Wessex Economics

Economics Housing Regeneration

The Welborne Employment Strategy

Final Report

Submitted to

Fareham Borough Council

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Executive Summary

1. This report contains advice on the overall quantum of employment land and employment floorspace to be provided at Welborne, and the anticipated split between office, industrial and warehouse uses. It estimates how many jobs will be created in Welborne as a result of such development and advises on the implementation of the Employment Strategy.
2. It is anticipated that 20 ha of land will be allocated for employment uses at Welborne, focused on sites immediately to the north of the M27, with the majority of the allocated land to the west of the A32 Wickham Road. It is recommended that 3 ha of land close to the proposed District Centre be 'allocated' for office (B1a) and similar uses; 10 ha for warehousing (B8 use); and 7 ha for light industrial (B1c and B2) uses.
3. This level of provision can be expected to be associated with provision of 24,000 sq m of office space, 33,250 sq m of light industrial space, and 40,000 sq m of warehousing space. Development is not likely to start on any scale until the completion of works to make Junction 10 of the M27 an 'all moves' junction. This reflects the need for potential occupiers of employment space to have unfettered access to the motorway. The date currently anticipated for completion of these works at Junction 10 is 2020.
4. In total the land allocated for employment uses at Welborne has the capacity to accommodate 97,250 sq m of employment floorspace. However there will be a loss almost 14,000 sq m of existing employment floorspace, so the net increase in supply associated with the Welborne proposals is for an additional 83,250 sq m of employment floorspace, to be built out over the period to 2040.
5. Once developed and fully occupied, it can be expected that these office, industrial and warehouse buildings will provide around 3,335 jobs. A further 1,250 jobs are likely to be created in Welborne in shops, schools, residential care homes, and in health centres etc. An estimated 1,150 residents are likely to work from home. Once fully developed it is therefore estimated that some 5,735 jobs will be available at Welborne.
6. This level of anticipated provision of employment opportunities at Welborne will ensure that there are opportunities for local residents to work locally, though it is acknowledged that many residents will work further afield; and that many of those working in the businesses located in Welborne will live outside the new community. This reflects the pattern of current day working lives and the way the labour market works.
7. The proposed allocations of employment land at Welborne will support the economic growth of South Hampshire. In particular Welborne will be an important asset in promoting the development of the sub-region in the medium to long term future, providing land and accommodation for a wide range of different types of business requiring different forms of space in a strategic location.
8. In particular Welborne will be able to contribute to the objectives of the Solent LEP and the Partnership for Urban South Hampshire in offering a location and buildings for businesses in the following priority sectors, each of which is an identified Solent LEP and PUSH priority: advanced manufacturing; aerospace; environmental technology; transport & logistics businesses; and financial and business services.
9. Given the current low level of demand in the office market and the existence of significant levels of planned and permitted provision for offices, it is anticipated that development at Welborne will focus on warehouse and clean tech business space in its early years. The demand for office space is expected to emerge in the

medium to long term future as the resident population of Welborne grows and the District Centre becomes established.

10. The report makes a number of recommendations with regards to the implementation of the Employment Strategy. These are set out below.

11. Given the quantum of land and the lengthy anticipated timescale for development at Welborne there will need to be flexibility in how land is used. Over time it is probable that business space will become increasingly hard to allocate to a single use class. This would suggest that policies for zoning different types of activities need to be developed based on the characteristics of a business' operation.

12. The zoning plan should identify what type of buildings and business functions are appropriate to different parts of the site. Consideration should be given to; the visual impact and character of the building; traffic generation; employment density; complementarity to the District Centre functions; compatibility with existing development and planned uses of adjacent sites; noise; waste generation etc.

13. Land close to the District Centre and the A32 frontages should be reserved for office uses. The scale of the land allocated for employment uses should allow FBC to ensure that these key sites are not developed for non-office uses, if supported by an appropriate design code. It should also be in the landowner/developers interest to retain these sites for higher value uses, even if it takes longer for demand for those sites to materialise.

14. Given that no major employment floorspace developments are likely to be completed before 2020, and quite possibly not until one or two years after this date, it is recommended that FBC encourage the retention and development of small scale employment floorspace in and around Welborne. Existing employment floorspace at Dean Farm should be retained for as long as possible. This needs to be taken into account in the phasing of development.

15. Any major development proposals that might unlock funding that would advance the delivery of the 'all moves' Junction 10 improvements should be given serious consideration. If the Junction 10 works can be advanced this would increase the chances of residential development and the provision of business floorspace and jobs happening in parallel.

16. In terms of planning to support the development of small businesses at Welborne, priority should be given to retention, and possibly conversion, of existing buildings on site and in the surrounding villages to make them suitable for start-up and small businesses. In the development phases of Welborne it may also be appropriate to provide temporary business accommodation to test the market and evidence demand.

17. Most home based businesses do not have particularly demanding broadband requirements, and can work with the normal levels of broadband services required for home entertainment. Given the scale of planned employment provision in the employment zone high capacity networks will be provided on a commercial basis in the employment zone and the District Centre. Small businesses needing advanced communications will need to locate there.

18. Many residents in Welborne will work outside Welborne. In terms of encouraging sustainable journey to work patterns it is important that public transport connects Welborne to the major employment centres in Fareham and to Fareham station.

1. About this Report

This report has been prepared by Wessex Economics as part of suite of studies commissioned by Fareham Borough Council (FBC) in connection with Welborne, the new community being planned by FBC to the north of the existing town of Fareham. The range of work being undertaken is designed to deliver a Concept Masterplan that can be presented as evidence at the Public Examination of the Welborne Plan.

The draft Welborne Plan sets out the vision and objectives that are to guide the development of Welborne. These high level goals are the starting point for this review of the Employment Strategy as set out in the Plan. The brief for the study calls for the development of:

- A sound evidence base to support the employment policies in the Welborne Plan
- An objective assessment of the need for employment floorspace
- Advice on delivery mechanisms to ensure that there is a reasonable prospect of employment floorspace being developed

It is helpful in drawing conclusions to identify the specific questions that need to be addressed in the review. These are:

- How much land should be identified in the Welborne plan for employment (B use class) uses, and linked to this how much B use class floorspace (in sq m) should be planned for?
- What should be the mix of planned uses in terms of the split between offices (B1a) and other B class uses (B1b, B1c, B2 and B8)?
- What factors need to be taken into account in deciding where these B class uses should be located within the site?
- What number and type of jobs will be associated with the development of B class uses, and to what extent can it be assumed these will be filled by Welborne residents?
- How many other jobs are likely to be created at Welborne (associated with uses other than B class premises), and to what extent can it be assumed that these will be filled by Welborne residents?
- What actions can be taken to ensure that the planned level of employment floorspace is developed, and that the associated levels of jobs provided are delivered?
- What should FBC's policy be regarding the phasing of employment land development, and other job creating activities, and hence the overall profile of job growth at Welborne over time?

In answering these questions it is important to understand that this study examines these issues relatively narrowly through the lens of employment and economic development policy. Issues such as the quantum and mix of employment uses, the timing of development, and the extent that jobs are filled by local residents have important implications for traffic flows. Traffic impacts may have a major impact on deliverability, with certain levels of increased traffic triggering requirements for highways investment; this then raises issues of when and how such investment can be funded.

This study is intended to inform the next stage of master planning for Welborne. A very wide range of considerations need to be taken into account in ensuring that Welborne is a great place to live and work, and that the overall development is deliverable in terms of financial viability. Thus the conclusions and recommendations presented in this report are not set in stone. They must be considered in the round as part of the overall task of master planning and ensuring that the entirety of the proposed development can be delivered.

Issues around deliverability in this report are focused on the delivery of employment floorspace; it has not been part of Wessex Economics brief to look at the viability of development of Welborne in the round. In general employment development will contribute less to development values than residential development. But employment development can occur on land that is not suitable for residential development, and therefore may contribute to the overall viability of the new development.

Moreover, as noted previously the quantum and mix of employment floorspace provided may have important implications for the capacity and timing of new transport infrastructure required, which in turn is likely to have major implications for viability and hence deliverability of the Welborne Plan. Thus, decisions regarding the quantum of employment floorspace, its location and type, and the timing of development have important implications for the overall viability of the development.

2. Objectives Relevant to the Employment Strategy

To answer the questions posed in Section 1 of this report it is necessary to start by examining the objectives set out in the draft Welborne Plan. Chapter 2 of the draft Welborne Plan sets out the overall objectives of the Plan.

A key theme within these objectives relevant to the development of the Employment Strategy is self-containment. This is expressed within the vision and objectives in Chapter 2 of the draft Plan[1], as well as in the key principles in Chapter 5 of the draft Plan that underpin the economic role of Welborne[2], reproduced in Figure 1 overleaf. A second objective of the employment strategy is to support the economic growth of South Hampshire, as set out in the key principles in Chapter 5 of the draft plan (see Figure 1 below).

Figure 1: The Three Principles that Underpin the Economic Role of Welborne

1. The aspiration is to create a 'balanced community.' This means providing a range of jobs which will meet the needs of local people and will not generate significant net in or out commuting. This is in contrast to a 'dormitory settlement' with little employment which would lead to net out-commuting or an 'employment hub' which would generate net in-commuting.

2. Welborne must support the economic growth of South Hampshire. This means targeting growth in a range of the sub-region's priority sectors; respecting the 'Cities First' policy; and complementing the economic activities at Solent Enterprise Zone.

3. Economic development at Welborne should support the principle of self-containment through close co-location of homes and jobs so that the opportunity to live and work in close proximity is provided.

Paragraph 5.2, Chapter 5 Economy and Self Containment, Draft Welborne Plan, April 2013

Given that Local Plans must be shown to be deliverable, Wessex Economics is of the view that a specific objective relating to deliverability should be made explicit.

More detailed comments on the objectives of the draft Welborne Plan most relevant to the development of the Employment Strategy are set out below.

[1] Para 2.4, Chapter 2, Draft Welborne Plan, April 2013
[2] Para 5.2 Chapter 5, Draft Welborne Plan, April 2013

Objective 1: Self Containment

The first objective flows from the vision statement set out in the draft Welborne Plan, which places the goal of encouraging self-containment at the heart of the overall plan. The statement in full is: *'Welborne will create a diverse and well integrated new community. It will encourage self-containment with a significant proportion of its inhabitants' life needs being accessible within a main centre and smaller neighbourhood centres. It will contain a mix of dwelling types which meet the needs of the increasing numbers of single person households, families, and the needs of an aging population. There will be a range of accessible new jobs created which contribute towards meeting the employment needs of this diverse new community.(Para 2.8, page 18).*

This goal is reflected in Chapter 5 of the draft Welborne Plan entitled *'Economy and Self Containment'*, which states that: *'The daily needs of Welborne's residents will be catered for through the provision of a mix of services and employment opportunities which are easily accessible from where they live. The close co-location of homes with jobs, retail, services, education and recreation in Welborne will help to encourage self-containment. This chapter sets out the policies which will ensure the provision of these facilities and contribute to self-containment' (Para 5.1).*

These two statements along with further statements of principles in Section 5 of the draft Welborne Plan (see Figure 1), make it clear that FBC wishes to minimise the extent to which residents need to travel outside of Welborne to access services, and to provide the opportunity to work locally. This will make Welborne a more attractive place to live, but it will have other benefits. It maximises the scope for people to walk or cycle to shops and to work, the most sustainable form of transport.

