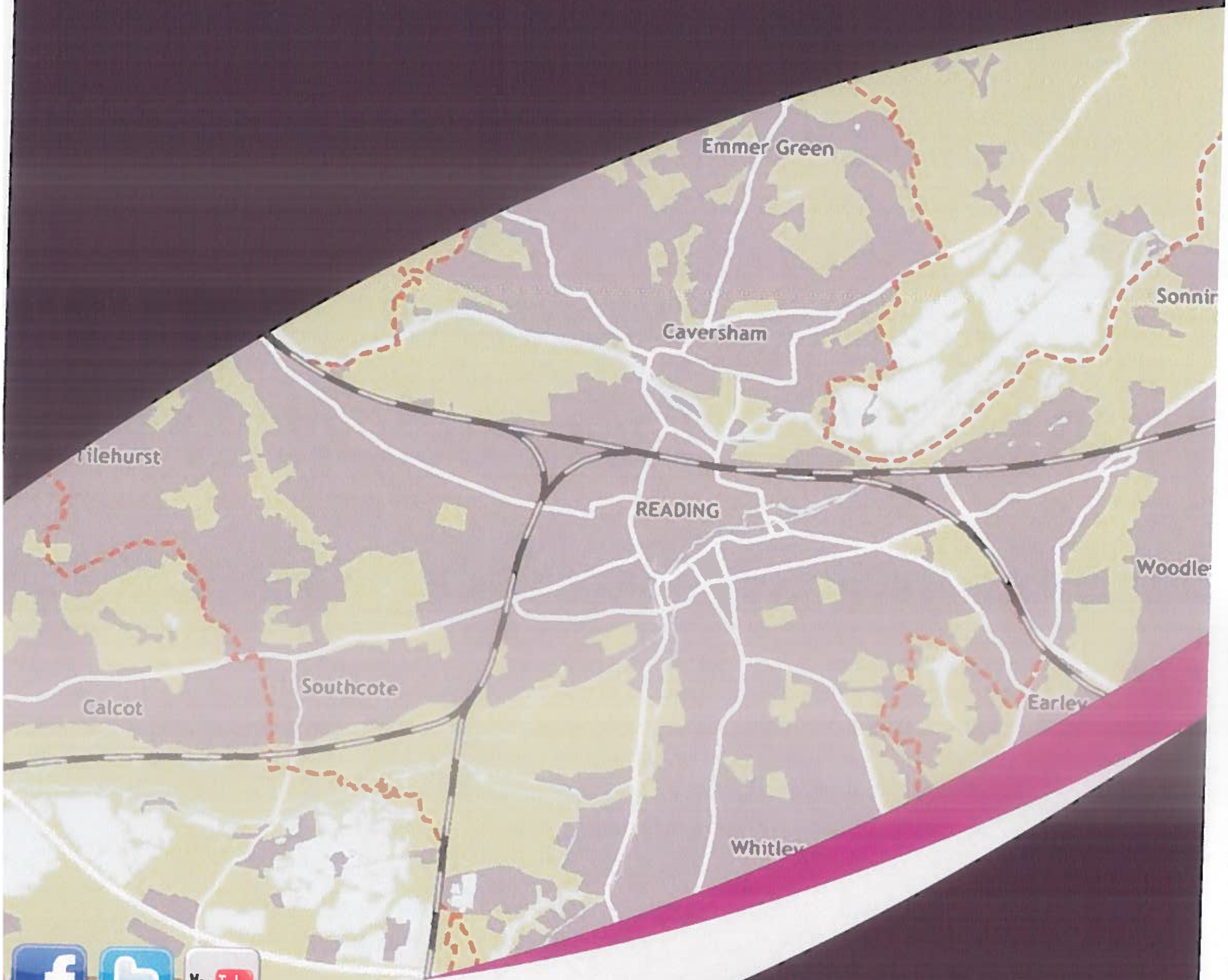
READING BOROUGH LOCAL PLAN

Adopted November 2019



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4.3 Employment

4.3.1 Reading is the largest population and employment centre in Berkshire, which is one of the economic powerhouses of the UK. The economic output of Berkshire as a whole, in terms of Gross Value Added (GVA) equates to around £30bn[69]. The components of continued strong economic growth, such as access to Heathrow airport, strong transport links to London and the west, a highly skilled workforce and a high standard of living, are likely to continue to be in place across the plan period. Continued economic buoyancy is therefore likely, but this will also mean addressing the challenges that limit growth, such as lack of affordable housing, a stretched transport infrastructure and the need for suitable business space.

