

Hertsmere, St. Albans and Welwyn Hatfield Councils CENTRAL HERTFORDSHIRE EMPLOYMENT LAND REVIEW



TYM & PARTNERS
Planners and Development Economists

**Lambert Smith
Hampton**

Property Solutions

Interim Report
November 2006

ROGER TYM & PARTNERS

Fairfax House
15 Fulwood Place
London WC1V 6HU

t (020) 7831 2711
f (020) 7831 7653
e london@tymconsult.com
w www.tymconsult.com

This document is formatted for double-sided printing.

CONTENTS

1	INTRODUCTION	1
	The Study Brief.....	1
	This Interim Report.....	2
2	POLICY CONTEXT	5
	National Policy.....	5
	Strategic Planning Policy.....	6
	Local Plans.....	9
	Economic Development Strategies.....	12
	Key Points.....	15
3	THE ECONOMY	17
	Overview	17
	The Workplace Economy.....	17
	The Residents	26
	Travel to Work.....	30
	Consultations	33
	Key Points	35
4	THE PROPERTY MARKET	37
	The Office Market.....	37
	The Industrial and Warehousing Market	42
	Consultation	45
	Key Points	47
5	RURAL CASE STUDY	49
	Objectives	49
	Woolmer Green Employment Clusters.....	49
	Key Points	51
6	THE QUANTITY OF EMPLOYMENT LAND	53
	Introduction	53
	Employment Forecasts.....	53
	The Future Demand for Space	59
	The Planned Supply of Space	64
	Market Balance	67
7	THE QUALITY OF EMPLOYMENT LAND	73
	Assessment Method.....	73
	Existing Employment Areas.....	74
	Development Sites	85
	Possible New Sites.....	89
	Key Points	90
8	CONCLUSIONS	91
	Economic Objectives.....	91
	Broad Policy Stance	91
	Sites	94
	Monitoring and Policy Review.....	97

1 INTRODUCTION

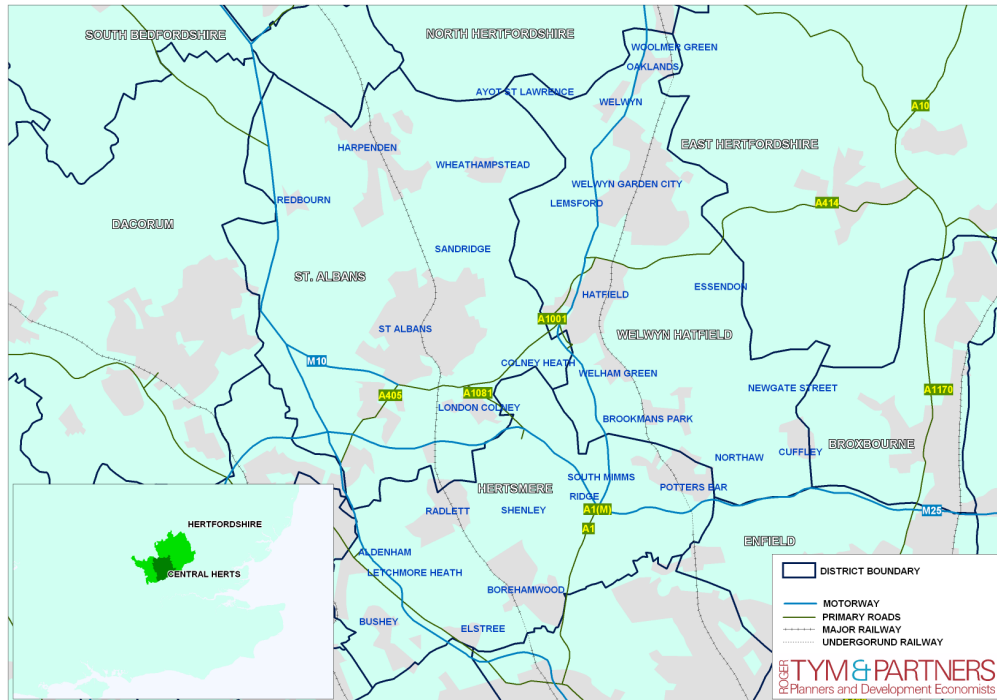
The Study Brief¹

- 1.1 This study was commissioned in November 2005 by the three local authorities in Central Hertfordshire, comprising Hertsmere Borough Council, St. Albans City & District Council and Welwyn Hatfield Council, to inform the employment land² policies in their forthcoming Local Development Frameworks (LDFs). As stated in the brief, it will also inform two Development Briefs - Broadwater Road West and central Welwyn Garden City - and decisions on individual planning applications.
- 1.2 The broad scope of the study, as set out in the brief, is to:
 - i) Take stock of the existing employment land situation;
 - ii) Create a picture of future employment land requirements to 2021, both in terms of quantity and quality; and
 - iii) Identify additional sites if needed.
- 1.3 A key question for the study, dictated by both national policy and local circumstances, is whether employment land should be released for housing. Both Planning Policy Guidance (PPG)³ and its proposed replacement, Draft Planning Policy Statement (PPS)³, indicate that applications for housing development should be considered favourably on sites allocated or previously used for employment which are no longer needed for that use, as demonstrated by a review of employment land. In Central Herts, there are exceptionally strong pressures to transfer land to housing, because the Green Belt and other designations severely restrict development capacity, and so the excess of residential over commercial land values is especially great. There is also concern that too much employment land is being lost, with adverse effects on prosperity and employment opportunities.
- 1.4 As well as these general issues, the brief sets out many area-specific and site-specific questions that the study should consider, including:
 - In Hertsmere, the future role of Centennial Park - whether non B class employment-generating uses should be permitted on the remainder of the site.
 - In St. Albans, whether there is a need to release Green Belt sites for employment use and if so, which sites are candidates for release.
 - In Welwyn Hatfield, the nature of employment uses in rural areas and the need for additional sites up to 2021.

¹ St Albans City and District, Welwyn Hatfield Council, and Hertsmere Borough Council, *Tender Brief - Central Hertfordshire Employment Land Review*, July 2005

² Like all employment land reviews, this study deals with industry, warehousing and offices (Classes B1-B8 of the Use Classes Order), together with sui generis uses which occupy similar space, such as motor repairs/maintenance. This is the accepted definition of employment uses in UK planning. It excludes other land uses that also provide many jobs, but are planned for in other ways, such as retail, leisure, education and health.

Map 1.1 Central Herts



This Interim Report

- 1.5 The panel appointed by the Secretary of State to conduct the Examination in Public into the draft East of England Plan (RSS 14) submitted its report in June 2006, while this study was in its final stages. The Secretary of State, having considered the report and responses to consultations, is expected to publish Proposed Changes in winter 2006 and the finalised East of England Plan in spring 2007.
- 1.6 The Panel report recommends changes in housing and employment targets for the region. If these changes are taken forward into the final Plan, the forecasts of land demand provided in the present report will need to be amended, because they are based on the employment figures shown in the draft RSS. However, as explained in Chapter 6 below, we cannot amend the figures yet, because the Panel's employment figures do not provide sufficient detail. Once the Secretary of State decides on the Panel's proposed employment figures in her Proposed Modifications, we expect that the regional planning and economic development agencies will provide detailed economic forecasts to match them, and we will then be able to finalise the demand-supply analysis and produce the final version of this interim report.
- 1.7 Following this introduction, the next three chapters take stock of the current position, providing the baseline for the forecasting that follows. Chapter 2 sets out the policy context, Chapter 3 profiles the local economies and Chapter 4 analyses the current property market. Chapter 5 combines economic and property market analysis in a case study of a rural employment area.
- 1.8 The following three chapters address the core task of the study, to estimate the demand for employment land over the planning period 2001-21, compare it with

the supply currently identified, and consider if more land, less land or different land should be identified for employment. Chapter 6 deals with the quantity of land and Chapter 7 with qualitative issues. Conclusions are in Chapter 8.

2 POLICY CONTEXT

2.1 In this chapter, we summarise:

- The national guidance and strategic policies to which the Districts' new LDFs will be required to conform;
- The local employment land policies currently in force, which in preparing LDFs the Districts will need to reconsider.

National Policy

2.2 The Government's Planning Policy Guidance Note (PPG)4, Industrial and Commercial Development and Small Firms, was published in 1992. PPG4 states that development plan policies should provide for choice, flexibility and competition. Authorities should ensure that there is sufficient land available which is readily capable of development and well served by infrastructure. They should also ensure that there is a variety of sites available to meet differing needs.

2.3 Although PPG4 is the natural home for government guidance relating to employment land, important further guidance is now provided in the amended PPG3, Housing. In order to help increase the supply of land for housing, a new paragraph, 42(a), was added to PPG3 in January 2005. This new text introduces a presumption in favour of applications which propose a change of use from employment to housing:

'Local planning authorities should consider favourably planning applications for housing or mixed use developments which concern land allocated for industrial or commercial use.'

2.4 The idea behind the new guidance is that planners should not safeguard for employment uses sites which have become unattractive for such uses, and therefore would be better released for housing development. However, paragraph 42(a) does not introduce a free-for-all attack on the stock of employment land. The policy is balanced with three criteria which can justify retention.

2.5 Firstly, planning authorities are reminded that not all employment land is suitable for housing. Secondly, they are cautioned that in some markets the release of employment land could trigger or exacerbate excess housing supply. The third criterion is particularly relevant: it states that planning authorities can continue to safeguard employment land and premises if:

'It can be demonstrated, preferably through an up-to-date review of employment land, ([see] Employment Land Reviews: Guidance Note' ODPM 2004) that there is a realistic prospect of the allocation being taken up for its stated use in the plan period or that its development for housing would undermine regional and local strategies for economic development and regeneration.'

2.6 The present study, like the many employment land reviews commissioned by planning authorities throughout England, is largely a response to this new government policy and the Office of the Deputy Prime Minister (ODPM) Guidance Note to which it refers.

2.7 In December 2005, the ODPM published a proposed replacement for PPG3. The consultation draft of this replacement, Planning Policy Statement (PPS)3, omits paragraph 42(a) and contains just two references to the transfer of

employment land to housing, both very brief. The first reference is indirect: it states that, when preparing housing policies in Local Development Frameworks (LDFs), authorities should have regard, among other things, to local strategies, which include local economic strategies, community strategies, local transport strategies, local transport plans and so forth. Secondly, when considering applications for housing where the LDF is not yet available or for sites not allocated in the LDF:

'Local planning authorities should consider favourably planning applications for housing development... if the site is suitable for housing development (including land allocated or previously used for industrial or commercial use, which is no longer needed for that use.. ([see] Employment Land Reviews: Guidance Note' ODPM 2004)).'

- 2.8 Overall, the draft PPS3 seems to mark a slight retreat from the previous Government position, in that it is less specific about the release of employment sites than the current PPG3. It may be that the intended replacement for PPG4 - for which a date has yet to be announced - will provide new guidance. For the present, the principal source of detailed central guidance is the ODPM Note, which this study follows throughout.

Strategic Planning Policy

The Emerging Regional Spatial Strategy

The Draft RSS

- 2.9 The East of England Plan, RSS14 (2001-21) is currently in draft. The draft went to an Examination in Public (EiP), which closed on 1st March 2006. The EiP Panel published their report, with recommendations, on 22nd June. The proposed changes to the RSS are due to be published by the Department of Communities and Local Government (DCLG) in late November 2006 and the final version is due to be published and come into force in February/March 2007.
- 2.10 The draft RSS states that *'the starting point of the regional spatial strategy is the aim to achieve sustainable development'*. Policy SS1, Achieving Sustainable development, reads in part:

'The spatial strategy aims to achieve a sustainable relationship between jobs, homes and services at the strategic and local level. It requires a sequential approach to the location of major development as a core component of sustainable development. Conserving the region's environment, quality of life, local character and natural resources, whilst adapting to climate change, together with tackling the problems of social inclusion and deprivation are also key strands in achieving sustainable development. In most instances development will be focused in or adjacent to major urban areas where there is good public transport accessibility and where strategic networks (rail, road, bus) connect. In more rural areas, development will be focused on market towns which have good public transport accessibility to key urban areas. By locating housing, jobs and services in close proximity the need for long-distance commuting will be reduced. local development documents will first consider the reuse of land and buildings within urban areas, then extensions to those areas, and finally other locations where there is good accessibility to public transport, or where proposed development can contribute to improving public transport access.'

Policy SS2, Overall Approach to the Spatial Strategy, reads in part:

'In order to achieve a close correlation between homes, jobs and community facilities, urban areas will be the main focus for development and redevelopment in the region. The key centres on which development and change will be focused are (in alphabetical, not priority order): Basildon, Bedford, Bury St Edmunds, Cambridge, Chelmsford, Colchester, Great Yarmouth, Harlow, Hemel Hempstead, Ipswich, King's Lynn, Lowestoft, Luton/Dunstable, Norwich, Peterborough, Southend-on-Sea, Stansted/M11 corridor (as set out in the Stansted/M11 sub-regional strategy), Stevenage, Thurrock, Watford.'

- 2.11 None of the urban areas in Central Herts is included in the draft RSS's list of priority centres. The closest key centre is Hemel Hempstead, whose growth could potentially spill over into St Albans, bearing in mind that, as shown in subsequent chapters, Hemel Hempstead's major development sites are close to the boundary between the two authorities. The Panel report proposes an amended list of key centres, which includes Hatfield and Welwyn Garden City (it also proposes to expand the Bedford area to incorporate Kempston and Northern Marston Vale and to exclude the Stansted/M11 corridor).
- 2.12 Turning to the economic and employment policies of the draft RSS, Policy E2 sets out employment growth targets for the period 2001-2021. For the region as a whole, the target is 421,500 net new jobs. Because the Panel report recommends increasing the region's housing target (discussed further below) it also recommends an increased jobs figure, of 440,000. However, it also cautions against treating this figure as a target, in particular because of the data manipulation behind it and the statistical difficulties in obtaining reliable data on workplace employment. The report states that the main use of the figures in Policy E2 should be *'to provide a means of monitoring actual changes in employment against a fairly rough and ready reference point for the purpose of informing future reviews of the RSS'* (paragraph 6.11).
- 2.13 For Hertfordshire, the target in the draft RSS is 64,700 net new jobs between 2001-2021, of which 8,900 are in the Stansted/M11 sub-region and 55,800 in the *'Rest of Hertfordshire'*, which includes Central Herts.
- 2.14 The Panel report recommends that this be increased to 77,000 net new jobs in Hertfordshire, of which 63,000 would be in the *'London Arc'*, which comprises the Central Herts Districts together with Three Rivers, Watford, Broxbourne and Dacorum. There is no breakdown by individual District either in the draft RSS or the Panel report.
- 2.15 Policy E3 states that local development documents should allocate employment land to provide a range of sites and premises to meet quantitative and qualitative need. It says that the location of sites provided for industry and commerce should minimise commuting, promote more sustainable communities and a closer relationship between jobs and homes, maximise the use of public transport, minimise loss of and damage to environmental and social capital and meet the needs of the region's clusters, as identified by the East of England Development Agency (EEDA)³.
- 2.16 Policy E4 requires provision of strategic employment sites, including *'some in Hertfordshire'* to support key clusters and the regeneration in the Lee Valley. Policy E5 requires that local development documents encourage *'economic diversity and business development... to facilitate small and medium enterprises together with local economic strengths'*. Policy E6 states that local development

³ Clusters are discussed below in the context of economic development strategies.

documents should seek to ensure that acceptable provision is made for information communications technology. Policy E7 requires that the documents support clusters.

- 2.17 The Panel report suggests major changes to these policies. It proposes that Policy E4 set out regionally strategic employment locations, including Hemel Hempstead. If this is taken forward, some of the employment growth at Hemel Hempstead may have to spill over into St Albans District. The Panel Report also recommends that Policies E5 and E6 be deleted.
- 2.18 Policy H1 of the draft RSS states that, in the East of England as a whole, land should be provided for 478,000 net additional dwellings between 2001 and 2021⁴, and splits this total by individual District. The total requirement for Hertfordshire is for 79,600 dwellings, of which 17,000 are in Central Herts.
- 2.19 The Panel report proposes that these targets be increased by 3,600 dwellings in Hertfordshire and 5,200 in Central Herts, most of which would be in Welwyn Hatfield. It explains its District-by-District proposals in paragraph 7.30 as follows:
- 'In some places these are reductions in view of environmental or other considerations, in others there are increases to reflect local aspirations and economic potential, additional capacity and what is in our view a more robust spatial distribution of growth.'*
- 2.20 Table 2.1 below compares the draft RSS and Panel report targets. The draft RSS heavily concentrates Hertfordshire's housing provision in two Districts which lie outside our study area; East Herts and North Herts. In contrast, the Panel Report recommends that most growth should be focussed on Welwyn Hatfield, Dacorum, East Herts and Stevenage. Again, some of the proposed growth around Hemel Hempstead is likely to take place in St. Albans District as well as in Dacorum.

Table 2.1 Planned Housing Provision, 2001-21

	Net additional dwellings	
	H1 Draft RSS	H1 Panel
Hertsmere	4,200	5,000
St Albans	7,000	7,200
Welwyn Hatfield	5,800	10,000
Central Herts	17,000	22,200
Dacorum	6,300	12,000
Three Rivers	3,600	4,000
Watford	4,600	5,200
Broxbourne	5,100	5,600
East Herts	20,800	12,000
North Herts	15,800	7,800
Stevenage	6,400	14,400
Hertfordshire	79,600	83,200

Source: EIP Panel Report

The Structure Plan

- 2.21 The current Hertfordshire Structure Plan was adopted in April 1998 and covers the period 1991-2011. Policy 1 has eight general aims, the first of which is to:

⁴ Including an assumption of 43,800 net additional dwellings in the Bedfordshire Growth Areas.

'Encourage economic growth consistent with environmental constraints, with the main emphasis on promoting the knowledge economy rather than mass industrial production'.

- 2.22 The Structure Plan's employment land policies are based on the Bright Green Vision for Hertfordshire, which was created in the mid-1990s to guide the development of a competitive, knowledge-based economy in a green environment. The Vision is defined by the key principles of Knowledge, Innovation, Skills and Service. Policy 14 lists policy objectives to be taken into account in considering industrial and commercial development proposals, which include labour market balance, economic development strategies, promotion of the knowledge economy and *'planned regeneration, particularly the need to protect sites best suited to housing or mixed use'*.
- 2.23 Policy 15 identifies six Key Employment Sites, whose development is to play a major role in the long-term future of the Hertfordshire economy and which require coordinated action if their potential is to be realised. Two of the key sites are wholly in the Central Herts area: Centennial Park in Elstree and British Aerospace (now the Hatfield Business Park) in Hatfield. Both of these sites are now partly built out. One further key site, North East Hemel Hempstead (Spencer's Park) is partly in Central Herts, straddling the boundary between Dacorum Borough Council and St Albans City & District. Future development on this site will be subject to the outcome of the Inquiry into the fire which took place at the nearby Buncefield Depot in 2005.
- 2.24 With regard to the quantity of employment land, the adopted Structure Plan Policy 14 states that supply should be planned *'on the basis of joint monitoring and periodic forecasting by the County and District Councils'*, but it does not give any figures.
- 2.25 The quantity of land was discussed at more length in the Deposit Draft Structure Plan Alterations (February 2003), which aimed to update the Plan and roll it forward to 2016. This document proposed that the provision of employment land be led by labour supply:
- 'The scale of net growth in provision [of land for Business Class development] should be approximately that required to make full use of the growth in available labour, on the assumption that net commuting flows will not change significantly.'*
- 2.26 Based on this approach, the Draft Alterations estimated that in Hertfordshire as a whole employment land with a capacity for about 900,000 sq m of floorspace could be released for other uses, such as housing.
- 2.27 However, the 2003 Structure Plan Alterations will not be taken forward, because under the new planning system Structure Plans are being phased out. The new RSS, when adopted, will supersede the Structure Plan.

Local Plans

Hertsmere Borough Local Plan (2003)

- 2.28 The Plan covers the period 2001-2011. Its employment policies are based on the Council's 1995 Employment Land Study, which found a surplus capacity of B1 floorspace and a possible shortfall of B8 floorspace, neither of which are quantified in the Written Statement.
- 2.29 There are six designated Employment Areas (EAs) in the Borough, of which five are designated in the Local Plan and the sixth, Centennial Park, is one of the

Key Employment Sites identified in the Structure Plan. In these areas, B Class development is the preferred use. Office development is only permitted as part of mixed use redevelopment schemes and must comprise no more than 50% of the gross floorspace of each area. The Plan gives the following reasons for this policy:

- The 1995 Employment Land Study found a surplus capacity of office floorspace.
- Office floorspace can inflate land prices to the detriment of industrial and warehousing uses.
- Town and district centres are more appropriate locations for office development.
- There is significant provision for office floorspace at Centennial Park.
- Office developments tend to have high employment densities and could exacerbate traffic and parking problems in EAs.

2.30 The Plan directs office development towards Borehamwood town centre, where it will assist regeneration, and restricts office development in the competing towns of Potters Bar, Bushey and Radlett.

2.31 The plan does not permit retail development in EAs, because it seeks to direct such development to the town and district centres. However, it is favourable to non-B-Class employment-generating uses such as leisure, tourism, health and recreation as long as there are no adverse impacts on either town and district centres or the local area.

2.32 Outside the designated EAs, proposals for the re-use or redevelopment of employment sites will be permitted subject to environmental and design considerations. Employment-generating uses, housing or other uses, may be acceptable

2.33 The Plan provides only one employment land allocation, for almost 70,000 sq m of new industrial and office development at Centennial Park in Elstree. B1 (a) and B1 (b) uses, i.e. offices and research and development, together must not take up more than half of the site. Approximately two-thirds of Centennial Park is now developed, although not fully occupied. The remainder has outline planning permission.

2.34 The Plan states that there is a lack of small unit accommodation in the Borough, and that *'the creation of small unit employment accommodation will be encouraged through measures such as (i) joint venture schemes; or (ii) the conversion or sub-division of existing buildings; or (iii) or the provision of a range of accommodation on larger development sites'*.

St. Albans City & District Council Local Plan (1994)

2.35 This document covers the period 1986-2001. It designates 23 EAs, which include 12 development sites, now mostly developed.

2.36 B Class employment uses, as well as sui generis uses such as builders' yards and garages, are generally permitted in these areas. Other uses, such as housing, leisure and retail, are not permitted.

2.37 In addition, the Plan lists town centre sites where office development will be acceptable - 26 sites in St. Albans and 6 in Harpenden. All these sites are smaller than two hectares and most are now developed or no longer available.

- 2.38 The Plan also states that at the three Government Establishment sites, limited new development may be acceptable. These sites are:
- The Building Research Station, Garston
 - Woodcock Hill, Sandridge
 - The Ministry of Agriculture, Fisheries and Food Plant Pathology Laboratory, Hatching Green (this site is currently being redeveloped for housing).
- 2.39 There is one major employment land allocation, at North East Hemel Hempstead (Spencer's Park), one of the Key Employment Sites identified in the Structure Plan. The site provides 37 hectares, of which 31 hectares is in neighbouring Dacorum Borough. The 5.3 hectares in St. Albans has been released from the Green Belt as a long-term reserve for employment development.
- 2.40 The Plan states that, on unallocated employment sites in urban areas, proposals for extensions or redevelopment may be permitted if they are acceptable in relation to the context of the area, highways considerations and surrounding land uses. In the Green Belt, extensions will not normally be permitted and redevelopment will only be permitted if it will have environmental benefits.
- 2.41 St. Albans produced a District Plan Second Review Consultation Document in 2003, but this was not published due to the Government's proposed changes to the planning system. This document recognises that there may be a need to allocate more land for employment. It suggests a revised list of 22 EAs, which includes four new areas in St. Albans city centre. These four areas are existing areas of employment that were considered to warrant additional policy protection when the document was produced. It also suggests a revised list of nine development sites (one of these has since been developed for housing, leaving eight).
- Welwyn Hatfield Council Local Plan (2005)*
- 2.42 This document covers the period 2001-2011. It states that there is an adequate supply of employment land to meet demand over this period without the need for any new allocations, but that this supply should be protected and not lost to other uses.
- 2.43 The Plan designates nine EAs, stating that proposals for other uses in these areas will only be permitted *'where it can be clearly demonstrated that the existing land or premises are no longer required to meet future employment requirements and business and community needs'* (Policy EMP2).
- 2.44 However, car sales and car showrooms are permitted in the EAs subject to criteria relating to residential amenity, highways, servicing and the cumulative impact of similar uses in the locality.
- 2.45 The Plan does not make any new employment allocations. It identifies the 15 hectare Broadwater Road West site, already in employment use, for regeneration, including employment, housing, leisure and rail-related uses. It also designates the Mater Dei site in Chequersfield specifically for bad neighbour/dirty user industries.
- 2.46 The Plan encourages a mix of unit sizes, stating that, on sites larger than two hectares, small and/or medium sized units must comprise at least 10% of the net floorspace area.

