMIC GROWTH

Summary of Economic Outlook

4.1 The achievement of these various objectives will depend upon the implementation of a series of initiatives relating to business engagement, training, business support, the facilitation of partnership working and the encouragement of innovation – matters that fall beyond the land use planning system. However, the identification of an appropriate amount of well-located and good quality space that meets the needs of key and growth sectors is recognised in many of these documents and will be central to realising the Council’s aspirations.

4.2 In order to identify the amount, quality and possible locations of land that is required, it is necessary to understand the particular sectors that are likely to shape the economy in the future. These will tend to have different land requirements which must be satisfied if the aspirations for growth are to be achieved.

Key Business Sectors and Potential Sectors

4.3 Research undertaken by Cooke & Arkwright found that the employment land market in South-East Wales has undergone major structural changes over the last 30-40 years. The earlier part of this period saw the rapid decline of dependency on the traditional primary industries of coal, steel and quarrying and its replacement with a more diverse industrial base after a period of painful transition. Government policy in the form of state aid together with EU funding has been a major driver in creating sustainable employment in the more deprived areas of the region including Blaenau Gwent. This has been linked with considerable investment in physical infrastructure in the form of roads, land reclamation and advance factory programmes.

4.4 Large-scale UK and international inward investment employment opportunities have diminished as multi-national companies go global. Demand for large-scale sites is anticipated to be lower in coming years than it has been in the past. The market for small to medium-sized units is active and has good occupancy levels. Scarcity of units in the coastal and lower valleys areas has shifted the focus to the upper valleys including Blaenau Gwent.

4.5 The new rail service is likely to have a positive effect upon the industrial land market in Blaenau Gwent by making the area more accessible to people living outside the County Borough. On the same token it will make it easier for Blaenau Gwent residents to travel to other areas to work. Either way the rail service is likely to have a positive and regenerative impact on Blaenau Gwent.

Sources of Future Demand

Manufacturing Sectors

4.6 Within the traditional B Class employment categories, the most dramatic and significant change over the period from 2006 to 2021 is forecast to be the decline in the manufacturing sector. Between 1998 and 2005 employment in the B class industries have declined from 11,000 to just over 8,000. The largest decrease has been in B2 which saw a marked decrease in 2002 following the closure of Ebbw Vale Steelworks. Since then the decrease has been more gradual. This trend of decline is expected to continue.

4.7 This trend can be largely attributed to the loss of the ‘heavier’ types of manufacturing

5.0 FUTURE NEED FOR EMPLOYMENT SPACE (Based on Land Requirements & URS methodology)

5.1 Drawing upon the forecasts of growth within particular employment sectors it is now possible to assess the amount of employment space that is likely to be required in Blaenau Gwent over the Plan period.

5.2 To estimate the broad scale and type of further employment land two key factors are commonly used, forecasts of employment growth and past trends of employment take-up.

5.3

5.5 The above table identifies that based on past trends from 1998 to 2005 floorspace change for office use would be 941sqm per annum a change of 39% over 15 years. In terms of factories, due mainly to the large loss in 2003, it is estimated there will be a loss of 5,700sqm per annum a negative change of 20%.

5.6 The employment forecast work undertaken for Blaenau Gwent by URS is based on Cambridge Econometrics work for Cardiff and South East Wales sub-region for the period up to 2016. A linear forecast was used to extend the timeframe to 2021.

Table 11: Linear Forecast Based on Employment Change

	Total Changes in Employment 2006-2021		**Total Employment in 2021**
	'000s	**(%)**	**'000s**
Office	28.484	19%	179,851
Factories	-18,770	-16%	95,348
Warehouses	3,800	15%	29,524
Total	**13,514**	**5%**	**304,723**

Source: URS

5.7 Based on the above figures, overall employment is forecasted to increase by an average compound rate of 0.3% per annum between 2005 and 2021. Employment in the industrial (B2) sector is forecasted to decrease by 1.1% annually, whereas employment in office and warehouse uses will increase by 1.1 and 0.9% per annum respectively. Whilst it is accepted that these figures are relatively ambitious for Blaenau Gwent the fact that they are used together with figures on land take, which are distorted, devalues them.