4.3.2 Reading is the main office market in Berkshire, albeit that the Reading office market is also seen as including business parks such as Thames Valley Park, Green Park, Winnersh Triangle and Arlington Business Park, which fall wholly or partly within adjoining areas. As well as the business parks, there is a good stock of modern town centre floorspace, with more developments with planning permission. Reading's offices are home to a strong representation of knowledge-based and ICT businesses, business services and pharmaceuticals, with a range of other multinationals present. Alongside these offices, there is also a substantial amount of industrial and warehouse space. In contrast to offices, this space is primarily within the Borough boundary. There are large older industrial areas around the south and west of the Borough, containing a range of space, much of which is at cheaper rents. Increasingly, there is also a good offer of modern, large distribution space in the south of Reading, and Reading is increasingly being seen as a good location for logistics operators.

4.3.3 Within Berkshire, evidence[70] has pointed to the existence of a Central Berkshire Functional Economic Market Area (FEMA), comprising the Boroughs of Reading, Wokingham, Bracknell Forest and Windsor and Maidenhead. Those parts of the Reading urban area (including nearby business parks) that fall within West Berkshire are also strongly related to this FEMA, but for practical purposes West Berkshire has been defined as a separate FEMA in its own right. This is therefore the main grouping of authorities that Reading must co-operate with in considering employment needs, and therefore a Central Berkshire Economic Development Needs Assessment (EDNA) was produced in 2016 covering this area.

Provision of Employment

EM1: PROVISION OF EMPLOYMENT DEVELOPMENT

Provision will be made for a net increase of 53,000-112,000 sq m of office floorspace and 148,000 sq m of industrial and/or warehouse space in Reading Borough for the period 2013 to 2036.

Development that would exceed the levels of employment development set out in this policy, after existing permissions and allocations are accounted for, will need to either: (a) demonstrate that it will not result in additional need for local housing; or (b) mitigate its impacts on the need for local housing, which may be through the provision of additional residential development.

[69] Thames Valley Berkshire LEP: Strategic Economic Plan: http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicEconomicPlan/TVB%20SEP%20-%20Strategy.pdf

[70] http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicInfrastructure/StrategicInfrastructure/14793%20Berkshire%20FEMA%20Final%20Report%2029.02.16.PDF

Proposals to provide a freight consolidation centre in a location with good access to the strategic highway network will be supported, subject to other policies in this plan

4.3.4 An Economic Development Needs Assessment (EDNA) for Central Berkshire[71] was carried out in 2016, which identified the level of need for additional office and industrial or warehouse space between 2013 and 2036. The results of the EDNA are summarised in the box below, but in summary it is considered that the figures that Reading needs to plan for between 2013 and 2036 are:

- 52,775 of office floorspace; and
- 148,440 sq m of industrial and warehouse floorspace.

Figures are rounded in Policy EM1, as such an assessment can never be entirely precise.

4.3.5 The Council has used its Housing and Economic Land Availability Assessment process to examine whether this level of need can be accommodated, and it has identified that there is scope to accommodate the full level of need within Reading Borough. There is scope to accommodate substantially more offices (up to 112,000 sq m in total), much of which result from existing permissions. This relies upon development of offices in Central and South Reading, and a significant development of industrial and warehousing space around Island Road. There is not therefore expected to be any unmet need to be provided elsewhere. Reading is also therefore likely to meet a greater proportion of Central Berkshire's need for offices than anticipated in the EDNA, and the overprovision of up to 60,000 sq m can be seen as a contribution to the wider needs of the functional economic market area which may have implications for other Local Plans within the Central Berkshire area.