- 2.47 On unallocated sites currently in employment use, proposals for employment development will be subject to criteria relating to scale, residential amenity, parking, servicing and highways. Proposals for residential development will only be granted if it can be shown that the development of a live/work scheme would not be viable.
- 2.48 On unallocated sites not currently used for employment, B Class uses will not be permitted, unless they are part of a live/work scheme.

Parking Policies

- 2.49 Hertsmere and Welwyn Hatfield have issued Supplementary Planning Guidance (SPG) on parking, and St Albans has produced an Interim Policy Statement⁵. These documents set maximum parking standards for industrial and commercial development, ranging from 1 space per 30 sq m gross floorspace to 1 space per 75 sq m - shown in the table below.

Table 2.3 Maximum Parking Standards

1 space per sq m gross floorspace			
	Hertsmere	St. Albans	Welwyn Hatfield
B1(a)	30	30	30
B1(b)	30	30	35
B1(c)	25-40*	30	35
B2	25-40*	50	50
B8	25-40*	75	75
Business park	-	-	40

* When applied for as separate uses, 1 space per 25 sq m where floorspace does not exceed 250 sq m, 10 spaces plus 1 space for every 35 sq m over 250 sq m where floorspace exceeds 250 sq m. When applied for on a 'flexible consent' basis, 1 space per 40 sq m.

- 2.50 The guidance divides each District into different zones, depending on public transport access. In the less accessible zones, it recommends that developers provide up to the maximum number of parking spaces, but in more accessible zones, it suggests considerably fewer spaces.

Economic Development Strategies

The Region

- 2.51 A Shared Vision: The Regional Economic Strategy (RES) for the East of England was approved by the East of England Development Agency (EEDA) in November 2004.
- 2.52 The vision is for the region to become:
'A leading economy, founded on our world class knowledge base and the creativity and entrepreneurship of our people, in order to improve the quality of life for all who live and work here'.
- 2.53 The Strategy aims to build on the region's existing strengths in science and innovation and its role as an international gateway and to manage its high potential for growth sensitively. Among priorities for delivery of the vision, it

⁵ Hertsmere Non Residential Parking Standards and The Application of Non Residential Parking Standards in Hertsmere - Accessibility Zones (2003), St. Albans Revised Parking Policies and Standards (2002), Welwyn Hatfield Parking Standards (2004).

identifies various growth areas both geographic and sectoral. The geographical growth areas all lie outside Central Herts, which is identified as part of the London Arc sub region. The Strategy notes that commuting levels in this area are amongst the highest in the country and that its infrastructure has to cope not only with local movements but also the effects of commuting from and through the area to London. It states that the sub region needs major investment in sustainable transport networks but also needs to better manage the capacity of existing networks and deliver a balance of employment and housing to reduce the need to travel.

2.54 The RES proposes the following themes:

- maintain and improve competitiveness by ensuring the sub region's continued attractiveness as a location for business investment.
- ensure efficient use of existing employment land, of previously developed land and existing buildings which can contribute to the renaissance of existing settlements and reduce pressure on greenfield land
- deliver adequate affordable housing to meet the needs of the local housing market including key workers
- support sustainable patterns of movement by all travel modes
- harness the economic strengths of the area as a catalyst for regeneration

2.55 The RES also identifies fifteen key sectors, important to the strength of the regional economy. These are:

- Life sciences
- Automotive and motor sport
- High-technology manufacturing and advanced engineering
- Food and agriculture
- Construction and the built environment
- Health and social care
- Public sector modernisation
- Social enterprise
- Transport gateways
- Information & communication technology (ICT)
- Energy
- Environmental goods and services
- Finance and business services
- Creative and cultural industries
- Tourism, heritage and leisure

2.56 The RES states that employment land policies should support these key sectors, aiming to provide the right physical conditions for business.

The County

2.57 The Hertfordshire Economic Development Strategy (October 2000) covers the period 2000-05. It has three priorities for business development in the County;

- to create a knowledge economy in a sustainable environment through the Bright Green strategy, which aims to encourage and promote a culture of entrepreneurship and support knowledge based business clusters

- to enhance business competitiveness by supporting small and medium-sized enterprises, through the establishment of management development centres, promotion of skills for ICT and pharmaceutical sectors and support for business start ups and for tourism and cultural sectors, including the film and media sector
 - to develop environmentally responsible businesses.
- 2.58 In March 2006, the sub-regional economic partnerships for Hertfordshire Prosperity Ltd, along with EEDA, published a Consultation Draft Economic Development Strategy covering the period to 2011. The stated vision is *'to create a strong vibrant economy, responsive to economic and social change, ready to grasp opportunities'*.
- 2.59 The strategy notes that, although the headline indicators of economic well-being are above average in Hertfordshire, there are problems in the County, such as congestion, high house prices as a result of the County's proximity to London, and pressure on the countryside.
- 2.60 With regard to employment land, the Strategy says that existing employment sites should be retained and re-used, that additional premises are needed for small businesses and that there is a need to retain and perhaps expand rural employment opportunities.

The Districts

St. Albans

- 2.61 The vision of the St Albans City & District Economic Strategy 2005 - 2007 is that the District should continue *'to be an attractive and prosperous place, one where the whole community can enjoy high living standards, good employment prospects and high quality of life already enjoyed by the majority'*.
- 2.62 The Strategy puts forward five objectives, derived from analysis of the local economy and labour market;
- *'Work with partners to encourage the competitiveness of local enterprises and provide the business support network for a sustainable and prosperous economy.'* Council activities listed under this objective include business support, new business directories, local procurement and property development. The local Enterprise Agency has developed business incubator units in partnership with the Council, using S106 planning gain (from redevelopment of employment land for housing) and loan funding from the Council.
 - *'Protect the environment and improve the physical infrastructure to support sustainable economic growth.'* Under this objective, the Council's activities relate to transport, sustainability, land and premises and green travel. The Strategy notes that the supply of employment land is limited, due to competition from other uses and the Green Belt. It proposes research into future needs for employment space generally and small business premises specifically.
 - *'Raise the profile of the District as a first-class business location and as an attractive place to live, work and visit.'* Council activities under this objective include tourism, inward investment promotion and support to the knowledge economy and the film industry. Previous research has demonstrated the large potential of the City of St Albans to develop its tourism sector.
 - *'Take action and invest resources to achieve social and economic inclusion.'*

- *'Attract and commit external funding to support the development of the local economy and labour market.'* One of the activities under this objective is to obtain maximum benefit from major development proposals through S106 agreements.

Welwyn Hatfield

- 2.63 The Welwyn Hatfield Economic Strategy 2000-5 includes the following objectives of particular relevance to employment space:
- Sustain economic well-being by attracting small firms and expanding industrial sectors and by supporting and encouraging them to remain in the District
 - Encourage an adequate supply of business premises of the right type and quality in appropriate locations
 - Encourage entrepreneurial activity and ensure the adequate provision of advice and support for small firms
 - Increase journeys to work by public transport, cycling and on foot and attract out-commuters to work locally
 - Advance the development of vacant sites and the modernisation of outdated business premises. Increase the supply of small units to meet the demand for both low-tech and high-tech operations.
 - Secure more investment in Hatfield town and co-ordinate initiatives through a regeneration strategy
 - Maintain and enhance Welwyn Garden City's centre, in particular by identifying opportunities for new investment to improve the towns' offer, including the evening economy.
- 2.64 Further objectives are, in partnership with other agencies, to provide business support, to provide training, to remove barriers to employment and tackle inequality and pockets of disadvantage.

Hertsmere

- 2.65 There is no economic development strategy for Hertsmere.

Key Points

- 2.66 In developing employment land policies for their emerging LDFs, the District Councils need to take account of current and emerging strategic policies at national and regional level. The key points are as follows:
- National planning guidance favours the transfer of surplus employment sites to housing, so that planning authorities who wish to safeguard employment land have to demonstrate that it is needed, against exacting criteria;
 - The East of England Plan (RSS14) is currently in draft and went to Examination in Public in March 2006. The plan sets a target of 64,700 jobs to be provided in Hertfordshire between 2001 and 2021. The Panel Report, published in June, suggests an increase to 77,000 but cautions against using this figure as a target, stating that its main use should be as a reference point for monitoring actual changes in employment.
 - The draft RSS states that local development documents should allocate employment land to provide a range of sites and premises to meet quantitative and qualitative need, and that sites should be in sustainable

locations. It states that Councils should aim to support small and medium enterprises and clusters.

- The draft RSS does not include Central Herts in the region's growth areas. It is in the London Arc. The document's policy for this area aims to increase sustainability, reduce pressure on greenfield land and provide affordable housing.
- However, the Panel report recommends that Welwyn Garden City and Hatfield be promoted in the regional hierarchy, becoming key centres for development and change in the London Arc. Hemel Hempstead - whose growth may spill over into St Albans - is designated as a key centre in both the draft RSS and the Panel report.
- The Structure Plan promotes the knowledge economy; this has been County policy since the mid 1990s. It allocates key employment sites, of which three are fully or partly in Central Herts. Two are partly built out and development on the remaining one, Spencer's Park (North East Hemel Hempstead) will be dependent on the outcome of the Inquiry into the Buncefield fire.

- 2.67 Hertsmere and Welwyn Hatfield Local Plans were adopted in 2003 and 2005 respectively, and both state that there is no need for more employment land. The Hertsmere plan allocates only one site, Centennial Park, much of which is now built out. The Welwyn Hatfield plan does not make any further allocations.
- 2.68 The St. Albans Local Plan is older; it was adopted in 1994. The District Plan Second Review Consultation Document (2003) - not published due to the Government's proposed changes to the planning system - allocates four new sites in the city centre and recognises that there may be a need to allocate more land in future.
- 2.69 The Councils in their new LDFs need to consider if new land should be allocated, and if so where.
- 2.70 All the local plans designate Employment Areas and resist the loss of employment uses in these areas. One of the aims of this study is to investigate whether these policies have worked in practice.
- 2.71 '*Employment uses*' are defined as industrial, office and warehousing developments. In Hertsmere the definition includes uses such as leisure, tourism, health and recreational developments, and in St. Albans the definition includes motor trade uses. In this study we will consider which uses should be permitted in employment areas.
- 2.72 The plans also have different approaches to bad neighbour uses and on small units. In addition, the Hertsmere plan restricts the amount of office development that can be built in designated Employment Areas.
- 2.73 None of the plans have specific policies on rural employment. As part of this study we look in detail at rural employment issues using a case study and recommend whether rural policies are needed.

3 THE ECONOMY

Overview

- 3.1 In this chapter, we profile the economy of Central Herts and its three constituent Districts, under three main headings:
- We first discuss the *workplace economy*, comprising the businesses and jobs located in Central Herts, considering its competitiveness, its growth record and what the sub-region has to offer as a business location.
 - Secondly, we look at Central Herts' *resident population and workforce*, to assess their economic well-being in terms of earnings and access to jobs.
 - Finally, we analyse *travel to work*, which links residents to workplaces.
- 3.2 The final section of the chapter draws implications for employment land policy, considering what its objectives might be and what kinds of business it might focus on.
- 3.3 Throughout the analysis, we benchmark the local economy against larger areas, comprising Hertfordshire, the Eastern and South East regions and Great Britain. The South East is included because Hertfordshire borders on that region, was considered part of it until recently and still has much in common with it. We also benchmark against London.
- 3.4 Most of this chapter considers all aspects of the economy. From the next chapter onwards, we will narrow the focus to activities which use employment (business) space - defined here as industrial space, warehouses and offices.

The Workplace Economy

Industrial Structure

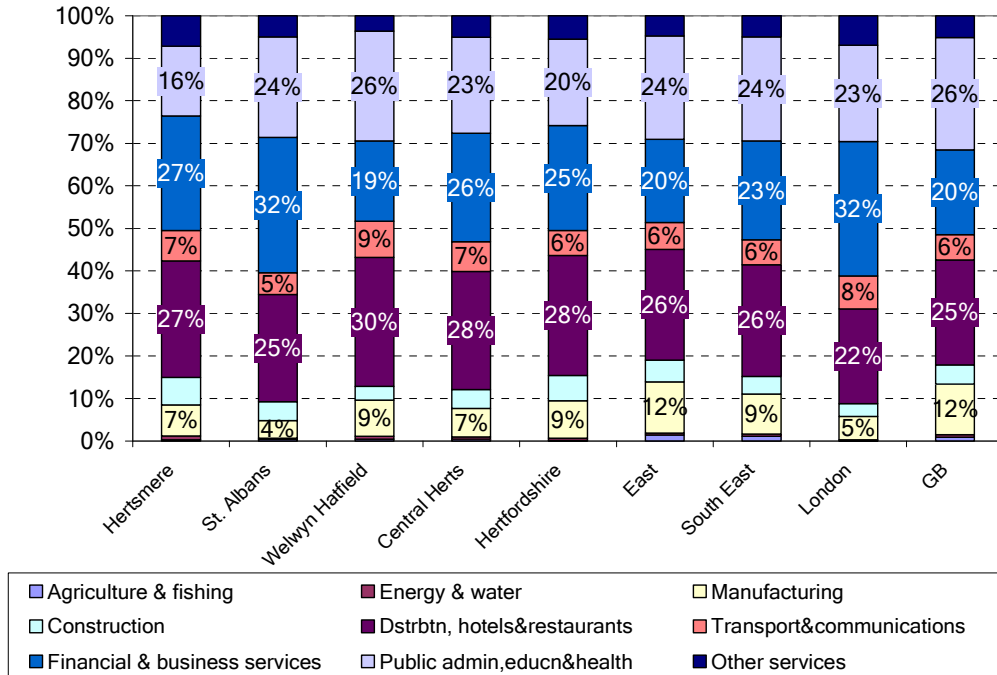
Broad Sectors

- 3.5 In 2004, the latest data for which figures are available, there were approximately 164,000⁶ employee jobs in Central Hertfordshire, comprising 41,800 jobs in Hertsmere, 58,800 in St. Albans and 64,200 in Welwyn Hatfield.
- 3.6 Figure 3.1 overleaf shows the broad industrial structure of these jobs, compared to regional and national benchmarks. Both in the East of England region and nationally, the principal employment sectors are Distribution, Hotels and Restaurants (providing a quarter of all jobs), Public Administration, Education and Health (also a quarter of all jobs) and Finance, Banking, Insurance (one fifth). Manufacturing makes up about 12% of jobs.
- 3.7 Compared to the regional and national economies, Central Herts is over-represented in Distribution and Financial and Business Services (FBS) and under-represented in Manufacturing.
- 3.8 Individual Districts differ from the sub-regional profile as follows:
- Hertsmere has proportionally fewer jobs in Public Administration, Education and Health.
 - St. Albans is particularly under-represented in Manufacturing and over-represented in Finance, Banking and Insurance (FBS).

⁶ Source: Annual Business Inquiry, 2004. Figures exclude the self-employed.

- Welwyn Hatfield has the most Manufacturing of the three Districts, although this proportion is low compared to the region and GB. It also has the least FBS, closer to the regional and national averages than the rest of Central Herts. It has much more Distribution employment than any of the benchmark areas.

Figure 3.1 Broad Sectors, 2004



Source: Annual Business Inquiry, 2004

Knowledge Based Sectors

3.9 Employment in knowledge-based sectors is currently recognised as a key measure of economic competitiveness, which in turn is a determinant of current and future prosperity. The thinking behind this view is best summarised in a quote from the Government White Paper *Our Competitive Future: Building the Knowledge-Based Economy*:

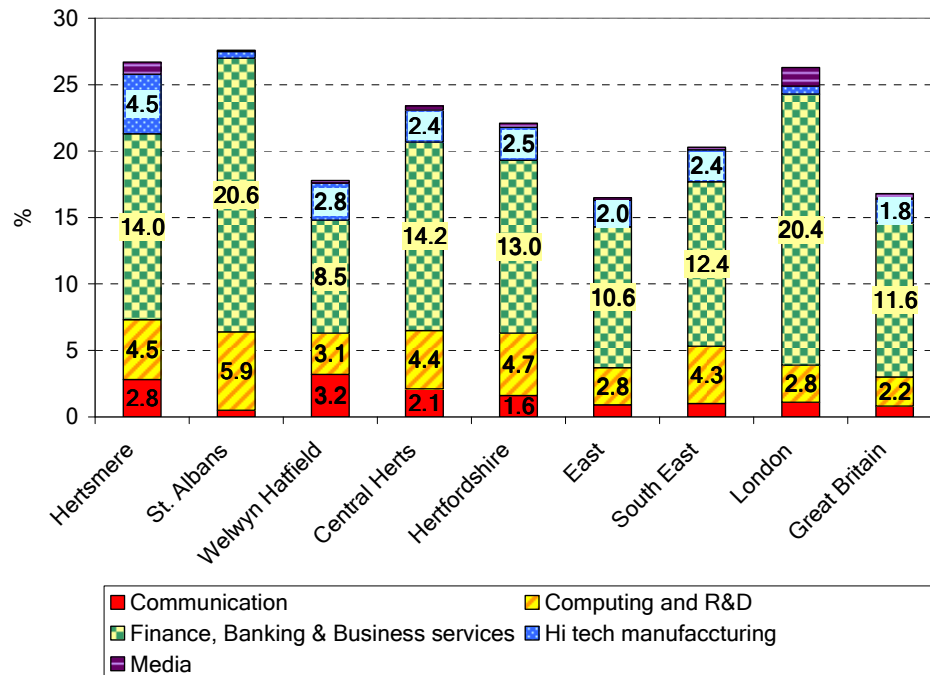
'In a knowledge-driven economy...the generation and exploitation of knowledge has come to play the predominant part in the creation of wealth. Companies in countries with higher labour costs, such as the UK, therefore have to innovate and adapt continuously to retain their competitive edge.'

3.10 Figure 3.2 below shows employment in knowledge-based sectors, as defined by the Organisation for Economic Co-operation and Development (OECD)⁷. The graph groups the knowledge-based sectors into five categories as follows:

⁷ This definition comprises: Publishing and Sound Recordings; Reproduction of Recorded Media; Manufacture of Pharmaceuticals etc; Manufacture of Office Machinery/Computers; Manufacture of Electric Motors/Generators etc; Manufacture of Electricity Distribution etc; Manufacture of Accumulators etc; Manufacture of Electrical Equipment; Manufacture of Electronic Valves; Manufacture of TV/Radio Transmitters etc; Manufacture of Medical/Surgical Equipment etc; Manufacture of Instruments for Measuring; Manufacture of Optical Instruments etc; Manufacture of Watches and Clocks; Manufacture of Aircraft and Spacecraft; Telecommunications; Accounting/Bookkeeping Activities etc; Architectural/Engineering Activities etc; Technical Testing and Analysis; Advertising; Labour Recruitment etc; Motion Picture and Video Activities; Radio and Television Activities; Financial Intermediation etc;

- High-tech Manufacturing
- Financial and Business Services (FBS)
- Communications
- Computing and Research and Development (R&D)
- Media

Figure 3.2 Knowledge Based Industries, 2004



Source: Annual Business Inquiry, 2004

- 3.11 In Central Herts, 23% of jobs are in knowledge-based sectors, which is above the Eastern region (16%), the national average (17%) and the South East (20%), though slightly below London (26%).
- 3.12 Considering individual Districts, Hertsmere has especially large numbers of jobs in all knowledge-based sectors and St Albans in FBS and Computing. Welwyn Hatfield is especially well represented in high-tech manufacturing and communications, but has especially few jobs in FBS, so that its knowledge-based total is the lowest of all the areas shown.
- Business Space Sectors*
- 3.13 In this study, we are particularly interested in 'B-space employment' - the jobs that occupy industrial space, warehousing and offices, comprising Classes B1-B8 of the Use Classes Order, and certain sui generis uses.
- 3.14 To identify these jobs, we use a mapping of sectors into land uses, based on the Standard Industrial Classification (SIC) 2003, which is set out at Appendix A. Industrial space is occupied by Manufacturing, plus certain parts of the Construction, Motor Repairs/Maintenance and Sewage and Refuse Disposal.

Insurance and Pension Funding etc; Act Auxiliary Financial Intermediation; Computing and Related Activities; and Research and Development.

Warehousing is occupied by a variety of transport and distribution activities which are widely spread across the SIC. Office sectors are as defined by the ODPM in 2004 as part of research on town centres⁸, plus selected parts of Public Administration and Defence and an adjustment for Labour Recruitment and Provision of Personnel⁹.

- 3.15 The correspondence between sectors and types of space is not perfect, and hence our definitions of office and industrial/warehousing jobs are no more than approximations. But they are the best possible approximations in our opinion, which we have developed through a series of employment space studies, most recently other studies in Hertfordshire and the East Midlands.
- 3.16 Table 3.1 and Figure 3.3 show the different categories of business space employment in Central Herts.

