EAST CAMBRIDGESHIRE EMPLOYMENT LAND AND LABOUR MARKET STUDY

A report to East Cambridgeshire District Council

economic development consultants

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SQW Quality Statement

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Summary of conclusions

1. This study has considered the current strategies for employment and housing that will impact on East Cambridgeshire District in the period to 2021. It has reviewed the forecasts for population increase and employment growth. This longer term picture has provided the backdrop for a consideration of current issues concerning employment and the demand for and supply of land and premises. These were explored through a review of the 2001 census, a variety of other national data sets and information held by the Cambridgeshire County and East Cambridgeshire District Councils. There was a face to face survey of businesses in the District and discussions were held with property agents, developers and staff from the Council and other public bodies.

2. The study brief asked us to identify policy responses that the Council should consider in order influence the local economy in accordance with economic development objectives (which include the aspiration of reducing out-commuting).

3. From the long term view, the forecasts of population and employment growth indicate that there will be a need to provide land and premises for a net increase of between 4,500 and 5,500 jobs up to 2021. At the higher figure, the current proportion of out-commuting is like to be maintained (half East Cambridgeshire's residents work outside the District) but the absolute number of out-commuters would increase.

4. We do not see scope for sector specific intervention by the District Council, but suggest that there is justification for a long term commitment to efforts aimed at increasing the skill levels of residents. Irrespective of the precise composition of employment increases, demand for skilled employees will increase.

5. Overall we believe that the allocations of employment land will be adequate for the forecast levels of new employment. However, to actually achieve the new jobs will require efforts to stimulate new firm starts, remove constraints on existing businesses and attract new ones into the District (serving both local needs and the greater Cambridge economy). The quality of places, especially Ely, the skills of the work force and the availability of land and premises will all need to play a part in helping business growth.

6. Our analysis of land and property development suggests that there will need to be some public sector intervention, using Compulsory Purchase powers when appropriate. More generally we believe that consideration should be given to establishing a public fund through which partnerships could be formed with local owners to bring forward marginal schemes. The fund should be mandated to reinvest its proceeds and maintain a rolling programme of small developments.

1 Introduction

1.1 This report considers the availability of employment land and premises in East Cambridgeshire and likely future requirements. It considers this in the light of: the current business base; possible future changes; and labour market issues. Our work started in mid October and, with the exception of the business survey was largely completed by end December 2004.

1.2 Four accompanying annexes present a considerably volume of data and analysis covering:

- principal data sets and forecasts for the District's economy
- labour force issues
- land and property supply and demand
- survey of businesses.

Their aim is to provide both the evidence for this assignment and to draw together an information base that may be helpful to East Cambridgeshire District Council staff in their future work.

1.3 After a description of the study work method in chapter 2, this main report goes on (in chapter 3) to summarise the key facts and messages from the annexes; providing references to them so as to help readers who wish to check points of detail. Chapter 4 then draws on this information in discussing the overall picture that emerges for the East Cambridgeshire economy and possible labour market improvements. Finally chapter 5 considers what this means for employment land and property and puts forward a number of suggested actions for the Council to consider.

1.4 In undertaking this work we have been helped by the co-operative and collaborative attitudes of many people including public bodies (notably Cambridgeshire County Council's research group and GO-East), developers and estate agents, and individual firms. The latter we approached through a series of face to face discussions and, whilst there were some who were unwilling or unable to meet us, most were keen to communicate their views. The survey of firms was a joint effort shared between District Council staff and the SQW team and is symptomatic of the supportive relationship between client and consultant – for which we are most grateful.

2 Method of work

2.1 Our work involved: a review of documentary information and key datasets; discussions with a number of people with broad expertise of land and property issues; visits to the District's main employment sites; and a survey of local businesses.

2.2 The main published statistical data sources used are:

- Annual Business Inquiry (ABI) 2003
- Census 2001
- Experian BSL Forecasts commissioned by GO-East in 2004
- Local Area Labour Force Annual Survey (LALFS)
- Labour Force Survey (LFS)
- National Employer Skills Survey (2003)
- nationwide comparative data from DfES and ODPM
- various analyses from Cambridgeshire County Council.

2.3 This information was supplemented through a review of the relevant regional, County and local planning reports and of reports produced for the Greater Cambridge Partnership. In addition we had access to monitoring information held by the District Council.

2.4 In considering the supply of employment land we received valuable guidance from District Council planners who identified the key sites on which the fieldwork should focus and gave background information on their recent development. They also helped us to identify key actors in the District's property and development markets, with whom we held face to face interviews, although the final decisions on who to see were left to our judgement. The choice of firms to approach for the business survey was, likewise, approached through an iterative discussion with District Council staff – bearing in mind the need for coverage in terms of location, size and activity.

2.5 In summary our work has drawn on the full range of published data, on consultations with individuals who have overview of the situation in East Cambridgeshire and on a survey of local businesses. To this we have added our team's prior knowledge and understanding from other areas, including the greater Cambridge economy.

3 Key findings

East Cambridgeshire's economy today

Jobs located in the District

3.1 The headline findings for employee jobs is that, from 1995 to 2002, the share of employment accounted for by manufacturing fell from 19.4% to 15.3%, whereas the share of banking finance and insurance increased from 13.4% to 18.6%. In absolute terms both sectors recorded increases but whilst the figure for banking etc was up by 1,832, manufacturing only had 230 additional jobs.

3.2 In part the shift towards a service oriented economy may be overstated as a result of manufacturing enterprises outsourcing service functions previously carried out in house, but we suspect that the change reflects reality more than such definitional factors . Moreover it appears that growth has come from services in the private sector (distribution, hotels and restaurants was the other grouping to record an increased share of employment) with public services reducing employment.[1]

3.3 A finer grain analysis[2] is somewhat complicated by disclosure considerations (not allowing us to show figures that identify individual firms) but it confirms that absolute job decline has been confined largely to the public sector and publishing/printing. Employment in agriculture has stabilised (following a quirky fall from 1997 to 1998) and there has been an increase in the manufacture of food products and beverages. When the composition of East Cambridgeshire's jobs is compared with those of other Cambridgeshire districts (for 2003[3]) the following points are notable:

- the higher proportion of employment in "land transport" (at 6.4% treble the East of England average and double Fenland's proportion)
- the importance of 'other business activities' – similar to South Cambridgeshire
- low proportions of jobs in health/social work and public administration etc.
- a relatively high proportion of construction jobs
- a relatively high proportion of jobs classified as "recreational, cultural and sporting".

