Lake District National Park

Lake District Local Plan Review

Economy needs assessment

May 2017

1.0 Economic development needs assessments

1.1 Objective of assessment:

- *identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development*
- *provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply*

1.2 Definition of Need

- *Need for all land uses should address both the total number of economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment*

1.3 How can functional economic market areas be defined?

1.4 National Planning Policy Guidance identifies:

The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area. Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:

- *extent of any Local Enterprise Partnership within the area; (Cumbria)*
- *travel to work areas; - none defined in LDNPA (Kendal, Penrith, Whitehaven, Workington)*
- *housing market area; (1 in west Cumbria, 1 in Allerdale, 1 in Eden, 1 main one in South Lakeland but a few others overlap)*
- *flow of goods, services and information within the local economy;*
- *service market for consumers;*
- *administrative area; (4 Districts – Allerdale, Copeland, Eden, SLDC)*

- *catchment areas of facilities providing cultural and social well-being;*
- *transport network.*

1.5 The Lake District National Park is 2,362 square kilometres but does not contain any settlements defined by ONS's travel to work areas. It is therefore difficult to define a functional economic market area. Most business and employment land are located in the District Council areas outside the National Park boundary. The National Park also contains a number of housing market areas, some of which transcend the National Park boundary, likewise so do the administrative areas of four district councils that cover the Lake District. There is only one Local Enterprise Partnership covering the whole of Cumbria.

1.6 One of the unique selling points of the National Park is its landscape and rural nature. It attracts millions of visitors each year and the businesses associated with tourism make up the largest sector of employment in the National Park. As such, whilst the Lake District helps drive the tourist economy in Cumbria, the Lake District is very much a subset of the wider Cumbrian economy overall, and due to its size, location and the topography of Cumbria different areas of the National Park are influenced by different industries.

1.7 Methodology (As advised by Planning Practice Guidance.)

1.8 Understanding the market:

- The evidence and main issues paper on the Lake District economy considers and contains data on the recent pattern of employment land supply and losses.
- The evidence and main issues paper considers and contains information on market intelligence from published business surveys, and property market briefings and the Business Task Force forum.
- The evidence and main issues paper also considers and contains information on rental values and property on the market. However, the majority is of property on the market is associated with retail and hospitality sectors.

- The evidence and main issues paper considers and contains information on public information on employment land and premises required. However, most of the District Councils were unable to provide this information because it was not available. It is also often not broken down to National Park level. Due to the size of the District's and the National Park the requirements of businesses are often specific to an area rather than just a District area.
- The Infrastructure Delivery Plan considers and contains information in relation to infrastructure constraints. However, other than specific pinch points, generally there aren't constraints to prevent development of sites for economic development in the Lake District.
- The evidence and main issues paper on the Lake District economy considers and contains information on the existing stock of employment allocations and their take up.
- Information was requested from Economic Development teams at the District Councils on locational and premises requirements of particular types of businesses for the evidence and main issues paper on the Lake District economy, however this level of information was not available.

1.9 Analysis of employment land:

The evidence and main issues paper on the Lake District economy contains information of the recent take-up of land. It shows that the take–up and permissions of employment space has been relatively consistent for over 10 years. Whilst the take up of allocated employment sites has been slow there are a number site specific factors affecting this, such as the site not being actively marketed, landowners wanting to develop the sites for their own business needs, or lack of funding to improve site infrastructure.

Table 1: Floorspace completions 2003-2011

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Total floor space complete	**887**	**2542**	**2928**	**1533**	**2191**	**186**	**2771**	**771.5**

Table 2: Floorspace completions 2011-2016

	2011/12	2012/13	2013/14	2014/15	2015/16
B1	393	1,388.5	446	498	2,512
B2	278.5	85	48	876	391
B8	100	526	130	-150	194
Sui	0	0	460	0	0
Total floor space complete	**771.5**	**1,999.5**	**1,084**	**1,224**	**3,097**

1.10 There are relatively few recognisable employment sites in the Lake District. Of the sites that do contain clusters of units many are categorised as micro and small scale. These micro and small scale individual sites are dispersed throughout the Lake District and generally result from specific opportunities to develop or redevelop land. The main 'employment sites' are:

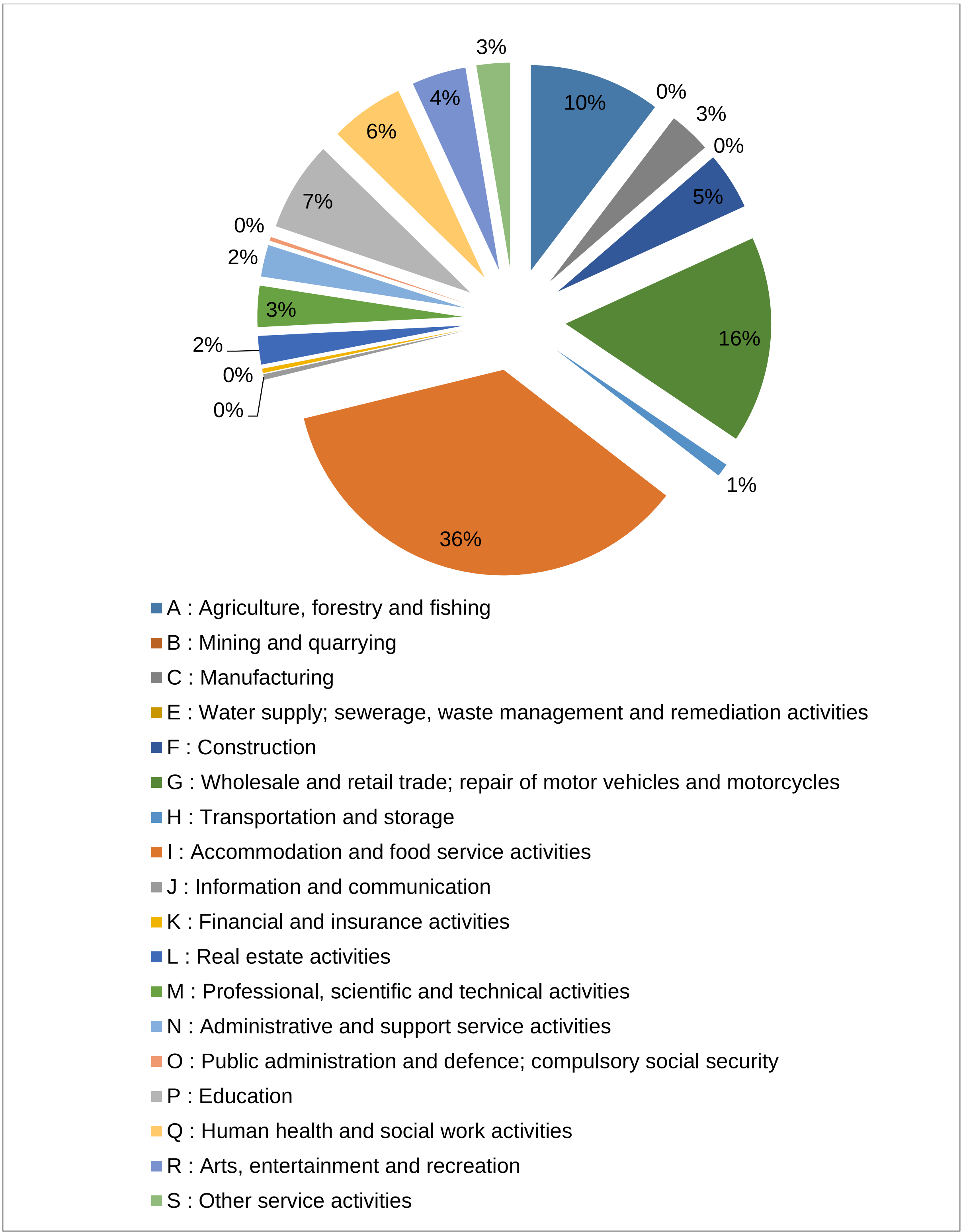
- Staveley Mill Yard (Staveley) - 1.47 Ha site area, over 20 units, approximately 40 businesses – 0 currently available
- Alnat Industrial Estate (Lindale) – 0.65 Ha site area, approx. 20 units – 2 units currently available
- Boundary Bank Business Park (nr Kendal) – 1.30 Ha site area, approx. 20 units - 0 currently available
- Blencathra Business Park (Threlkeld) – 0.81 Ha site area, approx. 25 units - 3 units currently available
- Rothay Road Industrial Estate (Ambleside) – 0.74 Ha site area, approx. 8 units 0 currently available
- Southey Hill Trading Estate (Keswick) – 0.95 Ha site area, approx. 11 units 0 currently available
- Sunset Hill, (nr Keswick) – 0.33 Ha site area, approx. 11 micro units 0 currently available
- Threlkeld Mines (Threlkeld) – 0.83 Ha site area, approx. 4 units 0 currently available
- Greengath Business Park (nr Gosforth) – 3.35 Ha site area, a number of units (some prefab buildings now demolished) – unknown availability

1.11 Whilst there are very few units available within these existing sites and recent extensions (Threlkeld Mines, Alnat Industrial Estate) have increased the number of units which were taken up quickly, there have not been any noteworthy new speculative developments providing B-Use space in the Lake District. This suggests that whilst there is latent demand there is no overwhelming market demand or financial case to develop employment sites for the provision of new employment land in the Lake District.