Table 3.1 Business Space Employment (No. of jobs and % of total jobs), 2004

	Offices		Industrial		Warehousing		B-Space	
Hertsmere	12,100	29%	4,000	10%	3,900	9%	20,100	48%
St. Albans	19,900	34%	3,400	6%	4,500	8%	27,800	47%
Welwyn Hatfield	13,900	22%	6,800	11%	8,700	14%	29,400	46%
Central Herts	45,900	28%	14,200	9%	17,100	10%	77,200	47%
Hertfordshire	135,400	28%	57,300	12%	43,800	9%	236,500	49%
East	525,500	23%	335,600	15%	185,600	8%	1,046,700	45%
South East	954,200	26%	416,200	11%	279,400	8%	1,649,800	45%
London	1,437,300	36%	224,100	6%	268,100	7%	1,929,400	49%
GB	6,174,400	24%	3,630,800	14%	1,882,100	7%	11,687,300	45%

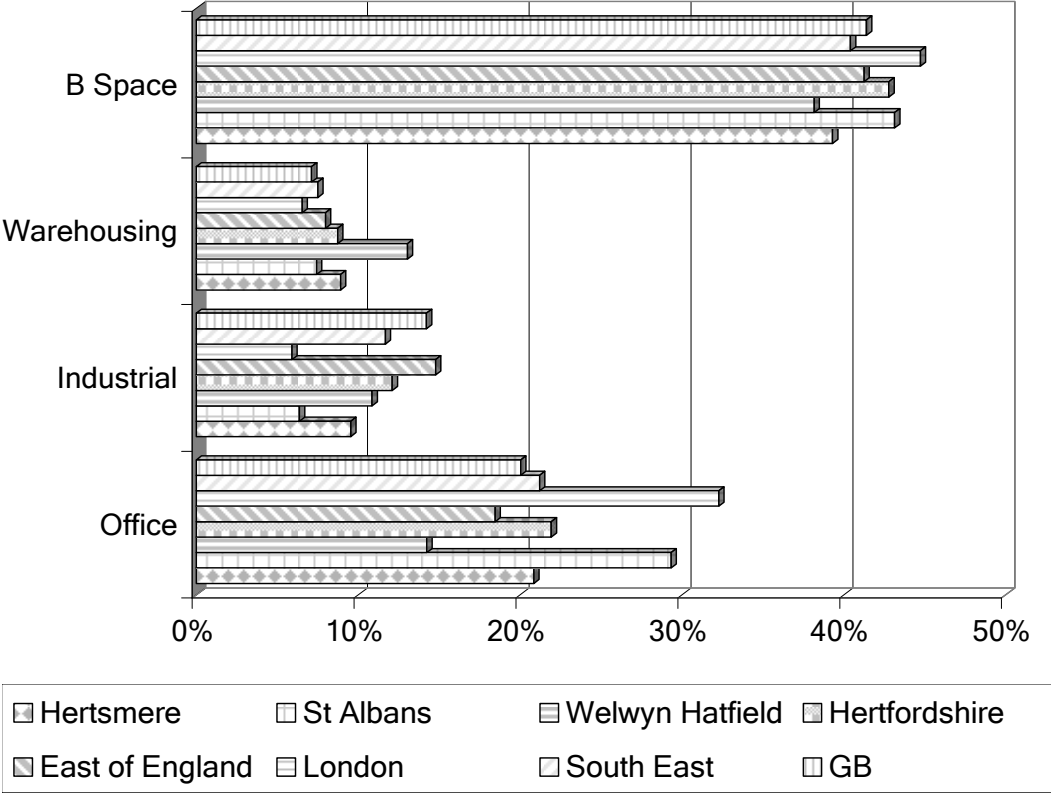
Source: Annual Business Inquiry, 2004

- 3.17 In total, we estimate that around 47% of jobs in Central Herts occupy business space, fractionally more than Great Britain at 45%. (The remaining jobs are based in non-B space such as shops, schools and hospitals.)
- 3.18 The mix of jobs in Central Herts differs to GB's: there are more office jobs, fewer industrial jobs and more warehousing jobs. Of the individual Districts, Hertsmere has the profile most similar to Central Herts as a whole. In St Albans, 34% of all jobs are in offices, more than in any of the benchmark areas except London, and just 6% in industrial space, similar to London and fewer than almost anywhere else. Welwyn Hatfield has 14% of its jobs in warehousing, more than any of the benchmarks shown and twice the national average.

⁸ ODPM, *Producing Boundaries and Statistics for Town Centres England and Wales 2000*, Interim Report, April 2004

⁹ This industry (SIC 74.5) covers people employed in temporary jobs via agencies. It is excluded from the ODPM definition of town centre offices. In our definitions, we distribute the industry's jobs across all types of space in proportion to the shares of each type of space in the economy as a whole (excluding SIC 74.5 itself). Thus, we assume that some of the industry's jobs are based in offices, factories and warehouses while others are in non-B space including shops, hospitals and so forth.

Figure 3.3 Business Space Sectors as % of Total Employment, 2004



Source: Annual Business Inquiry, 2004

Major Employers

3.19 The table below gives examples of major employers in the Central Herts Districts.

Table 3.2 Examples of Major Employers in Central Herts, 2006

	Location	Activity
<i>Hertsmere</i>		
BBC Elstree Centre	Borehamwood	Film Studios
Herts Partnership NHS Trust Harperbury	Radlett	Health
Pinnacle PLC	Borehamwood	Insurance - pets
Soundcraft	Potters Bar	Audio-visual equipment mfg
Canada Life Ltd	Potters Bar	Insurance
Bonusprint	Borehamwood	Photographic processing & printing
Bio Products Laboratory	Borehamwood	Pharmaceutical mfg & distribution
<i>St Albans</i>		
Minor Injuries Unit, St. Albans City Hospital	St. Albans	Health
Sainsburys	St. Albans	Retail
Bonusphoto	St. Albans	Photographic activities
Marks & Spencer	St. Albans	Retail
Rothamsted Research	Harpenden	R&D (agriculture)
Faber Maunsell	St. Albans	Engineering consultants
Churchill	St. Albans	Insurance
<i>Welwyn Hatfield</i>		
Queen Elizabeth II Hospital	Welwyn Garden City	Health
Computacenter	Hatfield	Computer systems suppliers
University of Hertfordshire	Hatfield	Education
Xerox Ltd	Welwyn Garden City	Software consultancy and supply
Ocado	Hatfield	Retailer's distribution centre
John Lewis Plc	Welwyn Garden City	Retail
ThyssenKrupp Elevator (UK) Ltd	Welwyn Garden City	Lift manufacturers and repairs
Herts Constabulary	Welwyn Garden City	Police
Tesco Stores Ltd	Welwyn Garden City	Head office/IT
Tesco Distribution	Welwyn Garden City	Distribution

Source: Focusnet, www.yell.com, www.192.com

3.20 The list is dominated by office- and knowledge-based activities, non-B-space activities such as retail, education and health, and (in Welwyn Hatfield) large-scale distribution. There is very little manufacturing.

Unit Size

- 3.21 Table 3.3 below analyses the size of business units (establishments)¹⁰, measured in numbers of employees.

Table 3.3 Employment Units by Size (Numbers of Employees), 2004

	1-10	11-49	50-199	200+
Hertsmere	87.6%	9.2%	2.5%	0.7%
St. Albans	86.2%	10.7%	2.7%	0.4%
Welwyn Hatfield	83.3%	12.2%	3.5%	1.1%
Central Herts	85.8%	10.7%	2.8%	0.6%
Hertfordshire	85.8%	11.0%	2.6%	0.6%
East	84.9%	11.8%	2.8%	0.6%
South East	85.4%	11.3%	2.7%	0.6%
London	86.4%	10.1%	2.8%	0.7%
GB	83.3%	12.9%	3.1%	0.7%

Source: Annual Business Inquiry, 2004

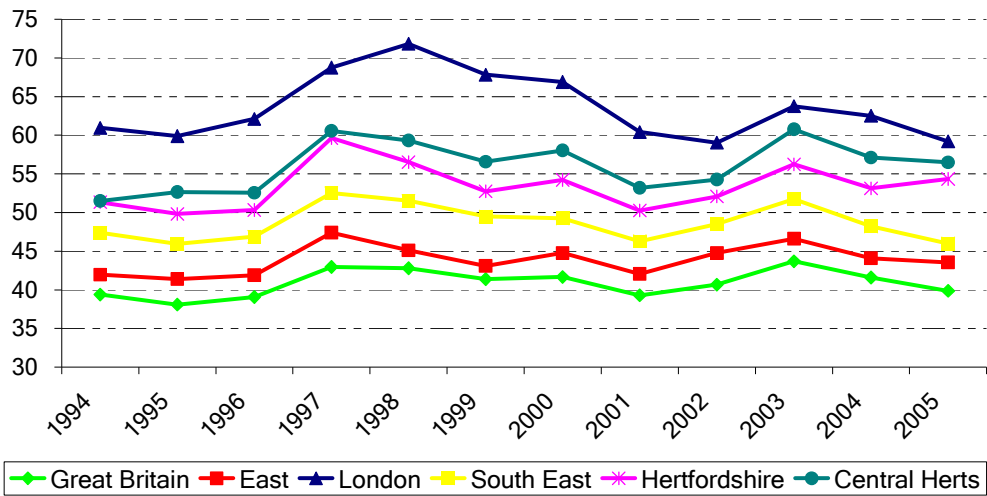
- 3.22 In all areas, the great majority of business units are small, with over 83% employing 10 people or fewer and less than 4% employing 50 people or more.
- 3.23 Compared to national and regional benchmarks, Central Herts as a whole is slightly skewed towards the smaller size bands. Hertsmere has even more of the smallest units, employing up to 10 people. St. Albans also has more of the very small units and exceptionally few of the largest units. In contrast, Welwyn Hatfield has high shares in the top two size bands, employing 50 or more people.

Entrepreneurship

- 3.24 The number of VAT-registered companies per 10,000 working age population is a recognised indicator of entrepreneurship.
- 3.25 In relation to its working population, Central Herts has slightly more VAT-registered companies than Hertfordshire as a whole and many more than the East of England, the South East and England as a whole (Figure 3.4). Of the benchmark areas we have used, only London shows higher levels of entrepreneurship. The comparative position of these different areas has not changed over the 11 years which are shown in our analysis.
- 3.26 Within Central Herts, St. Albans and Hertsmere show similar and very high levels of VAT registered companies, similar to those for London. Welwyn Hatfield's figures are much lower, close to those for the East of England region, which in turn is close to Great Britain.

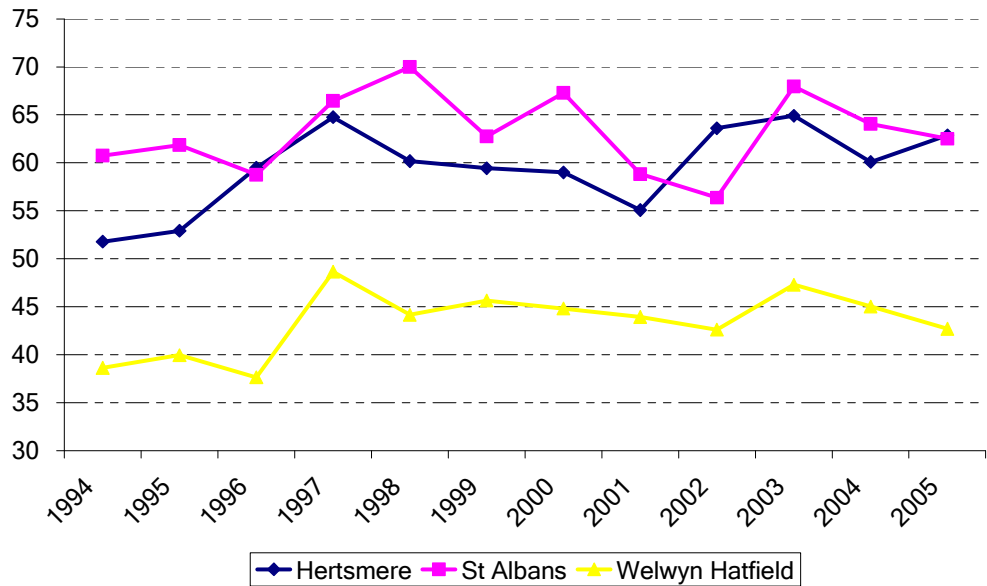
¹⁰ Units are not the same as firms. A company may have several branches and offices in a town, each of which would be counted as a separate unit, even though they are part of the same firm. A single work place may also be counted as two data units where there are two distinct business activities at the same site.

Figure 3.4 VAT Registered Companies per 10,000 Working-Age Population, Central Herts and Benchmarks



Source: Nomis 1994-2005

Figure 3.5 VAT Registered Companies per 10,000 Working-Age Population, Central Herts Districts



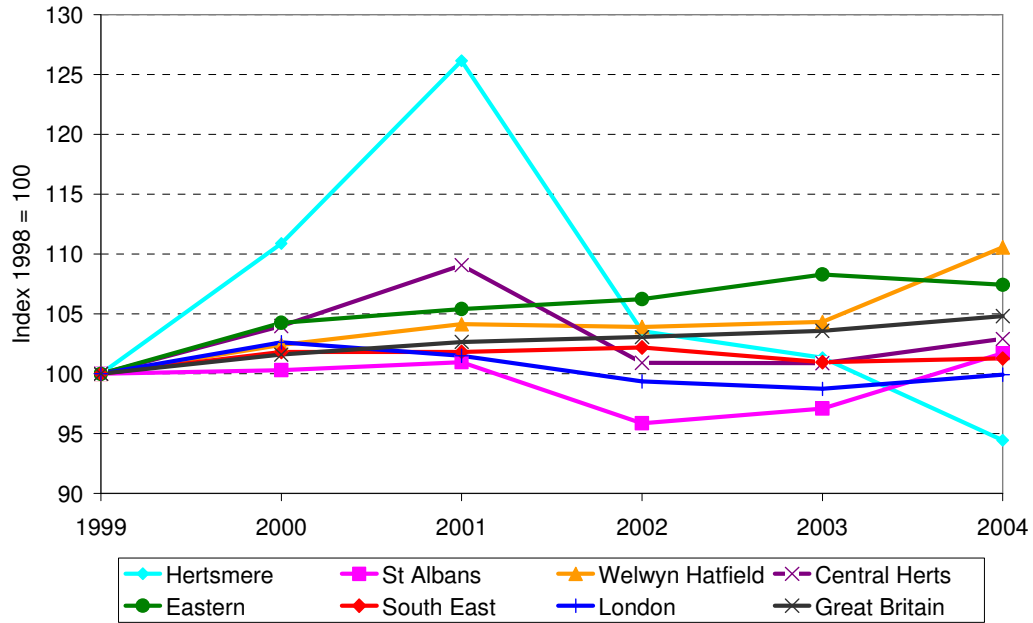
Source: Nomis 1994-2005

Employment Change

Total Employment

- 3.27 Official statistics on employment change in Central Herts seem to be especially unreliable. Figure 3.6 below shows change since 1999 only, because we do not trust the figures for earlier periods, especially for St Albans. For the five-year period pictured, there is an apparent error affecting Hertsmere, where the statistics show employment jumping by 30% between 1999 and 2001, only to fall by a similar amount in the following year. Because of these and other anomalies, the figures for Hertsmere lack credibility, and those for the other Districts do not bear close analysis year by year.

Figure 3.6 Employment Change, 1999-2004



Source: Annual Business Inquiry, 1999-2004

- 3.28 In the five years to 2004, employment in Welwyn Hatfield appears to have grown at or above the national trend, while in St Albans it appears virtually unchanged.

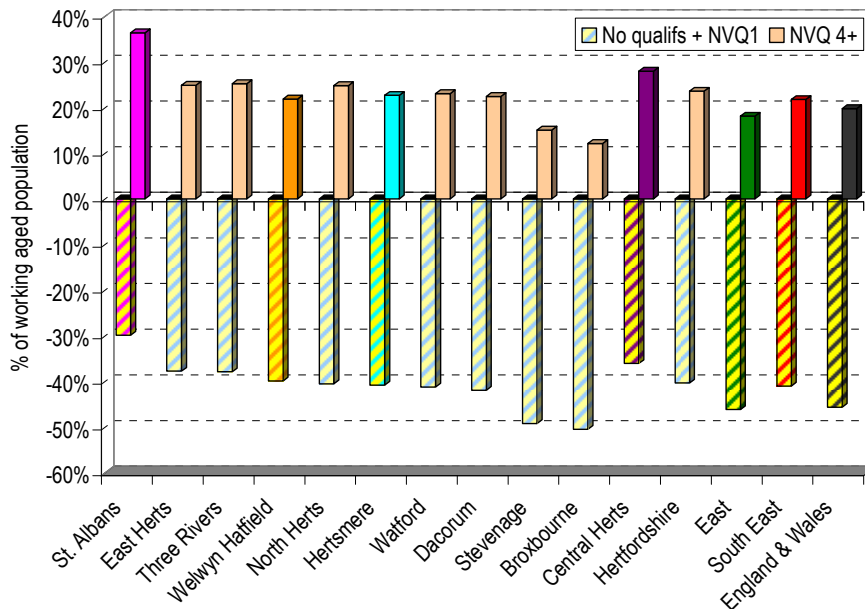
The Residents

3.29 The economic analysis so far has been about the workplace economy, considering the economic activities of the people who work in Central Herts, regardless of where they live. Conversely, this section discusses the resident population and workforce of Central Herts, regardless of where they work.

Qualifications

3.30 In Figure 3.7 below, the positive bars measure the proportion of the resident working-age population which has the highest qualifications - NVQ4 and 5, which are equivalent to degree and higher level qualifications. The negative bars show the share of the least well-qualified, with either no qualifications or NVQ1 entry-level qualifications.

Figure 3.7 Residents' Qualifications, 2001



Source: Census 2001

3.31 On average, residents' qualifications in the Eastern region are close to the national average and in the South East are better than the national average. Hertfordshire does slightly better than the South East and Central Hertfordshire better than Hertfordshire, due to exceptionally high qualifications in St Albans, which exceeds all the benchmarks. Welwyn Hatfield and Hertsmere are close to the South East average.

Deprivation

- 3.32 The Index of Deprivation 2004 places local authorities in a hierarchy of deprivation, with 1 the most deprived in England and 354 the least deprived¹¹.

Table 3.4 Index of Deprivation, 2004

	Rank
Hertsmere	260
St. Albans	333
Welwyn Hatfield	249

Source: Index of Deprivation, 2004

- 3.33 All three Central Herts Districts are in the least deprived third of English local authority areas.
- 3.34 Deprivation can also be analysed at a finer-grained geography, using Super Output Areas (SOAs). Just one SOA in Central Herts, in the Hatfield Central ward in Welwyn Hatfield, is in the 20% most deprived SOAs in England and almost half the SOAs in Central Herts are in the least deprived 20% of SOAs.

Population Change

- 3.35 Between 1994 and 2004, the total population of St Albans and Welwyn Hatfield increased by between 4 and 5%, more than the national total but less than the Eastern region's. Hertsmere's population rose by an insignificant 1%.

Table 3.5 Working Age Population Change, 1994-2004

	Total Population	Working Age Population			
	% change	1994	2004	Change	% change
Broxbourne	4.5%	62,200	63,900	1,700	2.7%
Dacorum	3.1%	99,200	101,000	1,800	1.8%
East Herts	8.2%	91,400	97,100	5,700	6.2%
Hertsmere	1.0%	67,600	67,400	-200	-0.3%
North Herts	5.8%	83,400	87,700	4,300	5.2%
St. Albans	4.2%	95,500	96,800	1,300	1.4%
Stevenage	4.6%	54,900	57,800	2,900	5.3%
Three Rivers	4.3%	59,500	60,900	1,400	2.4%
Watford	5.3%	55,700	59,200	3,500	6.3%
Welwyn Hatfield	4.6%	69,900	72,200	2,300	3.3%
Central Herts	3.3%	233,000	236,400	3,400	1.5%
Hertfordshire	4.6%	739,300	764,100	24,800	3.4%
East	6.1%	3,823,500	4,041,800	218,300	5.7%
South East	5.2%	5,675,800	5,973,600	297,800	5.2%
London	8.1%	5,123,600	5,648,800	525,200	10.3%
Great Britain	3.4%	41,482,200	43,174,200	1,692,000	4.1%

Source: Mid Year Population Estimates

The working-age population is defined here as 15-74-year olds.

- 3.36 But in terms of working-age population, Welwyn Hatfield and (especially) St Albans show increases below both the national and the regional increases, and in Hertsmere there is an insignificant fall.

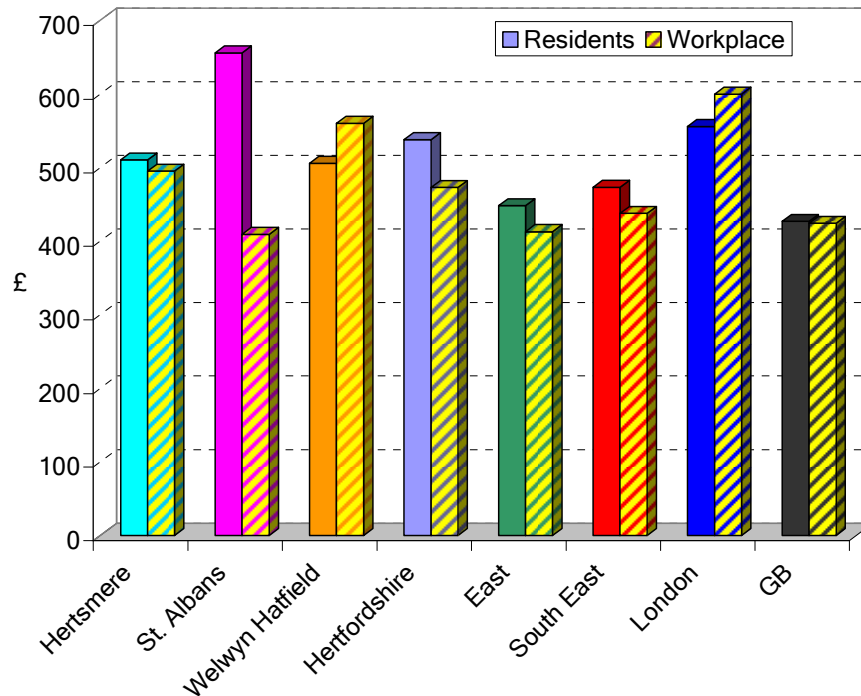
¹¹ The ranking, technically known as 'rank of average score', is based on the average of indicators that measure different types of deprivation, such as income and employment.

3.37 The explanation is that, in Central Herts, population growth has been largely in the older age groups. Between 1994 and 2004, 0-15-year-olds increased by 4% (mainly fuelled by growth in St. Albans), while residents aged 75 or over increased by 21%.

Earnings

Residents' Earnings

Figure 3.8 Gross Weekly Earnings, 2005



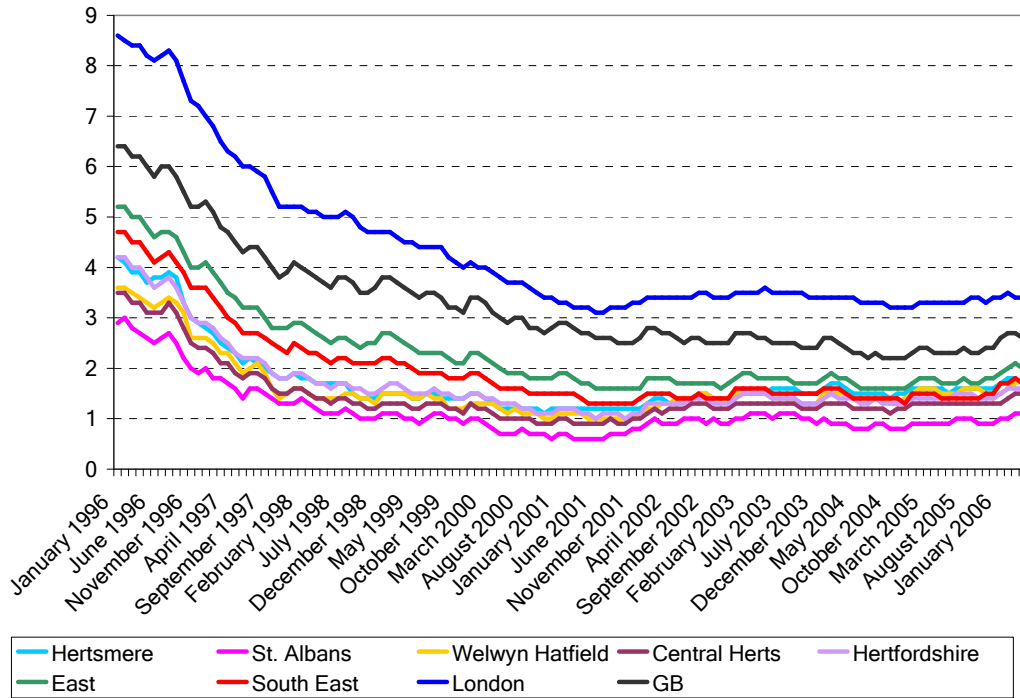
Source: Annual Survey of Hours and Earnings, 2005

- 3.38 Nationally, residents' average weekly earnings (2005) are just over £400 per week. Residents of the East and (especially) the South East have higher earnings and residents of the Central Herts districts even higher, at £500 per week in Hertsmere and Welwyn Hatfield, and an exceptional £650 in St Albans - by far the highest figure of any of the areas shown, some £60 above the London average.
- 3.39 When we consider workplace earnings - the earnings of people who work, rather than live, in the study area - Hertsmere's and Welwyn Hatfield's position does not change. But St Albans changes places from the top to the bottom of the list. St Albans' average workplace earnings are £400 per week, equal to the national and Eastern region averages, below any of the other areas shown, and £250 below its residents' earnings. No other area has a remotely comparable gap between residents' and workplace earnings.