[1] Annex 1 tables 1.5 and 1.6

[2] Annex 1 table 1.5 – it is worth noting that there appears to gave been a reclassification from public admin etc to education in 1999

[3] Annex 1 table 1.9

3.4 There is some evidence on the dynamics of change[4] with distribution featuring as a sector with a high degree of 'churn' – numbers of new business, expanding businesses and contracting businesses. Business services show the most positive overall dynamic. When comparison is drawn with other Cambridgeshire districts, new business registrations for VAT appear to have been relatively weak in East Cambridgeshire both in 2000/1 and 2001/2.

Jobs held by East Cambridgeshire residents

3.5 A snapshot of the balance between people living in East Cambridgeshire and jobs located in East Cambridgeshire shows that in 1995 the population in the age range 16-69 was 44,300 and the number of jobs in the District was 15,297 a ratio of 2.9:1. For 2002 the respective numbers were 52,000 and 20,874 a ratio of a 2.5:1. Census data[5] for 2001 show 18,836 East Cambridgeshire residents as working within the District (presumably these include most of the 5,768 who are self-employed) and 18,336 commuting out of the District for work; compared with a total of around 6,000 who commute in.

3.6 Of the out-commuters, 34% go to Cambridge, 23% to South Cambridgeshire and 20% to Forest Heath (which includes Newmarket). London, Essex, Hertfordshire and the South East together account for 8%. Although commuting is detrimental in environmental terms, and it represents a daily loss of skills in the local economy, the ability of residents to widen their range of employment options is a facet of a vigorous economy and active labour market.

3.7 There are various difficulties in making more detailed comparisons between census and ABI data (not least self employment, students and the split between part time/full time jobs) but a crude sectoral comparison between the jobs in which residents are employed taken from the 2001 census[6] and the jobs available in the District shows:

- a similar proportion of East Cambridgeshire jobs in manufacturing to East Cambridgeshire residents working in manufacturing whether in the District or elsewhere (15.1% cf 15.4%)
- the same picture of balance for transport and communications
- a higher proportion of East Cambridgeshire jobs in agriculture than of residents working in the sector
- a lower proportion of East Cambridgeshire jobs in construction than of residents working in the sector (6.5% cf 8.7%)

[4] Annex 1 tables 1.6 and 1.7

[5] Annex 2 table 2.18

[6] Annex 1 table 1.8

- a lower proportion of East Cambridgeshire public sector jobs than of residents working in the public sector (17.5% cf 22.4%).

3.8 Two factors probably explain these differences. For agriculture the main reason is likely to be the employment of workers from overseas. For construction and public sector jobs the influence of Cambridge will, almost certainly, play a major part. Sector-specific intervention by East Cambridge District Council, to try and improve 'balance' does not seem an obvious course to pursue – as it is difficult to identify how it might be effective.

The East Cambridge Labour Force

3.9 Proportionally, East Cambridgeshire is home to rather more skilled trades workers and plant and machine operatives, and fewer managers and professionals than across Cambridgeshire as a whole[7] but the District is still home to higher than the national average proportions of the two highest order occupational groupings. This is as may be expected in an area with close proximity to urban employment opportunities and contrasts with Fenland, for example, where significantly fewer residents are in professional occupations and more are in elementary occupations.

3.10 Rural populations are typically associated with lower skills levels – a function of age, cultural expectations and employment opportunities. East Cambridgeshire overall reflects the national average in terms of the skills of the population though, compared to the County, it has a higher proportion of people with no qualifications and a lower proportion with degrees or higher level qualifications. These aspects are particularly apparent in Littleport and, to a lesser extent in Soham.

3.11 A particular concern is the low level of adult male learners, where the participation of 13.4% is the lowest for any district in the County (by contrast, female participation is the highest).[8] While there is room for improvement among adult skills, the young people in the District achieve above average levels of attainment at both Key Stage 2 and 4. Indeed, 16 of the 22 primaries and 4 of the 5 secondary schools consistently return grades that are higher than the national average.

3.12 With relatively few accessible opportunities to learn at FE or HE level within a reasonable travel time, many young people will move away from the District to learn. This probably contributes to the District losing a significant number of its younger working age population (the 16 – 24 group). It does, however, have a higher proportion of people in the 25 – 49 age group than County and national averages and fewer older people.[9]

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[7] Annex 2 table 2.13

[8] Annex 2 table 2.25 – whilst the differences are stark, the data are for one year only and may be subject to error. Evidence from further years should be reviewed before any policy response is finalised.

[9] Annex 2 table 2.3

Skills for business

3.13 There are extremely high economic activity rates in East Cambridgeshire, higher than the local or regional average; at the same time there is very little unemployment. Most of the economically inactive are retired, with lower proportions than nationally claiming longer term sickness or incapacity.[10] With a generally tight labour market, businesses are currently experiencing some recruitment difficulties. Fourteen of the 33 businesses interviewed in our business survey said "yes" to the question "have you had any difficulties regarding recruitment of a suitable workforce/filling of vacancies (a 15th business said "sometimes"):

- two of the respondents suggested that this was because they were not able to offer high wages;
- two said that there were national shortages in their sector (truck drivers and mechanics)
- several mentioned that people looking for jobs were not interested in their sector because they knew nothing about it, or that the job entailed anti-social hours
- two commented that they had noticed that the number of applicants was declining year on year. (Others were, however, adopting more creative recruitment strategies (attracting staff from overseas or implementing their own apprenticeship scheme).

3.14 Businesses in some sectors are finding it harder to recruit than in others. There are particular Cambridgeshire-wide skill shortage vacancies in construction, transport storage and communication, and manufacturing. In addition, skills gaps (where employers perceive that employees are not fully proficient in their job) exist in all these sectors but are especially prevalent in financial intermediation, hotels and restaurants and the wholesale and retail sector. Vacancies disproportionately affect skilled trades occupations and those occupations where the skills demanded may be modest – the elementary occupations.[11]

3.15 To offset the problems with recruitment, several respondents commented that once people have taken up jobs, there was low turnover because people appreciated the quality of life that came with working in East Cambridgeshire.

