

EMPLOYMENT

Reading Borough Council response to Issue 6:

Are the policies for employment justified, deliverable and consistent with national policy?



Q1. Is the new floorspace provision set out in Policy EM1 justified?

The justification for the employment floorspace provision in Policy EM1 is set out in section 4.28 (pages 95-98) of the Local Plan Background Paper (EV002). The main basis is the Central Berkshire Economic Development Needs Assessment (EDNA, EV009). This looked at employment floorspace needs over the plan period for the Central Berkshire Functional Economic Market Area, which also contains Wokingham, Bracknell Forest and Windsor and Maidenhead. It developed three scenarios for future employment growth. As set out in more depth in the Background Paper, the Council's view is that Scenario 3, the labour supply scenario (which for Reading generates the highest level of employment growth), plus a safety margin, represents the most robust basis for the Local Plan. This is the reason for the figures of 52,775 sq m for offices and 148,440 sq m for industrial and warehouse space between 2013 and 2036 quoted in EM1.

The Council considers that the full employment floorspace need can be met within Reading Borough. This is based on the conclusions of the site-by-site analysis in the Housing and Economic Land Availability Assessment (HELAA, EV014 & EV015), as well as the consideration of scope for intensification in the existing employment areas in the Reading Employment Area Analysis (EV010).

The higher figure of 112,000 sq m for offices in policy EM1 emerges from the HELAA, in that it represents the level of offices that there is considered to be scope to accommodate. It is mainly as a result of existing planning permissions. As neighbouring authorities within the Functional Economic Market Area will potentially have difficulties in meeting their own employment floorspace needs, as evidenced by a duty to co-operate request from Bracknell Forest Borough Council (see section 2.13 of the Duty to Co-operate Statement, EV001), this can be considered as a contribution to meeting any unmet needs from within the FEMA.

The floorspace provision set out in policy EM1 is therefore considered to be justified, and reflects national policy in that it is based on an objective assessment of economic development needs, and plans to fully accommodate those needs.

Q1a. Are the requirements for affordable housing in relation to employment development as set out in criterion (a) and (b) of Policy EM1 justified and based on robust evidence?

Policy EM1 requires that new employment development that would exceed the levels of employment planned for within permissions and allocations should not result in further exacerbating the already substantial need for housing within the local area. Contributing to affordable housing is one way in which the policy identifies that impacts may be mitigated under (b), but only if it cannot be demonstrated that a development does not give rise to additional housing pressures under (a).

At the heart of the justification for this policy is the fact that the evidence that has identified the objectively assessed need for housing (the Strategic Housing

Market Assessment, EV011) and the need for employment floorspace (the Central Berkshire Economic Development Needs Assessment, EV009) have a common base. The employment floorspace needs in EM1 are based on Scenario 3, the labour supply scenario, of the EDNA, and Scenario 3 is itself based on the residential population that will result from the housing in the SHMA. The needs for employment and housing are therefore currently in balance. It clearly follows that significantly exceeding the employment floorspace figures in EM1 cannot be supported by the existing labour supply, and will likely lead to a corresponding need for additional housing. This is a well-established link, as illustrated by the objectively assessed need for housing needing to take account of economic growth. If additional housing needs generated by additional economic growth cannot be fulfilled, as is likely to be the case given the constraints of the Borough, this will in turn lead to effects such as increasing cost and decreasing affordability of housing, longer commuting distances and increased congestion.

The question of the balance between employment and housing is a key one, and an issue that Reading has grappled with for many years. In recognition of the importance of the issue, the Council asked at the outset in Question 10 of the Local Plan Issues and Options (LP013) how this should be tackled, and gave four options, as follows:

- Option 10.1: Do not limit employment development
- Option 10.2: Do not limit employment development, but expect new development to mitigate its impacts on housing.
- Option 10.3: Place a limit on employment development based on how much housing is to be provided in Reading.
- Option 10.4: Place a limit on employment development based on how much housing is to be provided in the wider housing market area.

Other than option 10.3, there was some support in consultation for each option presented. The Council is in agreement with those who argued that placing an absolute numerical limit on employment development as on options 10.3 and 10.4 would be unlikely to be in accordance with the substantial weight the 2012 NPPF places on supporting economic growth through the planning system (paragraph 19). At the same time, option 10.1 could result in a significant imbalance of employment over housing.

It is worth noting that the emphasis of the 2012 NPPF is on supporting sustainable economic growth. Economic growth that leads to declining affordability of homes and severe detrimental impacts on transport infrastructure cannot be regarded as sustainable. In fact, such consequences are in themselves barriers to growth, as identified by paragraph 21 of the 2012 NPPF, which states that planning policies “should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing”. The Strategic Economic Plan (OP003) recognises the importance of ensuring planned housing provision and adequate level of transport infrastructure are delivered as being key to achieving economic growth.

Therefore, an approach which places no absolute quantitative limits on employment floorspace but which ensures that development mitigates any effects it has on the balance between employment and housing is considered to be both

justified and in accordance with national policy. The approach is flexible, as it allows an applicant to demonstrate that there will not be any such effects, and the provision of affordable housing is one approach that can be taken to mitigate effects.

The provision of affordable housing as part of major employment development, particularly office development, has long been sought in Reading, and was enshrined in the Core Strategy and, before that, the Berkshire Structure Plan. Reading's existing Affordable Housing Supplementary Planning Document (adopted 2013) contains a methodology for calculating a contribution, which takes account of the likelihood of some of the housing need being absorbed from within the labour market, long-distance commuting, housing developments in other areas not matched by employment provision and losses of employment floorspace. This approach has been successful in securing contributions from major recent employment developments to affordable housing.

Q2. Is the identification of the Core Employment Areas in Policy EM2 based on robust evidence?