Unemployment

3.40 The claimant unemployment rate (January 2006) is 2.6% in GB, 2% in the Eastern region and 1.8% in the South East region (Figure 3.9). The Central Herts Districts cluster at the bottom of the chart, with unemployment of 1% in St Albans and 1.8% in Welwyn Hatfield and Hertsmere.

Figure 3.9 Claimant Count Unemployment, 1996-2005



Source: Claimant Count, ONS, 1996-2006

3.41 While unemployment rates fell in the 1990s, before flattening out in the early years of the new millennium, the relative position of the Central Herts Districts remained unchanged.

Travel to Work

Self-Containment and Commuting Balance

- 3.42 The travel-to-work data analysed in this section are from the 2001 Census; unfortunately no more recent information is available. We first consider where Central Herts residents work (Table 3.6).

Table 3.6 Residents' Travel to Work: Central Herts Residents, 2001

	Live in							
	Hertsmere		St.Albans		Welwyn Hatfield		Central Herts	
Total	46,000	100%	65,600	100%	46,100	100%	157,721	100%
Hertsmere	18,900	41%	2,200	3%	1,900	4%	23,000	15%
St. Albans	1,600	4%	32,200	49%	2,600	6%	36,400	23%
Welwyn Hatfield	1,200	3%	3,400	5%	26,100	57%	30,800	20%
<i>Central Herts</i>	<i>21,700</i>	<i>47%</i>	<i>37,900</i>	<i>58%</i>	<i>30,600</i>	<i>66%</i>	<i>90,200</i>	<i>57%</i>
Rest of Herts	5,100	11%	7,300	11%	4,900	11%	17,300	11%
London	17,100	37%	14,600	22%	8,100	18%	39,800	25%
Elsewhere	2,100	4%	5,800	9%	2,600	6%	10,400	7%

Source: Census 2001. Figures are rounded to nearest 100. May not sum due to rounding.

- 3.43 The proportion of working residents who work in the District where they live, also known as the self-containment rate, varies from 41% in Hertsmere, through 49% in St Albans, to 57% in Welwyn Hatfield. For all three Districts, the next most important workplace is London, which accounts for 37% of working residents in Hertsmere and around 20% in both St Albans and Welwyn Hatfield. Most of the remaining residents work elsewhere in Hertfordshire.
- 3.44 Table 3.7 looks at the commuting balance - the difference between each District's workplace jobs and its working residents, which equals the balance of in- and out-commuting. The commuting balance can be read as a measure of an area's contribution to the wider labour market. A District with a negative balance is a net exporter of labour, which depends on other areas to provide its residents with jobs and income. Conversely, a positive balance indicates that, as well as its own residents, a District provides jobs for people who live elsewhere.

Table 3.7 Commuting Balance

	Hertsmere	St.Albans	Welwyn Hatfield
Work and live in area	18,900	32,200	26,100
Commute out	27,100	33,400	20,000
Commute in	25,455	23,382	28,525
Net commuting balance	-1,645	-10,018	8,525

Source: Census 2001

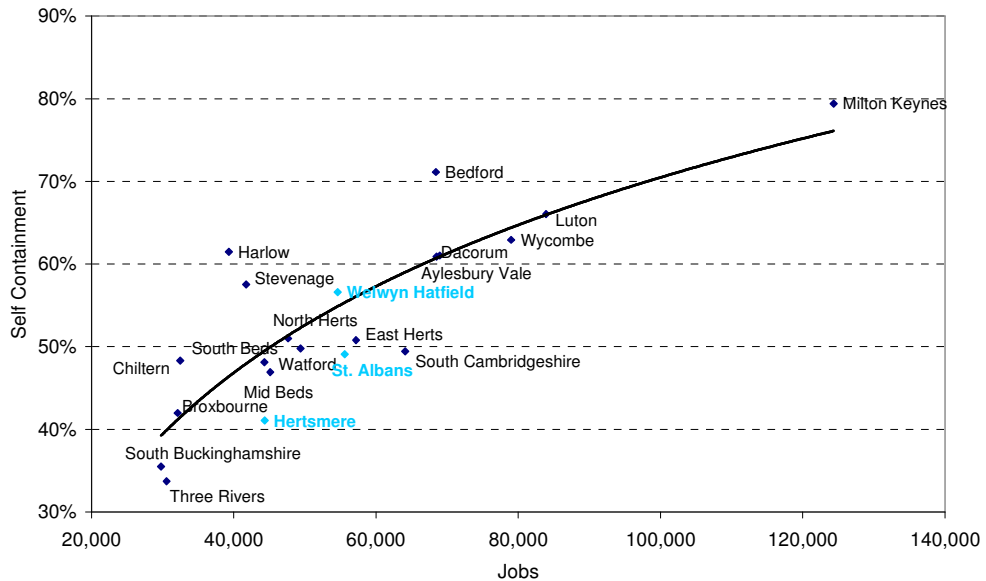
- 3.45 Hertsmere's in- and out-commuting are roughly in balance. As well as exporting many out-commuters, mainly to London, the Borough imports an almost equal number of in-commuters, also many from London. In contrast, St Albans is a net exporter of labour, to the tune of some 10,000 net out-commuters. Welwyn Hatfield is a net importer, with 8,500 more jobs than residents.
- 3.46 Between 1991 and 2001, Hertsmere's net out-commuting flow decreased, from 3,700 to 1,600, as workplace jobs grew more than the resident working population. St. Albans' commuting balance did not change significantly. Welwyn

Hatfield's net in-commuting increased, mainly because of an increase in workplace jobs.

3.47 Appendix B shows more detailed analysis for the individual Districts.

3.48 At Figure 3.10, we compare self-containment rates across Central Herts and neighbouring areas. As noted earlier, the self-containment rate is the proportion of a District's working residents who work in that District and is considered a measure of sustainability. The graph plots self-containment against numbers of workplace jobs in each District.

Figure 3.10 Self-Containment against Number of Workplace Jobs, 2001



Source: Census 2001, RTP

3.49 On average, as indicated by the regression line, there is a consistent relationship between the two variables: the more jobs a District provides, the greater its self-containment.

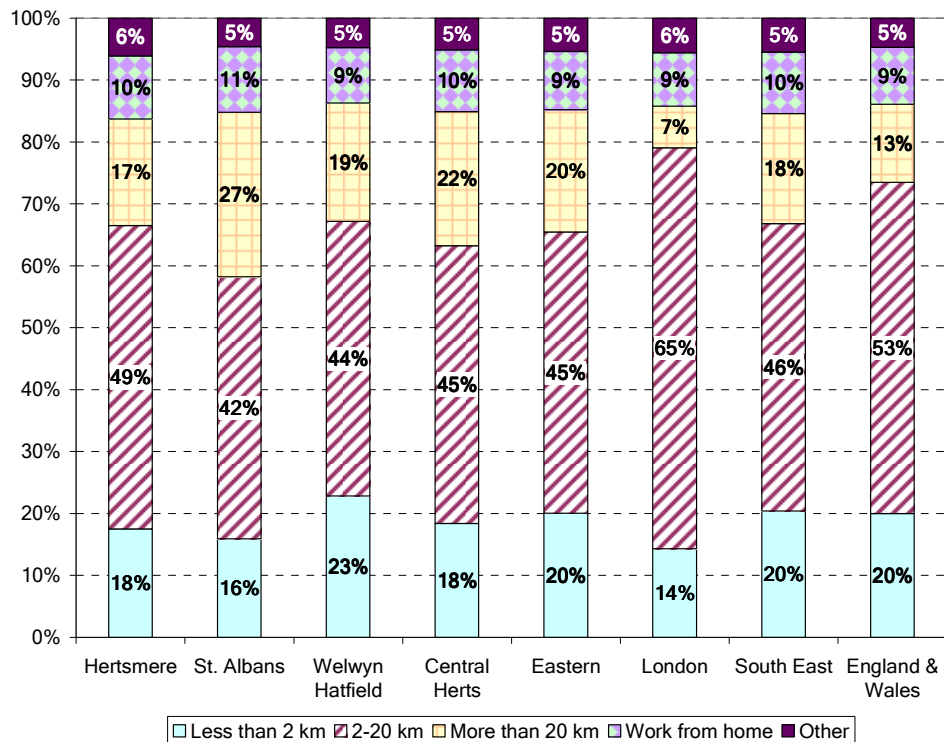
3.50 From their low position along the vertical axis, we can see that Hertsmere and St Albans have relatively low self-containment. From their position below the regression line, we also see that their self-containment is lower than one would expect given their numbers of workplace jobs. The explanation no doubt is the easy access from both Districts to London.

3.51 Welwyn Hatfield, in contrast, has higher self-containment than over half the Districts shown. It is also close to the regression line, suggesting that its self-containment is as one would expect given the numbers of jobs it provides.

Distance and Travel Mode

- 3.52 Self-containment by local authority area, as noted earlier, is an indicator of the ease and sustainability of residents' journeys to work, but it is a very imperfect indicator, because the cost and environmental impact of travel to work depends on distance and travel mode not whether the journeys cross local authority boundaries. A journey which crosses a boundary is not necessarily longer, more onerous or more unsustainable than one which does not.
- 3.53 To provide an alternative measure of the possible adverse impacts of commuting, Figure 3.11 and Figure 3.12 analyse residents' travel to work by distance and mode respectively.

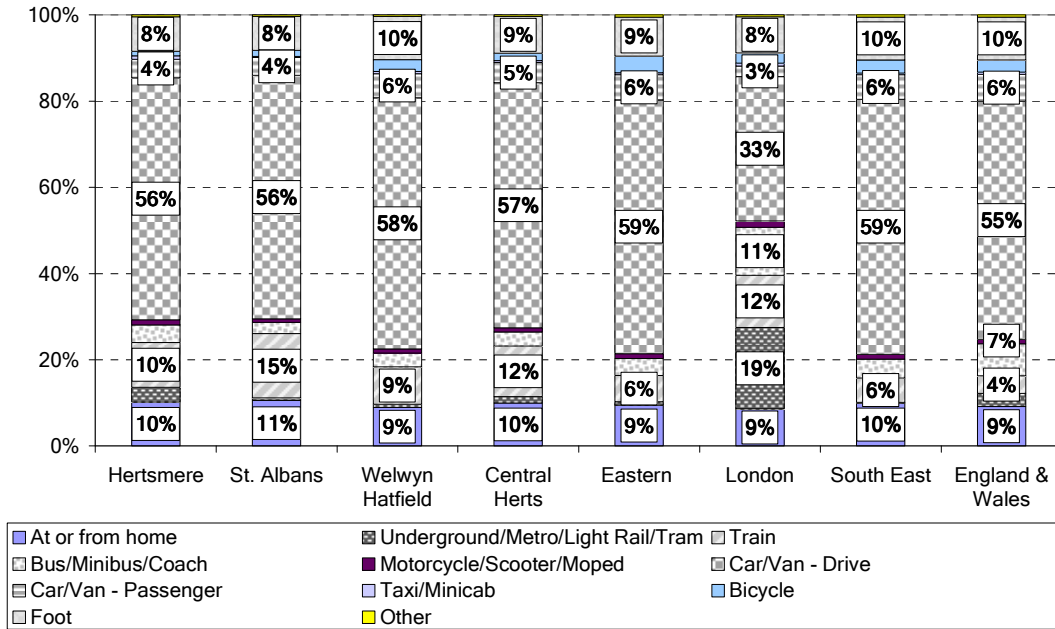
Figure 3.11 Residents' Average Journey to Work



Source: Census 2001

- 3.54 Residents of St. Albans tend to travel especially long distances to work, presumably because many work in London. Fewer of them travel less than two kilometres, and more of them more than 20 km, than in the Eastern region as a whole or the other Districts. Conversely, Welwyn Hatfield has an unusually high proportion of workers who travel very short distances, less than 2 km, which must reflect the high proportion working in the Borough.

Figure 3.12 Mode of Travel to Work, 2001



Source: Census 2001

- 3.55 A further indication of the environmental impact of commuting is the proportion of workers who travel to work by car. In each of the Central Herts Districts it is just under 60%, virtually the same as the regional and national averages (Figure 3.12). In London, the proportion is much lower - modal split is entirely different.
- 3.56 There is greater variation in the proportion that travel by rail. In St Albans, the share of rail travel is 15%, two and a half times the regional rate and almost four times the national figure. In Hertsmere and Welwyn Hatfield 10% of residents travel by train, still far more than in England and Wales or the region. But even in the places where it is most widespread rail travel only accounts for small minorities of journeys to work.

Consultations

- 3.57 So far, our analysis of the local economy has relied wholly on statistics. To add a softer, qualitative dimension, we consulted local stakeholders through a workshop session and individual discussions, asking two questions:
- What are the key advantages and drawbacks of Central Herts as a business location, for what activities?
 - What issues should employment land policies address?
- 3.58 Comments received in response are summarised in the boxes below.

Stakeholders' Comments: Central Herts as a Business Location

- A key advantage of the area is its highly skilled labour force, which is also mobile, willing to commute long distances to work.
- Excellent communication infrastructure is a further advantage.
- Central Herts is attractive to foreign investors, who regard it as part of London.
- *Hertsmere* is attractive to certain manufacturing industries, the film and media sector and, more recently, large-scale office and distribution centres.
- *St Albans* is an especially attractive location for knowledge-based, high-value activities. The high quality image of the District, and particularly the City, is reinforced by the retail and food/drink offer in the centre and the excellent schools and other facilities. Recent inward investors include Viglen Computers, who have moved their head office to the Colney Street area at the southern edge of the District.
- But high land and property values in *St Albans* may be pricing out lower-value businesses.
- *Welwyn Hatfield* recovered fast from the dramatic job losses in the 1990s, which comprised 7,500 jobs at British Aerospace plus others in the supply chain while the national economy was in recession. Land availability, workforce skills, excellent communications and attractive housing and environment combined to help the recovery.

Stakeholders' Comments: Policy Agenda

- Commuting is already high in parts of the study area. If it rises further, congestion could discourage business from locating in the area.
- Local skills are a problem, particularly in pockets of deprivation. The new draft County Economic Development Strategy argues that efforts to attract inward investment should be accompanied by more locally based training to support the priority sectors.
- *Hertsmere*:
 - Its transport links to the north and south are excellent but east-west links are poor, making travel to work difficult within the Borough between the main centres of Borehamwood/Elstree, Potters Bar, Radlett and Bushey.
 - 80% of the District is Green Belt land.
- *Hertsmere* lost many jobs in the recent move of T Mobile to Hatfield. Smaller firms have been moving out as well, the media cluster has been shrinking, and retail sales are down. All this has not increased local unemployment, presumably because jobs in London are readily available, but the Borough is potentially vulnerable.
- In *St Albans*, much employment land has been lost to housing in recent years. Economic considerations have not been high on the local policy agenda, apart from concerns about pockets of low pay, deprivation and low-quality employment. Housing growth will generate a growing workforce, who will look elsewhere for suitable work unless more is available locally.
- Also in *St Albans*, road capacity may limit economic growth, unless there is a switch to other modes of transport or commuting is reduced.
- *Welwyn Hatfield* places a higher priority on the local economy than other parts of Central Herts, perhaps remembering the dramatic job losses of the early 1990s, when the area was highly dependent on one large employer.
- Also in *Welwyn Hatfield*, there are local concerns that the labour market could overheat.
- There is also concern that further development of large-scale warehousing could be excessive and have adverse impacts.

Key Points

The Workplace Economy

- 3.59 The three Central Herts Districts differ in their strengths and specialisations. St. Albans is especially rich in Financial and Business Services, Hertsmere in high-tech services including Information and Communication Technology, and Welwyn Hatfield in manufacturing, including high-tech manufacturing, and distribution. St Albans, and to a lesser extent Hertsmere, have concentrations of small businesses and high levels of entrepreneurship.
- 3.60 These features suggest that, in terms of *productivity and competitiveness* - the potential to create wealth - the three Districts' economies, and specifically their B-space economies, perform well - better than the national benchmark and the Eastern region, and at or above the higher South East benchmark.
- 3.61 For Hertsmere and St Albans, industrial profiles also suggest high *growth* potential, because the white-collar sectors in which these two Districts specialise have been drivers of employment growth in the past and are forecast to be so in the future. In Welwyn Hatfield, the high share of manufacturing is a downward pull on employment growth prospects, but distribution is a possible growth sector should the Borough wish to welcome it.
- 3.62 *Actual* employment growth in Central Herts, however, in recent years has been slow or non-existent, especially in St Albans and Hertsmere. This is likely to reflect supply-side factors, including the stagnant size of the workforce. Nor is lack of growth necessarily a bad thing. If the labour market remains in balance as both the workforce and the number of jobs increase slowly or not at all, then stable or even falling employment is compatible with a high-value, competitive economy delivering wealth and job opportunities.

The Residents and Travel to Work

- 3.63 By regional and national standards, the residents of Central Herts on average are well-skilled, well-paid, and have very good access to jobs, in effect enjoying full employment. Yet again, the Central Herts Districts in these respects outperform the national and Eastern region benchmarks, and are closer to the South East region. St Albans does especially well in terms of skills and earnings, exceeding all benchmarks. Despite relatively small pockets of deprivation in Welwyn Hatfield, the area has a low incidence of socio-economic disadvantage
- 3.64 The link between the well-being of residents and the performance of the workplace economy is travel to work. In this respect, the three Districts are very different.
- 3.65 St Albans has both low self-containment and a negative commuting balance:
- Many of its residents out-commute to work outside the City & District, mainly to London.
 - Furthermore, the offsetting flow of in-commuters is considerably smaller. Hence, in net terms St Albans is dependent on other places for its residents' jobs and incomes - and in particular for the better jobs and higher incomes, since people who work in the area earn much less on average than people who live there.
- 3.66 These travel-to-work patterns may or may not be considered a problem, depending partly on one's vision about the character of the District, and especially the City.

- 3.67 In the other Central Herts Districts, travel-to-work issues are more straightforward. Hertsmere, like St Albans, has relatively low self-containment, but a neutral commuting balance. Many of its residents commute out to work - but unlike St Albans this outflow is offset by an almost equal inflow of people who live elsewhere but work in Hertsmere. Although it is a separate local authority area, Hertsmere operates as part of the London economy, to which it is geographically close.
- 3.68 Finally Welwyn Hatfield has high self-containment, a positive commuting balance, and no obvious grounds for concern with regard to the local labour market balance. However, in considering where to provide, and more important where to safeguard, employment space, the Council may wish to encourage job opportunities close to its deprived areas.

4 THE PROPERTY MARKET

The Office Market

The Floorspace Stock

- 4.1 Office stock includes office floorspace, which is class B1(a) in the Town and Country Planning (Use Classes) (Amendment) (England) Order 2005, and research and development floorspace, which is class B1(b).
- 4.2 Central Herts has an office stock of 0.8 million sq m (8.8 million sq ft). Hertsmere has the smallest stock of the three Districts with 0.2 million sq m (2.29 million sq ft) and Welwyn Hatfield has the largest with 0.3 million sq m (3.3 million sq ft). Table 4.1 shows the office markets in the context of several competing centres in Hertfordshire and also in London, the M25 area and the Thames Valley. In terms of market size, the three Central Herts Districts resemble the satellite towns around the M25 such as Staines and Uxbridge and are considerably smaller than the more established office markets in the Thames Valley such as Reading and Bracknell.

Table 4.1 The Office Floorspace Stock, 2005

Centre	m sq. m
Hammersmith	0.57
Reading Out of Town	0.56
Reading Town Centre	0.51
Bracknell	0.48
Maidenhead	0.39
Slough	0.36
Hemel Hempstead	0.31
Welwyn Hatfield	0.31
Watford	0.24
St Albans	0.24
Hertsmere	0.21
Staines	0.21
Uxbridge	0.20

Source: Commercial & Floorspace Statistics & LSH Research

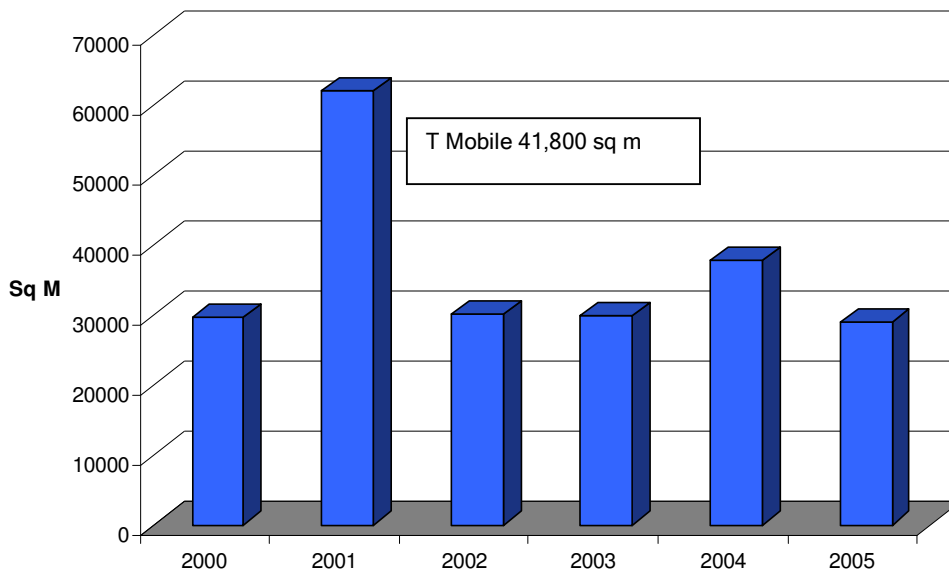
- 4.3 In the County as a whole, there is a hierarchy of office markets. Historically, Watford has been considered as the main office market in Hertfordshire followed by St. Albans. Hertsmere (Borehamwood) and Welwyn Hatfield have generally lagged behind the other two locations both in terms of occupier activity and developer interest. As a result, occupiers looking to take space have historically focused on Watford and St. Albans in the first instance in order to satisfy their requirements. Similarly new development activity has traditionally got underway in Watford and St. Albans before rippling out to Borehamwood and Welwyn Hatfield.

Demand

- 4.4 The type of occupier associated with each District has varied. St. Albans has generally attracted financial and business service industries. The town is considered to be the most prestigious of the three locations and that has been an important factor in drawing larger well known companies such as KPMG and PricewaterhouseCoopers.

- 4.5 In Hertsmer, the main office location is Borehamwood. Potters Bar forms a smaller office centre. The District has been particularly attractive to high technology industries.
- 4.6 In Welwyn Hatfield, pharmaceuticals are an important part of the local economy and the recent decision by Eisai to locate their European facility at Hatfield Business Park is evidence of this.
- 4.7 Take-up of floorspace in Central Herts has averaged at around 28,890 sq m (311,000 sq ft) gross over the past five years. Local companies have been the main source of demand, although in recent years there have also been some large lettings to key occupiers such as T-mobile, Wanadoo, Signet, Vega Group and Pfizer.