Also, the more people that both live and work in Welborne, the less the pressure of additional traffic placed upon Junction 10 of the M27, and on the M27 and routes into Fareham. Given that stretches of the M27 and other routes suffer from severe congestion in peak hours, encouraging self-containment will reduce the costs associated with congestion and reduce (or put off further into the future) the requirement for further infrastructure investment to deal with congestion.

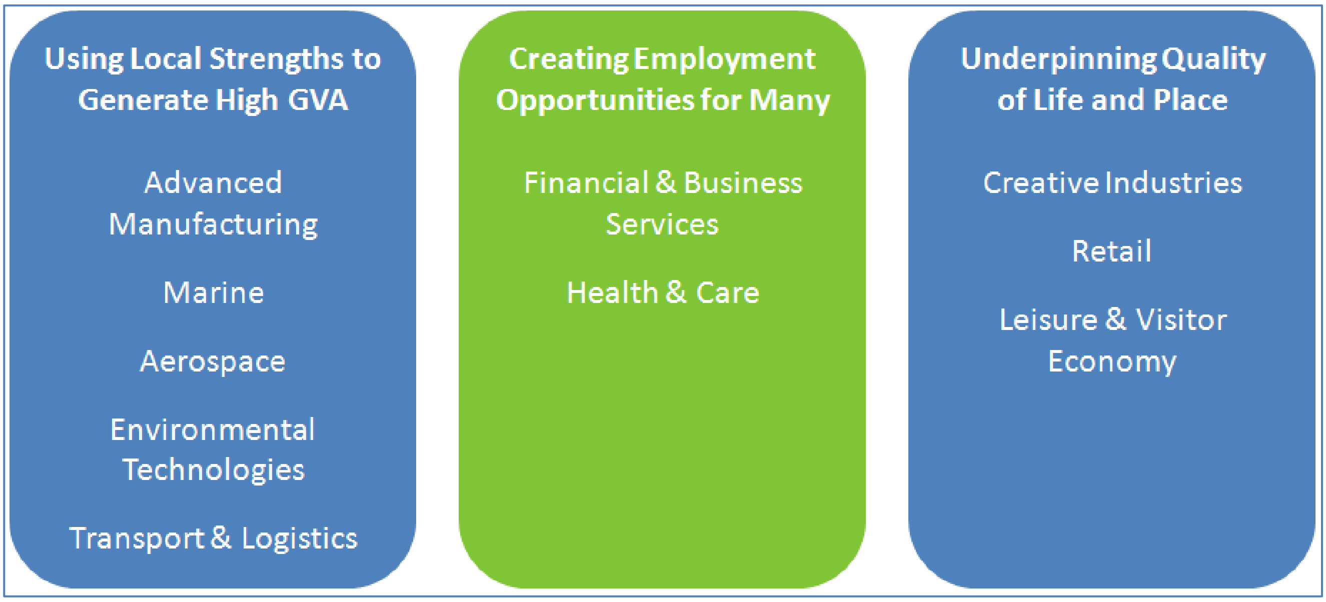
Objective 2: Supporting the Economic Growth of South Hampshire

The second principle enunciated in the draft Welborne Plan is that Welborne should support the economic growth of South Hampshire. This has three dimensions according the draft Welborne Plan:

- Provision of employment space that will accommodate businesses in a range of the sub-region's priority sectors. Figure 2 lists the PUSH/Solent LEP Priority Sectors
- Taking into consideration the 'Cities First' policy embedded in the PUSH Economic Strategy which emphasises Portsmouth and Southampton as the major concentrations of employment in South Hampshire.
- Ensuring that whatever business space is promoted at Welborne complements rather than competes with those activities which Solent LEP and its partners are seeking to attract to the Solent Enterprise Zone.

Solent LEP, the HCA, FBC and Gosport Borough Council are particularly seeking to attract marine, aerospace and aviation sectors to the Solent Enterprise Zone. The strategy is to build a centre of excellence in these related, engineering-based, activities. The success of the Enterprise Zone will probably depend on the desire of such firms to be co-located. Fareham College have submitted a planning application to allow it to build a new Centre of Excellence for Engineering, Manufacturing and Advanced Skills Technology.

Figure 2: PUSH Economic Strategy Priority Sectors



3. The Current Market for Employment Space and Future Trends

Key Points

There has been substantial provision of B1a office space in South Hampshire in the past decade. There is a significant stock of vacant office space in the sub-region, and a significant number of as yet unimplemented schemes with planning permission for office development. There is also evidence that M27 business parks are being looked on less favourably by prospective occupiers than city centre locations. In the light of these facts, it is unlikely that new office development will be brought forward at Welborne in the early phases of the development (pre 2020) and perhaps for some time after 2020.

In contrast very little warehouse (B8) and industrial (B2) space was developed in the decade 2000-2010, and the overall stock of such space fell over this decade. There is a significant stock of vacant industrial and warehouse space, but much of this is likely to be functionally redundant. All the indications point in the short term to increased demand for distribution (B8) space, and probably for B1c and B1b uses, with a focus on sites in the M27 corridor. In terms of enabling the creation of jobs at Welborne in the early stages of development, these activities (B8, B1c and B1b) represent the best prospects for securing business space development and associated jobs.

While traditionally Development Plans have distinguished between the different classes of employment land (B1, B2, B8), the boundaries between use classes are becoming increasingly blurred, with buildings having a mixture of 'production' space or warehousing and also an element of offices. The range of users of office accommodation has also become more varied, as modern offices can be subdivided as occupiers wish and they therefore lend themselves to be used for a wide range of activities, including providing services direct to members of the public.

It is important that the Welborne Employment Strategy is rooted in market realities, but equally the Strategy covers the period from when development is anticipated to start in 2016 through to completion, some 20 or so years later. There is no way that the pattern of demand for employment space can be forecast over this period of time. The long time frame of the strategy would indicate that policies for development of employment space need to be flexible rather than prescriptive; to set out principles, and only indicative quantities of floorspace; and for the strategy to be reviewed at regular intervals.

To illustrate this point, looking back over the past 25 years (to 1988), there have been two property market booms and two busts. In this time frame we have seen the growth of out of town business parks, and then the return to favour of city centre office locations that have good public transport access and a wide choice of shops, restaurants, cafes and other amenities. We have seen the emergence of large scale out of town retail and leisure facilities, and the shift of policy away from development of these centres. Over the next 25 years similar big shifts in development patterns are likely to be evident, with new occupier requirements likely to emerge as technology changes.

In terms of the last decade, provision of new employment floorspace in South Hampshire has been dominated by provision of B1 space, the great bulk of this being (almost certainly) B1a office floorspace. On average 42,100 sq m of B space has been developed each year between 2000 and 2012, compared with just 3,900 sq m of B2 space and 4,500 sq m of B8 space. Significant volumes of new B1 floorspace has been provided in locations close to motorway junctions on the M27, in contrast to the historic pattern of development of office space in Southampton and Portsmouth.

The stock of office floorspace in the Core PUSH area in 2008 was around 1.3 million sq m, while over 0.5 million sq m of new B1 space has been built since 2000. The stock of B1 floorspace has therefore undergone substantial renewal in the past 13 years. Vacancy rates soared from 2009 onwards, peaking in 2011, but have since fallen. However, there is over 100,000 sq m of vacant office space, representing 10% of the stock. Much of this is likely to be functionally redundant and therefore meeting future occupier needs may require redevelopment or new provision of space.

The short term prospects for office development in the M27 corridor are poor because there is still an overhang of new property available, and the lack of demand reflected in low rents constrains viability. The only new development in the next few years likely to arise will be in response to a specific occupier requirement. No speculative development is likely to take place for some time. Yet agents report a shortage of quality stock in Southampton and in Portsmouth. So as confidence starts to return to the economy, demand is likely to pick up from current levels.

The general view of agents seems to be that medium and larger scale office requirements are in future likely to be re-oriented back to the cities – Southampton and Portsmouth, and away from motorway based business parks. The reason for this trend is because city centres can be more readily accessed by public transport, and offer a more attractive working environment for staff; while congestion on the M27 in peak hours is making the motorway based business parks less accessible. In the current public spending environment, it is not possible to foresee major investment that would reverse growing congestion on the M27.

With significant extant planning permissions and allocations for offices (B1) and vacant office accommodation at Lakeside North Harbour at Junction 12 on the M27 and Solent Business Park at Junction 9 of the M27, development of office accommodation at Welborne at any stage in the next decade years is unlikely, except perhaps in conjunction with other facilities (B1b, B1c, B2, or B8 uses) or as a one off requirement where a bespoke solution is required. However with housing development only anticipated to start in 2016, there is little pressure to deliver significant number of jobs until after 2020.

The current market for distribution and industrial space is almost the precise opposite to that of the office market. Over the period since 2000 very modest volumes of new industrial (B2) and distribution (B8) space has been built – though data is not available separately on B1b and B1c developments. From 2000-12, less than 10,000 sq m of new B2 and B8 space has been built each year in the Core PUSH area.

The relative absence of industrial and warehouse space developed over the period since 2000, has happened at the same time as the stock of B2 and B8 space has been falling (at least over the period 2003-2008 for which data is available. Thus, new development of B2 and B8 space has essentially been replacement activity rather than net additions to the stock of such premises. This has entailed a shift in location away from sites with poor accessibility to sites with good access to the national motorway network.

The current position is that there are over 185,000 sq m of vacant industrial and warehouse space in the Core PUSH area, with particular concentrations in Eastleigh (a third of the Core PUSH vacant space), Portsmouth (24%) and Fareham (15%). Overall, an estimated 11% of the stock of such properties is vacant. Much of the stock may be functionally redundant. The figures on vacancies do not include space at Ford's 18 ha Southampton plant adjacent to Junction 5 of the M27 which closed in July 2013.

Notwithstanding the volume of vacant space, agents report signs of recovery in the market, with improvement, from a landlord perspective, in lease terms and reductions in the incentive packages being offered for distribution space; combined with specific shortages of availability for larger distribution units in key locations. Much of this demand is being driven by the major change in the distribution channels for consumer goods that is being driven by the year by year growth in on-line shopping.

A more detailed analysis of the office, industrial and distribution market in South Hampshire is presented in Appendix 1. Appendix 2 contains an analysis of the key strategic sites that Welborne might compete with or complement in terms of the overall economic development strategy for South Hampshire.

Wessex Economics has also updated forecasts of future requirements for offices, industrial and warehousing space to 2026 prepared by PUSH in 2010 (see Appendix 3). This analysis shows a significant increase in the forecast requirement for B2/B8 space and a reduction in the requirement for office floorspace compared to previous forecasts. The key drivers underpinning this shift in anticipated requirements result from new employment forecasts that anticipate lower job growth than previously anticipated in the business services sector and greater efficiency in the use of office space, but increasingly space hungry B8 requirements.

In terms of extant permissions and allocated land, the position appears to be that there are many fewer schemes with permission for B8/B2 development than for B1 development, though the position is obscured by the large amount of permissions and allocated land covered by a generic 'all B classes' permission or allocation.

All the indications point in the short term to more pressure emerging for distribution and probably for B1c and B1b uses, particularly in the M27 corridor; while the office market languishes. This pattern is driven primarily by the continuing reorganisation of distribution channels associated with the growth of on-line consumer expenditure; while in the office sector there is a shortage of requirements, but also existing space still to be taken up.

The general view is there is still a substantial way to go before the proportion of consumer expenditure undertaken on-line reaches its peak, so the growth in requirement for distribution hubs is likely to be sustained for some while.