Forecasts

3.16 A reasonable manipulation of The Office of National Statistics' trend projections shows that East Cambridgeshire's population will increase from 75,500 in 2001 to 100,700 in 2021 (+33%). The components of this projection are striking. Of the 25,200 increase 3,100 comes from net natural change and 22,200 from net migration.

[10] Annex 2 table 2.10

[11] Annex 2 tables 2.28 and 2.29

3.17 The Experian BSL forecasts of population are significantly different, showing an increase from 73,000 in 2001 to 89,000 in 2021 (+21.9%). Their explanatory notes say that the differences from ONS data are because they model migration in the light of factors such as house prices and forecast economic change rather than simply projecting it on the basis of past trends. This suggests that it is reasonable to assume the ONS estimate for natural change (+3,100) and derive the implicit Experian BSL figure for net migration by subtracting this from their total growth of 16,000 – giving 12,900 as the net migration component of growth.[12]

3.18 This population growth, when compared with the expected total of 8,600 houses, suggest 1.86 residents per dwelling. By way of comparison, the survey of new estates in Ely undertaken by the Council in 2002 showed an average of 2.47 residents per dwelling and 1.45 economically active residents per dwelling. If these figures were to be true of the 8,600 houses the population would increase by 21,242 and the economically active population by 12,470. The 2002 estates' survey also showed that only 27% worked in the District and, if this figure were likewise valid, then there would be just over 9,000 new out-commuters. We accept that such a simple application of the ratios from Ely's new estates in 2002 to housing totals for the period up to 2021 may well over-emphasise the scale of impact from the proposed housing allocations, but it does give pause for thought.

3.19 Employment is forecast by Experian BSL to increase by 17.9% an absolute increase of 4,419 (business as usual) or 21.8% an absolute increase of 5,386 (EG21). In both forecasts the components of change show a similar pattern.

3.20 At the present time many of the sectors most affected by the skills shortages or skills gaps are those that are in the growing sectors of the local economy. Information on new and expanding businesses (Cambridgeshire County Council Research Group annual summary 2001/02) suggests that 75% of new jobs are coming from the service sector. Looking further ahead, the Experian BSL forecast (Business As Usual) for East Cambridgeshire suggest that in the period to 2021 two categories – other services and business services will account for 72% of gross job growth (6,595). By contrast two traditional sectors, agriculture, forestry & fishing together with manufacturing will account for 92% of the gross job losses (2,179).

[12] This line of reasoning needs to be qualified by the fact that the Research Group at Cambridgeshire County Council sought to have the ONS forecast revised on the grounds that it was far too high and undertook its own forecast, which was some 10% lower than the Experian BSL population forecast for 2021.

Experian BSL Forecasts for Growth in East Cambridgeshire				
	Growth 2001-2021 (BAU)		Growth 2001-2021 (EG21)	
Total Employment	4,419	17.9	5,386	21.8
Other Services	2,225	85.2	2,579	98.8
Business Services	2,531	84.7	2,722	91.1
Other Mining	9	8.0	15	12.4
Health	491	28.3	493	28.5
Transport	312	25.8	374	30.9
Education	362	23.1	377	24.0
Chemicals, Minerals & Metals	141	20.5	192	28.0
Other Financial & Business Services	132	15.8	192	23.0
Hotels & Catering	182	15.6	224	19.1
Communications	24	9.6	55	21.5
Construction	186	7.2	226	8.8
Retailing	-20	-0.9	-64	-2.9
Wholesaling	-20	-1.2	-13	-0.8
Manufacturing	-558	-20.2	-425	-15.4
Public Admin. & Defence	-73	-20.5	-78	-22.1
Banking & Insurance	-49	-22.9	-35	-16.5
Gas, Electricity & Water	-13	-58.1	-13	-58.1
Agriculture, Forestry & Fishing	-1,444	-82.0	-1,433	-81.4
Fuel Refining	-2	-84.1	-2	-83.3

4 Implications of the facts and forecasts

4.1 When considering what are the implications of these forecasts for East Cambridgeshire it is essential to bear in mind that it is prudent to regard them as indicative rather than quantitatively definitive. This is especially true for East Cambridgeshire, in view of the inter-relationships with the Cambridge economy – which has seen exogenous growth from three sources: the public and private enterprises in its research-rich high tech cluster; leisure and business tourism; and an emerging role as the East of England's administrative capital.

4.2 The recently published Regional Economic Strategy and PACEC's 2002 report "The Cambridge Phenomenon: fulfilling the potential" identified the following drivers of change:

- **growing population**
- **a diverse economy:** while there is a general movement away from employment in manufacturing and towards employment in the service sector. Many of the more traditional industries are, however, undergoing transitions to enable them to compete; albeit at lower level of employment for the same level of output
- **skills base gaps:** there are signs of a mismatch between demand for and supply of skills, with unemployment existing alongside hard-to-fill vacancies. Technical skills are in short supply
- **flexible business:** a more flexible workforce and manufacturing processes are required to cope with the demands of variety and 'just-in-time' delivery across a range of sectors and markets
- **entrepreneurial activity**: the region has many small and medium sized enterprises (SMEs) and their growth has been a major factor driving growth in the area
- **businesses competition**: the absence of large high tech firms in the Cambridge high tech cluster is a weakness, as they bring international best business practices (including training) which have spill-over benefits that increase competitiveness
- **globalisation of business:** new markets are being opened for local businesses but competition increases too. Expansion of the EU may lead to more economic migrants
- **locational or place specific advantages:** there is concern that the region's economy could be overly reliant on the high tech cluster and bio-tech cluster surrounding Cambridge.

- **network society and hi speed data connections:** a key issue is for ICT skills of the workforce to keep pace with rollout of Broadband and new developments and innovations in computing and communications technology

- **transport gateways:** traffic through the three container ports at Felixstowe, Harwich and Ipswich is likely to increase. Luton and Stansted airports are predicted to expand rapidly; creating new dynamism, bringing international investment and helping growth in exports.

Implications for East Cambridgeshire

4.3 Irrespective of the precise figures (and we believe that the expectations for employment growth in service sectors may be overstated) the overwhelming picture is that there will be an increasing demands for technically skilled workers. This will be the case for a number of traditional sectors as well as those delivering high tech products and services. Whilst an increased importance of skills is predicted at national and regional levels, it is likely to be especially marked in and around Cambridge.