Figure 4.1 Office Floorspace Take Up 2000-2005, Central Herts

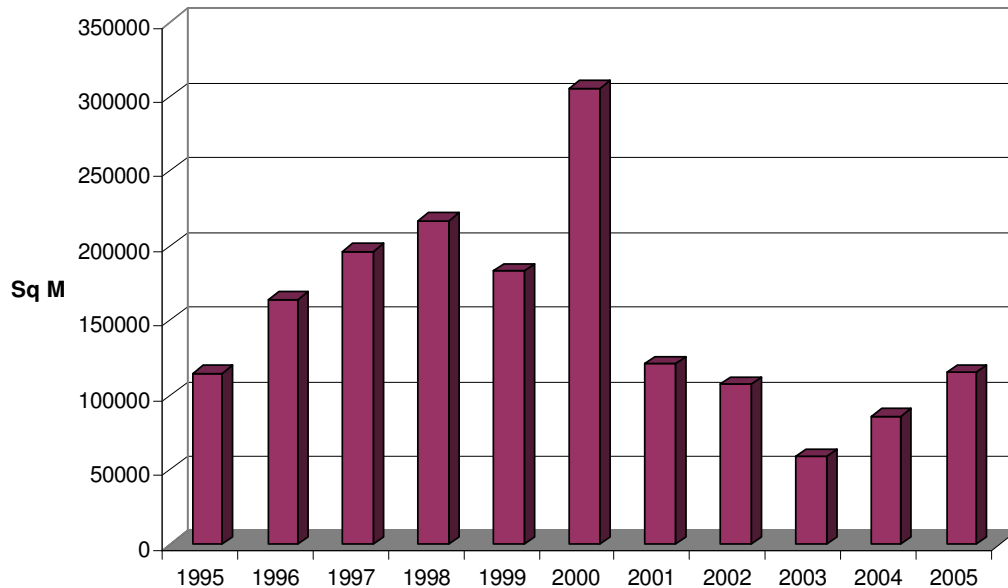


- 4.8 Analysis of deals shows that approximately two thirds of all office lettings in Central Herts in the past five years have been below 465 sq m (5,000 sq ft) - a reflection of the dominance of small to medium sized companies in the local economy. In Reading and Bracknell for example, where office demand has been largely driven by domestic and US technology firms, only around 40% and 11% of the deals have been below 465 sq m respectively.
- 4.9 Take-up in Central Herts has been relatively steady over the past five years. The exception was the peak in 2001, which was associated with the 41,800 sq m (450,000 sq ft) letting to T-mobile. Overall, take-up over the past 2-3 years has been led by occupiers taking advantage of lease expiries, breaks and stable market rents to upgrade to new premises.
- 4.10 Some of the recent transactions have included:
- 3,250 sq m (35,000 sq ft) taken by Signet at Imperial Place, Borehamwood
 - 2,740 sq m (29,520 sq ft) taken by Wanadoo at Verulam Point, St Albans, on a ten year term at £19 per sq ft (£205 per sq m)

- 1,140 sq m (12,250 sq ft) taken by Selestia Services at 30 Upper Marlborough Road, St Albans, on a seven year lease at a rent equating to £231 per sq m (£21.50 per sq ft) .
- Vega Group taking 1,900 sq m (20,514 sq ft) at 2 Falcon Way, Welwyn Garden City on a ten year lease at a rent of £172 per sq m (£16 per sq ft).
- Gissing taking 1,300 sq m (14,000 sq ft) at Shire Park, Welwyn Garden City.

4.11 There is as yet little sign of activity levels increasing in Central Herts. However, the UK office market as a whole is beginning to recover and this bodes well for take-up in the three Districts. During 2002-4, the office sector was the only sector to experience a rental decline - of 12% according to the IPD (Investment Property Databank) Monthly Index. The retail sector showed an increase of 4% in rents and industrial remained static over the same period. In 2005, there was a turnaround in the office market, with the IPD Monthly Index recording positive growth of 1.1% - underpinned by improvements in occupier demand and falling supply. Leading office markets such as the Thames Valley have already seen a significant recovery in demand, with take-up in 2005 38% higher than a year earlier and back to its 2001 level (Figure 4.2).

Figure 4.2 Office Floorspace Take-up - Thames Valley



Supply

4.12 Approximately 0.13 million sq m (1.42 million sq ft) of office space was on the market in Central Herts at the end of 2005, representing an overall vacancy rate of 16.1%. Hertsmere accounts for a large proportion of the supply in Central Herts. Around 63,640 sq m (685,000 sq ft) is available in Hertsmere compared with 31,590 sq m (340,000 sq ft) in St Albans and 37,160 sq m (400,000 sq ft) in Welwyn Hatfield.

4.13 The majority of space in Central Herts is made up of second hand space of below 930 sq m (10,000 sq ft). This in part reflects the limited new speculative

construction activity in the past two years. A shortage of opportunities and more importantly a strong residential market have been the main contributory factors.

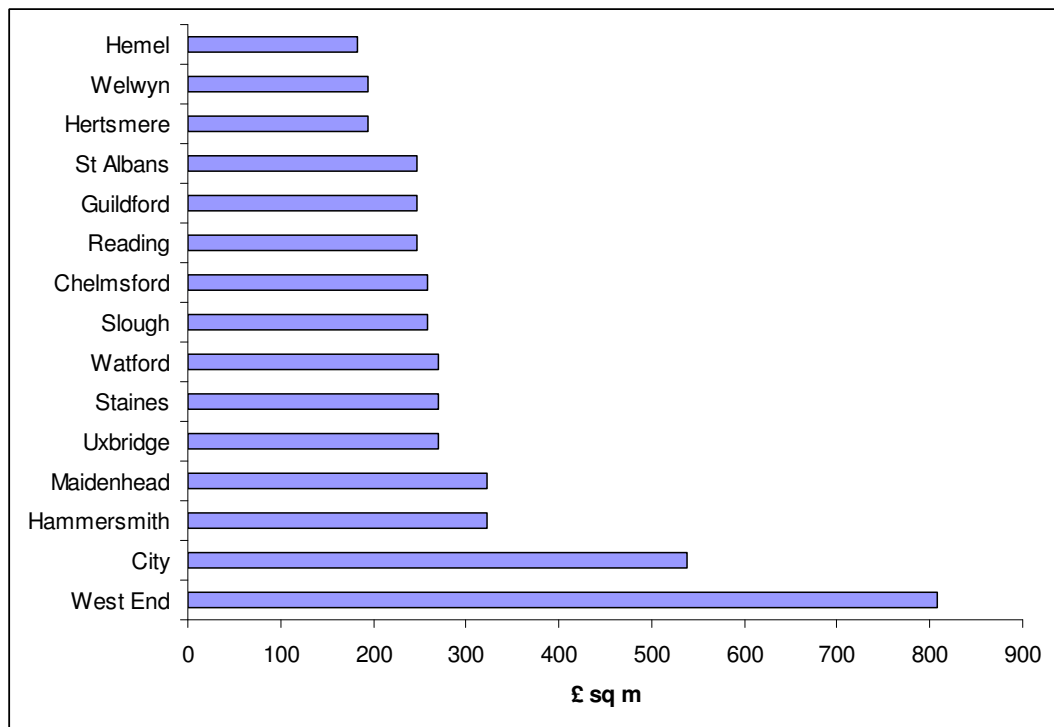
- 4.14 In Hertsmere for example, there has been no large office development recently and this is unlikely to happen until Imperial Place is let. Smaller developments have taken place, such as Warwick Court, but this has been mainly for owner-occupation. The scheme offers 5 units ranging between 405 to 2,380 sq m (4,360 sq ft to 25,608 sq ft). One unit of 930 sq m (10,000 sq ft) has been already let to Bellwinch Homes and another one is currently under offer. Capital Business Park, Manor Way is another new development in Borehamwood. It offers four new office units of 240 sq m (2,600 sq ft).
- 4.15 In St Albans, the most recent development has been Phase 2 of Centrium, comprising 4,645 sq m (50,000 sq ft). This was completed last autumn. HBG has taken 1,950 sq m (21,000 sq ft). A further 880 sq m (9,500 sq ft) has been taken by a bank and the rest is available. The position and prestige of St Albans as an office location relative to its neighbours means that new developments have been generally more successful in finding tenants. This in turn has meant that there is likely to be a greater willingness by developers to consider new schemes in St Albans compared with Hertsmere and Welwyn Hatfield.
- 4.16 In Welwyn Hatfield there has been some development at Shire Park since 2000, but this has remained largely vacant. No new construction is currently taking place at the park. However, the relocation of Roche to a new 2,025 sq m (21,800 sq ft) headquarters at Shire Park is likely to boost the reputation of the park and to prove a catalyst for attracting new occupiers.

Market Balance

- 4.17 Hertsmere has a vacancy rate of 29.7% compared with 13.3% in St Albans and 10.1% in Welwyn Hatfield. Much of the space available in Hertsmere at the end of 2005 comprised Imperial Place (18,580 sq m). The building has remained mostly vacant since T-Mobile relocated following its decision to consolidate its operations in one building at Hatfield Business Park. However, we understand that in May 2006, 929 sq m (10,000 sq ft) of office space at Imperial Place was let to Groupama Insurance.
- 4.18 The position of the three Districts in the office hierarchy in Hertfordshire is also reflected in rental values. St Albans has the highest office rents at £248 per sq m (£23 per sq ft). This is similar to Watford. Prime rents in Borehamwood and Welwyn Hatfield are both around £194 per sq m (£18 per sq ft).
- 4.19 There has been little change in rental values in the three Districts over the past 2-3 years - unlike London and the Thames Valley where the office market downturn has had a serious impact on rents. In Slough for example, rents declined from £323 per sq m (£30 per sq ft) in 2000-2001 to £237 per sq m (£22 per sq ft) in 2003-4 and have only started to recover in the past 12 months to £258 per sq m (£24 per sq ft).
- 4.20 Assuming that a vacancy rate of 7.5% is indicative of a relatively balanced market (in terms of demand and supply), the office market in Central Herts is currently oversupplied, with a 16.1% vacancy rate. However, in certain size categories there is little availability. St Albans is an example, where availability of large floorplates is very limited.

- 4.21 The situation is unlikely to change in the short term, since without any firm evidence of market activity increasing in Central Herts new speculative development is likely to remain restricted.
- 4.22 Nonetheless, the area has certain key advantages as an office location and future demand will perhaps depend on whether or not the area plays to its strengths in attracting new occupiers. Among its key advantages are:
- Competitive property costs: with occupiers becoming more cost conscious in a global and competitive environment, occupancy costs are playing an increasingly important part in location decisions. Compared to the M25 area, London and the Thames Valley, the Central Herts Districts offer significant cost advantages (Figure 4.3). Rental values are at a significant discount to for example London West End (£807 per sq m/£75 per sq ft), Hammersmith (£323 per sq m/£30 per sq ft), Maidenhead (£323 per sq m / £30 per sq ft) and Slough (£248 per sq m/£24 per sq ft).

Figure 4.3 Comparative Office Rents, 2005



- Good accessibility and transport links: in easy travelling distance of London, the area is attractive to occupiers keen to remain close to the capital.
 - Good access to labour: a catchment of between 0.5 and 1 million people in 30 minutes drive time means that companies have the benefit of a large pool of skilled labour.
- 4.23 The key determining factor in any decision making process will be whether or not the occupier can find the right type of premises which meets its needs for flexibility, specification and size. Attracting larger, footloose companies - perhaps from London and the Thames Valley - will require providing the right product which can satisfy that demand. The key policy question for the Central Herts Districts to consider is whether that is a desirable scenario and if so what

provisions should be made in the Districts' employment land allocations to cater for such demand.

The Industrial and Warehousing Market

The Floorspace Stock

- 4.24 Industrial stock includes light industrial floorspace, which is class B1(c) in the Town and Country Planning (Use Classes) (Amendment) (England) Order 2005, general industrial, which is class B2, and storage and distribution, which is class B8.
- 4.25 The industrial market in Central Herts is considerably larger than the office market, with a total stock of 1.68 million sq m (18.1 million sq ft). Distribution is the main driver of the industrial sector, accounting for 1.07 million sq m (11.6 million sq ft), which is 64% of total industrial stock. Table 4.2 compares the size of the market in the three Central Herts Districts with the competing centres both in and outside the County.

Table 4.2 The Industrial and Warehousing Floorspace Stock, 2005

Centre	m sq m
Slough	1.24
Welwyn Hatfield	0.79
Hemel Hempstead	0.78
Reading	0.76
St Albans	0.46
Watford	0.46
Hertsmere	0.43
Bracknell	0.40
Maidenhead	0.38
Staines	0.33

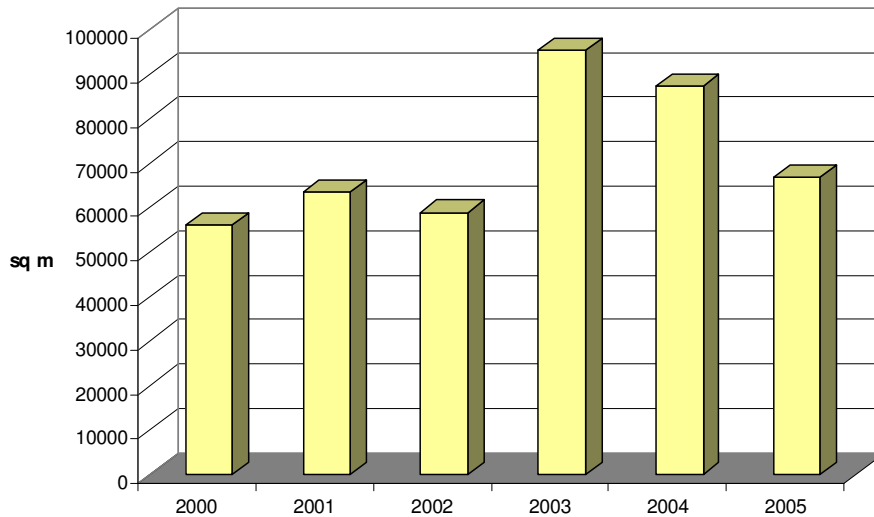
Source: Commercial & Floorspace Statistics

- 4.26 In Central Herts, Hatfield Business Park is the main distribution/warehousing location. This is highlighted by Eisai, the Japanese pharmaceutical company, recently taking space for its R&D, headquarters and distribution facility. The area has generally been popular with pharmaceutical companies. Space for future development at Hatfield Business Park is very restricted.
- 4.27 St Albans has historically been associated with the electronics sector. However, the area has lost many of these companies as they have moved abroad and is increasingly witnessing demand for distribution space.
- 4.28 Hertsmere has been more closely associated with manufacturing industries in the past, although the latter part of the 1990s saw the development of Hertsmere Industrial Estate and Elstree Distribution Park - both popular in attracting warehousing occupiers. The area is well placed to take advantage of distribution demand given its good access to the motorway network.

Demand

- 4.29 As in the rest of the UK, the industrial market in Central Herts is becoming increasingly distribution driven. Total floorspace take-up has averaged around 66,700 sq m per annum (718,000 sq ft) over the past five years. The majority of deals have been related to warehousing.

Figure 4.4 Industrial Floorspace Take Up 2000-2005, Central Herts



- 4.30 While local businesses have been the main source of demand for industrial space, the market has also seen some significant deals in recent years, with occupiers such as Tesco (Welham Green), TK Maxx (Hatfield Business Park) and Viglen Computers (Parkbury Park) taking large chunks of space. More recently Eisai has joined the list at Hatfield Business Park.
- 4.31 In addition to above, recent transactions have included:
- Manor Way, Borehamwood: BSA took 2,340 sq m (25,210 sq ft) at Unit 1, Millennium Ladieswear Manufacturers took 1,425 sq m (15,320 sq ft) at Unit 2 and BR Pharma International took 1,425 sq m (15,318 sq ft) at Unit 3.
 - Otterspool Way, Bushey: Porcelanosa occupied a purpose built 20,056 sq m (215,890 sq ft) distribution unit.
 - Ventura Park, St Albans: 3,650 sq m (39,300 sq ft) was let to Headline European Ltd at a rent of £70 per sq m (£6.50 per sq ft).
 - Hertfordshire County Council took 11,380 sq m (122,500 sq ft) at 506 Little Mundells, Welwyn Garden City on a 25 year lease at a rent equating to £80 per sq m (£7.50 per sq ft).
 - 3,720 sq m (40,000 sq ft) was let at Swiftfields, Welwyn Garden City.
- 4.32 Freehold properties have been popular mainly due to the low level of interest rates. This is demonstrated by the fact that of the 35 units at Hatfield Business Park, only two were let. The rest were sold. The leasehold market has been slower. Parkbury is an example, where take-up has been arguably weaker - perhaps due to the fact that the majority of space is offered on a leasehold basis.
- 4.33 Demand for industrial space is currently steady, but distribution demand is expected to grow in the medium term, underpinned by a healthy consumer sector and strong demand from both food and non-food retailers.

Supply

- 4.34 New development activity has been relatively limited in the past 2-3 years. With Eisai taking a significant proportion of space at Hatfield Business Park, there is currently no space available at the park and development opportunity is limited.
- 4.35 At Welwyn Garden City, the largest design and build opportunity currently consists of the Garden Shed. This is proposed as a single building of 18,580 sq m (200,000 sq ft), but no development has yet gone ahead although the site has been available for two years. It is likely that smaller requirements of 9,290 sq m (100,000 sq ft) will now be considered.
- 4.36 In St Albans new schemes include Slough Estates' Parkbury scheme, which is ongoing and Curo Park, to the south of the city, which was built 3-4 years ago and is aimed at the owner occupier market. In Hertsmere, the only big distribution unit built since 2000 is the 20,056 sq m (215,890 sq ft) unit at Otterspool Way, Bushey. The majority of space at Centennial Park is targeted towards R&D and manufacturing industries.
- 4.37 A number of sites are likely to become available, which could cater for the larger requirements. These include WT Foods (1,300 sq m/140,000 sq ft), Somerfield's distribution depot (18,580 sq m/200,000 sq ft) and John Lewis' facility (4,090 sq m/44,000 sq ft), which will be released as the company moves out of Welwyn Garden City.

Market Balance

- 4.38 The industrial market is relatively tight. There is currently around 90,000 sq m (968,800 sq ft) of space on the market in Central Herts. This represents an overall vacancy rate of 5.5%. Supply levels are fairly similar across the Districts, with Hertsmere showing an availability of 26,940 sq m (290,000 sq ft), St Albans 26,660 sq m (287,000 sq ft) and Welwyn Hatfield 32,404 sq m (348,800 sq ft). This means that there is little differential between the Districts in terms of vacancy rates. Hertsmere has a slightly higher vacancy rate at 6.2% compared with St Albans (5.8%) and Welwyn Hatfield (4.1%).
- 4.39 Overall, our analysis of the industrial market shows:
- Similar rental values between the three Districts due to steady take-up levels and similar supply levels.
 - Prime industrial rents varying from £86 per sq m (£8 per sq ft) in Hertsmere to £83 per sq m (£7.75 per sq ft) in St Albans and £81 per sq m (£7.50 per sq ft) in Welwyn Hatfield.
 - The market is somewhat under-supplied, given that the current vacancy rate is around 5.5%. A more balanced market would show a vacancy rate of around 7.5%.
- 4.40 Demand for strategic distribution space is growing across the UK. Retail distribution, driven by the likes of Tesco, Boots, Morrison and J Sainsbury is fuelling activity in this sector and is continuing to be the main driver of demand. Due to increases in market share these retailers are continuing to expand their distribution function into fewer and larger centres. This current trend is backed up by the expansion of product lines away from traditional food retailing into other areas such as white goods and clothing. In addition, retailers are focused heavily on improving the supply chain to achieve greater efficiency. This in turn means cheaper prices in stores for the customers. The resulting increasing consumer demand has driven the need for larger buildings. Take-up levels are

rising, particularly for large units of above 23,225 sq m (250,000 sq ft) – a considerable rise compared to unit sizes of ten years ago. ‘Mega sheds’ of 46,450 to 92,900 sq m (500,000 to 1 million sq ft) are becoming ever more popular.

- 4.41 Demand for flexible leases with break options has increased as has that for freehold properties. At the larger end of the market, while the trend towards Regional Distribution Centres (RDCs) by food retailers continues, more demand is also coming from non-food retailers such as GAP, Next and others.
- 4.42 Key determinants increasingly influencing occupiers’ property decisions are:
- Access to major markets
 - Accessibility to major road networks
 - Existing distribution networks
 - Availability of property/sites
 - Presence of a skilled workforce
 - Property costs
 - Sympathetic planning regime
- 4.43 At the smaller end of the spectrum, demand for small and medium sized distribution units is also expected to grow. The Working Time Directive, which came into effect in March 2005, will restrict the hours lorry drivers can spend at the wheel. The location, size and number of units that a distributor may need are likely to change, increasing demand for satellite and trans-shipment depots.

Consultation

- 4.44 As discussed, we consulted local stakeholders through a workshop session and individual discussions, asking about the nature of demand for space in Central Herts, market opportunities for growth and the balance of demand and supply. Comments received are in the box below.

Stakeholders' Comments: The Property Market

Central Herts

- There is a shortage of small business units - below 185 sq m (2,000 sq ft) - for local entrepreneurs, businesses supplying larger companies and businesses that have reducing space requirements. Even poorer quality small units are well occupied.
- There is a shortage of small non-office units.
- Data from the Herts Futures website shows that of all available office premises (at March 2006), 34% were small, but of all available industrial and warehouse units, only 18% and 19% respectively were small.
- Much of the existing stock of small and medium-sized (185-465 sq m) units is rather tired and out-dated, a particular problem if trying to attract knowledge based companies
- Generally there is high demand for freehold premises. In a stable property market with low interest rates, a freehold property is seen as more tax/pension efficient and easier to dispose of than a lease, should space requirements change.
- Office employers increasingly prefer town centre locations.

Hertsmere

- There is a lack of good quality small business units. Much of the vacant floorspace is made up of large office units.
- Watford Hatfield is seen to offer a better image and value for money.
- The 2006 Hertsmere Business Survey shows that most existing businesses are happy with their premises, though some have problems with a lack of parking, the age and cost of their premises and crime.

St. Albans

- Again, there is a lack of small units for non-office based businesses, with existing premises perceived as run-down and tired.

Welwyn Hatfield

- Hatfield is an attractive business location, good value for money, well-connected and thriving. The growing university, the proposed new hospital and medical school all add to an image of an up-and-coming place with growth and success which foreign owned companies find particularly attractive.
- Recruitment can be difficult and this puts a brake on growth. Typical of new towns, there is a view that compared to other areas local workers are lacking in aspiration and motivation
- There is a restricted retail and leisure offer; this may make it difficult to retain or attract younger, more highly-skilled workers.

Key Points

- 4.45 St. Albans is one of the main office markets in Hertfordshire, with Hertsmere (Borehamwood) and Welwyn Hatfield generally lagging behind in terms of occupier activity and developer interest.
- 4.46 The type of occupier associated with each District has varied. St Albans has generally attracted financial and business service industries, Hertsmere high technology industries and Welwyn Hatfield pharmaceuticals. Small to medium sized companies are dominant.
- 4.47 The office market in Central Herts is currently oversupplied with a 16.1% vacancy rate. Hertsmere accounts for the larger proportion of the office supply, but a significant proportion of the space available in Hertsmere is in one development - Imperial Place. There is little or no space available in some size categories. The situation is unlikely to change in the short term, since without any firm evidence of market activity increasing in Central Herts new speculative development is likely to remain restricted.
- 4.48 The area has certain key advantages as an office location and future demand will perhaps depend on whether or not the area plays to its strength in attracting new occupiers. Attracting larger, footloose companies will require providing the right product which can satisfy that demand. A key policy question for the Central Herts Districts is whether that is a desirable scenario and if so what provisions should be made in the Districts' employment land allocations to cater for such demand.
- 4.49 The industrial market in Central Herts is considerably larger than the office market. Distribution is the main driver, accounting for 64% of total industrial stock. In Central Herts, Hatfield Business Park is the main distribution/warehousing location.
- 4.50 The industrial market is under-supplied. New development activity and development opportunities have been relatively limited in the past 2-3 years. Demand for industrial space is currently steady, but distribution demand is expected to grow in the medium term - both for large and small units. From a policy perspective, provisions for future employment land will have to take account of the extent to which the Central Herts Districts would like to attract the larger strategic distribution requirements.

5 RURAL CASE STUDY

Objectives

- 5.1 Across the study area there are several rural employment clusters, often parts of farm building conversion schemes or ribbons of premises along the former main north - south roads. Most of these do not have policy protection and in many places, the Districts have tended to allow change of use from employment to residential, either because the buildings have fallen vacant and are redundant, or simply because they perceive a visual benefit to the Green Belt landscape.
- 5.2 To assess the economic role of these clusters, we have selected a case study area - the Parish and Village of Woolmer Green in the north eastern part of Welwyn Hatfield. The objective of the case study is to answer the following questions:
- i) Is there a demand for employment premises in rural locations?
 - ii) If so, who is this demand from? Do such premises provide local employment and therefore reduce out-commuting?
 - iii) Should rural clusters have policy protection?