In planning for employment space provision at Welborne it is also important to consider a number of other important trends:

- The increasing use of employment sites for a wide range of uses other than industrial, warehouse or industrial purposes. In many designated employment areas one can observe a great diversity of activities such as dentists', doctors', physiotherapists' and vets' practices; nurseries and schools; gyms and alternative therapy centres; and hotels, sandwich or fast food outlets. These activities are important sources of employment, and often complement conventional office accommodation.

- A similar trend is that the boundaries between the use classes are becoming increasingly blurred. For example it is now commonplace for good quality industrial units (probably categorised as B1c) to have mezzanine floors with proper office accommodation, as well as production facilities. In a similar way increasing numbers of businesses sell both to the public but have a significant internet based business, so require a mix of customer facing space, and space for order fulfilment. Units with secure yard space are also attractive to many occupiers.

- Another long term trend is the increasing likelihood that occupiers may have requirements for space with multiple functions that cut across the traditional use class boundaries. For example distribution hubs built to fulfil orders to consumers who buy on-line, may be linked with call centres that deal with telesales or customer enquiries, and have some show space. It is also possible to envisage how clean manufacturing technologies (eg 3D printing) could be accommodated in the same building as marketing, design, management, and distribution functions.

4. Draft Plan Proposals for Jobs and Employment Floorspace

Key Points

A key principle of the draft Welborne Plan has been to seek to ensure that for every home built there is an equivalent number of jobs, a policy intended to encourage self-containment. The draft Plan provides for provision of 6,500 new homes and up to 78,650 sq m of employment space, which is expected to accommodate between 4,000 and 4,400 jobs.

The draft Plan sets out that it is expected that over time 1,250 jobs will be created at Welborne in non-B class developments (e.g. schools, retail, health), and that an estimated 1,650 people will work from or at home. The Plan is based therefore on at total of between 6,900 and 7,300 jobs being located in Welborne, a dwelling to jobs ratio of between 1.06 and 1.12 jobs per dwelling.

If the principle of self-containment is retained, and the assumptions underpinning the calculation of how many jobs are associated with different activities are correct, there is very little flexibility in the plan to alter the planned mix of employment uses – essentially the split between provision of office and industrial/warehousing space.

Yet the Welborne Plan needs to be flexible to change to market conditions, changes in technology, how commercial buildings are used, and changing patterns of employment. It is an important part of this review therefore to consider how important it is to ensure that for every home built there is an equivalent number of jobs, or whether balance between jobs and homes should be just one of a number of objectives guiding the development of Welborne.

The draft Welborne Plan is based on the development of 6,500 new homes and up to 78,650 sq m of employment space, which is expected to accommodate between 4,000 and 4,400 jobs. The plan sets out that it is expected that over time 1,250 jobs will be created at Welborne in non-B class developments (e.g. schools, retail, health), and that an estimated 1,650 people will work from or at home (see Table 5.2 in the draft Plan). The Plan is based therefore on at total of between 6,900 and 7,300 jobs being located in Welborne, a dwelling to jobs ratio of between 1.06 and 1.12 jobs per dwelling. The homes to jobs ratio has hitherto played an important part of the strategic planning for Welborne, being seen as an important way of giving expression to the objectives of self-containment.

It is worth identifying the different components and underlying assumptions that underpin the planned level of between 6,900 to 7,300 jobs. These are:

- The estimated number of residents who will work at or from home in 2050 (some 10-15 years after completion of all new homes)

- The estimate of 1,250 people working in activities accommodated in buildings other than employment (B class) space, such as shops, schools, residential care homes, primary health care facilities etc
- The planned mix of between 39,000 and 44,000 sq m of B1 office floorspace and between 35,000 and 40,000 sq m of industrial and distribution (B2/B8) space
- Assumed floorspace per worker ratios of 12 sq m/worker in office space and around 42.5 sq m/worker for industrial and distribution space
- Assumptions about site coverage for land allocated for employment uses (the footprint of the building as expressed as a % per ha) and the number of floors to be developed in each building (ie single storey or multiple floors).

The existing allocation of land at Welborne for employment purposes has been determined by a top down process driven:

- By a policy decision to broadly match the number of homes to be provided at Welborne with an equivalent number of jobs; this has been seen to be an important way to achieve the objective of self-containment
- through a certain assumed mix of office and industrial premises; the two different formats for development deliver very different number of jobs per 1,000 sq m (83 jobs per 1,000 sq m for offices, 22 jobs per 1,000 sq m for industrial and distribution space)
- allocation of land for these different employment uses, where probably for every ha of office use around 12,000 sq m of office floorspace can be delivered (40% site coverage with 3 storey development) compared to 5,000 for industrial and warehouse space (50%) site coverage with single storey development.

This helps to highlight the challenge that will be faced in making any substantive changes to the masterplan as presented in the Welborne Plan. These challenges are discussed below before recommendations that flow from this review of the Employment Strategy are set out. This is because it is important to show the significance of quite modest changes in the draft Plan strategy for employment would be for the Welborne Plan as a whole.

The implications that would flow from certain amendments to the Employment Strategy set out in the draft Welborne Plan, based on the assumption that the principle of self-containment is maintained, are set out below. The principle of self-containment is given practical expression by the requirement to provide one job for each new home.

A change in the anticipated mix of office and industrial/distribution space: Any significant shift from the current proposed balance between office and industrial/distribution space, to provide a higher proportion of industrial/distribution floorspace would mean that the policy objective of a 1:1 match of homes and jobs would not be deliverable. This is because industrial/distribution space accommodates significantly fewer jobs per hectare (c 115 jobs) than offices (c1,000). The differential is so substantial that even a modest shift of the employment land budget away from offices to provide more land for industrial/distribution space would make it impossible to achieve the 1:1 match of homes and jobs. The converse is also true. If it were realistic to anticipate that a higher proportion of the B class space could be offices, less land would be required for employment purposes to meet the 1:1 match of homes and jobs, though this might not be desirable in terms of providing a mix of different types of job in Welborne.

A change in the estimated number of jobs accommodated in non B class space: The current estimate of the number of jobs provided in non-B class buildings accounts for 1,250 jobs representing around 17% of total planned jobs at Welborne. If this number of jobs could be increased then it would either improve the jobs: homes ratio, or reduce dependency on jobs generated in connection with business space development. The reverse is the case, if it proves that the 1,250 jobs provided in non B class space is an overestimate. This would make the jobs: homes ratio worse or require greater provision of jobs through provision of business space development (or home working).

A change in the estimated number of people who work from home: The draft strategy anticipates that by 2050 (37 years hence) around 22% of people living in Welborne will be working from or at home. This estimate is therefore very important in maintaining the jobs: homes balance. If, in practice, this level of working from or at home does not materialise, then it will not be possible to ensure the overall balance of jobs and homes, unless the other elements of the employment strategy adjust upwards; that is more people work in the offices and other business class premises or non-business premises in Welborne.

This brief discussion serves to highlight a fundamental aspect of the employment strategy as expressed in the draft Welborne Plan. Specifically, if the stated policy objective of maintaining a balance between jobs and homes is maintained, any changes to the other elements of the strategy – underlying assumptions about the quantum of jobs linked to different activities, changes to the mix of employment floorspace, or land budgets, has to be compensated by a change elsewhere in the employment strategy. Greater flexibility could only be achieved by relaxing the jobs: homes relationship that is currently the key objective shaping the whole employment strategy.

It is also important to bear in mind that FBC as planning authority has no direct control over the level of employment that is actually created at Welborne. For example, FBC has no control over the number of people who will work from home; all it can do is to create the right environment that allows people to work from home if they wish to. Likewise FBC can plan for a certain level of B1 office provision and B1c, B2 and B8 space, but the volume, mix and timing of development of such space will be determined by the market, which will be determined by occupier demand and the economics of new development; and the number of jobs associated with such developments will change over time.

To state the above is not an attempt to avoid proper strategic planning, but to recognise that when planning for a new community that will be built out over the next 28 years, how people live, the business environment and how people work will change substantially. To make this point, just consider how much has changed in the pattern of people's lives since 1985 (28 years ago) when Mrs Thatcher was Prime Minister, the internet scarcely existed, the Soviet Union still existed, the miner's strike ended, and the first mobile telephone call was made.

Over the period since 1985 the shape of the UK economy has changed. Over time the ratio of employment to floorspace has changed (most recently resulting in more people per sq m in offices space; and fewer people per sq m in warehousing space). The numbers of self-employed people have increased; part-time and flexible working practices have become more widespread. Trade union membership has fallen dramatically. New developments in working practices continue to emerge - for example the development of fully mobile working based on tablets and smart phones and the growth in zero-hours contracts.

Thus the Welborne Plan must have sufficient flexibility to respond to changes in the economy and society. The Welborne Plan quite appropriately starts from where we are now in evaluating the relationship of jobs and homes, but it will need to take into consideration the certainty that these relationships will change over time; and they will do so through large numbers of business, individual and family decisions informed by factors such as the cost of travel, the cost of housing and business space, quality of life, salary and pay levels, labour costs, schools and access to skilled labour etc.

5. Review of Assumptions in the Draft Employment Strategy

Key Points

Wessex Economics have reviewed the underlying assumptions contained in the draft Welborne Plan. There are a number of issues that the review highlights, one of which is fundamental to the assessment of the development capacity of land identified for employment purposes.

Wessex Economics believes that the capacity of the employment land identified in the masterplan to deliver employment floorspace has been underestimated. It appears to have been assumed that all business space is built as single storey buildings. This is a fair assumption for warehouses, but Wessex Economics would anticipate that offices would be built over two or three storeys. An increasing proportion of industrial buildings also incorporate mezzanine floors. Thus the draft Plan under-estimates how much floorspace can be delivered on the land identified for employment purposes. So there is more capacity for floorspace and jobs on the employment land than assumed in the draft Plan.

Making allowance for the likelihood that around 8,000 to 12,000 sq m of offices can be built on each hectare (10,000 sq m), means that the same amount of office floorspace as set out in the draft plan could be delivered on less land than previously assumed; and that proportionately more land can be devoted to warehouse and industrial uses which do not generate as many jobs per 1,000 sq m of floorspace. Wessex Economics estimate that the capacity of land allocated for employment space, could therefore accommodate broadly an equivalent number of jobs as homes, even allowing for greater provision of warehouse and industrial space in response to anticipated demand.

In one other respect Wessex Economics believe the assumptions set out in the draft Plan are unsafe. The forecast number of people who will work at or from home is, in our opinion, high. Even with policies that actively encourage those who wish to work from home to live in Welborne, and make it easy for them to do so, to boost home working from current levels (1 in 20 of the population in Fareham) to 1 in 5 by 2050 in Welborne, assumes a major shift in patterns of work organisation in the UK and in South Hampshire. Wessex Economics believe a more robust assumption would be for 1,150, rather than 1,650, to work from or at home in 2050.

The Planning Use Classes

This section evaluates whether the different components of the Employment Strategy set out in the draft Welborne Plan are based on sound assumptions. At the outset it is useful to reiterate that a major part of this study is focused on the provision of employment land and buildings which are defined by reference to Planning Use Class.

B class uses comprise the following:

- B1 use class: buildings used for the purpose of general business space which is broken down into three categories:
    - B1a - offices
    - B1b – research and development (R&D) space
    - B1c – business/industrial activity that will not cause detriment to the amenity of the area; in this report we refer to these businesses as clean-tech businesses
- B2 use class: general industrial activities
- B8 use class: storage and distribution activities.