4.4 In our view the long term viability of the research-based businesses cluster will be greatly enhanced if more firms take their product inventions through into manufacturing. This could well imply developmental manufacturing/production engineering located near to their Cambridge R&D base. However, whilst providing a broader range of employment opportunities, the emphasis would still be on a skilled and flexible workforce.

4.5 Local demand for storage and distribution also tends to increase in line with population and Cambridgeshire, with major routes from the East Coast Ports, can also play an 'export' role in these sectors.

4.6 Exogenously stimulated employment growth leads in turn to increased demands for locally delivered non-tradable goods and services such as retail, leisure, utilities and construction and a range of public services. Whilst these many of these are not directly relevant for this study, there should be a particular opportunity for Ely to capitalise on the strengths of its location, natural setting and historic assets, to develop further as a vibrant commercial centre – attracting business from both a wider local catchment and increased tourism activity.

4.7 Such development and subsequent marketing of the 'place', can be important ingredients in attracting both high tech businesses seeking links to the Cambridge cluster[13] and office-based service activities focused on the Greater Cambridge economy. The District's appeal to its residents will also be enhanced; which should help recruitment and retention of the skilled workers who will be increasingly important for many sectors.

[13] There are, however, issues relating to the rate and extent to which high tech firms are moving outwards from Cambridge and these are considered further in chapter 5.

4.8 The importance of "place" is underlined by the 2002 Ely estates survey. This found that people were attracted by: the environment (pleasant place to live) mentioned by 65%; to be near work (36%); cheaper house prices (34%); and to be near family (29%). Just over 40% of the estates' residents had moved in from other parts of East Cambridgeshire (significantly higher than in 1998 when they accounted for only a quarter) and a further 22% from elsewhere in Cambridgeshire. 37% had come from other counties or overseas (18% of the 37% from London and the South East).

Seeking to reduce or contain commuting

4.9 The high proportion of in-movers forecast for the period to 2021, and the likely concomitant increase in commuting, must give rise to concern in terms both of pressures on road and rail infrastructure and sustainability grounds. Again the Ely estates survey highlights the issue. Only 27% of their residents worked in the District; whereas 31.5% worked in Cambridge. 78% drove to work and journey times to or from work of more than half an hour were the norm for 60% of respondents. An analysis of census data for all Ely residents shows 23.5% working in Cambridge and 38.3% working in Ely.[14] These differences suggest high levels of commuting to Cambridge and beyond amongst estates' residents who previously lived outside the District.

4.10 The principal reason for out commuting is that areas to which people commute do not have enough reasonably priced houses in comparison to the number of jobs that they offer. In a sense, therefore, a major priority for the District Council must be to lobby other policy makers to ensure that this situation is improved – notably in and near to Cambridge.

4.11 However, it is reasonable to suppose that if the District had more jobs to offer relative to the number of employed residents, then out-commuting could be expected to decrease. A strategy to increase employment in the District should be expected to take action on several fronts:

- fostering new business starts. Most people start firms either near to where they have worked or near to where they live. Start up premises, with incentive level rents and flexible tenure arrangement can be very important for survival in firms' early years

- reducing constraints on the growth of the District's current business base. Our business survey[15], whilst generally positive, identified concerns about: the road infrastructure; bus services; insufficient affordable starter homes; a lack of engineering skills; and business rates incommensurate with the quality of services provided (twas ever thus!)

[14] This compares with the average for East Cambridgeshire residents of 50% working in the District and 25% travelling 20km or more to work (only 10% travelled 30 km or more).

[15] Annex 4 paragraph 4.12

- attracting new firms into the District. This in our view depends, in addition to the point made about Ely as a place, on three factors: competitive land and premises; matching the communications (broadband etc.) offers of competing locations; and the availability of appropriately qualified staff (including local people and the willingness of others to commute in).

4.12 There is no 'quick fix' to reducing levels of commuting but, given its negative social and environmental externalities, we suggest that there is a case for public sector intervention to try and ensure that the Experian BSL job forecasts are achieved and, preferably exceeded. Ensuring well functioning markets for land and premises, is one area in which the District Council can make an important contribution. Helping to encourage a more flexible and higher calibre resident workforce is another.

Addressing labour force issues

4.13 A number of labour market implications arise from the forecasts of significant employment increase in East Cambridgeshire and the observations from our business survey:

- demand for labour does and will outstrip the local supply – there will be attractive opportunities for advancement available to East Cambridgeshire residents who attain higher levels of skill

- people who currently live in the area and who wish to take advantage of both existing and new opportunities will need to up-skill – there is a role for employers and employees in achieving this

- employers state that they can access learning that meets their needs – the greater difficulty is to ensure that demand for learning among employees is raised – and particularly among men.

4.14 These implications all point to the case for greater engagement in skills development from both employees and employers. The District Council has a direct role to play as an employer in ensuring that all employees have training plans and that great importance is attached to their delivery. It also has a role as local intelligence agent to ensure that the needs of the area are raised at skills forums both locally and in the region.

4.15 Our survey indicates that a third of the companies did not have a training plan or a learning culture which suggests that there is a need to motivate businesses seriously to consider the benefits of learning for their current and future skills needs. The Learning and Skills Council is currently addressing this through the StAR process and it is very important that the East Cambridgeshire perspective continues to be aired through the local learning partnerships.

4.16 Looked at in another way, the District Council is best placed to identify firms that are not growth (or even future) orientated. It can offer to provide them with help by working in

partnership with local organisations that are already making efforts to encourage up-skilling. These include the local Business Link services, chambers and trades and employers groups. One example of a current project that could deliver local benefits is the LSCs pilot Modern Apprenticeships scheme for the food and care sector.

4.17 Efforts to encourage businesses to take training and learning seriously can be pursued alongside efforts to encourage individuals to take up learning – as already noted, an issue of particular salience for men in East Cambridgeshire. The District Council can similarly seek to work in partnership with bodies that are already making advances in this area. They include the LSC and the County's adult and on-line learning teams who are putting ICT infrastructure in place in remote rural locations (such as schools, Post Offices and village halls) to encourage the uptake of on-line and other learning opportunities.

4.18 Finally, the District Council needs to ensure that it is and continues to be linked in to the learning partnerships that influence the priorities and practices of learning activities regionally, sub-regionally and locally to ensure that the needs of East Cambridgeshire are known and that opportunities that arise can be taken up for the benefit of people living and working in the District.