Woolmer Green Employment Clusters

- 5.3 Welwyn Hatfield is the northernmost District in the study area, adjoining the more rural parts of the County. Woolmer Green is a parish of 1,307 people (2001 census). It is located around the B197, which is the former Great North Road. In addition to the usual garage, shop, pub and local service/home working type businesses which we might normally expect to find in a rural settlement there are two clusters of employment premises which together amount to about 20 units. One cluster is based on either side of the main road on the northern edge of the village and the other is based in a complex of redundant farm buildings just beyond the eastern edge of the village. They range in size from sole proprietor businesses to companies with 20 or more employees.

Main Road Cluster

- 5.4 Most of the businesses adjoining the main road are housed in purpose built buildings dating from the 1960s but considerably extended, adapted and improved. They are primarily self-contained with their own staff and customer parking, servicing and landscaping. Business activities include manufacturing, speciality confectionary processing, design and environmental technology, construction, wholesaling, storage and distribution, vehicle sales, leasing, maintenance and parts distribution. Some have customer showrooms and receptions. Most have been there for a long time. Some serve local markets and others work nationally. As far we can ascertain, they are all UK owned. They range in size from those having a handful of staff to those having 20 or more, but all would be defined as small to medium enterprises (SMEs).
- 5.5 Jobs range from highly specialist professional and technical roles to general office and skilled/semi-skilled production.
- 5.6 We spoke to several of these businesses. Two of the more recent companies, one of which moved from Welwyn Garden City and one from London, said that they chose this location because they were seeking a clean, greenfield image

and the opportunity to own their premises. One company stated that it actively considered relocating to a development area where grants were available but opted for the higher quality location.

- 5.7 The businesses consulted said that recruitment and retention of staff has not been a problem and that access is good for both commuting and distribution.
- 5.8 Some companies have reached the limit of their sites and would ideally like to expand onto adjoining farmland.

Farm Complex Cluster

- 5.9 The farm conversion complex was created 10 years ago when following considerable rationalization and concentration of farm enterprises, the buildings became redundant for modern agricultural purposes being too small for the larger vehicles and equipment being deployed and larger scale storage.
- 5.10 They are owned by a large farm enterprise which has two other similar complexes in the County. They comprise 25 units in 1,700 sq m, but some businesses have expanded into several units (the largest occupies 500 sq m). Parts of some units are sub let to micro businesses. Most of the tenants are local entrepreneurs who wish to have business premises close at hand and the enterprises include the manufacturing and installation of timber products, specialist vehicle repair, maintenance and parts supply and storage and distribution uses. Rents are fairly low compared with purpose built premises in larger centres; typically about 50% of the cost. This reflects their limited flexibility of use (not having been constructed as business premises), limited external servicing and parking and isolated location. Some are of traditional construction and others more modern agricultural type sheds, albeit fairly small scale.
- 5.11 There are very rarely any vacant premises and as lets become available they are soon taken through word of mouth by expanding existing firms or other local businesses. The site owner would be prepared to erect more units in or adjoining the site should he be permitted to do so.

Commuting

- 5.12 Businesses consulted at the main road cluster estimated that about 50% of employees reside locally and that the rest come from elsewhere; sometimes from a great distance. Where the companies include an HQ function they typically also have subcontractors working across the UK and abroad.
- 5.13 Businesses consulted at the farm complex cluster estimated that more than 50% of employees reside locally - with many working part time.
- 5.14 An analysis of local commuting patterns shows that these informal perceptions are correct - 58% of the 476 people who work in Welwyn North (the ward which covers the village of Woolmer Green and the adjoining residential area of Oaklands) live in Welwyn North. Of the 399 people who work in Woolmer Green, 31% live there. From a resident's perspective out of the 679 people who live in Woolmer Green, 123 or 18% work in the village with the comparable figure for Welwyn North being 21%
- 5.15 The Woolmer Green Parish Council is of the firm view that it is important to retain employment sites in and around villages in order to provide local jobs and to reduce commuting. In the past two fairly large sites were lost wholly to housing and the view is that if existing ones do become truly redundant and have no further use then some form of mixed housing/commercial development

would be preferable. The Parish Council is very appreciative of the active role which many businesses play in village life and the creation of community facilities through charitable donations, sponsorship and provision of goods and services at little or no cost. In recent years the Parish Council has twice won the Herts Best Village of the year competition and in their entries the role played by local businesses has figured very prominently.

Key Points

- 5.16 There is demand for employment premises in rural locations. Small, inexpensive rented premises in such locations provide suitable accommodation for local entrepreneurs. Larger freehold premises tend to attract investors from further afield, who are looking for premises in a rural setting to fit their image.
- 5.17 Local employment in rural locations means that local residents do not have to commute out to employment, although inevitably any job in any location will draw some employees from a wide and diverse area.
- 5.18 There seems to be a strong case for protecting clusters of employment premises in and adjoining villages from conversion to residential uses unless there are overriding environmental benefits from doing so - in which case redevelopment for mixed commercial/residential use should be the first preference. This includes both the case study areas in Welwyn Hatfield and similar clusters in St. Albans and Hertsmere such as Harper Lodge Farm and Farm Close, Shenleybury.
- 5.19 In addition new policies could include some flexibility to permit the modest expansion of existing premises. We suggest that criteria against which proposals will be judged could include an assessment of local employment benefits.

6 THE QUANTITY OF EMPLOYMENT LAND

Introduction

- 6.1 In this chapter, we forecast the market requirement for industrial/warehousing and office space, based on employment forecasts, and compare it with planned supply - comprising the land currently identified by the planning system to accommodate change in B-class activities. The analysis focuses on the period 2001-2021, in line with the Regional Spatial Strategy. It relates purely to the quantitative balance of demand and supply. Qualitative features are considered in the next chapter.
- 6.2 The analysis is in four stages. First, we forecast employment by sector, based on existing forecasts prepared as part of the regional planning process. Second, we translate these employment figures into forecasts of the demand for employment space. Third, we calculate land supply and finally we assess market balance - the relationship between forecast requirement and planned supply.
- 6.3 It is important to note that our employment forecasts, and hence our calculations on future requirements, relate to net change. Net change in employment (the stock of jobs) is the difference between jobs lost and jobs gained. The corresponding net change in the floorspace stock is the difference between floorspace gained, mostly from new development, and floorspace lost, for example where industrial sites are cleared and redeveloped for housing and other uses.

Employment Forecasts

Building the Draft RSS Scenarios

- 6.4 The starting point for our forecasting is Policy E2 of the draft East of England Plan, RSS14, which sets employment growth targets of 421,000 for the region and 64,700 for Hertfordshire for the period 2001-21.

The RSS Forecasts

- 6.5 On this basis, we aim to provide a preferred scenario which is consistent with Policy E2 of the draft RSS, and alternative upside and downside scenarios that frame the range or reasonable expectation. The draft RSS, like the Panel report, does not break down its employment figures by District and sector, but unlike the Panel report it is underpinned by detailed forecasts which do provide that breakdown. To forecast the demand for space, we have to go back to the technical work that underpins the draft RSS. This work produced six main scenarios, as shown in the table below.

Table 6.1 Alternative Employment Forecasts for Hertfordshire

Forecast	Scenario	Net Employment Change 2001-21
EBS02	Business as Usual	32,500
	EG21 02	60,000
EBS03	Business as Usual	77,000
	EG21 03	97,000
	Unconstrained	130,000
Draft RSS 14	E2	64,700

Source: RSS14, Draft East of England Plan, Experian

- 6.6 The forecasts known as EBS02 and EBS03 were produced by Experian Business Strategies (EBS) for Bone Wells¹² in 2002 and 2003 respectively. They are based on the same approach, but 2003, produced some time after EBS02 was built into the emerging RSS, used a more up-to-date evidence base, incorporating new data that had become available since EBS02. There are two main reasons for the differences between EBS03 and EBS02:
- The first is that, between the two rounds of forecasting, the ranking of the East of England against other EU regions fell from 26th to 36th. Accordingly, the latest analysis showed that, to join the top 20 EU regions by 2021 (a target in the then regional Economic Development Strategy), the East of England would have to progress faster than previously believed.
 - Secondly, employment statistics for 2001, which became available between the two forecasting exercises, showed that Hertfordshire's industrial structure was more favourable than previously estimated, with a greater share of the faster-growing office-based sectors such as business services. Consequently, for Hertfordshire though not for other parts of the region, EBS03 shows dramatically higher employment growth than EBS02. Thus in the Business As Usual scenario, EBS03 shows 77,000 extra jobs, against 32,500 in EBS02. We consider that the higher figure is the more credible version of a Business As Usual future for Hertfordshire, because the lower figure of 32,500 was based on data that proved to be misleading.
- 6.7 The EBS02 and EBS03 forecasts each comprise two alternative scenarios, known as Business as Usual and Enhanced Growth (EG)21.
- 6.8 The Business As Usual (or baseline) scenario is EBS' standard sub-regional forecast. Future population and labour supply, which is a key assumption in the EBS model, is taken from ONS population projections, which in turn are based on known demographics plus continuation of past trends in migration.
- 6.9 The EG21 scenario is derived from the target in the then regional Economic Development Strategy that the Eastern region should be one of the top 20 regions in the EU by 2021. The ranking of regions is based on GDP per head, which equals:
- Workplace GDP - the output of people working in the region
divided by
Resident population - the number of people living in the region.
- 6.10 EG 21 is based on the same population as Business As Usual. To extract higher GDP (output) from this fixed population, the scenario assumes higher productivity (output per worker) and a higher participation rate (the ratio of workers working in the region to people living in the region), which in turn implies higher economic activity rates and/or lower net out-commuting.
- 6.11 The EBS03 forecast also produced a third scenario, known as the unconstrained scenario. This was produced by removing assumptions on future supply-side factors, including future population.
- 6.12 Policy E2 in the draft RSS sets out a growth target of 421,500 additional jobs for the region between 2001 and 2021. The policy breaks down this total by County and sub-region - showing 65,000 new jobs in Hertfordshire, broken down to 8,900 in the Stansted/M11 Corridor and 55,800 in the 'Rest of Hertfordshire'. The policy is based on forecasts produced in 2002 - EG21 02. The difference is

¹² Bone Wells Associates, RES Sub-Regional Studies, Stage 1 (July 2002) and Stage 2 (October 2002).

that the EG21 02 figures have additional jobs included to fit more closely with other policy priorities, including the Government's Sustainable Communities Plan. For Hertfordshire as a whole, the net change in jobs changed from an additional 60,000 to an additional 64,700. Because the policy priority area for growth in Hertfordshire is in the Stansted/M11 growth corridor, most of these additional jobs are allocated to East Herts and Broxbourne¹³.

Our Scenarios

- 6.13 Bearing in mind the above, we have built three forecast scenarios of demand for business space for the three Central Herts authorities:
- *Scenario A*, based on EBS02 Business as Usual - 32,500 extra jobs county-wide between 2001 and 2021. This in our view is the lower limit of any reasonable possibilities or expectations.
 - *Scenario B*, based on Draft Policy E2 - 64,700 extra jobs county-wide.
 - *Scenario C*, based on EBS03 EG21 - 97,000 extra jobs.
- 6.14 To construct these scenarios, in addition to published forecasts and targets we have used additional breakdowns provided by Experian.
- 6.15 Scenario B is our preferred scenario. Unlike A and C, it does not correspond exactly to one of Experian's detailed forecasts. Therefore we have based our Scenario B on the Experian scenario which provides the closest number of total net new jobs for Hertfordshire, which is EG21 02. To translate EG21 02 into E2, we have made a small adjustment, because the former shows 60,000 net additional jobs for Hertfordshire and the latter 64,700¹⁴.
- 6.16 In terms of regional employment totals, and probably county-level or sub-regional totals, the Experian forecasts on which our preferred scenario is based are clearly aligned with the E2 policy target in the draft RSS. However, it is not clear how far this applies at local and sub-regional level. So far as we know, inputs to the Experian forecasts did not include the spatial strategy in the draft RSS, including the core spatial strategy of concentrating growth and development in designated key centres (paragraph 2.10-2.11 above). In particular, we believe that the population assumptions underlying the Experian forecasts (the future population and workforce are key input into local employment forecasts) are trend-based figures from the ONS, rather than being derived from the housing provision figures which are the main quantitative expression of this spatial strategy. The RSS Alignment Study, commissioned by the Regional Assembly in 2004, found that there were problems with the alignment between the draft RSS's housing and employment targets at sub-regional ('quasi-county') level.
- 6.17 Nevertheless, in the absence of any better alternative at this stage, we stay with the Experian employment forecasts as the basis of our forecasts of demand for employment space.
- 6.18 Before translating them into demand for space, we have adjusted these Experian figures to correct for two errors in the underlying official statistics, as explained in the next sub-section.

¹³ Economic Development Task Group - Working Paper: RES and RPG 14 - Employment, Labour, Population and Housing to 2021.

¹⁴ Most of the additional 4,700 jobs are in East Hertfordshire and Broxbourne; we distributed those in the 'Rest of Hertfordshire' pro rata to obtain estimates for the Central Herts Districts

The Hertsmere Correction

- 6.19 In the scenarios, Experian's figures for Hertsmere were based on an erroneous figure in the Annual Business Inquiry (ABI) relating to part of Experian's Business Services sector which comprises SIC 72 (Computer and Related Activities) and SIC 74 (Other Business Activities, more helpfully known as Business Services). Between 2000 and 2001, the SIC 74 sector's employment jumped from 6,700 to 15,200, only to fall again to 7,000 in 2002. We know of no explanation for these large changes and assume that they are wrong. The timing of the error is unfortunate, because 2001 is the base date for both Experian's forecasts and our own.
- 6.20 To estimate the corrected employment of SIC 74 in 2001, we averaged the figures for 2000 and 2002 and added an allowance for the self-employed, based on the 2001 Census (ABI excludes the self-employed, while the Experian forecast includes them). We kept Experian's figures for all other sectors the same, making the total 2001 employment in Hertsmere around 57,000, compared to 60,200 in the Experian forecasts)¹⁵.
- 6.21 We then applied the same growth rates as those given in EG21 for Business Services and adjusted the totals to be in line with E2.

The St. Albans Correction

- 6.22 Under Scenarios A and B, St Albans' employment in SIC 74 drops from 19,700 in 2001 to 14,900 in 2002. Employment in the sector does not return to the 2001 level until 2018. This jump reflects the ABI, on which the Experian time series is based. It has a large effect on our forecast, causing lower total growth than is credible for 2001-21.
- 6.23 In the EBS03 forecasts, the fall in SIC 74 in 2002 has been removed, suggesting it was a mistake in the original data, which Experian corrected as part of its regular cleaning of ABI data. We therefore use, in all three of our scenarios, the EBS03 value for Business Services in 2001. This reduces the total number of jobs in St. Albans to what looks to be a more realistic level (65,500 jobs). We then adjust the sectors so that the net change is as for scenarios A and B.

The Panel Report

The Panel Recommendations

- 6.24 As noted in Chapter 2 above, the recent Panel report recommends changes to the employment targets in the draft RSS, increasing the Hertfordshire figure to 77,000 net new jobs, of which 63,000 are in the London Arc sub-region, which includes Central Herts along with four other Districts. The report does not break down these employment figures any further; for a broad indication of the intended distribution of development across Hertfordshire, we have to look to the Panel's housing targets, which *are* split by District.
- 6.25 For Hertsmere, the Panel proposes to increase the 2001-21 housing target in the draft RSS from 4,200 to 5,000. The Panel report does not stress Hertsmere as a spatial growth priority, instead suggesting that it is similar to Three Rivers, which it describes as '*a small District adjoining Greater London. It has relatively small urban areas and heavy commuting flows*'. This suggests that Hertsmere is

¹⁵ This seems reasonable given that the mean number of jobs in Hertsmere was around 47,000 in 2001 (the mean of 2000 and 2002 values) and 7,900 people registered as self employed in the 2001 Census.

not a priority for employment growth and if the Panel's proposals are accepted our preferred scenario will remain broadly valid.

- 6.26 St. Albans has a small increase in housing numbers, from 7,000 in the draft RSS to 7,200 in the Panel report. The report also advocates expansion of Hemel Hempstead, some of which would spill over into St. Albans district. This growth would be additional to the St. Albans allocation. Whether additional employment land would be required alongside this additional expansion is unclear. In any case, St. Albans is not allocated a major role in the Panel report. Yet again, this suggests that the Panel's recommendations do not imply a significant increase in St Albans' employment growth above our preferred scenario.
- 6.27 For Welwyn Hatfield, as noted earlier the Panel suggests a larger role, as part of the re-direction of growth in the London Arc sub-region. The Panel proposes to increase the Borough's housing target for 2001-21 from 5,800 in the draft RSS to 10,000. It also comments that Welwyn Hatfield has had a '*good record of generally matching new housing with employment and is well-placed on strategic communications routes which makes it both attractive for business growth and accessible to the London jobs market*'. If the Panel's recommendations go forward, therefore, Welwyn Hatfield's employment land requirement might increase considerably.
- 6.28 The report, in paragraphs 6.10-6.11, provides guidance on how the figures should be used in planning for employment land, as follows:
- 'The supporting text to draft Policy E2 implies that they provide a basis for planning for employment premises at LDD level, but Districts commonly expressed themselves unclear about how to translate often sub-regional employment targets... into meaningful local planning policies. We support the EERA/EEDA intention to bridge this gap by producing District-level figures... but caution strongly against giving too much weight to such figures, or treating them as realisable or necessarily reliable "targets"...*
- Implications for Employment Land*
- 6.29 In estimating future employment land requirements, we would ideally like to provide a scenario based on the Panel's employment figures, which the District Councils could adopt if and when the Secretary of State accepts the Panel's recommendations. But at this stage we cannot produce a robust 'Panel scenario', because to translate jobs into land requirements we would need the breakdowns by District or group of Districts and by economic sector that the report does not provide.
- 6.30 If the Panel's figures were derived from a full economic forecast, we could refer to that forecast for the missing detail. But the report does not mention any formal forecasting exercise. Its employment figures appear to be derived by applying a multiplier to proposed numbers of dwellings.
- 6.31 To provide a demand scenario compatible with the Panel report, therefore, we would need to commission a new forecasting exercise that splits the Panel's sub-regional totals by District or group of Districts and by sector. This new scenario should be provided centrally for the East of England, to ensure consistency across the region. In due course, if the Secretary of State accepts the Panel's recommendations, it is likely to be commissioned by EERA or EEDA. These new forecasts should take account of the spatial priorities of the modified RSS. For this, the forecasts' population and workforce assumptions

would have to be based on the housing provision figures in the Strategy, and further adjustments to the standard Experian model may also be required.

- 6.32 Given that such detailed employment forecasts do not yet exist, and the Secretary of State has made no decisions on the Panel report, at this stage we use as our preferred scenario figures based on Policy E2 of the draft RSS. In due course, if the Panel's recommendations are accepted and matching detailed forecasts become available, the Central Herts Councils should update our findings in the light of those forecasts. For the moment, in the next section we continue to develop the demand scenarios based on the draft RSS.

The Forecasts

- 6.33 The table below summarises our three scenarios.

Table 6.2 Net Employment Change, 2001-21

Scenario	A		B		C	
	Jobs	% of Herts total	Jobs	% of Herts total	Jobs	% of Herts total
Hertsmere	7,900	25%	12,000	18%	14,300	15%
St. Albans	2,400	7%	6,400	10%	16,300	17%
Welwyn Hatfield	4,600	14%	8,100	12%	7,600	8%
Central Herts	14,800	46%	26,400	41%	38,100	39%
Hertfordshire	32,000	100%	64,700	100%	97,000	100%

Source: Experian, RTP.
Numbers are rounded to nearest 100.

- 6.34 While for Hertfordshire and Central Herts the least growth is in Scenario A and the most growth in Scenario C, the distribution of growth across Districts varies across scenarios. As the Hertfordshire total increases from left to right, the Central Herts' share of the County's total growth falls, from 46% in Scenario A to 39% in Scenario C.
- 6.35 In the table below, we show more detailed forecasts for the Central Herts Districts, dividing total employment change into office jobs, industrial/warehousing jobs and other jobs, which are based in space outside the B use classes. (Definitions of these sectors are in Chapter 3 above and Appendix A.)
- 6.36 In the preferred scenario, B, over the period 2001-21, Central Herts' total employment grows by some 26,400, or 14%¹⁶. Most of this growth is in the non-B class sectors such as retail and education. Industrial employment falls by c 6,000 jobs (27%), warehousing employment grows by 900 jobs (5%) and office employment grows by as many as 11,500 jobs (27%). The net outcome is of these contrasting trends is an increase of 6,500 in B-space jobs.
- 6.37 The figures for individual Districts show similar trends, with industrial decline more than offset by office growth:
- In Hertsmere, office employment rises by 4,600 jobs (43%), considerably exceeding the other two Districts both in absolute and percentage terms. The total of industrial and warehousing jobs falls by 1,900, producing net growth in B-space jobs of 3,400.
 - St Albans gains 3,500 jobs in offices and loses 1,500 in industry and warehousing, resulting in a net gain of 2,000 B-space jobs.

¹⁶ In this paragraph, and later in similar discussions, we have rounded numbers for ease of exposition.

- In Welwyn Hatfield, office growth of 3,400 jobs and industrial/warehousing losses of 2,300 jobs result in net B-space growth of 1,100 jobs.

Table 6.3 Net Employment Change, Central Herts, 2001-2021

Scenario	A		B		C	
	Jobs	%	Jobs	%	Jobs	%
Central Herts						
Industrial	-6,140	-42%	-6,013	-27%	-5,866	-28%
Warehousing	25	0%	992	5%	3,603	20%
Offices	7,415	19%	11,472	29%	13,996	34%
Total B Space	1,247	2%	6,451	8%	11,733	15%
Total Jobs	14,804	8%	26,387	14%	38,120	21%
Hertsmere						
Industrial	-1,838	-31%	-1,598	-27%	-1,987	-37%
Warehousing	80	2%	340	7%	1,149	24%
Offices	3,353	31%	4,630	43%	3,007	28%
B-space jobs	1,595	9%	3,372	15%	2,169	13%
Total Jobs	7,875	14%	11,959	21%	14,296	27%
St Albans						
Industrial	-1,020	-16%	-1,386	-21%	-899	-12%
Warehousing	-367	-5%	-75	-1%	1,009	15%
Offices	1,606	9%	3,485	18%	7,626	41%
B-space jobs	219	1%	2,024	6%	7,736	25%
Total jobs	2,355	3%	6,368	9%	16,264	24%
Welwyn Hatfield						
Industrial	-3,335	-35%	-3,030	-32%	-2,980	-31%
Warehousing	312	4%	727	9%	1,445	21%
Offices	2,456	23%	3,357	32%	3,363	29%
B-space jobs	-567	-2%	1,054	4%	1,828	9%
Total jobs	4,573	7%	8,059	12%	7,560	12%

Source: RTP, Experian

- 6.38 Even leaving aside earlier caveats about alignment with the RSS' spatial priorities, it is important to note that these figures for individual Districts should not be taken too literally. Much economic activity is footloose across local authority boundaries, within areas of search which in most cases equate to sub-regional labour market areas. At this sub-regional scale, land-use policy can have a large influence on where businesses and jobs locate. We will return to this issue in our conclusions.

The Future Demand for Space

Method

- 6.39 To translate employment forecasts into demand for space, we assume employment densities (floorspace per head) as follows:
- Offices: 18 sq m per worker
 - Industrial and warehousing: 31 sq m per worker.