It is important to bear in mind that many jobs are accommodated in other forms of development including shops and restaurants; care homes and hotels; and major institutions such as hospitals, schools, universities and leisure facilities. These are referred to in this report as 'non-B uses'.

Relationship of Jobs and Floorspace

It is standard practice to work out the relationship between jobs and business floorspace using standard ratios of floorspace per worker, often referred to as employment densities. Guidance on appropriate densities to use is contained in the *'Employment Densities Guide, Edition 2'* published by the HCA and OffPAT in 2010. In the work that underpins the Employment Strategy two ratios are used:

- An assumed 12 sq m per job for office space being the general figure applied for general offices, business parks and serviced offices. A lower ratio (8 sq m per job) applies to call centres, but a higher figure of 47 sq m per job for IT/data centres. All these uses would be classified as B1a use.
- An assumed 42.5 sq m per job which is a mid-point of the general figure for B2 industrial use (36 sq m per job) and the ratio for light industry (B1c) which is 47 sq m per job. It is important to note that much more space per worker applies to B8 space; general warehousing – 70 sq m per job; and 80 sq m per job for large scale and high bay warehousing.

The figures used in the draft Employment Strategy to calculate the relationship of jobs to floorspace are therefore appropriate on the assumption that the development is confined to B1a office used and general B2 or B1c use. If there was significant take up of employment at Welborne for distribution (B8 warehouse use) the number of jobs delivered by the allocation of land for B1 and B2/B8 uses would fall from that assumed in the draft Welborne Plan.

The Relationship between Land Allocation, Floorspace and Jobs

Another set of assumptions that are material in evaluating the robustness of the draft Employment Strategy is the relationship between the assumed B class floorspace and the quantum of land allocated for employment. In the most recent version of the Welborne Masterplan (August 2013) around 20 ha of employment land are identified for employment uses. In master planning it is conventional to assume that a plot ratio of 40% for employment uses. A plot ratio measures the relationship between the footprint of a building and the site area. Thus every hectare (10,000 sq m) of employment land, can accommodate a building with a footprint of 4,000 sq m. The remaining 6,000 sq m are required for parking, access roads, and landscaping.

However, B1a office space will typically be developed over two or three storeys, so that in reality for every hectare of land, it is possible to provide between 8,000 and 12,000 sq m of office floorspace. In contrast a traditional warehouse or industrial building will be a single storey structure, so only 4,000 sq m of warehouse space is provided per hectare. In recent times there has been increased development of industrial and warehouse space (B1c, B2, B8) with mezzanine floors. Where this format of development is adopted this increases the floorspace that can be delivered per ha, up to a maximum of 8,000 sq m per hectare.

These different formats for development, when combined with different employment densities, means that very different numbers of jobs can be expected to be associated with each hectare of land allocated for employment uses, as shown in Figure 3. On the assumption that, in principle, any of the B use classes might be deemed acceptable on land designated for employment purposes at Welborne, the number of jobs delivered could vary between 50 and 1,000 jobs per ha.

Figure 3: Jobs per Hectare with Different Uses and Development Formats at 40% Site Coverage

		Use Class	m2 per job	Plot Ratio	Floorspace in sq m	Jobs
	General Office	2 Storey	12	40%	8,000	670
B1a	General Office	3 Storey	12	40%	12,000	1,000
	Light Industry	1 Storey	47	40%	4,000	90
B1c	Light Industry	2 Storey	47	40%	8,000	170
B2	General Industry	1 Storey	36	40%	4,000	110
	General Warehouse	1 Storey	70	40%	4,000	60
B8	Large Scale Warehouse	1 Storey	80	40%	4,000	50

Source: Wessex Economics, HCA Employment Densities Guide, 2010

Note: In this table no adjustment has been made for the difference between gross external floorspace, and net internal floorspace. The figures for jobs are therefore overstated, but illustrate the scale of differences between jobs associated with different types of development. Figure 6, p35 shows the calculation taking into account gross to net floorspace adjustments.

In practice the whole 20 hectares of allocated land at Welborne would not be developed out either exclusively for B1a offices at 3 storeys, nor for large scale warehousing. But the number of jobs provided at Welborne will be sensitive to the mix of uses developed within the SDA; and these cannot be forecast at this stage with any high degree of confidence. This would indicate that it would be more appropriate to set broad objectives and land allocations in terms of the mix of employment uses to be encouraged at Welborne, than a specific jobs target.

Jobs in Shops, Schools, Healthcare and other Non B Class Jobs

The report *'New Community North of Fareham – Final Paper on Workspace and Employment, April 2013'* prepared by Hardisty Jones Associates on behalf of FBC estimates that some 1,250 jobs will be created in connection with service provision in non-B use class buildings. This includes 500 jobs in retail services, 150 in residential care facilities, and 600 jobs in civic services including health care and education. Wessex Economics have not had access to the detailed calculations that underpin these estimates, but the methodology for making such estimates is well developed, and we would be confident that the estimates provide the right order of magnitude for such jobs.

However, we would make the following observations on these estimates.

- First, the creation of these sorts of jobs will tend to lag the growth in population of Welborne. Development of new shops and other facilities will only take place once a certain critical mass has been achieved. In terms of private sector investment in new retail development, developers and prospective occupiers will assess the spending power of the population within the local catchment area, and this will inform when they proceed with development. Likewise public service providers are unlikely to provide new facilities until nearby facilities are over-capacity, and there is a critical mass of locally based need that justifies investment. The creation of these types of jobs will therefore always tend to lag population growth.

- Second, Welborne will be built out over an extended period of time, with final completion of all new homes not anticipated for 20-25 years. There is scope for huge change in patterns of retail spending and service delivery over this period of time. Local service centres will still provide a focus for personal services; neither dental services nor nail bars are ever likely to be provided over the internet! But there may be much reduced need to visit doctors as remote diagnosis replaces a visit to the doctor's. Places to eat, drink and socialise will still exist; but it may be more debatable whether Post Offices, banks and a number of local shops will exist in the form we know today.

Working at or from Home

The report *'New Community North of Fareham – Final Paper on Workspace and Employment, April 2013'* sets out estimates that by 2050 some 1,650 people resident in Welborne will be working mainly or wholly from home by 2050, equivalent to more than 1 in 5 of the working population of Welborne (22.2%). This estimate is based on the current level of working at or from home in work in the South East region which is reported in the Workspace and Employment Paper to be 16.5% of the working population; and forward projection of the observed increase of 1.7% in homeworking in the decade 2001 to 2011 in over the next 3 decades.

Wessex Economics can anticipate that the numbers of people who work mainly or wholly from home will increase from current levels and that Welborne may well be more likely to attract people who work from home than some other locations. It will also be possible to boost the number of those working at or from home by proactively planning to make it easier for people to do so. Developments in technology, changes in working practices, and the probability that the cost and difficulty of travel will increase, will all make home working easier and more attractive to people.

For example in the next 25 years it is likely that we will see much greater use of video conferencing; and the human protocols of how to make such conferencing work as effectively as face to face meetings will develop. It is worth remembering that it took time for people to develop social protocols of how to use the telephone for business purposes and to learn what email can be used for and what sort of business cannot be conducted by email.

However the social interaction associated with working alongside others is unlikely to be ever adequately replaced by remote interactions; and the increasing complexity of modern business increasingly requires higher levels of team work, more interaction and co-ordination of complex processes. This is why business places such an emphasis on recruiting people with good inter-personal skills, and with experience of team working. The work undertaken by many businesses do not lend themselves to remote working. Jobs requiring supervision, close team work, shared learning etc are not going to be readily undertaken outside of a formal workspace. Many people also value the social aspects of working with others.

It is also pertinent to note that the 2011 Census shows that those working from home in Fareham only account for 5.5% of the working population. Therefore to move from 5.5% of workers who work at or from home in the Borough as a whole to over 20% on Welborne over the next 37 years is a substantial change, albeit over a long period of time. This level of home working does not exist anywhere at present. For example, at Kings Hill, a new settlement in the Borough of Tonbridge and Malling, with around 2,500 new homes built to date, and 1 million sq ft in a modern business park, only 7.5% of working residents work from or at home (2011 Census).

The decade 2001 to 2011 has also been a decade in which homeworking has become practical for many people with the development of broadband networks. It is quite possible that a high proportion of those for whom it is practical to work from home have made the shift in the decade to 2011, and that it will be hard to replicate the speed of growth of home based working in the current and future decades, unless businesses very deliberately seek to deconstruct traditional business culture. Collaborative working which requires people to work together as part of teams is likely to remain the dominant form of work organisation for decades to come.

What is probably more likely is that the number of those who work primarily from home or at home will continue to increase. But the larger increase will be of those who sometimes work from home. In the USA 24% of employed people report that they work from home at least some hours each week according to the US Bureau of Labour; but only 2.5% of employees (that is excluding the self-employed), consider home as their primary workplace. One would generally expect the UK to lag the USA in new working practices, though pressure on transport infrastructure across much of the USA is less than in the UK.

Wessex Economics believe that the level of homeworking assumed in the draft Welborne Plan is unrealistic. Wessex Economics would suggest that by 2040 it would be reasonable to assume that 15% of those residents of Welborne who are in work would work from or at home. This would represent around 1,150 workers. This takes into account the fact that a new development such as Welborne is likely to attract a high proportion of knowledge workers whose work can potentially be undertaken from home; and it assumes that FBC and other councils will work proactively to encourage micro-businesses in Welborne.

If the logic of this assessment is accepted, and the goal of maintaining a 1:1 jobs: homes balance were to be retained, it implies seeking to identify how another 500 jobs should be provided at Welborne. However for reasons set out later in this report, this cannot be used to justify further allocation of employment.

Moreover, Wessex Economics would emphasise that this level of homeworking is only an estimate. There is much uncertainty about how patterns of working from home will change over time. Therefore the 15% estimate of residents working from home could be an underestimate if trends such as the growth of self-employment, the growth of zero-hours contracts, and employees who have no formal place of work because they are fully mobile, continue to gather pace.

Type of Business Space and Type of Jobs

The type of jobs created (in terms of salaries, skill levels, full/part time, male/female employment) will vary depending on the type of employment space developed.

In general terms, office based employment has a higher representation of knowledge workers, and hence a higher representation of higher skill employees (as measured by qualifications) than in industrial and distribution activities. This means that average salary levels tend to be higher for office based work than for distribution activities, with a higher representation of women and significant levels of part time work.

Wholesale distribution activities should not be regarded as low skill work, but generally salary levels are lower than in office based knowledge work, and the requirement for higher level qualifications are less. Shift work may be more common, to ensure 24 hour operation and may increase over time as road networks become yet more congested. Overall there is a significant bias to male employment. Average salary levels are typically below those of office based employees and the averages across all employment sectors.

In terms of industrial activities that may be accommodated in B1b, B1c and B2 space it is much less easy to generalise about employment characteristics, since businesses that occupy such space may include knowledge based industries with significant numbers of highly qualified staff; or traditional industries with staff with trade skills, but few formal qualifications, and operating in very price competitive markets which constrains pay levels.

As a general rule, those with higher level skills, and who work full time are more willing to travel longer distances to work than those on lower wages, and who work part time. This reflects the fact that more highly paid staff are better able to cover the costs of travel, and their skills are more specialist and so they may have fewer local opportunities. The lower paid are likely to have more opportunities for local employment and the impact of travel cost on effective take home pay is proportionately higher than for more highly paid people.