4.19 Raising the overall skill levels of the District's residents is never likely to be a 'finished job'; partly because efforts need to start with basic competences in the school system, and partly because the bar is continually being raised as public and private sector organisations seek to improve productivity in the face of intensifying global competition. Nonetheless there are opportunities to take actions now. Some of these should start to produce initial results in months rather than years; though for others the payback period will be far longer.

5 Employment land and property

5.1 Referring back to the table at the end section 3, the Experian BSL forecasts suggests that the District Council will need to ensure that employment land is available – and help to ensure that premises are provided – for between 4,440 and 5,400 net additional jobs. Moreover, even at the higher level of provision, there is likely to be an increase in absolute numbers of out-commuters. Securing a reduction in commuting flows may well mean that more local jobs are required.

5.2 We have cautioned earlier about relying too precisely on the Experian BSL forecasts. They do, however, need to be taken seriously as they provide the basis on which additional numbers of houses will be determined. Moreover, whilst we may query the numbers of new jobs coming from services and the extent of predicted decline for manufacturing and agricultural employment, the forecast does underline that there will be a need to cope with substantial structural change in the composition of employment.

5.3 It is against this broad picture of change that we consider the demand for and supply of employment land and premises, together with recent experience of demand; and offer our views on the viability of property development.

Demand for land and premises – implications of the Experian BSL forecasts

5.4 In order to calculate the employment land implications of the forecasts the following sequence of working assumptions has to be made:

- first the type of accommodation required has to be determined and we have distinguished between 3 categories – office, light industrial and warehousing/yard space
- second the job density per unit of land area needs to be estimated
- third the land required is calculated by dividing the forecast number of jobs for each of the three accommodation types by the corresponding job density; in addition a small percentage is added to the land required figure to compensate for items such as roads, landscaping and irregular land parcels.

5.5 Our calculation for the number of jobs for the accommodation categories is shown in the following table. For each of the sectors we have made an assumption as to the proportional split, which is judgementally based and may be subject to variation depending, in particular, on what view is taken as to the activities that will, 15 years hence, account for the jobs in 'other services' and 'business services' categories (and their space needs).

Experian BSL Forecast employment in East Cambridgeshire: space implications					
	Growth 2001-2021 (EG21)		Offices (%)	Light industrial (%)	Warehousing/ Yard space
Total Employment	5,386	21.8	3,362	2,785	361
Other Services	2,579	98.8	1,289.5 (50)	1,289.5 (50)	
Business Services	2,722	91.1	1,361 (50)	1,361 (50)	
Other Mining	15	12.4		15 (100)	
Health	493	28.5	493 (100)		
Transport	374	30.9			374 (100)
Education	377	24.0	n.a.	n.a	
Chemicals, Minerals & Metals	192	28.0		192 (100)	
Other Financial & Business Services	192	23.0	192 (100)		
Hotels & Catering	224	19.1	112 (50)	112 (50)	
Communications	55	21.5	27.5 (50)	27.5 (50)	
Construction	226	8.8		226 (100)	
Retailing	-64	-2.9	n.a.	n.a.	
Wholesaling	-13	-0.8			-13 (100)
Manufacturing	-425	-15.4		-425 (100)	
Public Admin. & Defence	-78	-22.1	-78 (100)		
Banking & Insurance	-35	-16.5	-35 (100)		
Gas, Electricity & Water	-13	-58.1		-13 (100)	
Agriculture, Forestry & Fishing	-1,433	-81.4	n.a.	n.a.	
Fuel Refining	-2	-83.3	n.a.	n.a.	

5.6 For the jobs requiring office accommodation, we have assumed that they will be in a 2 storey building and, bearing in mind site locations, have significant car park provision. On this basis, one acre (0.405 hectare) of land will accommodate a building footprint of 15,000 sq ft, which will provide net useable space of 26,000 sq ft (2,415 sq m). On average we would expect 5 employees per 1,000 sq ft which means 130 per acre (or 321.2 per hectare).[16] The 3,362 jobs will require a total of 25.86 acres (10.47 hectares) of developable land which is attractive for

[16] This is an employment density per full-time equivalent employee and is taken from the estimates prepared by Arup Economics and Planning for English Partnerships and the Regional Development Agencies, July 2001.

office uses. To this should be added a further 15% to allow for roads, landscaping and irregular land parcels – giving a total of 29.73 acres (12.03 hectares).

5.7 For the jobs requiring light industrial space, we have assumed single storey construction and, on the basis that some of the firms that come to the District will need external space, that 15,000 sq ft (1,394 sq m) of building will require a site of 1 acre (0.405 hectare). We estimate that on average there will be 3 jobs per 1,000 sq ft of building, which means 45 per acre (111.2 per hectare). The 2,785 jobs will require 61.89 acres (25.05 hectares). To this should be added a further 10% to allow for roads, landscaping and irregular land parcels – giving a total of 68.08 acres (27.55 hectares).

5.8 For the jobs requiring warehousing/yard space, we have assumed that there will again be 15,000 sq ft (1,394 sq m) of building per acre (0.405 hectare) but that employment will only be 1 job per 1,000 sq ft or 15 per acre (37.1 per hectare). On that basis, the 361 jobs will require 24.07 acres (9.74 hectares). To this should be added a further 10% to allow for roads, landscaping and irregular land parcels – giving a total of 26.48 acres (10.72 hectares).

5.9 In summary the total land requirement is as follows for the period to 2021:

- land for office-based employment — 12.03 hectares
- land for jobs requiring light industrial space — 27.55 hectares
- land for jobs requiring warehouse/yard space — 10.72 hectares
- **total employment land required — 50.30 hectares**

Supply of land and premises

Supply of Land

5.10 This aspect of our work was focussed on a number of strategic sites[17] that have allocated employment land still available (see Figure). They are at:

- Burwell (the former Smith Packaging site)
- Ely (two sites - Angel Drove and Lancaster Way)
- Isleham (land east of Hall Barn Road)
- Littleport (four sites - two near to E-Space North, a third west of Woodfen Road and fourth the former railway goods yard)

[17] Annex 3 table 3.1

- Snailwell/Fordham (adjacent to the A142)
- Soham (three sites - North Field, Fordham Road and Station Road)
- Sutton (Elean Business Park).