- 6.40 For offices and general industry, these densities are taken from a 1997 study by Roger Tym & Partners for SERPLAN¹⁷. The Government's most recent Guidance Note on Employment Studies quotes these figures¹⁸, noting that the RTP study '*remains one of the most comprehensive data sources for London and the South East*'; there are no such studies for other regions.
- 6.41 With regard to offices, it is often asserted that employment densities are rising, due to changing work practices, such as hot-desking, teleworking and homeworking, and increasing competitive pressure on corporate occupiers to use space cost-effectively. There is much anecdotal evidence to support these views. Examples include IBM and BP, which are seeking ratios of 10-11 sq m per person.
- 6.42 However, the view that *average* office employment densities are rising - as opposed to rising in particular businesses or groups of businesses - is not supported by statistically reliable evidence so far.
- 6.43 Consultants DTZ Pida, in a major 2004 study of the South East region¹⁹, set out to investigate the impact of changing working practices on the demand for employment space, updating an initial study produced by Roger Tym & Partners in 1997. The DTZ Pida study concludes:
- 'In the general office sector/use class, [there has been} an increase of only 0.4 sq m per employee since the 1997 RTP study...*
- Rather than being high, the impact of changing working practices on employment density is complex and taking place at a slower rate than anticipated. The pace of change is slow and there are forces that appear to act in the opposite direction, neutralising the impacts of changing working practices on employment density and business space needs.*
- Overall, the impact of changing working practices on employment density is limited, except for some office-based employment activities with increasing ICT use... , changes in working practices are not sufficiently widespread, or deep, across industrial sectors/use classes to warrant fundamental changes in, or review [of], employment densities.'*
- 6.44 While these findings relate to the South East region, we see no reason why Hertfordshire should be different.
- 6.45 Certainly it is possible that the average office density will increase substantially in the future. But, on the evidence to date, it would not be right to incorporate such an increase into our forecasts at this stage. Even if we wanted to create a contingent scenario to explore the impact of a possible rise in densities, from the data currently available we would not know what size of increase we should test. Therefore, our calculations below are based on constant employment densities. We suggest later that demand forecasts should be reviewed at least every five years, and more often in case of economic shocks. If convincing evidence of changing densities emerges in future, it should be incorporated into these reviews.

¹⁷ Roger Tym & Partners for SERPLAN, The Use of Business Space: Employment Densities and Working Practices in South East England, 1997

¹⁸ Office of the Deputy Prime Minister, Employment Land Reviews: Guidance Note, ODPM Publications, December 2004

¹⁹ DTZ Pida (2004) *Use of Business Space and Changing Working Practices in the South East*, for SEERA and SEEDA

Results

Floorspace Demand

- 6.46 In absolute terms, in the preferred scenario (Table 6.4):
- Office space for Central Herts increases by 206,500 sq m, 27% of the 2001 floorspace stock.
 - Industrial/warehousing demand is negative, indicating a reduction in the floorspace stock. The reduction for Central Herts is 157,000 sq m, (10% of stock).
 - The net result for Central Hertfordshire is growth of some 51,000 sq m of floorspace, 2% of the stock. Considered over the 20-year forecasting period and three local authority areas, and bearing in mind margins of error, this is not significantly different from zero.
- 6.47 In summary, the demand forecasts for Central Herts as a whole point to an unchanged total business floorspace over the 20-year planning period. Within this total, the use of space shifts from industry/warehousing to offices, and this allows employment to grow, because offices use much less floorspace per worker than industry and warehousing.
- 6.48 The three individual Districts show the same broad pattern of change:
- In Hertsmere, industrial/warehousing losses of 83,000 sq m and office gains of 39,000 sq m result in a net gain of 44,000 sq m of employment space, 7% of the stock. Considered over 20 years and given unavoidable margins of error, we believe this is insignificant.
 - In St Albans, industrial/warehousing losses are 45,000 sq m and office gains are 63,000 sq m. The resulting net change is a gain of 17,000 sq m, an insignificant 2% of the existing stock.
 - Similarly in Welwyn Hatfield, industrial/warehousing losses of 71,000 sq m and office gains of 60,000 sq m produce an insignificant net loss of 11,000 sq m, just 1% of the stock.

Table 6.4 Floorspace Demand, 2001-21 Net Floorspace Change, sq m

		Floorspace Stock 2001	Forecast Scenarios, Net Floorspace Change					
		sq m	sq m			% of Floorspace Stock (2001)		
Scenarios			Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Central Herts	Ind/Whsg	1,626,000	-191,201	-155,650	-70,161	-12%	-10%	-4%
	Offices	778,000	133,469	206,500	251,924	17%	27%	32%
	Total B space	2,404,000	-57,732	50,850	181,763	-2%	2%	8%
Hertsmere	Ind/Whsg	422,000	-54,496	-38,983	-25,972	-13%	-9%	-6%
	Offices	202,000	60,345	83,332	54,125	30%	41%	27%
	Total B space	624,000	5,849	44,349	28,153	1%	7%	5%
St. Albans	Ind/Whsg	436,000	-42,993	-45,284	3,396	-10%	-10%	1%
	Offices	267,000	28,913	62,738	137,260	11%	23%	51%
	Total B space	703,000	-14,080	17,454	140,656	-2%	2%	20%
Welwyn Hatfield	Ind/Whsg	768,000	-93,712	-71,383	-47,584	-12%	-9%	-6%
	Offices	309,000	44,211	60,430	60,539	14%	20%	20%
	Total B space	1,077,000	-49,501	-10,953	12,955	-5%	-1%	1%

Source: RTP

Comparison with Past Trend

6.49 Table 6.5 compares the forecasts with past land take-up (net floorspace change), providing a rough reality check. Unfortunately, we only have historical data across the study area for 2001-05, which is too short a period for robust analysis.

**Table 6.5 Forecast v Past Floorspace Demand
Net Floorspace Change, sq m per year**

	Central Herts		Hertsmere		St. Albans		Welwyn Hatfield	
	Offices	Ind/Whsg	Offices	Ind/Whsg	Offices	Ind/Whsg	Offices	Ind/Whsg
2001-05	15,509	4,536	621	-5,593	-773	-1,633	15,661	11,762
2001-21								
Forecast A	6,674	-9,561	3,017	-2,725	1,446	-2,150	2,211	-4,686
Forecast B	10,326	-7,782	4,167	-1,949	3,137	-2,264	3,022	-3,569
Forecast C	12,596	-3,508	2,706	-1,299	6,863	170	3,027	-2,379

Source: RTP, District Councils, Herts County Council

6.50 Office floorspace in Central Herts in 2001-05 increased by some 15,000 sq m per year, more than in any of the forecast scenarios. But in net terms this is entirely due to development in Welwyn Hatfield. In Hertsmere and St Albans, office floorspace was virtually unchanged in 2001-05.

6.51 Central Herts' industrial/warehousing space also increased in 2001-05, by some 5,000 sq m per year, while all the forecast scenarios show a decline. Yet again, in net terms the growth of the recent past is entirely due to Welwyn Hatfield. In St Albans, industrial/warehousing space fell at a rate similar to scenarios A and B. In Hertsmere, industrial/warehousing floorspace fell at some 6,000 sq m per year, faster than in any of the forecast scenario.

The Margin

6.52 At the final step in the forecasting exercise, we add a safety margin to translate *market demand* into a *planning requirement*. Market demand is the expected net take-up of land. The planning requirement is the amount of land which the planning system should make available if that demand is to be fully met in a smoothly functioning market. The margin represents frictional vacancy - the land which at any one time is identified in planning terms for B Class development or redevelopment, but cannot yet provide floorspace, because it is in the development pipeline - perhaps being under construction or awaiting planning permission or infrastructure.

6.53 Logically, this 'sterilised' land supply equals annual gross take-up (gross development completions) multiplied by the time required from allocation of a site to building completion on that site. We assume, conservatively, that this time is two years.

6.54 To calculate the required margin, we need to make assumptions about future gross take-up (development completions). This is difficult, because the demand forecast only shows *net* take-up, which is quite a different matter. In Welwyn Hatfield and St Albans we only know past gross take-up for a short period, 2001-05, which may not be representative of longer term. The resulting margins for these two districts are 10-15% of the existing floorspace stock for offices and 4-5% of the stock for industry/warehousing. These estimates are broadly in line with experience elsewhere.

- 6.55 For Hertsmere, however, it seems that the period 2001-05 is especially untypical, because in the office market there was no significant take-up. The Council has been able to provide historical data for a longer period, 1995-2005, and we have used this historical evidence to estimate the margin. The resulting margin for offices is some 18,100 sq m, or 9% of the existing floorspace stock, and for industrial/warehouse space it is approximately 13,500 sq m, 3% of the floorspace stock. These figures are similar to those for St Albans and Welwyn Hatfield.
- 6.56 It is important to note that the frictional margin is always positive, even when the total floorspace stock is declining, as is the case for industry in Central Herts and elsewhere. This is because, even if the floorspace stock is falling or stagnant, there is positive gross development, or 'churn', whereby old stock is replaced by new. The margin provides space for this churn.

Floorspace Requirements

**Table 6.6 Floorspace Requirement 2001 to 2021
Net Floorspace Change, sq m**

Scenarios		A	B	C
Central Herts	Offices	228,514	301,544	346,969
	Ind/Whsg	-119,832	-84,281	1,208
	Total	108,682	217,263	348,177
Hertsmere	Offices	78,432	101,418	72,211
	Ind/Whsg	-40,951	-25,438	-12,428
	Total	37,481	75,980	59,783
St. Albans	Offices	51,930	85,755	160,278
	Ind/Whsg	-23,007	-25,298	23,382
	Total	28,923	60,457	183,660
Welwyn Hatfield	Offices	98,152	114,371	114,480
	Ind/Whsg	-55,874	-33,545	-9,746
	Total	42,278	80,826	104,734

Source: RTP

- 6.57 Once the margin is included, the total employment space requirement for Central Hertfordshire in the preferred scenario is 217,000 sq m. All Districts have a positive requirement, amounting to 76,000 sq m for Hertsmere, 60,000 sq m for St Albans and 80,000 sq m for Welwyn Hatfield.

The Planned Supply of Space

Method

- 6.58 Planned supply is the physical capacity identified by the planning system for future net change in B-class economic activity. We look back in time to calculate planned supply at 2001, which we use as the base year for our demand-supply calculation, because it is the start year of the RSS.
- 6.59 Planned supply at 2001 is:
- The net change in floorspace (net *completions*) recorded from April 2001 to March 2005;
 - Current *surplus vacant floorspace*, equal to the difference between vacant floorspace and an estimated equilibrium vacancy of 7.5% of the stock; which is the margin of vacant space required for smooth operation of the market.

- Outstanding net *planning commitments* (allocations and permissions) at 1 April 2005.

6.60 Each of these components of planned supply can be either positive or negative, indicating either an increase or a fall in the occupied floorspace stock.

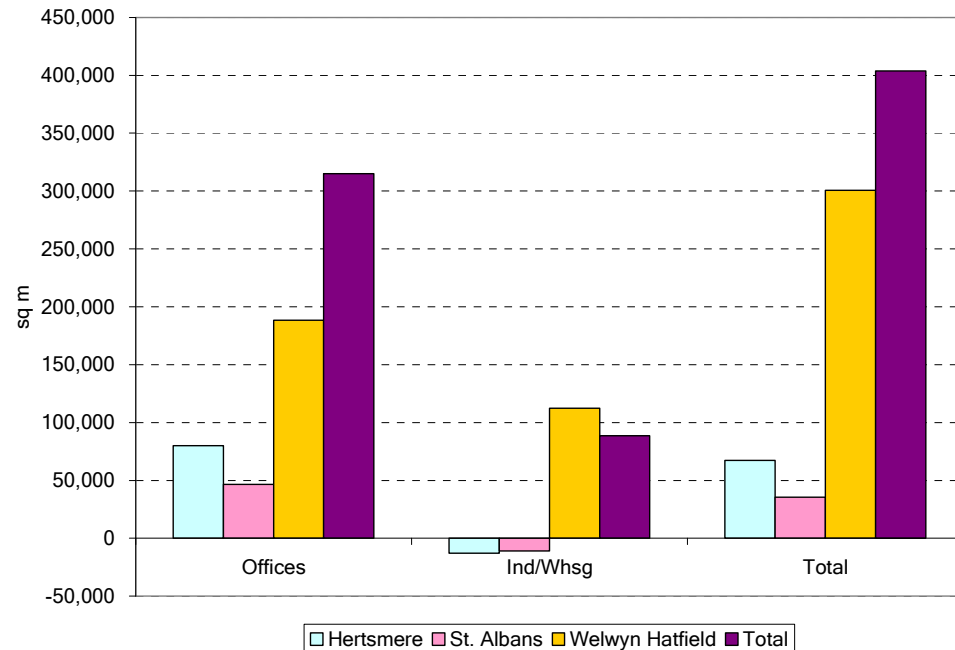
6.61 The change in floorspace from 2001-05 is included in order to bridge the gap from 2001, the beginning of the planning period to the present time.

6.62 The purpose of the surplus space calculation is to take account of the current (baseline) market balance, before we start considering future change. Vacancy above the equilibrium rate of 7.5% suggests that the market is currently oversupplied, providing surplus space which can help meet future requirements. Conversely, a vacancy rate below 7.5% indicates that the market is currently under-supplied, so that additional space is needed to correct the current imbalance, in addition to any further space that may be required to meet future demand.

6.63 In the analysis below, completions and outstanding commitments are taken from the Districts' monitoring systems. Yet again, all figures relate to net floorspace change. Current vacancy is estimated by Lambert Smith Hampton from the FOCUS property database.

Results

**Figure 6.1 Planned Supply, Central Herts, 2001
Net Floorspace Change, sq m**



Source: RTP, LSH

6.64 Planned supply for Central Herts at 2001 is positive for both types of space, providing the capacity for 315,000 sq m of office space and 89,000 sq m of industrial/warehouse space.

6.65 The tables below analyse planned supply by District (more detailed data are at Appendices C and D).

**Table 6.7 Planned Supply, Hertsmere
Net Floorspace Change, sq m, 2001**

	Offices	Ind/Whsg	Total
Completions 2001-2005	2,482	-22,370	-19,888
Surplus vacancy 2005	45,795	-5,636	40,159
Outstanding commitments 2005	31,803	15,220	47,023
Total	80,080	-12,786	67,294

Source: RTP, LSH

- 6.66 In Hertsmere, planned office supply stands at some 80,000 sq m, of which 46,000 sq m is vacant floorspace, including 19,000 sq m at the former T Mobile offices, and 32,000 sq m is outstanding planning permissions. There are no land allocations for office development. Net completions since 2001 are insignificant at 2,500 sq m.
- 6.67 In the industrial/warehouse sector, Hertsmere's supply is negative at -13,000 sq m, the net outcome of a net loss of 22,000 sq m in 2001-05, 15,000 sq m of outstanding permissions and a deficit of vacant floorspace - suggesting that the current market is tight, with vacancy below the equilibrium level. Yet again, there are no outstanding land allocations.

**Table 6.8 Planned Supply, St. Albans
Net Floorspace Change, sq m, 2001**

	Offices	Ind/Whsg	Total
Completions 2001-2005	-3,090	-6,532	-9,622
Surplus vacancy 2005	13,035	-7,803	5,232
Outstanding commitments 2005	36,702	3,333	40,035
Total	46,647	-11,002	35,645

Source: RTP, LSH

- 6.68 St. Albans' planned supply equals 46,600 sq m offices and a negative supply (planned loss) of 11,000 sq m industrial/warehousing floorspace. These net changes mask much larger gross gains and gross losses, particularly in completions between 2001 and 2005. For offices, there is surplus vacant floorspace, an insignificant net loss of space in 2001-05 and 36,700 sq m of outstanding commitments (both permissions and allocations). For industry/warehousing, large gross gains are outweighed by even larger gross losses and a deficit of vacant floorspace. There are only 3,300 sq m of commitments (again, both permissions and allocations).

**Table 6.9 Planned Supply, Welwyn Hatfield
Net Floorspace Change, sq m, 2001**

	Offices	Ind/Whsg	Total
Completions 2001-2005	62,644	47,047	109,691
Surplus vacancy 2005	12,775	-26,921	-14,146
Outstanding commitments 2005	112,839	92,398	205,237
Total	188,258	112,524	300,782

Source: RTP, LSH

- 6.69 As noted earlier, Welwyn Hatfield has large planned supply in both market sectors. For offices, the total of 188,000 sq m is mostly due to outstanding planning permissions. There are also 63,000 sq m of net completions since 2001 and a surplus of vacant floorspace.

- 6.70 For industry and warehousing, Welwyn Hatfield's planned supply stands at 113,000 sq m. There is a deficit of vacant floorspace. Roughly one third of the industrial/warehousing planned supply is accounted for by net completions in 2001-05 and two thirds by outstanding commitments. These commitments include just one outstanding allocation, for 17.4 ha at Hatfield Business Park. Of this allocation, 3.9 ha has been acquired by the Japanese pharmaceutical company Eisai, for its European base (though it does not yet have planning permission), and 12.4 ha is now likely to be developed for a new hospital, which would roughly halve Hatfield's industrial/warehousing supply, to some 63,000 sq m.

Market Balance

Central Herts

- 6.71 In this section, we bring together earlier results to compare the forecast demand for space with the supply of land currently identified by the planning system.
- 6.72 Throughout the analysis, calculations relate to floorspace capacity, expressed in square metres. To translate floorspace into site areas, as a broad guideline, likely plot ratios are in the region of 40% (4,000 sq m of floorspace per hectare of site area) for industrial/warehousing space and out-of-town office parks. But plot ratios in practice will vary widely, especially for offices, where tall buildings with reduced car parking may deliver two or three times as much floorspace per hectare. This is why, in planning for employment land, floorspace capacity is a more reliable unit of measurement than site area. As employment shifts from industry to offices, there may be considerable intensification if offices are developed at higher plot ratios than the industrial buildings they replace.
- 6.73 In interpreting the supply-demand balance, it is important to bear in mind that our forecast demand and requirement relate to net change. Net change equals new employment land gained (new B-class development) minus existing employment land lost (for example through redevelopment for housing).
- 6.74 The analysis of course relates only to supply currently identified by the planning system. It takes no account of either windfall losses or windfall gains that may occur in future. Thus, if further existing employment sites are lost, over and above the commitments that we have analysed, the land requirement we have calculated will increase to replace these losses. Conversely, if there are windfall gains over and above 2005 commitments, total supply will be higher than we our analysis suggests.
- 6.75 The tables and graphs below show the market balance of supply against demand and requirement - which, as explained earlier, is the sum of the forecast demand and the frictional margin. In making this comparison, the reader should bear in mind that the frictional margin is a fixed amount of land which should be part of the supply throughout the planning period, from the present day onwards, whereas future demand (net take-up) will be spread over the planning period to 2021.
- 6.76 For simplicity, the text and tables only refer to the preferred scenario, B. The graphs that follow show all three demand scenarios and are drawn to the same scale. The discussion focuses on the forecast period, 2001-21; we also provide, at Table 6.11, calculations for the shorter period to 2016, which may be more relevant to LDFs. In these calculations, we have assumed that demand is spread evenly across the years to 2021.

Table 6.10 Market Balance, Central Hertfordshire, 2001-21, Scenario B

	C Herts		Hertsmere		St Albans		Welwyn Hatfield	
	Offices	Ind/ Whsg	Offices	Ind/ Whsg	Offices	Ind/ Whsg	Offices	Ind/ Whsg
Supply	314,985	88,736	80,080	-12,786	46,647	-11,002	188,258	112,524
Margin	95,044	71,369	18,086	13,545	23,018	19,987	53,941	37,838
Demand	206,500	-155,650	83,332	-38,983	62,738	-45,284	60,430	-71,383
Requirement	301,544	-84,281	101,418	-25,438	85,755	-25,298	114,371	-33,545
Over (Under) Supply	13,441	173,017	-21,338	12,652	-39,108	14,296	73,887	146,069

Source: RTP

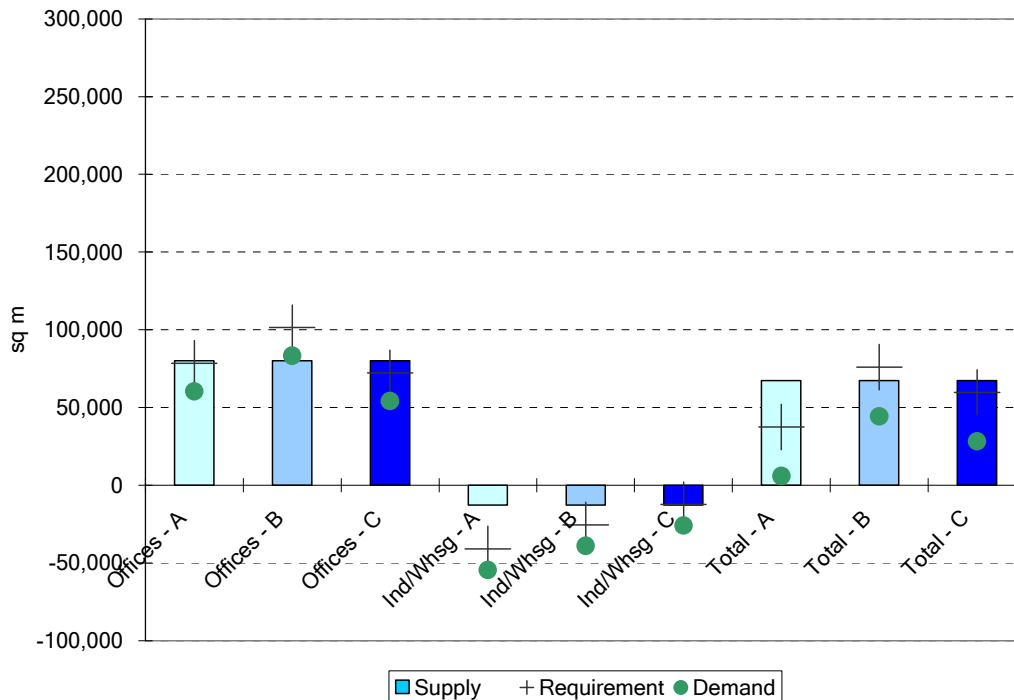
Table 6.11 Market Balance, Central Hertfordshire, 2001-16, Scenario B

	C Herts		Hertsmere		St Albans		Welwyn Hatfield	
	Offices	Ind/ Whsg	Offices	Ind/ Whsg	Offices	Ind/ Whsg	Offices	Ind/ Whsg
Supply	314,985	88,736	80,080	-12,786	46,647	-11,002	188,258	112,524
Margin	95,044	71,369	18,086	13,545	23,018	19,987	53,941	37,838
Demand	154,875	-116,737	62,499	-29,237	47,053	-33,963	45,323	-53,537
Requirement	249,919	-45,368	80,585	-15,692	70,071	-13,977	99,264	-15,699
Over (Under) Supply	65,066	134,104	-505	2,906	-23,424	2,975	88,994	128,223

- 6.77 The table shows that Central Herts as a whole has a sufficient planned supply of office space to last until 2022, one year after the end of our planning period. In the industrial/warehousing sector, supply exceeds the forecast requirements by 173,000 sq m, some 11% of the stock. At a fixed plot ratio of 40%, therefore, some 43 ha of land to be released for other uses.
- 6.78 But this analysis does not apply to individual Districts, because most of the identified land supply is in Welwyn Hatfield, as shown in the District-by-District analysis below.