4.3.6 There is currently a reasonable balance between the levels of employment planned for in Policy EM1 and the levels of housing set out in H1, as the relationship between employment and housing levels formed part of the evidence that supports these policies. That means that planning for levels of employment development over and above the upper amounts set out in this policy (when considered across the wider area) is likely to lead to an imbalance, and a greater need for housing within the area, as well as increasing the need to travel as workers commute from further afield.

4.3.7 Therefore, where a development is proposed that would increase the level of employment development over the upper levels currently planned for, taking account of developments with planning permission and with outstanding allocations in this plan for employment use, the concerns about impacts on local housing need to be allayed. This will need to be achieved either by convincing justification as to why there will be no effects, or by adequately mitigating any effects, for instance through additional residential development. The Annual Monitoring Report will inform whether these thresholds have been reached.

4.3.8 Freight consolidation centres are locations which serve as a single point for deliveries to a specific area, which are then distributed within the area by fewer vehicles, potentially low-emission vehicles, thus reducing congestion and helping to improve air quality. Schemes currently operate in London and Bristol and Bath. The Plan should support any such proposals in Reading, and they will be appropriate uses within Core Employment Areas, although specific locations will need to be considered against other policies.

[71] http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicInfrastructure/14793%20Central%20Berkshire%20EDNA%20Final%20Report%2028.10.16.pdf

Calculating Employment Need Figures

The Central Berkshire EDNA used three scenarios for assessing need for new floorspace for economic development:

- *Scenario 1: Labour Demand - this was based directly on the employment projections from Cambridge Econometrics*
- *Scenario 2: Past Completion Rates - this projects forward past completion rates for the ten years between 2005/6 to 2014/15*
- *Scenario 3: Labour Supply - this takes into account the residential growth outlined in the SHMA*

Net employment space requirements for Reading Borough were derived for these scenarios as follows:

	Scenario 1	Scenario 2	Scenario 3
Offices	19,460	-252,310	44,605
Industrial/warehouse	112,600	1,840	133,910
Total	132,060	-250,470	178,510

There is clearly a very significant range in these figures, with Scenario 2 at particular odds with the other scenarios. The advice in the EDNA, with which the Council agrees, is that Scenario 2 represents a less robust base for future planning. It is merely the reflection of the previous ten years' change and therefore factors in constraint and policy issues, which cannot represent objectively assessed need. This plan therefore discounts Scenario 2. In addition, Scenario 1 does not fully take account of the changes as a result of the need for housing. Scenario 3, which fully links to housing need, and which presents the highest figures, represents the most robust basis on which to plan.

The EDNA then adds a 'safety margin' for flexibility, which represents one year's average gross completions, which for Reading is 8,170 sq m for offices and 14,530 sq m for industrial and warehousing.

Finally, the EDNA suggests building in an allowance for future losses. Due to the significance of the floorspace losses that have occurred over the last ten years, this has the effect of more than doubling the overall requirement. However, it is not appropriate to incorporate this within the policy for two reasons. Firstly, as for housing, the Local Plan requirement should be based on net change. Many of the allocations in this plan will result in either a loss or gain of employment floorspace, and should be considered in net terms. Secondly, it is within the power of the LPA to prevent much (although not all) of this floorspace loss if it is appropriate to do so.

For this reason, the minimum need figures that should be planned for are the net requirements plus the safety margin. This means planning for the following:

	Scenario 3	Plus safety margin	Identified need
Offices	44,605	8,170	52,775
Industrial/warehouse	133,910	14,530	148,440
Total	178,510	22,700	201,215

It is worth bearing in mind that there have already been four years of completed developments. For offices, there has been a loss of 96,685 sq m up to 2017, whilst there has been a loss of industrial and warehouse space of 6,692 sq m. These figures have not already been factored into the provision figures in EM1. This has the effect of meaning that an even greater net increase needs to be delivered for the remainder of the plan period.