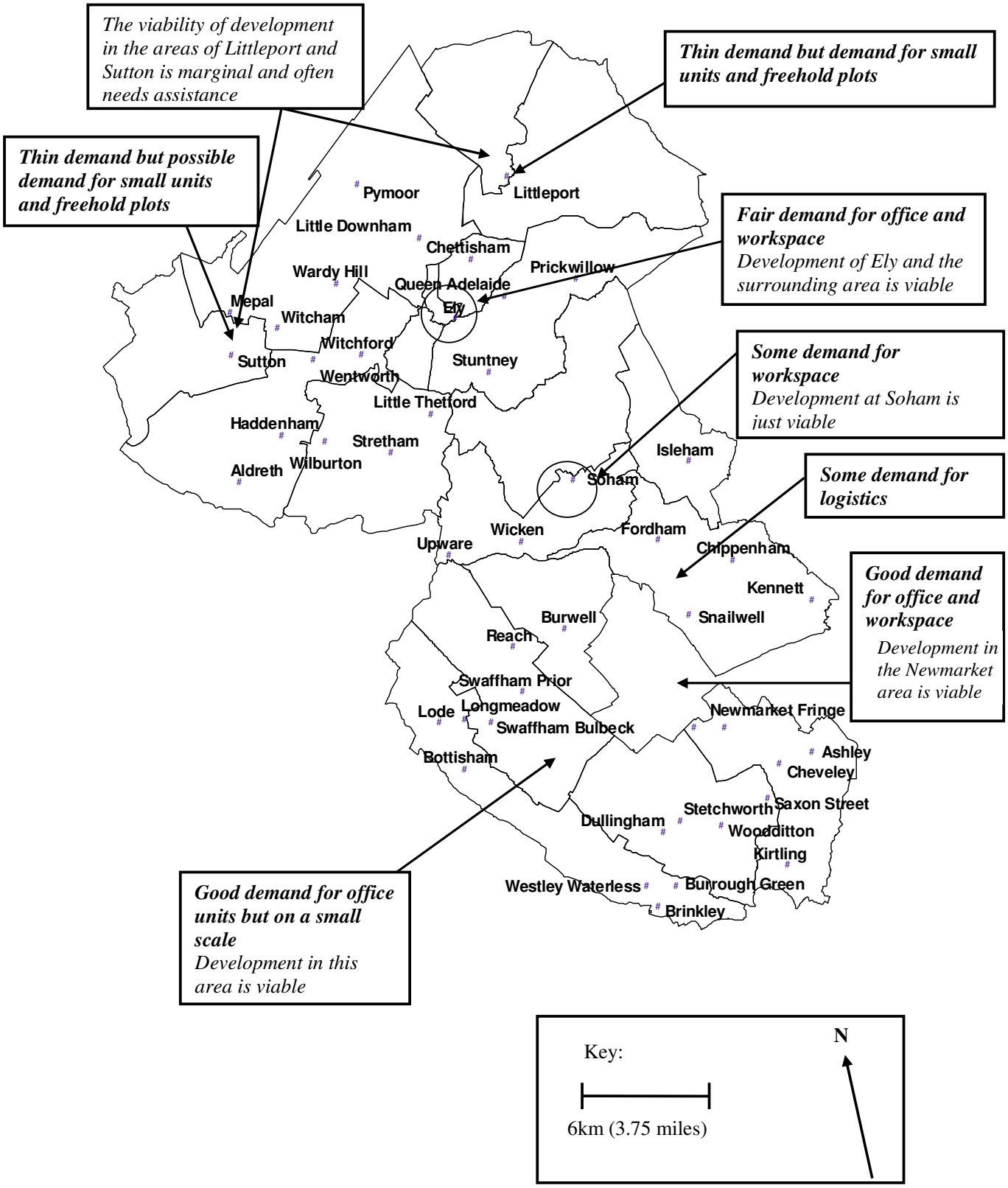
5.11 We rated the quality of all these sites for employment use. The variables considered were: location to main roads and access; location with respect to facilities and labour; visibility and environment; size and ability to create synergy; and developability. The conclusion was that all, except the former railway goods yard at Littleport and, possibly, Station Road Soham, were appropriate,

Supply of premises

5.12 A list of premises available[18] in East Cambridgeshire was compiled using the District Council's premises register and data supplied by the Council's Economic Development Unit (EDU). In general, there is little incubator space available. As of January 2005, E Space South was at 100% occupancy and E Space North at 87% occupancy. There were only some 25 units available under 2,500 ft^2, 10 of which were at Soham. Given the size of the District's economy we would expect a higher number. We identified 15 available units in the range 2,500-10,000 sq ft, - nearly all in Ely and Soham (totalling 67,000 sq ft). Most available space was, however, in 25 large units over 10,000 sq ft (totalling 475,000 sq ft).

[18] Annex 3 table3.2

Property market overview



Current demand for sites and premises

5.13 In gauging demand we looked at District and County Council data for take-up and enquiries and also held discussions with agents, developers and Council staff.

5.14 In the monitoring year 2003/04 (1st April 2003 to 31st March 2004) there were 29 applications for development in East Cambridgeshire resulting in a gain of 4.05ha and a loss of 1.2ha of business use land. Of the twenty four applications which resulted in a gain in business floor space and land, the majority were in Ely, Burwell and Soham. Thirteen of the applications were for change of use, four of which resulted in the loss of business floorspace and land through conversion to housing.[19]

Enquiries received by East Cambridgeshire District Council

5.15 Enquiries from inward investors are passed from Invest East of England to the EDU. Over the period January 2003 to date, the EDU has responded to ten inward investor enquiries for suitable sites and premises in East Cambridgeshire. These enquiries were typically for office and/ or factory and warehouse space close to, but not necessarily in, Cambridge and within an hour travelling time to an airport. Over the same period the EDU was unable to respond to ten further enquiries as a result of a lack of suitable locations. In general, these enquiries had very specific requirements such as the presence of a runway or close proximity to ports.

5.16 In addition to the enquiries forwarded by Invest East, the EDU receives enquiries directly. Currently there is no formal recording of these enquiries. However, based on 83 enquiries noted between January 2003 and October 2004, the majority were for: details on premises in the District (40/83); business related information, for example on start-ups and enterprise agencies, (19/83); or for advice relating to grants (8/83).

5.17 It is difficult to draw firm conclusions from the limited data. However, it appears that current business development primarily involves warehousing/ light industrial and small scale office space; often through conversion of redundant agricultural buildings.