6. The Objective of Self Containment

Key Points

Notwithstanding the assessment that it may be possible to achieve a broad balance between the number of jobs and homes accommodated in Welborne, Wessex Economics believe that the pursuit of a direct 1:1 relationship between homes and jobs is unhelpful; and adherence to this goal could actually distort the proper planning of Welborne.

It is clearly a sensible goal of policy to seek to locate jobs and homes in close proximity, since this makes it <u>possible</u> for people to work close to where they live which is desirable for sustainability and quality of life reasons. However, planning authorities have no control over where people live and where they work. The trend to greater levels of skill specialisation, which is an important to productivity growth, tends to work against the objective of encouraging people to live close to where they work. This is particularly so, since there are very many factors other than the time and monetary cost of an individual's travel to work that influence where people choose to live.

The likely outcome of seeking to achieve a match between the number of homes built at Welborne and the number of jobs, if it were achieved, is that there will be significant out-commuting from Welborne, matched by significant in-commuting. This outcome would not achieve the sustainability objectives which underpinned the policy proposal that the number of jobs at Welborne should match the number of homes. Wessex Economics therefore recommend that this policy objective ceases to be the key determinant guiding policy decisions on the quantum and type of employment space to be provided at Welborne.

This does not mean that Fareham Borough Council should abandon the *objective* of encouraging people to live close to their work. Planning for jobs in Welborne is important for many different reasons, one of which is that it creates the *opportunity* for people to work locally, and is particularly important of creating employment opportunities for lower income residents. However, it is a recognition that FBC cannot exert any substantive influence over the pattern of hiring by employers or where local residents choose to work. Greater focus should be given to ensuring that residents of Welborne can get to work by sustainable modes of transport.

Actions that can be taken to ensure that residents can travel to work in a sustainable way and that opportunities for work are available locally include ensuring:

- as far as possible that jobs are created at Welborne as the population grows, which implies having regard to the commercial reality of the type of employment space that occupiers require at a particular point in time
- that there are sustainable modes of transport to access the large number of jobs in central and north east Fareham and to Fareham station
- that opportunities are taken to foster small business start-up, home working and provision of appropriate sized business space developments to the north of the M27, but outside the SDA.

Sustainability and Self-Containment

Sustainability and self-containment are not the same thing. Self-containment conveys the concept of that people work in the same community as which they live, and can access all the services they need within that community. Sustainability has many different definitions, but conveys the objective of encouraging lifestyles and working practices, that place less pressure on the natural resources of the world, and therefore can be sustained in the long-run without, for example, dependence on fossil fuels.

In promoting sustainable development it is clearly desirable if people can live close to where they work since this reduces the time and energy used in travelling to work. There are a number of individual and societal benefits in living close to one's place of work:

- Less time and money wasted unproductively in getting to and from work, releasing time, energy and money for other aspects of life
- Enhanced capacity to walk or cycle to work with benefits in terms of personal health, reduced costs of travel and greatly reduced environmental impacts compared to use of vehicles
- Societal benefits in terms of reduced congestion costs, reduced requirements to invest in additional transport infrastructure, savings in dealing with road traffic accidents
- Reduced environmental impacts in term of noise and pollution, and if car parking requirements are reduced, more efficient use of land
- More efficient use of energy, in particularly savings in the use of fossil fuels and hence reduction in carbon emissions.

This long list of benefits makes it clear that it is clearly a sensible goal of policy to seek to locate jobs and homes in close proximity, since this makes it possible for people to work close to where they live and therefore more likely to be able to walk or cycle to work or to use buses; or to only have to drive a short distance to work. All these outcomes are preferable to longer distance commuting in terms of energy use, the impact on infrastructure usage, and environmental impact.

The Relationship of Home and Workplace

However, it is important also to address the question of the degree to which people who live in Welborne will in fact be able to, or will choose to, work at Welborne. It must be acknowledged that at present only a minority of people walk or cycle to work. In Fareham in 2011 71% of those in work travelled to work by car, 7% walked and 5% cycled. Data is not yet available from the 2011 Census on how far people travel to work, but almost certainly the Census data will show that the average distance travelled to work in South Hampshire has increased since 2001. The key factor explaining these journey to work patterns are the specialised nature of jobs and skills.

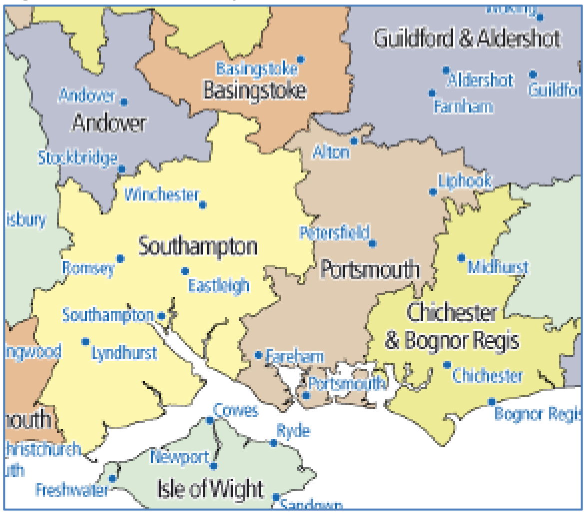
Advanced modern economies are characterised by ever increasing levels of skill specialisation. This is a major factor in productivity growth and fostering productive growth is an important objective nationally and in South Hampshire. As levels of specialisation increase, the process of matching job requirements to individual skills becomes more difficult. As a result employees widen their geographic area of job search and employers, in search for the best person for the job, are willing to pay more for the best people for the job. Often higher pay covers the additional cost of employees' travel from further afield.

This explains why economists increasingly regard cities as central to economic growth. Cities have large labour markets, and the concentration of jobs in central areas of cities makes it easier to find the person with the right specialist skills to fulfil a role. The critical mass of city centre jobs also increases the viability of public transport and fosters investment in public transport, which then further extends the reach of the city centre labour market. This is why, decade by decade, the extent of the London Travel to Work Area has extended further and further from the centre of London. This is linked to the fact that the economy of London has grown faster than anywhere else in the UK since the early 1990s.

On the basis of 2001 Census data, South Hampshire has two travel to work areas (see Figure 4). But it is quite probable that when the 2011 Census results emerge that South Hampshire will comprise a single Travel to Work area, representing the degree of labour market integration across the whole area. Part of the competitive position of South Hampshire is an offer to inward investors that the area consists of a single integrated urban area with a population of over 1 million people.

In view of this pattern of labour market specialisation, the likelihood is that the majority of those who work in Welborne will live outside the area; and the majority of those who live in Welborne and who are in work will work outside of Welborne. There is also evidence[3] that a high proportion of those who buy new homes in Welborne will not be local to Fareham, but be drawn from the wider South Hampshire area. Many of these will move to live Welborne, but still travel to their existing place of work.

Figure 4: South Hampshire Travel to Work Areas



Source: 2001 Census

[3] See the New Community North of Fareham Housing Market Assessment, DTZ & Wessex Economics March 2013, http://www.fareham.gov.uk/PDF/planning/new_community/housingmarketassessment.pdf

The draft Welborne Plan states in discussing the principle of a balanced community that the aim is to avoid significant net in or out commuting. This objective might indeed be achieved since it is framed in terms of net commuting flows, by having large volumes of out-commuting balanced by an equally large volume of in-commuting.

This is the reality of competitive labour markets in which employers do not take into account where prospective employees live when making hiring decisions. It is also a product of the way in which the housing market works. People who can afford market housing will take all sorts of considerations into account in deciding where they want to live, with the duration and mode of their journey to work being only one of many factors. New residents coming to live in Welborne are more likely to be attracted to live there by the nature of the homes being built and the environment, than by the fact they have found a job in Welborne.

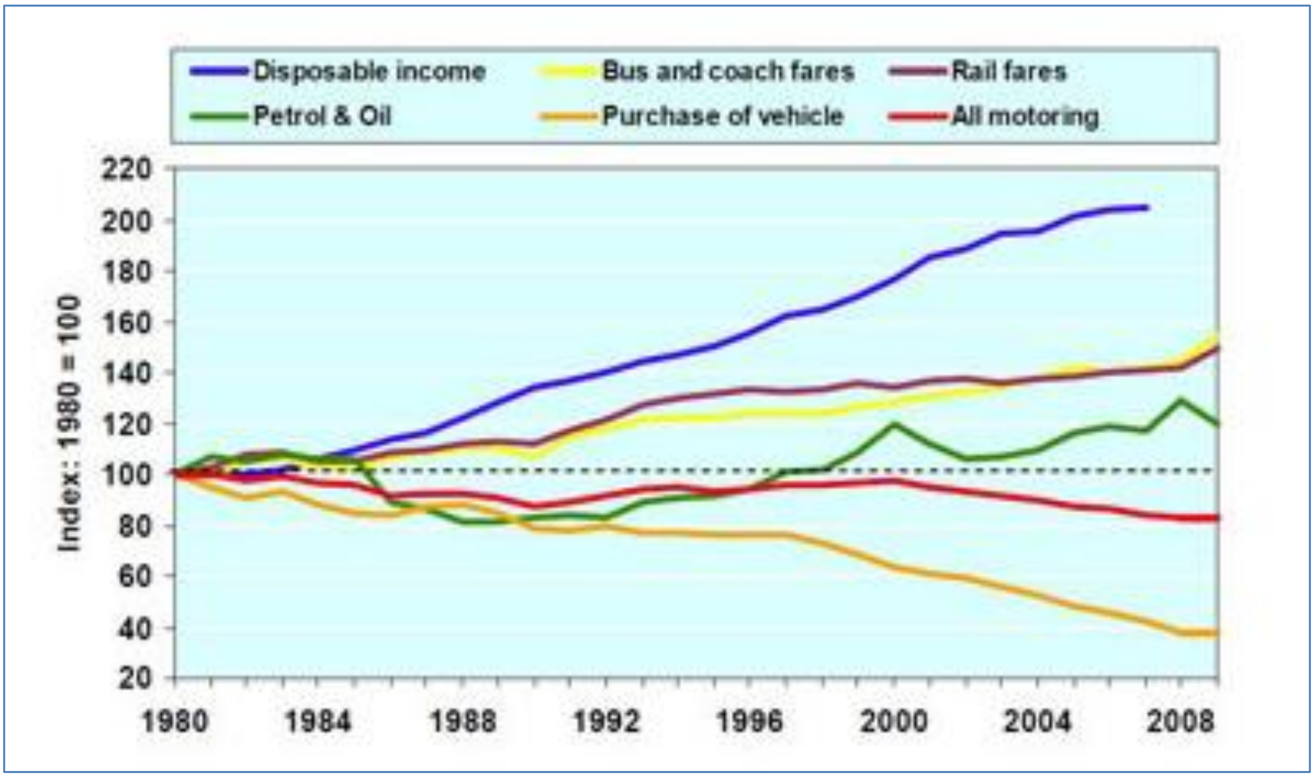
It is those in low income jobs, and therefore those living in affordable housing in Welborne, who are on balance much more likely to work locally. In part this is because they cannot afford the cost of longer distance travel, and in part it is because lower wages means there is less competition from people living further away for available local jobs.

This does not mean that Fareham Borough Council needs to abandon the *objective* of encouraging people to live close to their work. Planning for jobs in Welborne is important for many different reasons, one of which is that it creates the *opportunity* for people to work locally. This is particularly likely to be important to those who want to work part time, and have generic skills which would allow them to work for a wide variety of employers. The jobs available to these people will tend to be the lower paid and/or part time jobs. It is also likely that self-containment will increase over time as jobs become available and local residents apply for them.