1.12 Forecast of future trends:

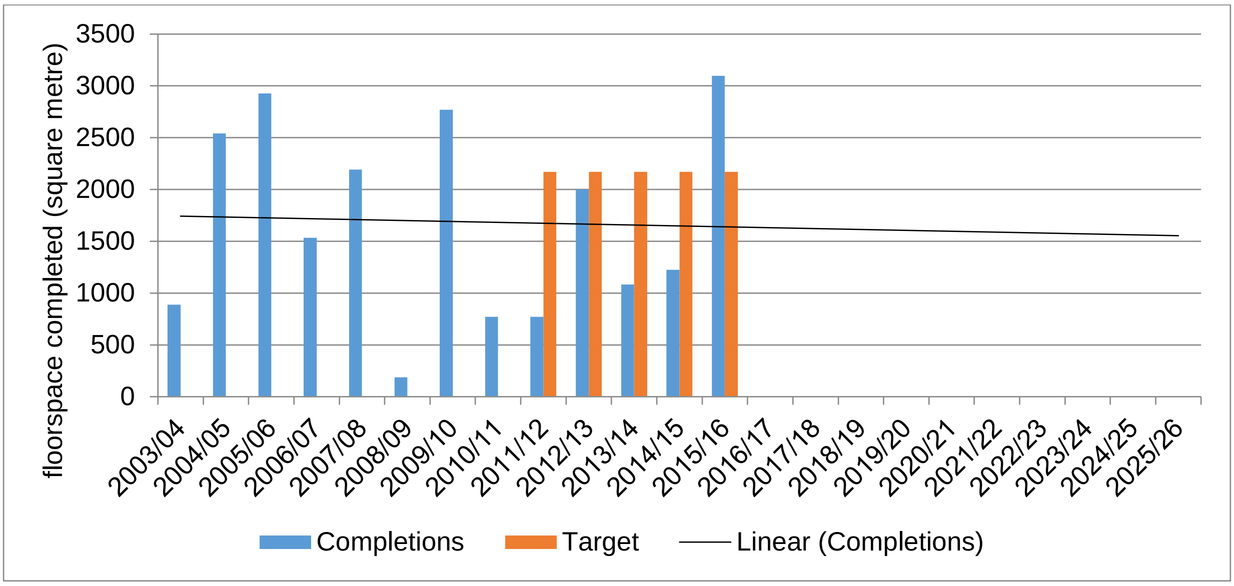
1.13 Current employment, by sector, is shown in the Figure 1 which is taken from the evidence and main issues paper. The figure shows that unlike Cumbria and England (see evidence and main issues paper) the Lake District economy is skewed towards the tourism sector and land based economy and therefore has an impact on the type of employment space required. Evidence also contained in the main issues paper demonstrates a significantly above average number of resident 'working from home'. These sectors were identified during the last Economic Profile Technical Report in May 2008. Based on this evidence and understanding of the employment market it is not anticipated that there would be significant change in the market sectors. Subject to the improved provision of broadband networks over the plan period there may be greater demand for home working employment space.

Figure 1: Proportion of employment, broad industry sector, for the Lake District 2015



Data source: Local Units. The Inter Departmental Business Register (IDBR) taken in March of each reference year. The employment information on the IDBR is drawn mainly from the Business Register Employment Survey (BRES). Adapted from data from the Office for National Statistics licensed under the Open Government License v.3.0.

Figure 2: Floorspace completions and forecast of completion based on past trends



1.14 The evidence and main issues paper estimates the scale of future need for office, general building and warehousing (see Figure 2). It is predicted to follow similar patterns to previous years, fluctuating on a year by year basis, with demand for floorspace potentially decreasing over the longer term (approximately 1,750m^2 decreasing to 1,500m^2). This scenario is considered to be realistic when taking account of the declining and aging population of the Lake District and higher than average proportion of people working from home, so there are fewer people demanding traditional employment space.

1.15 Practice guidance also suggests plan makers should consider:

- sectoral and employment forecasts and projections (labour demand);
- demographically derived assessments of future employment needs (labour supply techniques);

1.16 Labour supply and labour demand is not available at Lake District National Park geography. Using district level data (e.g. South Lakeland) would not be reliable given the proportion of employment space and population outside the National Park boundary.

1.17 As such, past trends in delivery of floorspace provide the most robust forecast for future employment space needs for B- Use floorspace.