Views from discussions

5.18 Given the size of the District and the distinct difference between its northern fenland and its more prosperous southern parts which lie close to Newmarket and Cambridge, we anticipated that there would be a number of distinct 'property market areas' within the District. In the early stages of our discussions we focused, therefore, on the interviewees' views of these market areas and their approximate boundaries. Thereafter our discussions sought to:

[19] Annex 3 tables 3.3, 3.4 and 3.5

- establish the likely demand in the various ‘ property market areas’ and the rents and sale prices being achieved

- assess, on the basis of these rents and sale prices and the likely cost of development, the viability of carrying out development throughout the District, and

- draw conclusions on demand and viability.

5.19 Our interviewees were consistent about the various property markets in the District. That is not to say that they claimed to be able to identify exact boundaries, but they were as one on the general market areas. They identified three such:

- an area in the south, north of the A14

- an area close to Ely

- an area close to Soham.

5.20 Outside these areas they saw, throughout the remainder of the District, a ‘loose’ market which operates from time to time, as and when opportunities arise. We refer to this remainder area as ‘the fourth area’.

5.21 Drawing on these discussions our findings on current demand and judgements on the viability of developing premises given current rent levels are most readily summarised on a map. This shows that development in and around Ely should be viable, as is development to the south of the District and near to Newmarket. At Soham development is just viable; at Sutton and Littleport viability is marginal.

5.22 Throughout the whole District agents report there to be a good demand for small plots and small premises available on a freehold basis. We have noted similar demand for freehold plots and premises in other areas of the country. It has become most noticeable in recent times and there are a number of factors that appear to have contributed. A period of low interest rates has enabled occupiers to purchase commercial properties at repayment rates which are often little more than the alternative rent and local occupiers and developers often appear able to construct buildings at lower cost because of their local knowledge. Finally, and no doubt influenced by the poor returns from pension schemes, many occupiers wish to use their premises to provide a future pension and are purchasing property and placing it within a private pension scheme.

Is there sufficient employment land available for the plan period?

5.23 We estimate[20] that at end March 2003 there were approximately 62.5 hectares of employment land identified at 13 significant sites which is still available for development. However, our appraisal of the sites suggested that two of them were probably not appropriate for employment uses (a total of 3.5 hectares) which reduces the total to 59 hectares. The make up of this total is shown below.

Areas of undeveloped land at key employment sites		
Site	Land available (ha)	Not appropriate for development
1. Land at Cambridgeshire Business Park, Angel Drove, Ely	9.8	
2. North Field, Soham	7.52	
3. Snailwell/Fordham, east of A142	6.4	
4. Littleport, land to West of Black Bank Road and South of Wisbech Road	1.81	
5. Littleport, North of Wisbech Road	7.37	
6. Littleport, West of Woodfen Road	3.3	
7. Littleport, former railway goods yard	1	√
8. Fordham Road, Soham	2.08	
9. Land between Reach Road and Swaffham Road, Burwell	2.49	
11. Station Road, Soham	2.5	√
12. Elean Business Park, Sutton	10.12	
13. Lancaster Way	6.1	
14. Additional land at Angel Drove	1.82	
TOTAL	62.31	

5.24 In addition to this land there are other small sites within settlements which have employment permissions, but it is known that for some of them – together with some sites currently in employment use – applications for change of use to housing may come forward. On balance it could be expected that current employment land lost might exceed gains from new developments being brought forward, although we recommend later in the report that the Council should adopt of a policy to try and mitigate against this, especially in Ely. For the purposes of analysis, we assume a net loss of 2ha, but any estimate is bound to be highly speculative.

5.25 With this caveat in mind the 57 ha of identified employment land can be compared with the amount required to meet the Experian BSL forecasts. In so doing we have reduced those requirements by 10% to reflect the fact that 2 of the forecast's 20 years had elapsed by March 2004.

[20] Annex 3 table 3.1 and paragraph 3.21

5.26 Following that adjustment, the reduced requirements to meet the Experian forecasts are: 10.83 hectares for offices; 24.80 hectares for light industrial; and 9.65 hectares for warehousing/yard space. This total of 45.28 hectares is well within the 57 hectares of supply and is just about adequate even if the development of Elean Business Park remains a slow process.

5.27 There is, however, a much tighter balance in relation to the forecast need for office accommodation. The prime site for this is Cambridgeshire Business Park (CBP), where 9.8hectares remain available. It is now known that the District Council plans to take 3 hectares of this to build its new office and provide a park and ride facility and it seems unlikely to us that redevelopment of the sites the Council vacates will generate a significant amount of office space. In annex 3[21] we suggest that, to help bring forward the remainder of the CBP land, it may be appropriate to consider a mixed scheme. If 20% of the 6.8 hectares remaining were developed for non-office uses, then the land available for offices on CBP would reduce to just over 5.4 hectares, compared with a forecast demand of 10.83 hectares; leaving a shortfall of almost 5.4 hectares. If that were spread evenly over the other employment sites, which total 47 hectares, then they would need on average to have 11.5% of their land taken by two-storey office development.

5.28 Whilst we do not think such an eventuality is out of the question, taking a 15 year time horizon, it may well be difficult to achieve; which underlines the strategic importance of CBP and any other sites in Ely that are suitable for office development. It also points to the possible case for identifying a further sustainable site for office development somewhere in the south of the District. Identification of sites in, or on the edge of, villages will need to take into account both the sustainability of the specific location (including accessibility, public transport provision and environmental impacts) and the village's standing in the hierarchy of settlements so far as expected future growth is concerned.

5.29 We do not feel able to be more prescriptive in our recommendations. This is because of the number of the variables which need to be considered in the estimation of land supply and demand and the significant likelihood that, during the period to 2021, both the Experian BSL forecasts and a number of our assumptions will be overtaken by events. For these reasons we would emphasise the importance of the District Council keeping the position under active review.

The need for intervention

5.30 The overall picture is that the District cannot afford to lose good employment sites. Moreover, if it is to achieve the employment forecasts – which are below what would be required to reduce out-commuting - the District Council and its public sector partners will need to adopt a

[21] Paragraph 3.62

more proactive approach in order to ensure that sites are brought forward to the market and are in a position to meet market demand.