It is also possible that over time, rising costs of travel to work and increasing congestion on transport networks will encourage people to live closer to their place of work. However it is worth noting that over the long term the cost of car use has been falling, while the cost of public transport has been increasing (see Figure 5). This makes reversal of current deep seated trends of increasing car use hard to change. This is not a reason for taking decisions now that do not make more sustainable patterns of travel possible in the future, but realism is required in the short to medium term of likely patterns of movement.

In view of this Wessex Economics believes that FBC should retain its overall objective of encouraging self-containment in Welborne, but it needs to recognise that it cannot exert any substantive influence over the pattern of hiring by employers or where local residents choose to work. Wessex Economics therefore takes the view that other factors should also be taken into account in deciding the quantum of employment floorspace to be provided at Welborne; and there should be no expectation that, once these factors are taken into account, that the totality of jobs likely to be provided at Welborne will match one for one the number of new homes to be built.

Figure 5: Long Term Costs of Alternative Transport Use



Local Opportunities for Employment of Welborne Residents

It is a certainty that significant numbers, almost certainly a majority, of the future residents of Welborne who work, will work outside Welborne. In view of this it is highly desirable in terms of sustainable development that those residents can find work relatively close at hand and can travel to work using sustainable modes of transport.

In total there are some 18,100 jobs in Fareham town and 11,400 of these are in Fareham East ward, which covers the town centre and incorporates various commercial estates on the north eastern side of the town with good access to Junction 11 of the M27.

The distance from the likely location of the Welborne District Centre into the centre of Fareham is around 1.5 miles by the A32 and 2.5 miles via the M27 and A27. Outside of peak hours the journey time into central Fareham from Welborne would be no more than 10 minutes.

Residents of Welborne will wish to access jobs in Fareham town. With a high proportion of these jobs located centrally or close to the A32 there is clearly scope to provide a Bus Rapid Transit scheme to serve Welborne residents, and this should be regarded as an important part of the employment strategy for Welborne.

A Bus Rapid Transit service that takes people from Welborne to Fareham Rail station will also be an important part of the strategy, enabling residents to access a wider range of job opportunities in South Hampshire particularly in the cities using a sustainable mode of transport.

The availability of jobs within Fareham town reduces the perceived requirement to provide employment at Welborne itself, without undermining the commitment to promoting sustainable patterns of economic development.

7. Delivery Considerations

Key Points

Wessex Economics does not believe that there will be any significant development of new employment space at Welborne until the M27 Junction 10 upgrade to provide an all moves junction is completed. The draft Welborne Plan states that work to deliver this junction will commence in the period 2015-2020, but may not be completed by 2020. By implication, it is very possible that no new employment floorspace will be available at Welborne before around 2022.

In the period before the all-moves Junction 10 is completed, FBC should seek to encourage small scale development of employment floorspace in and around the Welborne site that would not trigger large increases in traffic volume nor compromise the master-plan. Existing employment space at Dean Farm should be retained for as long as possible, and opportunities sought to make best use of other existing employment sites within the SDA and in the rural area surrounding the SDA.

If development proposals are brought forward that would deliver the improvements to Junction 10 at an earlier date than currently envisaged, or provide a mechanism for funding the improvements, that would release investment for other infrastructure improvements, these proposals should be given serious consideration.

From the first, policies should seek to support development of small businesses at Welborne, by providing appropriate workspaces and infrastructure. Plans for a business incubator should be incorporated into the District Centre at an early stage, supported by high capacity broad band connection to the District Centre at an early stage. Provided conventional broad band services are rolled out to domestic users, this will be sufficient for most people who work from home.

The brief for this study calls for commentary on delivery of employment land, employment space, and hence on the timing of delivery of jobs. In commenting on these issues, Wessex Economics has not had access to the overall strategic viability analysis, therefore we have worked from first principles to make a number of observations on delivery issues.

First, as a general principle it can be expected that residential development will deliver greater development value than development for employment purposes. This is a major reason why Wessex Economics does not recommend an increase in the quantum of employment land at the expense of residential land, even if this were to mean that fewer jobs would be provided at Welborne than homes.

Second, it is hard to conceive that there will be any significant development of new employment space at Welborne until the M27 Junction 10 upgrade to provide an all moves junction is completed. The draft Welborne Plan states that work to deliver this junction will commence in the period 2015-2020, but may not be completed by 2020.

By implication, Wessex Economics would conclude that no substantive development of employment floorspace at Welborne will be completed before around 2022. This reflects the following considerations:

- It is very improbable that any occupier will give serious consideration to locating at Welborne until a firm date for completion of the junction is known, and in all probability potential occupiers will not even consider the site until the junction works are completed.
- In the current development climate, and in the property financing environment likely to prevail for some time, no developer will commit to development without a firm occupier commitment (a pre-let or equivalent). So from a developer perspective completion of the junction improvements is essential.
- The analysis done of competing sites highlights that there are development-ready sites for offices at both Junction 9 and Junction 12 on the M27. There is therefore no pressure on occupiers to even consider locating at Welborne (Junction 10) until the junction improvements are in place.
- The availability of land on the M27 for distribution uses is more restricted, but the all moves Junction 10 will be an even higher priority for a B8 distribution occupier than for other potential occupiers. We consider below whether such a requirement could be used to bring forward delivery of junction works.
- The Ford works at Swaythling closed in June 2013. Solent LEP and Southampton City Council are keen to attract high value businesses to the site, but its size and proximity to the M27 Junction 5, the Southampton/Eastleigh urban area and the airport might make it an attractive location for distribution functions. However, there is no clarity over when the site might be brought forward for redevelopment, and there are issues that will have to be addressed if HGVs are to use Wide Lane bridge.
- The Solent Enterprise Zone is coming forward as an option for a range of occupiers, and commitments to improve access to the M27 have been made. Making the Enterprise Zone an attractive location for businesses to locate has higher priority than Welborne in terms of funding for infrastructure investment.

Thus the prospects of securing development of employment sites before completion of the Junction 10 improvements are not good. However it is reasonable to expect that once a firm date is set for completion for completion of the Junction 10 works that employment sites will start to be marketed. If a pre-let or bespoke requirement were to come forward at this stage, this *could* allow development before the Junction is completed, and occupation to commence as soon as the Junction is open for use.

The likelihood of this scenario materialising depends on whether the developers are willing to offer a very good deal; or whether a particular occupier has an urgent requirement for space *and* a very specific desire to be located on the M27 and at Welborne. Any developer and occupier would be factoring into their decision making how certain the junction works are to be completed on time, and the risk to their business if there were delays

Is there anything that can be done therefore to start to ensure provision of jobs at Welborne before the completion of the all-move Junction 10?

It is of significance that the major landowner in the south of the designated area, the BST Group, is a developer and investor in business space and has indicated its desire to develop its landholdings primarily for business purposes. FBC thus has a delivery partner who wishes to develop business space. Often mixed residential and business space developments struggle to find developers and investors interested in building out the employment land allocated in plans.

There is potentially scope for the BST Group to start to market the major development sites and to secure planning consents for development if the landowner/developer is confident that there will be demand once the Junction improvements are completed. If planning consents were secured in advance of the Junction works being completed this could advance the delivery of some employment space by up to 2 years.

In the period before the all-moves Junction 10 is completed, there could be scope to explore the potential for small scale development of employment floorspace in and around the Welborne site that would not trigger large increases in traffic volume nor compromise the master-plan.

Dean Farm in the centre of the site already has a number of employment units. The current masterplan envisages redevelopment of this existing floorspace. However, it would be foolish to displace the existing businesses at Dean Farm until absolutely essential; and it would make sense to seek to relocate these businesses elsewhere at Welborne if at all practical.

There is land currently in employment use at Charity Farm and at Crockerhill. Both of these sites, are located within Welborne, but the current uses may not be optimal in terms of the longer term development of Welborne. The opportunity should be taken to explore whether development in line with the overall Employment Strategy for Welborne could be undertaken on these sites at a relatively early date. Other sites for business use may exist in Funtley and Knowle and other nearby settlements.

The Welborne Plan should be extended to consider the role that these business space clusters within the SDA and in the surrounding settlements can play in delivery of the Employment Strategy for Welborne, particularly in the early years when it may be difficult to attract development of the new employment land allocations prior to the delivery of the all moves Junction 10.

The possibility has also been raised by BST that there might be a way to advance the delivery of the all-moves Junction 10, through an early deal with major occupiers to provide either a major distribution centre or large single user office development on land owned by BST to the north of the M27 and west of the A32. The suggestion is that these might help fund the junction improvements required. It is suggested that this would kick start employment provision at Welborne, and be a part solution to the issue of funding infrastructure investment.

It is certainly the case that there would be merit, if it is possible, to bring forward jobs at Welborne in advance or in parallel with new homes being developed. If there are jobs and homes coming on stream at the same time, this increases the chance that some of those relocating or taking up new jobs may consider living close to where they work. Having jobs in place before homes are built, increases the chance that once people move in they can secure local work as vacancies arise.

It has not been possible to examine in depth the proposals put forward by BST in this study, in terms of whether there is a realistic prospect of securing an occupier and whether this would indeed be a way of funding the necessary junction improvements.

In terms of the suggestion that it might be possible to attract a single major office occupier to Welborne in the near future, Wessex Economics would note that there are other M27 locations that would be keen to attract any large office occupier and where serviced land is already available. PUSH and Solent LEP might also take the view that locating at Junction 10 of such an occupier runs counter to the Cities First emphasis of policy, though the attitude of both organisations might be pragmatic if a significant employer insisted that they wished to be located at Welborne, and it was linked to expansion or retention of that business.

With regard to the possible establishment of a large distribution hub at Welborne Wessex Economics would comment that this would probably take up a large proportion of the allocated employment land, but generate relatively few jobs. As the very first thing to be developed it would very likely shape the perception of Welborne as a residential and business location in a way that is not helpful. On the other hand if this were to be the thing that makes the scheme as a whole deliverable, then it would have merits.

If the proposal takes shape, the implications for the Welborne Plan would need to be considered in depth. Wessex Economics would recommend that the proposals are given serious consideration rather than rejected out of hand.

These proposals do however demonstrate that BST is serious in its interest and intent to use its landholdings for development of employment space and this is to be welcomed. It is another factor that supports the redistribution of some of the employment land allocations shown in the draft Welborne masterplan from the east of the A32 to the west of the A32.

An indicative trajectory for the development of employment land has been prepared taking into account the range of factors discussed above. This indicates that large scale development of employment floorspace from 2022. The trajectory and the factors taken into consideration in preparing the trajectory are set out in Appendix 4.

Another important part of the Employment Strategy is to make Welborne a great place for micro and small businesses, including those who will work from home. We would expect that significant capacity in terms of high speed fibre optic broadband will need to be provided into the District Centre and the land allocated for employment purposes. Provision of the required infrastructure should be a commercial proposition in the long run for providers, though securing in advance of attraction of occupiers may be an issue.

The connectivity requirement for most home businesses will not exceed those of households, where capacity requirements are being driven largely by access to entertainment services. Infrastructure providers will probably appraise the revenue potential of the household base, with home office users just being part of that assessment. It is doubtful that there would be any need to provide higher capacity services just to meet the requirements of those who work from home.[4]

Businesses that have a requirement for significant levels of broadband capacity should be provided for through specialist facilities in the District Centre. This links to the principle of seeking to ensure provision of a business incubation centre, which is an important element in the Plan. The latest generation of incubator spaces are moving toward provision of space for co-working where people share space, as well as individual units. Provision of such a facility is likely to depend on the private sector seeing the commercial opportunity or public support for private sector led provision.