Table 12: Employment Floorspace Demand Synthesis

	Historic change in floorspace 1998-2005	**Average annual Change in employment**		**Adjustment Term**	**Adjusted Average Annual Floorspace Demand**
		1995-2005	**2005-2021**		
	%	**%**	**%**	**%**	
Office (B1)	2.4	1.6	1.1	-0.7	1.7
Factories (B2)	-1.1	-1.7	-1.1	0.4	-0.7
Warehouses (B8)	0.1	-0.5	0.9	0.4	0.5

Source: URS (2007)

5.8 URS then translate these figures into Floorspace demand:

Table 13: Employment Floorspace Demand Forecast adjusted for Employment Changes (in sqm)

	Annual Forecasted Floorspace Demand 2005 – 2021	**Total Changes in Floorspace (Net Demand) 2005 -2021**	**Total Stock of Floorspace Demanded in 2021**
	sqm	**sqm**	**sqm**
Office	641	10,256	48,923
Factories	-3,288	-52,609	399,791
Warehouses	479	7,659	96,492

Source: URS (2007)

Vacancy Rates

5.9 URS proceeded to alter the figures based on current vacancy rates which reduced the amount of office space required.

Table 14: Forecasted Changes in Employment Land Demand

	Total Stock of Floorspace in 2005 (m^2)	Total Stock of Floorspace Demanded in 2021 (m^2)	Net Demand in Floorspace by 2021 (m^2)	Net Demand in employment land by 2021	
				m^2	Hectares
Office (B1)	38,667	46,688	10,256	31,558	3.2
Factories (B2)	452,400	399,791	-52,609	-131,523	-13.2
Warehouses (B8)	88,833	96,492	7,659	15.317	3.8

Source: URS (2007)

5.10 The URS study did not identify the release of existing employment sites but this could be considered through the Local Development Plan process. In addition, it is considered that provision should be made for manufacturing-related development based on the likelihood that some new manufacturing sectors may expand based on plans for specialisation in this sector.

5.11 The URS study also recognised that the study failed to address the waste and recycling sector which both the Wales Spatial Plan and the Heads of the Valleys Strategy saw potential for in this area. As Blaenau Gwent is required to allocate 4 ha of land for such facilities it is considered prudent to identify a need for B2 employment land.

5.12 URS identified additional factors which may contribute to employment land demand in Blaenau Gwent such as:

- The regenerative impact of the train line
- The Heads of the Valley Strategy and strategic importance placed on the A465 by the Wales Spatial Plan
- WAG anticipated relocations
- The impact of future EU convergence funding
- Proposed employment floor space at the former Corus steelworks site
- WAG's property strategy's positive influence on the market

5.13 In light of this, the gross land requirements, based on the analysis were increased by 50%

Table 15: Land Requirements

B1	B2	B8	Total
4.7ha	6ha	5.7ha	16.4ha

5.14 URS also identified the need of a buffer for churn (that is movement of businesses and an allowance for those permissions in the system) of the overall supply which amounted to 34 ha. This requires a total figure of 50.4 ha of land to be allocated in the Local Development Plan.

Table 16: Total Land Requirements

Total Requirement (B1 B2 B8)	16.4ha
Churn	34 ha
Total	**50.4ha**

6.0 FUTURE NEED FOR EMPLOYMENT SPACE (Based on Job Requirements)

6.1 The Council's Community Plan and Draft Regeneration Strategy both aim to improve the economic activity rate of the Borough which is currently well below the current Wales rate.

Blaenau Gwent Regeneration Strategy (Draft 2008)

6.2 The Regeneration Strategy identifies an overarching aim and five principles along with proposals to translate them into action. The overarching aim is to 'Share Benefits of Regeneration Widely' and this will be achieved by ensuring that the benefits of regeneration are shared by all those in Blaenau Gwent. Three of the five principles are relevant to employment:

Principle 1: Diversify the Economy and Develop Manufacturing
Build on the diversification of the local economy by promoting and supporting new areas of opportunity, and developing the strengths of Blaenau Gwent's manufacturing industry.

Principle 2: Boost Business Support and Enterprise

6.6 The Regeneration section includes a target to increase the employment and economic activity rates to 66% for employment and 71

7.0 CONCLUSION

7.1 In view of the two land requirement figures it is suggested that a range of between 50 and 80ha of land is identified in the Local Development Plan.

7.2 The findings of the URS report in terms of the deletion of certain UDP allocations will be considered. However, the main method for identifying future sites will be the Candidate Site Methodology as this is a far more thorough and comprehensive assessment. More detail on this process is set out in section 8 of the Draft Preferred Strategy.