1.18 Type of employment land needed

1.19 Given the size and scale of the forecasted trends in demand for floorspace in the Lake District it is expected that the size of employment land required for B-uses continues to be 'small scale'. Tourism sectors such as accommodation and food services, and retailing sectors are likely to have greater land requirements, particularly for hotel and other C3 uses. These employment generating uses and important to the future economy of the Lake District. A retail needs assessment has been prepared to estimate the future needs for retail floorspace. The needs of hotel and other C3-use floorspace cannot solely be based on the employment benefits of the scheme. The evidence and main issues paper considers the delivery of hotel and C3-use floorspace, demonstrating that the majority of floorspace delivered over the past five years has been on existing sites.

1.20 Evidence from the evidence and main issues paper identifies the increasing demand for home office/ 'work from home' space. The paper also identifies the greatest demand, based on past trend and resulting from the landscape constraints of a National Park, is for Office and light industrial space.

1.21 Deriving land requirements

B-use space

1.22 It is estimated that only approximately 13% of the current employment sectors may require B-Use employment space. This reflects the local nature of employment – there are no major centres of office space and very limited provision of national or multi-national employers (other than in retail sectors). As a result of the strong visitor economy in the Lake District the majority of employment is focussed towards sectors associated with tourism and this is where demand for employment growth is likely to be focussed without any policy interventions.

1.23 The sectors most likely to require B-use space (13%):

- Information and communications – Office space (B1)
- Financial and insurance activities – Office space (B1)

- Real estate activities – Office space (B1)
- Professional, scientific and technical activities – Office space, research and development (B1)
- Administrative and Support activities – Office space (B1)
- Other service activities – Office space (B1)
- Manufacturing – Office space, general industry, storage and distribution (B1c/B2/B8)

1.24 Based on past trends it is estimated that between 1,750 and 1,500 square metres B-use space may be required each year. Demand for B-use space is heavily focussed to B1 use reflecting the limited scope and landscape capacity for B2 and B8 uses. The sectors identified as most likely to require B-use would generally need B1 space. Therefore based on past trends the 70% B1, and 30% B2, B8 and sui generis split represents a realistic property type requirement.

1.25 Based on the generally accepted 40% plot ratio (given the majority of B-use development has taken place in the open countryside in the past five years) it is estimated that the land requirement would be 0.43 hectares per annum (1,750 square metres is 40% of 4375 square metres or 0.43 Ha per annum (1750*100/40).

Retail space

1.26 An assessment (See Retail Needs Assessment) estimates by 2023 there may be additional need for between 1,942 and 3,238 square metres floorspace for comparison goods, and a loss of between 865 and 1562 square metres convenience goods space. Again based on a 40% plot ratio this means that the estimated land requirement could be between 0.08 and 0.13 hectares per annum. But some of this could be offset against a loss of between 0.03 and 0.06 hectares per annum of convenience goods space.

Hotel and tourism uses space

1.27 Based purely on the trends over the past four years it is estimated that approximately 4,485 square metres of hotel (C1) space may be required annually, equivalent to 1.12 hectares per annum of land if a 40% plot ratio is applied. Other tourism uses may require 1,412 square metres annually, or 0.35 hectares per annum. Plot ratios have been assumed based on the same plot ratio as employment space and therefore can only give an indication as the ratio may vary significantly depending on the type of development. Other policies would also be applied to hotel and tourism uses, which have not been factored into this assessment of potential need.

2.0 Summary and conclusions

2.1 This assessment demonstrates the difficulty in preparing a robust assessment of need based on the limited information available and the scale of economic development within the dispersed nature of the Lake District National Park. An estimate of future demands has been met but this is primarily based upon past trends as this is the most robust data source available. Whilst both retail and tourism related data have also been included, recognising the important role both of these industries play in the economy of the Lake District, other policy objectives for these uses would also need to be considered when developing new planning polices for the Local Plan.

2.2 The assessment suggests that approximately 0.43 hectares employment land (B-uses), 0.08 - 0.13 hectares land for retail purposes, and 1.47 hectares of land for tourism related industries may be required annually to meet anticipated needs.

Annex 1: Data on 2011 travel to work areas:

TTWA Code	TTWA Name	Number of component areas (LSOAs/ DZs[1]/SOAs)	Number of residents in work[1]	Workplace population[1,2]	Number of residents working in area[1]	Supply-side self-containment (% employed residents who work locally)[1]	Demand-side self-containment (% local jobs taken by local residents)[1]	Number of economically active residents (aged 16+)[1]	Land Area (hectares)
E30000223	Kendal	44	39,970	41,876	33,582	84.0	80.2	41,231	106,462
E30000106	Penrith	34	25,752	27,112	21,429	83.2	79.0	26,683	194,377
E30000286	Whitehaven	49	33,029	34,994	26,972	81.7	77.1	35,520	73,174
E30000290	Workington	49	37,599	34,043	27,693	73.7	81.4	40,101	83,483