Most business incubators are developed in existing buildings, so that the cost of space to new and small businesses can be kept low. The focus of the strategy should therefore be on seeking to identify an existing building or buildings on or close to the site suitable for conversion. Such a strategy would allow incubation space to be provided cost effectively and at an early stage of development. In this way the provision of incubation space would not need to wait upon the start of development at the District Centre nor the completion of new office floorspace.

In particular it may be worth examining the potential for conversion of one of the existing industrial units at Dean Farm to provide appropriate space; or whether it would be possible to create temporary incubation space. In a number of locations, shipping containers have been converted to small offices and workspaces for start-up businesses. The advantage of using shipping containers as workspace is that they can easily be relocated. On a large site such as Welborne, which will be developed in phases this could be a considerable advantage. The use of such temporary workspace is also scalable; if there is demand for additional units they can be easily increased provided the land is available.

Equally important however will be the provision of other business space in small unit sizes. Wessex Economics has recently undertaken work for Winchester City Council and Hampshire County on the business space requirement of micro-businesses. Those who essentially have technology based business can work from home without difficulty providing they do not require particularly high capacity broadband. Wessex Economics are not aware of any particular aspects of housing design that should be incorporated into design principles for housing to facilitate home working.

The real challenges face micro-businesses who make or need to store things. Such businesses typically need cheap space, ideally close to where they live. New developments rarely provide this sort of space, and enforcement action would often be taken by anyone who started to use garages in a new residential development for business use. In part because of this, and because of the cost of new homes compared to older homes, Welborne might not be an attractive place for such micro-businesses.

[4] It is important to bear in mind that broadband may be displaced by some other technology by 2041; remember we have only really had widespread adoption of broadband technologies across society in the last decade.

To address this issue a number of actions can be taken:

- As discussed above consideration should be given to how existing space within the SDA at Dean Farm and Charity Farm can be used to accommodate small businesses
- The Employment Strategy should extend its consideration of workspace for small businesses outside of the SDA to nearby settlements such as Crockerhill, Funtley and Knowle, and seek to avoid loss of small business workspace, particularly cheaper premises
- Address how small and flexible workspace can be incorporated into the designs of the local centres in Welborne as well as in the District Centre.

Wessex Economics has not undertaken a detailed assessment of demand for small business workspace at Welborne, and at this stage any estimate of requirements would be speculative. However the requirement is likely to be of the order of 500-750 sq m (5,500 to 8,000 sq ft). To help translate this into more readily understood terms this would represent around a third of the space at the Winchester Basepoint business centre, while has 66 units over four floors with units ranging in size form 12 sq m (120 sq ft) to 47 sq m (c500 sq ft). Winchester City has a population of around 37,000 people and is a major business centre. Welborne is anticipated to have a population of between 14,000-17,000 people, so it is less than half the size of Winchester, and will be a subsidiary centre of employment to Fareham.

8. Recommendations

Principles

FBC should retain its objective of encouraging self-containment, while not seeking to rigidly adhere to a 1 to 1 relationship of jobs and homes. This is a simple recognition that FBC has no control over where residents choose to work, nor the pace of development of business floorspace. Greater weight should be given to ensuring that jobs are delivered as far as possible at the same time as the growth of the resident workforce.

In the pursuit of self-containment FBC has implications for a number of policies and can take a series of actions, as follows:

- Wessex Economics would support FBC's objective of ensuring a provision of both jobs and homes in Welborne as part of the strategy to ensure the maximum possible level of self-containment, while recognising FBC cannot dictate where the residents of Welborne work
- It is important for FBC to seek the fullest provision of local services appropriate to a community of some 14-17,000 people, and that creative ways should be looked at of how services can be provided to new residents in the early phases of development eg temporary shops
- Wessex Economics would endorse the objective seeking to make a Welborne a great place for micro and small businesses, including those who will work from home. Actions need to involve providing appropriate workspaces (not just serviced offices), support, and communications infrastructure.
- Action should also be taken to link local residents to job opportunities with employers ensuring job opportunities are advertised locally, and by seeking to support those who live locally with local job search and training where required

Issues of deliverability should be given significant weight in decision making. In Wessex Economics view it is more important for a development that will span 25 years from 2016 to be guided by key principles rather than strict adherence to precise quantitative targets.

This principles based approach to planning reflects the fact that it is not realistic to forecast business space requirements up to 25 years into the future; nor to anticipate fully how people will chose to live their lives in 2040, and what impact technology and social trends will have had on working practices or lifestyles.

We turn now to present our recommendations relating to the key questions posed at the start of this report.

The Quantum of Land for Employment Purposes and Floorspace Targets

Wessex Economics regard the 20 ha of land allocated for employment used in the draft Welborne Plan as appropriate.

- There is no evidence of a pressing requirement for the allocation of additional employment land in South Hampshire. There is a more than adequate forward supply of employment land and sites, including sites along the M27 which can be regarded as performing a similar role as Welborne. This view was supported by PUSH, the Solent LEP and adjoining local authorities at a workshop held on 19th June 2013.

- An increase in the allocation of land for employment purposes would eat into the land available for residential development. South Hampshire needs new homes to meet the needs of both a growing population and to support its economy.
- A reduction in the allocation of land allocated for employment purposes would make it harder to achieve the broad objective of maximising the potential for self-containment; it would also adversely affect the viability and sustainability of the District Centre.
- The overall area of land allocated for employment uses should be large enough to achieve critical mass to attract a range of occupiers and to offer scope to attract different size of businesses, including some larger occupiers.
- The 20 ha of land makes the fullest possible contribution to the overall development value of the entire scheme and hence contributes positively to delivery of the scheme. All other possible uses of the 20 ha identified would deliver lower value than its development for employment purposes.
- Given that the employment land identified will only become commercially attractive once works are completed at Junction 10 on the M27, provision at Welborne will not compete with alternative sites until after that date.
- Development at Welborne will make some contribution to meeting the employment land requirements of Fareham Borough in the current plan period to 2026, but this contribution is likely to be quite modest.
- The overall allocation of employment land at Welborne is much more significant in terms of ensuring long term continuity of a supply of well serviced employment land over the longer term (post 2026). Given how long it takes to make employment sites, development ready, Welborne is a valuable contribution to the supply pipeline.

The Proposed Mix of Uses

The current allocation of employment land in the draft Welborne Plan is estimated to have capacity to deliver between 39,000-44,000 sq m of office space and 35,000-40,000 B2/B8 space.

Wessex Economics believe it is important not only to differentiate offices from B2/B8 space, but it is important to differentiate B8 warehousing from the emerging class of flexible modern production space that on current categorisation might be classed as B1c or B2 space.

Wessex Economics have developed the indicative split in terms of floorspace provision as shown in Figure 6. This allocates land as follows:

- 3 ha for office accommodation. It is assumed that this is built in 2 and 3 storey blocks, with site coverage at 40% (so the floor area of buildings on a 1 ha plot (10,000 sq m) covers 4,000 sq ft.
- 10 ha for B8 warehousing. It is assumed that this is developed entirely a single storey, though the development might be of a high bay warehouse, on the basis of a 40% plot ratio.

- 7 ha of B1c or B2 space. It is assumed that around quarter of the premises built have a mezzanine floor, so buildings are developed on the basis of 1 or 2 floors. A plot ratio of 40% is assumed.

Figure 6: Land Allocation, Floorspace and Jobs by Use Class

Use Class	Type	Ha	Storeys	Plot Ratio	Gross External Floor Area	Net Internal Floor Area	Sq m per job	Jobs
B1a	General Office	3	2.5	40%	30,000	24,000	12	2,000
B1c/B2	Light Industrial	7	1.25	40%	35,000	33,250	41.5	801
B8	Warehouse	10	1	40%	40,000		75	533
	Total	20			105,000			3,335

Note: Employment densities (sq m per job) for offices are applied to Net Internal Area in accordance with HCA Employment Densities Guidance and an assumed Net to Gross ratio of 80%; a Net to Gross Ratio of 95% is applied to B1c and B2; employment densities for B8 Warehouse use are reported for Gross External Area.

On the basis of these assumptions the *capacity* of the land allocated for employment uses at Welborne is for up to 105,000 sq m of employment floorspace (Gross External Area), broken down as follows:

- 30,000 sq m of office (B1a) floorspace
- 40,000 sq m of B8 warehousing space
- 35,000 sq m of B1c and B2 light industrial floorspace

This level of floorspace capacity is greater than presented in the previous draft Welborne Plan, but this is a gross figure. It is estimated that some 13,860 sq m will be lost, mostly at Dean Farm. The net increase in employment floorspace capacity is therefore 91,140sq m.

It is anticipated that it will take the full life time of the Welborne Plan to 2041 and longer, to deliver this scale of development. If development does not get underway until 2022 – a possible target date for opening of an all moves Junction 10, to develop 100,000 sq m by 2041 would mean completion of around 5,500 sq m of employment floorspace pa. To put this in context an average of 34,500 sq m pa of employment floorspace was completed in the 12 years to March 2013 in the PUSH area as a whole

The draft Welborne Plan contained proposals for 39,000-44,000 sq m of office floorspace, so the revised proposals anticipate a reduced level of office floorspace; but plan for enhanced provision of industrial and warehouse space (B1c, B2 and B8) – 75,000 sq m compared to the 35,000-40,000 sq m identified in the draft Welborne Plan.

To some extent the change in the balance of planned provision reflects the current position that there is likely to be limited demand for office space at Welborne for some time to come, given the overhang of existing newly built accommodation, and the availability of sites with permission in similar locations to Welborne. But it also reflects policy that gives priority to office development in South Hampshire’s two cities, and the growing appeal of city centre locations to office occupiers.

In contrast there is evidence of emerging demand for warehouse space in the sub-region, and an absence of new supply over the last decade. It is anticipated that Welborne will be able to capitalise on this demand in the next 10 years. But the increase in planned provision of warehouse space also reflects the importance of logistics to warehouse and industrial enterprises. This ties them to motorway locations; Welborne has a relative advantage to other sites in being able to accommodate such uses in an attractive environment.

Consideration will need to be given, however, to the environmental impact of large scale warehousing activities on adjacent residential development and on the overall perception of Welborne as a place to live. It is important to the delivery of the entire Welborne Plan that employment developments do not dilute the value of residential development. The design, scale and location of all employment buildings is therefore an important consideration, and needs to be meshed with the planned routes of access and egress from the employment zones that are located at Welborne.

It is in the landowners' interests that the potential conflicts between different land uses are well managed. Wessex Economics would therefore recommend that FBC work with the landowners and promoters of the development to agree a number of principles regarding zoning, traffic flows, the design of buildings, assessment of noise, and smells; and the overall management of the employment areas within Welborne. Some of these principles will be capable of being incorporated into the planning framework. But others will depend on the enlightened self-interest of the owners of land and landlords of property to enforce. Joint working between FBC and the owners and managers of the employment land is likely to produce the best results.

The planned provision of 35,000 sq m of B1c and B2 floorspace recognises that while manufacturing employment continues to decline, the value of manufacturing output in Hampshire and the Isle of Wight is forecast by Oxford Economics to grow by 25% between 2013 and 2025. Industrial property agents also perceive there to be opportunities for growth in UK manufacturing and related activity associated with on-shoring and 3D printing technologies[5]. These trends, combined with significant requirements for re-provision of redundant industrial premises, inform the indicative allocation of land for B1c and B2 floorspace, which the majority expected to be B1c floorspace or hybrid B1, B1c and B2 space.