The identification of the Core Employment Areas in policy EM2 is based on robust evidence. Identifying and defining these areas was one of the main purposes of the Reading Employment Area Analysis (EV010). This considers 20 employment areas within Reading, ranging from large business parks to small clusters of employment uses within residential areas, covering some 242 ha. This represents the main employment provision in Reading, with the exception of town centre offices.

The Analysis examines each of these areas against the following criteria to come to a balanced conclusion on whether they need to be protected as Core Employment Areas, based on their continued suitability as employment areas and their contribution to Reading's economy.

- Quality of the Existing Internal Environment
- Quality of the Existing Wider Environment
- Strategic Access
- Market Considerations, Perception and Demand
- Ownership and User Constraints
- Site Development Constraints
- Accessibility
- Sequential Considerations
- Policy Considerations

The definition of the Core Employment Areas has been directly based on the Reading Employment Area Analysis, which follows a clear rationale in considering the future of these areas. Section 4.29 (p98-99) of the Local Plan Background Paper (EV002) summarises the reasonable alternatives and why they have been rejected.

Q2a. Is the provision relating to non-employment uses within the Core Employment Areas in Policy EM2 justified and will it be sufficiently flexible?

Policy EM2 states that “Non-employment uses that would support the area’s economic function may be located in the Core Employment Areas where they do not result in a loss of employment land.” This wording is intended to be positive, in clarifying that such uses will be acceptable, rather than preventing other uses not anticipated by this sentence, and it was initially included in response to representations on the Draft Local Plan by Green Park Reading No.1 LLP/Mapletree (see Statement of Consultation on Draft Local Plan, LP012). Uses that it covers might include facilities for workers and visitors, such as retail, childcare, food and drink, etc. Reading International Business Park, for example, which is identified in the Local Plan as part of EM2b, includes both a nursery and a restaurant. It is considered that ensuring that such uses can be accommodated is a reasonable approach that allows the employment areas to function well, whilst ensuring that this does not result in loss of employment land is consistent with policy EM3 and protects the key purpose of the areas.

In terms of flexibility, it is considered that the statement is as flexible as is appropriate. In line with EM3, it should not enable loss of employment land for non-employment uses. There has been one representation that sought recognition of the job benefits that a wider range of alternative uses can bring, but the purpose of this policy is to direct new employment uses, and there are other policies which deal with the location of other uses, such as RL2.

Q2b. Is Policy EM3 worded to ensure that it would be effective and provide a clear indication of how a decision maker should react to a proposal? Is the approach consistent with national policy?

The Council’s view is that policy EM3 is worded to ensure that it would be effective and provide a clear indication of how a decision maker should react to a proposal.

The first paragraph of EM3 is very clear-cut in retaining employment land within Core Employment Areas, and this is considered to be clear and effective. This approach has proven effective over recent years, with these areas having been kept in primarily employment uses since the adoption of essentially this policy position in the Core Strategy in 2008.

The second paragraph allows a degree of flexibility that did not exist in the previous policy position, where it can be clearly demonstrated that there is no long-term prospect of employment use. Paragraph 4.3.13 gives more detail on how this is to be applied, and it is considered that this is clear.

It is assumed that the main aspect of the policy that is in question here is the final paragraph incorporating criteria (i) to (vi). These criteria are drafted to inform a balanced judgement on whether an employment site can be released for alternative uses, and are not intended to form a checklist where all need to be

fulfilled. Outside those areas of greatest importance to the local economy, defined as Core Employment Areas, there is a need for flexibility to consider the best future use of land to respond to the most up-to-date position on needs for different uses. Criteria need to be worded to reflect this flexibility.

There will be very few occasions where all, or none, of these criteria are satisfied, and it does not therefore make sense to word the policy to indicate this. The policy does allow for each proposal to be considered on a case-by-case basis, but this is considered essential to ensure the correct level of flexibility. Since the policy uses the wording taken from policy CS11 of the Core Strategy, adopted in 2009, there have been ten years' experience of operating this policy approach in Reading for development management purposes without issues arising, and the Council is therefore confident that the policy is effective.

The policy approach complies with national policy. The NPPF clearly states that provision should be made to meet employment needs and support sustainable economic growth, and that will logically involve the retention of existing important employment sites that help to meet those needs. However, the NPPF is keen to avoid a situation where Local Plans put in place blanket protection of employment areas. Paragraph 22 states that "policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose." The purpose of the Reading Employment Area Analysis (EV010) is to assess the degree to which there is a reasonable prospect of employment use on a site over the plan period, and, where there is not, those areas have not been identified as CEAs, which is in line with that statement in the NPPF.

Paragraph 51 of the NPPF states that local planning authorities:

"... should normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate."

It is considered that the criteria in EM3 reflect this approach, in that they address the issue of housing need against employment need in (v), whilst the other criteria seek to pinpoint whether the sites have a genuine economic future. Criterion (vi) is slightly different, in that it seeks to avoid piecemeal losses of employment land where a more comprehensive development could be achieved, but this is considered to be a basic principle of good planning.

Q3. Is Policy EM4 justified and does it effectively cover the needs of small businesses within the area?

The justification for policy EM4 is set out in section 4.31 (pages 101-102) of the Local Plan Background Paper (EV002). This highlights the importance of provision

of space for businesses to start up and grow to the local economy, as well as the need to retain good quality, accessible storage and distribution space.

The needs of small businesses will be varied, and policy EM4 does not attempt to cover all needs. Not all small business needs are planning-related, and not all small businesses will need dedicated B-class small business units. Many operate flexibly from other types of commercial premises, or out of residential addresses. However, given the importance of small and medium sized enterprises for economic growth, there is certainly a need to retain those units that already exist wherever possible, and increase the amount of space available wherever possible.