Ely and its immediate area

5.31 The main stumbling block to the supply of land and development of premises has been the failure to bring forward development at the Angel Drove site. We believe that it is important for the site be brought forward and judge it to be an important and well located employment site. We recommend that, in line with our review of the market, the present planning brief should be reviewed and consideration given to a mixed scheme of B1/office and good quality workspace. We do not know the costs of bringing forward development but we have previously said that our instinct is that development is viable if the site can be entered into the development equation at a reasonable price.

5.32 For key sites at which there may be a continuing reluctance to bring forward development, the District Council should consider the possibilities of compulsory purchase (CPO). To move this forward we would see the Council first clarifying the costs of development and establishing that development would be viable. It should then approach the market and seek a development partner who would finance any CPO purchase back-to-back and enter into an agreement to bring forward development. The costs of the CPO would probably have to be met by the Council but once local authorities pass resolutions to use CPO powers, owners often show a willingness to negotiate, and this can shorten the compulsory purchase process and alleviate costs.

5.33 It has been brought to our notice that the developer of the, well managed, Lancaster Way scheme is interested in the possibility of bringing into readiness a major site that would be held in reserve for a large inward investment project. We suggest that the Council initiates discussions with GCP, who have the lead responsibility for sub-region's inward investment strategy, to seek their views on the usefulness of such a reserve site.

Soham and its market area

5.34 At Soham we see the North Field site as a good location for development. We see the area at Fordham Road as part of an honest working estate and we do not see the land at Station Road being attractive to occupiers in its present form. We understand that the North Field site is in multi-ownership and its access needs to be resolved. In addition, if it is to meet market demand, the land needs servicing so that it can be offered in small plots.

The 'fourth' area

5.35 At Littleport we believe the sites at Wisbech Road are well located and suitable. Once again, they require opening up and servicing to provide smaller plots. The agent for the land north of Wisbech Road is of the view that his client would welcome any arrangement to co-operate

in a site servicing partnership where the land is placed in a partnership arrangement at no initial cost and a share of the proceeds from the sale of serviced plots is only paid as and when transactions are concluded.

5.36 We see the land at Wisbech Road as being sufficient to cater for demand for the period ahead. We see the site at Wood Fen Road as less attractive in the short term and the site close to the station as unattractive to the market.

5.37 At Isleham the site has been virtually built out; it provides a good example of the demand for small plots and freehold premises.

5.38 The Elean Business Park at Sutton remains a difficulty. It is less attractive and its servicing caters for medium and large size users rather than small users, whereas demand is more likely to be stimulated by the availability of small freehold plots. We suggest that the District Council continues discussions with the owner but we do not see this site as a high priority for early action.

Site Servicing and Possible Mechanisms for Facilitation

5.39 A number of the actions we are recommending require the opening up and servicing of land so that small serviced plots can be brought forward to the market. We see this as providing opportunities for owner occupiers to construct their own premises and for developers to bring forward small schemes.

5.40 Private sector developers and owners are often reluctant to carry out site servicing because it entails high up-front costs, followed by a sales programme which can continue for a number of years and often extend beyond one economic cycle. However, our discussions suggest that there are opportunities, particularly at the sites in Littleport and perhaps Soham, where the District Council and public sector partners could become involved in site servicing. An initial site could be selected and the progress of development and sales monitored before a similar exercise moved on to another site.

5.41 There is the possibility that this type of operation could be self-funding; with the public sector recouping its costs from the sale of serviced plots and recycling the proceeds into further schemes. To progress such an initiative there is a need for initial core funding to meet the costs of land acquisition and initial infrastructure. However land acquisition costs may be avoided if owners are prepared to enter into a partnership whereby they place the land in the equation at nil value and receive a percentage of sale receipts as and when plots are sold. As a fallback the CPO route should be considered.

5.42 We envisage the District Council discussing this proposal with EEDA and (perhaps the Greater Cambridge Partnership and the County Council) and establishing a fund. Contributions may be forthcoming from these bodies and possibly from Objective 2 monies in

the northern area of the District. Any monies secured from negotiated arrangements with owners of sites in the District could also be added to the fund.

5.43 If there is common agreement and contributions can be secured, then it would seem sensible to carry out the operation within a stand alone vehicle which would enter into arrangements with the landowners, carry out the site servicing, market the plots and recycle the proceeds to the next project. A company limited by guarantee may be the way forward.

The policy framework

5.44 It is seems likely that, for as long as housing land is worth substantially more than employment land, there will be further applications for change of use. The tight balance between identified employment land and what will be required to meet the target for new jobs means that there should be a strong presumption against such changes of use on any of the sites we have identified as suitable for employment (i.e. change of use should only be considered for the two small sites at Littleport and Soham).

5.45 If applications are brought forward to take smaller sites within settlements out of employment use, then we suggest that an appropriate policy response would be as follows:

- first, there should a presumption against change of use unless the current employment use and/or likely future employment use has strongly deleterious impacts on existing surrounding development

- second, this presumption against change of use should be interpreted in the light of the Local Plan's hierarchy of settlements. It should be strongest in Ely, the rural growth settlements of Littleport and Soham, and the limited rural growth settlements of Burwell and Sutton

- third, for other settlements in the south of District there should be a stronger presumption against change of use from employment to housing than would be case for settlements further north.

Agricultural buildings

5.46 During our discussions we explored question of the re-use of agricultural buildings. Views were mixed. One agent was particularly concerned that, with the continuing decline in agriculture, there would be more and more vacant buildings which should be re-used to promote economic activity. A counter-argument, from a developer, was that that agricultural buildings do not offer the infrastructure and facilities which are provided at estates and that, as their cost is lower than well constructed offices and workspace, they are often let at cut-price rates. This undermines the market and deters private investment in good quality schemes at sustainable locations.

5.47 We suggest that the any applications for re-use of agricultural buildings should be considered in terms of sustainability criteria:

- unless the location of the building is sustainable with good access in terms of time and distance (especially by public transport) from centres of population then re-use should not be permitted
- if the building requires major construction works for the proposed new use (i.e. verging on new build rather than modification) this should tend towards a refusal
- if there will be adverse environmental impacts on others then this should tend towards refusal
- if there is a strong case for preservation of the building, or collection of buildings, because of their individual merit or the setting they collectively create then this should tend towards approval.

5.48 Should it be decided that re-use is appropriate, especially in terms of the location being sustainable, then favourable consideration should be given to the building re-use being part of further development of employment space at a modest scale (especially in the south of the District).