Given the quantum of land and the lengthy anticipated timescale for development of employment land at Welborne, there will need to be flexibility in how land is used. The following recommendations are made for regular review and protecting the overall ambition to have a mix of different employment uses at Welborne.

- Securing the anticipated level of office development is critical to the overall levels of employment achieved at Welborne. Therefore there should be a deliberate policy to retain the 3 ha of land close to the District Centre for office uses. Design coding relating to the quality and height of buildings, the quality of landscaping etc can potentially be used to ensure that the type of development that comes forward close to the District Centre reinforces the function and viability of the District Centre. Wessex

[5] The Evolution of Manufacturing, Jones Lang LaSalle, June 2013

Economics believe that this approach will find favour with landowners, provided ownership remains in the hands of those who can take a strategic perspective on the development of Welborne.

- In a similar way, FBC should seek to ensure that the land that is allocated for employment uses is promoted in such a way that complimentary uses can be located close to each other; and that developments that would detract from the overall development of a particular zone are prevented. It should be in the interest of landowners and developers to zone available land in this way, and this will be helped if land is managed by the landowners and promoters on a strategic basis rather than disposed of in smaller parcels to different developers. Managing competing and complimentary land uses is important for value creation and retention.

The proposals for Welborne will contribute to the long term strategy for South Hampshire. Specifically in terms of the policy objectives of PUSH and the Solent LEP, the revised proposed quantum and mix of floorspace planned at Welborne:

- Provides for the long term requirements for business floorspace in a manner where it is possible to plan in a responsive way to market demand, because of the ability of the site and location to accommodate warehouse, industrial, R&D and office accommodation.
- By reducing the level of anticipated office floorspace, this revised strategy acknowledges the *'cities first'* policy of PUSH and the Solent LEP, and acknowledges the extensive planned provision at other sites (notably at Junction 9 and 12) for further provision of office floorspace.
- Responds to emerging market demand for warehousing space, and provides a locational alternative in the centre of the M27 corridor to other potential locations for such activity. Transport and logistics are one of the priority sectors identified by the LEP and by PUSH.
- The planned provision for B1c (and B2) space also provides locational choice for advanced manufacturing and environmental technology businesses, as well as a host of smaller enterprises requiring clean attractive production space. In this Welborne complements the Solent Enterprise Zone.

The Employment Potential of the Proposed Allocations

The current draft Welborne Plan envisages that around 6,900 to 7,300 jobs, on the basis of delivery of 79,000 sq m of office and industrial floorspace, employment in non-B class activities, and an estimated number of people working from home in 2050. Figure 7 shows the breakdown of these estimates.

Wessex Economics estimates that based on the increased floorspace provision, the changed mix in the type of development, and a reduced estimate of the number of people working from home, that around 5,735 could be working in Welborne once all the employment space is developed.

Figure 7: Employment at Welborne: Draft Welborne Plan and Wessex Economics Estimates

	Draft Welborne Plan	Wessex Economics
Office Jobs	3,600	2,000
Industrial Jobs	800	801
Warehouse Jobs		533
Retail	500	500
Residential Care	150	150
Civic (incl Health and Education)	600	600
Working from home	1,650	1,150
Total	7,300	5,735

It is important to emphasise that these estimates are based on all the planned floorspace being built and occupied; and it make take at least until 2041 (the current planned date for completion of all the homes) to deliver the full quantum of floorspace. The actual number of jobs also depends on the mix of development and the efficiency with which businesses occupy the floorspace.

There is therefore inevitably uncertainty about the number and type of jobs that will be created at Welborne, since this is a function of the pace of development; the type of employment floorspace development; the nature of development of non-B class uses, particularly in the District Centre.

As Figure 7 shows the quantum of jobs is particularly dependent on delivering the quantum of office floorspace proposed, since these account for a large number of jobs. Retaining land zoned for offices is particularly important to the achievement of the employment objectives of the Plan. However, there should be no pressure on this land for many years, given the extent of land identified for other employment uses.

Flexibility in Delivering the Welborne Plan

While the development plan process requires the preparation of forecasts of planned floorspace by use class, it is likely that over future years' business space will become increasingly hard to allocate solely to a single use class. This would indicate the need for flexibility and zoning of different uses.

We recommend that in planning for employment development it is desirable to retain flexibility over the distribution and the split of floorspace between different use classes, while recognising that the aim should be to secure a broad balance between office, warehouse and industrial uses.

If it were to prove that there is stronger demand in the early years of the scheme for B8, B1c and B2 uses than for offices, it will be important to ensure land identified for office development is not lost to other B uses, since B1a uses are associated with many more jobs per 100 sq m of developed space.

However in the indicative allocation of the 20 ha of land identified for employment uses, Wessex Economics has allocated 85% of the land to non B1a uses, so there should be no pressure on the land most appropriate for B1a use for many years, by which time demand for office space is likely to have emerged.

FBC may wish to be more specific in the Welborne Plan to indicate that it wishes to promote Welborne for a variety of business uses in addition to offices, particularly R&D uses (B1b), and light industry appropriate close to homes (B1c). It would be appropriate to identify those sites where such activities will be encouraged.

While the indicative division of floorspace identifies land for warehousing use, it is important that proposals for large format warehousing are assessed fully in terms of the implications for the overall development. This is important because there is a perceived market requirement in the near future for such warehousing.

Wessex Economics believes that proposals for large format warehousing should be assessed, if they materialise, on their merits. Such development might enhance viability or help fund key elements of infrastructure and thus help delivery of the overall plan.

However, Welborne may not be the best location in South Hampshire for such facilities, and might detract from the character and appeal of the emerging residential community. Provision of large scale warehousing might have adverse effects on traffic flows that make delivery of the overall scheme harder.

Similar considerations apply with applications for B2 development. The revised Plan should seek to set out criteria that would be applied to determine if B2 and B8 uses are compatible with the overall objectives for Welborne as a new community.

These criteria would include contribution to job creation, traffic and environmental impacts, and contribution to funding infrastructure and overall scheme delivery. It is envisaged that a Design Code will be developed and compliance with the Design Code will be an important factor in determining planning applications.

It has become commonplace for many D class uses, plus hotels, and Sui Generis uses to be developed on land allocated to B class uses. Often these provide significant numbers of jobs. Wessex Economics would regard many such uses as appropriate to Welborne on land allocated to employment uses.

In particular, Wessex Economics, would anticipate that uses such as a hotel, a gym, training centre, some forms of medical or alternative therapy centres etc could complement the District Centre.

However, there are other uses that might simply attract people to Welborne, with limited benefit to the new community. Particular caution should be exercised over development of activities that have a significant retail element to their activities, since these could generate significant traffic flows.

Wessex Economics would recommend that the Welborne Plan set out criteria which will be used to inform decisions about what non-B class uses might be permitted on land identified in the Plan for employment uses.

Criteria would include the contribution to the objectives of Welborne, including job creation, level of use by local residents, traffic generation, compatibility with other adjacent uses etc.

The Siting of the Employment Land Allocations

Wessex Economics endorses the revised Masterplan (August 2013) which locates the majority of employment land to the west of the A32 in a block to the north of the M27, with a smaller site to the east of the A32 to the north of Pook Lane. This makes the best use of land that could not be used for residential development, and provides some degree of noise attenuation for homes to be developed further into the site.

Development of land along the north side of the motorway also serves the purpose that developers and some business occupiers value the fact that their premises can be seen from a motorway or trunk road.

There should be a zoning plan for employment land to indicate what type of buildings and business functions are deemed appropriate to different parts of the site. Wessex Economics are of the view that the Use Classes are too blunt an instrument on which to base this zoning plan, and would point to how, over time, it is increasingly hard to categorise business operations and premises by reference to the use classes.

The sort of criteria which would be included in the zoning plan would be:

- Visual impact and character of the building proposed
- Traffic generation, particularly the mix of cars, light commercial vehicles, and HGVs
- Employment density; that is, numbers of jobs per 1,000 sq m
- Complementarity to District Centre functions
- Compatibility with existing development and planned use of adjacent sites
- Requirements for storage, parking and vehicle movements
- Waste generation

The expectation will be that land closest to the District Centre and on the A32 frontages should be reserved for office development, for a number of reasons:

- To ensure that the impression gained as people travel along the A32 of a quality place and to deliver a sense of arrival as people come towards the District Centre
- To ensure that the District Centre benefits from the spend of large numbers of employees working within 5-10 minutes' walk of the Centre
- Office uses are more sensitive to noise intrusion, though occupiers frequently want visible locations. The location to the south the District Centre ensures visibility but distance from the motorway.
- B2 and B8 users are less noise sensitive, and their buildings tend to be more functional. They are best located closer to the M27, where they can act as a visual and noise screen.
- Non B class development on employment land should be located in accordance with the criteria set out above, which means that some might be located close to the District Centre, others in more industrial areas.
- A hotel would be appropriately located close to the District Centre, in a prominent location.

The August 2013 Masterplan identifies a smaller employment land designation to the east of the A32 to the north of Pook Lane. The likelihood is that the site is best suited to B1c, B2 or B8 uses, but any use needs to be compatible to adjacent uses; the possibility of B1a proposals coming forward should not be precluded, and would be acceptable.

Issues Associated with the Delivery and Phasing of Employment Floorspace

Wessex Economics would make the case that every effort should be made to ensure that jobs and homes are delivered in tandem, and that, if possible jobs are delivered in advance of homes. This will maximise the scope for self-containment.

However, this report has identified that little development of employment floorspace is likely to be possible until work to make Junction 10 an all moves junction is complete. This indicates the importance of completing these works at the earliest possible date.

Given that the Junction 10 improvements are not likely to be delivered until after 2020, it is recommended that FBC extend the scope of the employment strategy to consider the future role of existing workspaces at Dean Farm and Charity Farm, and in the immediate area surrounding Welborne before 2020.

Proposals made by the BST Group for an alternative junction improvement scheme to that currently proposed merit serious consideration to determine if they provide a way of bringing forward the junction improvement and hence the delivery of job creating development of the designated employment land at Welborne.

Any benefit in terms of bringing forward jobs associated with such a scheme, would need to be weighed against the impact on achieving the wider objectives set for Welborne, including the impact on the overall job targets and the future marketability of employment land and new homes.

In assessing such proposals consideration would need to be given to the PUSH and Solent LEP's 'Cities First' policies, the objectives set for the Solent Enterprise Zone, and the degree to which the proposed requirements could be met at other locations in the South Hampshire area.

The experience of the BST Group as a developer and investor in business space is a significant asset in terms of the delivery of the draft Welborne Plan. The BST Group's desire to promote employment development on its own land is to be welcomed and is one reason for increasing the area of land devoted to employment uses west of the A32 and reducing that located to the east of the A32.

The strategy for seeking to make Welborne a great place for micro-businesses and to facilitate working from home is endorsed. However, it is recommended that policies be put in place to protect and foster provision of small workspaces in the villages surrounding Welborne.

In particular it is often not easy within new developments to provide small, cheap workspace for making things or storage. Often rural areas provide a valuable source of space for businesses, but such space is often at risk of being lost to residential use.

It will take many years for the employment sites identified in the Welborne Plan to be built out. It will be important therefore to have a clear phasing plan to prevent pepper potting; and linked to this a strategy for managing sites not scheduled for immediate development.