Hertsmere

**Figure 6.2 Market Balance, Hertsmere, 2001-21
Net Floorspace Change, sq m**



Source: RTP

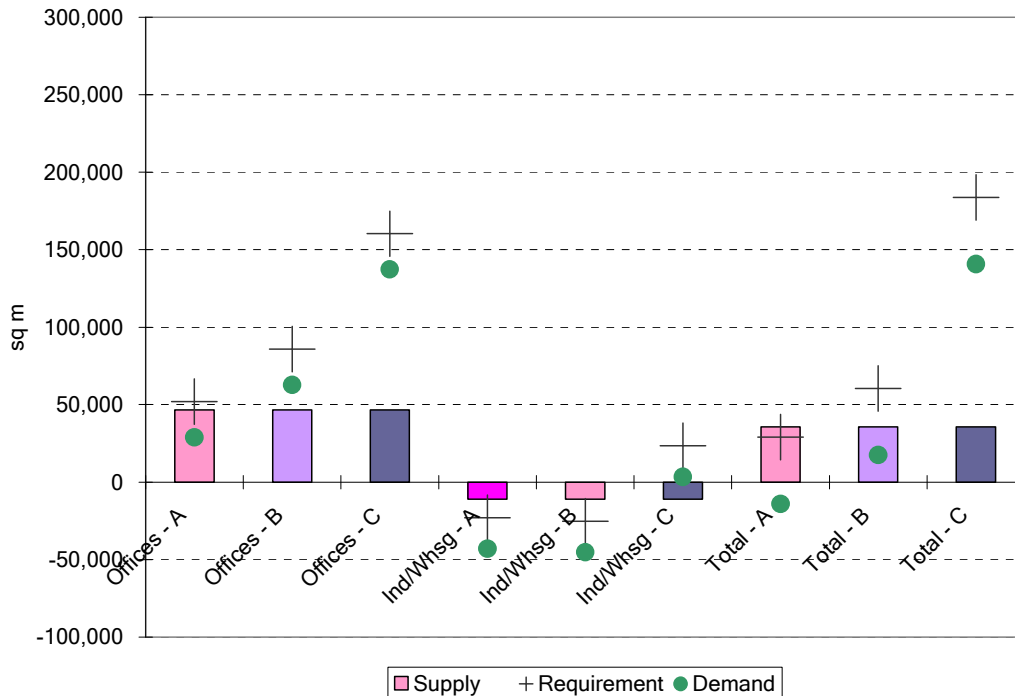
- 6.79 In the preferred scenario, Hertsmere's planned office supply (Figure 6.2) falls short of the forecast requirement by 21,000 sq m. If our figures are correct, the supply currently identified would last until 2016, but for the last five years of the planning period more land would have to be identified if demand is to be met in full.
- 6.80 For industrial/warehousing space, as noted earlier, Hertsmere has a small oversupply of 13,000 sq m. Considered over 20 years, this is an insignificant amount. If this small industrial oversupply is transferred to offices (assuming that the sites are suitable and available), Hertsmere's office supply will last until 2019, close to the end of the Plan period.
- 6.81 Thus, if we consider Hertsmere in isolation, our calculations suggest that there is no significant scope for any reduction in the supply of employment space over and above the commitments recorded at April 2005. If space is lost and not replaced, the fall in planned land supply will run ahead of the fall in demand, forcing out or pricing out businesses that wish to locate in Hertsmere. However,

as noted earlier, there may be scope for releasing employment *land*, if there is intensification at existing sites, so that less land area is needed to accommodate given amounts of floorspace.

St Albans

- 6.82 The St Albans market balance is shown at Figure 6.3. For offices, the preferred scenario shows a supply shortfall of 39,000 sq m. If our figures are correct, the identified supply will last until 2009.

**Figure 6.3 Market Balance, St Albans, 2001-21
Net Floorspace Change, sq m**

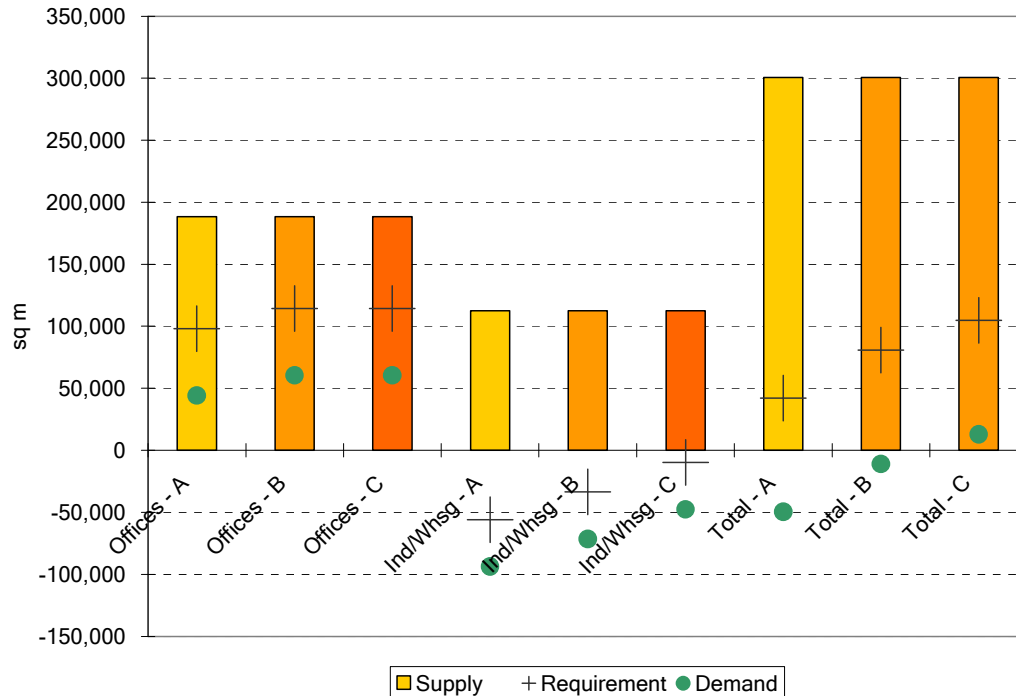


Source: RTP

- 6.83 For industry and warehousing, there is an insignificant over supply of 14,000 sq m. Yet again, this assumes that no existing sites are lost over and above 2005 planning commitments. If all of the industrial oversupply were transferred to office use (assuming that the sites are suitable and available), the resulting office supply would last approximately until 2015. Yet again, if market requirements are to be met this suggests that there is no scope for any reduction in the stock of employment land over and above existing commitments. If any employment land were released to other uses, it would have to be replaced, either by identifying new land or through intensification at remaining employment sites.

Welwyn Hatfield

**Figure 6.4 Market Balance, Welwyn Hatfield, 2001-21
Net Floorspace Change, sq m**



Source: RTP

6.84 In contrast to the other two Districts, by our calculations Welwyn Hatfield has a considerable oversupply in both types of space. Supply exceeds requirements by 74,000 sq m for offices and 146,000 sq m for industry/warehousing. But, as we have seen, the supply figures include some 12 hectares (equivalent to 48,000 sq m) at Hatfield Business Park which is now likely to be developed for a hospital. If this is confirmed, the estimated industrial/warehousing oversupply will fall to some 96,000 sq m.

6.85 Another factor which could reduce the oversupply is strategic distribution. Welwyn Hatfield is an attractive place for this activity, which uses very large warehouses, of 10,000 sq m and more. Subject to policy priorities and availability of suitable sites - which need to be large and highly accessible - the Borough could attract a considerable amount of such development. But our calculations assume an industrial/warehousing density of 31 sq m per worker, which is reasonable for factories and some warehouses, but too low for strategic distribution. In these very large warehouses, average employment densities are probably around 88 sq m per worker.

6.86 To illustrate:

- If the hospital proposal goes ahead, the Borough's industrial/warehousing oversupply falls to 98,000 sq m - still a significant number.
- If our Scenario B employment forecast is correct and the hospital proposal does not go ahead, but all Welwyn Hatfield's growth in warehousing jobs is in strategic distribution at a density of 88 sq m per worker, this

industrial/warehousing oversupply to 2021 falls from 146,000 to 104,000 sq m. Yet again, this is still a significant number.

- If the hospital goes ahead *and* all warehousing growth is in strategic distribution, the industrial/warehousing oversupply of course falls still further, to 56,000 sq m.

Implications

- 6.87 Taken at face value, and considering each District in isolation, our calculations suggest that in St Albans and Hertsmere:
- At constant plot ratios, existing and committed employment sites provide just enough capacity to meet market requirements until 2019 and 2016 respectively, provided that there are no future net losses over and above current (2005) planning commitments - so that any industrial/warehousing sites lost are redeveloped or replaced by land accommodating the same amount of office space.
 - This would mean that, if the requirement is to be met, there can be no net reduction in employment space. Any land lost to housing, such as redundant industrial sites, will have to be redeveloped or replaced to provide an equal amount of office floorspace. The only way to release land will be intensification (increasing plot ratios).
- 6.88 In Welwyn Hatfield, however, the market position is different. Still taking our results at face value, the Borough has considerable excess capacity for both office and industrial/warehousing space.
- 6.89 However, as discussed earlier, it would be misleading to consider each area in isolation. If all demand was footloose across the three Districts, the excess office demand from St Albans and Hertsmere could be accommodated in Welwyn Hatfield, and there would be considerable scope for releasing industrial land in all three areas, even without intensification.
- 6.90 Reality of course will lie between these two extremes. There should be considerable potential to steer some demand across Districts towards Welwyn Hatfield, especially from St Albans. But the market review suggest that a range of higher-value office-based activities are uniquely attracted to St Albans, and if they cannot go there will probably locate outside Hertfordshire rather than go to Welwyn Hatfield, perhaps depriving the County of highly worthwhile employment opportunities. It seems likely also that some occupiers that cannot locate in Hertsmere due to lack of land would choose North London or Watford rather than Welwyn Hatfield.
- 6.91 Because of these interdependencies across administrative boundaries, District need to work together in sub-regional groups to plan how the demand for employment space should be divided up between them, taking account of land supply, infrastructure provision and policy objectives. But first higher tiers of government needs to set the strategic parameters, providing a decision on the Panel's recommendations and a set of sub-regional or local forecasts that properly reflect the spatial priorities of the RSS in its final version.
- 6.92 So far, our analysis of demand and supply has been purely quantitative. Before we draw policy conclusions, we need also to consider the qualitative profile of employment sites. This is the subject of the next chapter.

7 THE QUALITY OF EMPLOYMENT LAND

Assessment Method

7.1 In the sections that follow, we assess firstly Central Herts' existing, occupied employment areas, and secondly the development sites identified for B class use, from a market perspective. We assess all sites above a threshold of 0.25 hectares in urban areas and 0.1 hectares in rural areas. The key question for the assessment is:

If the site is offered for employment uses, and assuming that the wider market is reasonably in balance, is the site likely to be brought into employment use within the planning period?

7.2 With regard to *existing employment sites*, we are asking whether, in the event of the site falling vacant, it would be likely to be re-occupied for employment, either through re-occupation of existing buildings or redevelopment to provide new buildings. With regard to *development sites*, we are asking about the likelihood of the site being developed for employment.

7.3 To make these judgments, we use the following criteria:

- **Accessibility by road**

A site assessed as good for this criterion will have easy access to the principal road network and in addition, the secondary roads that provide linkage from the site to the primary network will be in good condition. Connectivity by road is an important (but not sole) consideration when assessing a site's accessibility to labour markets and the ease with which goods can be distributed to and from manufacturing and distribution facilities. In office markets, sites which are readily accessible to labour will have greater appeal than more isolated opportunities.

- **Accessibility by public transport**

A site assessed as good for this criterion will have a train station or bus stop in easy walking distance, with frequent services throughout the day. The range and frequency of services are important factors particularly in relation to activities that employ a high level of labour.

- **External environment**

A site assessed as good for this criterion will have activities similar to the potential use of the site as neighbours. Generally, the quality of the external environment has a more significant bearing in office than industrial markets. Attractive outlooks and freedom from noise and other disturbances are pre-requisites of a good quality office scheme. Proximity to facilities - shopping, restaurants, banks etc - is also important as is connectivity to broadband.

- **Internal environment**

A site assessed as good under this criterion will be flat and regular-shaped. The site will have sufficient circulation space and servicing areas for its current use, and adequate parking. Also, it will not be at risk of flooding or ground contamination/movement.

- **Market conditions**

A site assessed as good under this criterion will be attractive in the local market, as evidenced by local vacancy, rental levels and market activity. It

will be suitable not only for its present occupier but also generally for other occupiers of the same type of space (offices or industry/warehousing) that may consider it in future. There will inevitably be market fluctuations over time, but we consider how the market will perceive the site in 'average' market conditions.

- 7.4 For the purposes of the assessment, each site is ranked as either good, average or poor for the market segment for which it is best suited.
- 7.5 Our qualitative judgments are based on comparison with other sites in Hertfordshire. Thus a site rated *'poor'* is poor by the standards of Hertfordshire, but may be average when compared to locations elsewhere in the East of England.
- 7.6 We determine the overall quality of the site by the predominant criteria assessment - e.g. if a site is rated *'good'* for three or more criteria, its overall assessment will be *'good'*.
- 7.7 For existing sites, in addition to the five qualitative criteria, we assess the *condition and fitness for purpose of the buildings* on the site. Sites with good buildings would likely be re-occupied if the site became vacant. Sites with average buildings may need to be redeveloped before they could be re-used for employment.
- 7.8 For development sites, in addition to the five qualitative criteria, we assess the *availability of sites for development*, taking account both of physical constraints such as infrastructure and non-physical constraints such as ownership. We classify as 'available' those sites which are *either* immediately available for development *or* likely to come forward in a reasonable timescale (say three years) through ordinary market mechanisms, without any need for public intervention.
- 7.9 The Government's Employment Land Reviews guidance (December 2004) sets out in summary in Box 6.2 (and in detail at Annex A), a list of appraisal criteria for assessing sites. Our method outlined above covers 1-7 of these criteria; base information, quality of existing portfolio and internal environment, quality of the wider environment, strategic access, market conditions/perception and demand, site development constraints [undeveloped sites only] and accessibility. To take account of the last three criteria - sequential test and brownfield/greenfield; social and regeneration policy; and other policy considerations - we have added a '*comments*' column where we have included additional information if appropriate.

Existing Employment Areas

- 7.10 In assessing existing employment areas, our main purpose is to identify areas which are no longer suitable for employment use because they have very little or no relevance to market requirements.
- 7.11 Our assessments are set out in detail in Appendix D.
- 7.12 We divide employment areas into three categories - good, average and poor, firstly from a market perspective and secondly with regard to any policy consideration. The market assessment in turn covers two elements, firstly the inherent quality of the site (irrespective of any existing buildings) and secondly the suitability of the buildings for purpose. The matrix below shows how these two elements are combined to provide the market assessment. The underlying rationale is that a vacant site which is inherently good (e.g. highly accessible) is

likely to come back into use even if the buildings are not fit for re-occupation, because values will be high enough to support redevelopment to provide better buildings. Conversely, on a poor site with poor buildings, redevelopment will not be financially viable. But a poor site with good buildings is more likely to be viable, because it can be brought into use simply by re-letting the buildings, without the expense of redevelopment.

Table 7.1 Assessment Method

Suitability of buildings for purpose	Inherent quality of area/site		
	Good	Average	Poor
Good	Good	Good	Poor
Average	Good	Average	Poor
Poor	Good	Average	Poor

The entries in the body of the table, **shaded blue**, indicate the overall market assessment of the site, which depends on both the quality of the site and that of any buildings there may be on it.

7.13 The three categories of sites are as follows:

- i) Good quality employment areas, which, if they became vacant, under any reasonably likely market conditions would be taken up;
- ii) Average quality employment areas, which may or may not be taken up depending on market conditions and the availability of competing sites.
- iii) Poor quality employment areas, generally unsuitable for employment use under the majority of the criteria applied. They may be partially or even wholly occupied because of a lack of supply - but would likely become redundant if better sites were provided.

7.14 We advise that the sites in the first group *should* be retained for employment and those in the third group *may* be considered for alternative uses if demand can be satisfied elsewhere. For sites in the second, intermediate, group, planning policy and decisions should depend on overall market balance and the performance of each site against criteria, comprising both normal planning considerations such as the impact on adjoining uses and the more specific criteria discussed at the beginning at this section. Release would be unlikely for these sites unless superior sites could be made available and any releases should take place gradually and be closely monitored.

Hertsmere

7.15 Most of the Borough's established employment areas are good quality, as shown in the table below.

Table 7.2 Hertsmere - Good Quality Sites

Town	Site	Market sector	Size (ha)
Borehamwood	Stirling Way Industrial Estate	B1 , B2, B8	5.63
Borehamwood	Theobald Street	B1 , B2, B8	2.99
Borehamwood	Elstree Way	B1 , B2, B8	5.77
Borehamwood	Eldon Avenue (Nat West offices)	B1 (a)	6.36
Borehamwood	Council Civic Offices	B1 (a)	0.82
Borehamwood	Elstree Film & TV Studios	B1	5.85
Borehamwood	Imperial Place Offices	B1 (a)	1.89
Borehamwood	Maxwell Road	B1 (a)	1.09
Borehamwood	Station Rd	B1	1.32
Bushey	Three Valleys Way North	B1 , B2, B8	3.26
Bushey	Works, Clay Lane	B1	1.88
Bushey	Otterspool Way	B1 , B2, B8	10.48
Bushey	London Road	B1	0.41
Bushey	High Road	B1	0.28
Colney Heath	Church Lane, Park Corner	B1	3.93
Elstree	Centennial Park off A41	B1, B2, B8	10.68
Elstree	Lisminnane Industrial Park, Elstree Road	B1 , B2, B8	1.94
Elstree	Bio Products Lab, Dagger Lane	B1	10.16
Other	Bell Lane, adj Arsenal FC Training Ground	B1, B8	0.65
Other	Watling Street, Colney Street	B1 (a/c)	0.80
Potters Bar	Mutton Lane/Southgate Rd	B1 (a)	0.83
Potters Bar	Hollies Way Industrial Works, High Street	B1 , B2, B8	0.52
Potters Bar	Bus Depot, High Street	B2, B8	1.09
Potters Bar	Darkes Lane	B1 (a)	0.48
Potters Bar	Mutton Lane	Sui Generis	0.83
Potters Bar	Wrotham Park	B1 (a)	1.66
Shenley	Ridgehill Stud, Rectory Lane	B1	0.56
South Mimms	Bignells Corner, M25	B8	11.64
South Mimms	Southridge Animal Centre, Packhorse Lane	B1	1.81
Shenleybury	Farm Close	B1 (a)	0.41

Source: LSH

- 7.16 Of the older established industrial areas in Hertsmere the best located are those on Elstree Way and Stirling Way which both have excellent access to the A1 and the motorway network in general. They are also reasonably well located for local facilities and the rail station. The buildings tend to vary in age having been redeveloped on a piecemeal basis as existing buildings became redundant.
- 7.17 In contrast, Centennial Park is a modern development in a planned environment with good road communications and although it was initially slightly remote in terms of public transport, this problem was rectified once the location became established. The Park is approximately two-thirds built out, but is not fully occupied.
- 7.18 Average quality employment sites are shown in the table below.

Table 7.3 Hertsmere - Average Quality Sites

Town	Site	Market sector	Size (ha)
Borehamwood	Shenley Road	B8	0.65
Borehamwood	Station Road	B1 , B2, B8	1.92
Borehamwood	Allum Lane	B1 , B2, B8	0.10
Borehamwood	BBC Clarendon Rd	B1	6.36
Bushey	Greatham Road	B1	1.64
Bushey	Walton Road	B1 , B2, B8	1.17
Bushey	Bournehall Road, Park Rd, Rudolph Rd	B1	0.40
Bushey	Elton Way	B2, B8	0.27
Bushey	Park Avenue	B1 , B2, B8	0.31
Bushey	Off Aldenham Rd	B1	0.41
Bushey	Vale Rd	B1 , B2, B8	0.59
Other	Medburn Farm	B8	0.19
Potters Bar	Cranborne Rd Industrial Estate	B1 , B2, B8	10.48
Potters Bar	Hatfield Road	B1	0.70
Potters Bar	Orchard Parade, Mutton Lane	B1, B8	0.49
Potters Bar	Station Close	B1 , B2, B8	1.17
South Mimms	Clare Hall (Cancer Research UK)	B1	0.86
Radlett	Battlers Green Farm	B1 , B2, B8	1.45
Radlett	Watling Street	B1, B8	0.67
Roundbush	Roundbush Garage	B1, B2	0.17
Shenley	Cage Pond Garage, Pound Lane	B1, B2	-
Shenley	Harrington Garage, London Rd	B1, B2	-
Tyttenhanger	Coursers Road	B1	-
Other	Sewage Works Off Dagger Lane	Sui generis	0.22
Borehamwood	Land adjacent to railway line	Mixed	0.78

Source: LSH

- 7.19 Employment areas classified as average quality generally have one or more unfavourable characteristic.
- 7.20 They include small employment areas in rural locations which in spite of their shortcomings are well utilised and popular with occupiers. While there may be grounds for considering alternative uses, due to the lack of supply we would only recommend this where they can be adequately replaced.
- 7.21 On the larger sites it is likely that older buildings will become redundant and that opportunities for infill development will come forward. Only if there is no other viable commercial use, would we recommend that these then be lost to other uses.
- 7.22 The largest average site is the Cranborne Road Industrial Estate. This suffers from traffic and parking problems. As part of a transportation strategy for Potters Bar and South Mimms, the Council may decide to provide a new link

road, which would alleviate some of these problems and improve the commercial viability of the site.

7.23 The sites identified as poor are shown in the table below.

Table 7.4 Hertsmere - Poor Quality Sites

Town	Site	Market sector	Size (ha)
Aldenham	Oakridge Lane	Sui Generis	15.29
Bentley Heath	Dancers Hill Road, Bentley Heath	B1 , B2, B8	0.72
Borehamwood	Glenhaven Avenue	B1 , B2, B8	0.52
Radlett	Moses Dell, Watling St	Sui generis	0.80
South Mimms	NIBSC Site North, Blanche Lane	B1	11.48
South Mimms	Blanche Farm, Blanche Lane	B1	0.29

Source: LSH

7.24 The poor sites are mostly located in rural areas. They include single use premises often in or close to housing areas, usually some distance from main industrial areas. Other poor quality areas comprise former industrial premises in multiple occupation.

7.25 Some of these sites have the potential to be released for alternative use. Many of them are partially or even wholly occupied because of a lack of supply - but would likely become redundant if better sites were provided. Several already have planning permission for housing.

7.26 We have also classified sites with '*bad neighbour*' uses as poor. An example is Glenhaven Avenue, Borehamwood, which also has narrow access through residential areas, and poor internal infrastructure - although it serves local needs and is generally well occupied.

St. Albans

7.27 A high proportion of St. Albans' established employment areas and sites are of good quality, as shown in the table below.

Table 7.5 St. Albans - Good Quality Sites

Town	Site	Market sector	Size (ha)
Harpenden	Coldharbour Lane	B1/B2	6.08
Harpenden	Batford Mill Industrial Estate	B1	0.8
Redbourn	Redbourn Industrial Park	B1	0.72
Wheathampsted	Station Rd (Place Farm)	B1	0.69
St. Albans	Alban Park/Acrewood Way/Lyon Way, Hatfield Rd	Mixed	19.45
St. Albans	Brick Knoll Park, Ashley Rd	B1/B2/B8	8.96
St. Albans	Executive Park & adjoining land, Hatfield Rd	B1	0.95
St. Albans	North Orbital Commercial Park, Napsbury Lane	B1/B2/B8	4
London Colney	Riverside Industrial Estate	B2/B8	12.36
Frogmore	Watling St	B1/B2/B8	4.83
Colney Street	Radlett Road Ind Est/Old Parkbury Lane	B1/B2/B8	25.1
St Albans	Abbey View, Holywell Hill/Centrium, Griffiths Way	B1a	0.97
St. Albans	Grosvenor Rd/Ridgmont Rd	B1a	2.01
St. Albans	Grosvenor Rd/Ridgmont Rd	Sui Generis/Other	0.43
St. Albans	Victoria Square, Victoria Street	B1a	1.83
St Albans	Central Office Core	B1a	6.75
St Albans	4 Beaconsfield Road	B1a	0.29
Harpenden	Arden Grove/Station Rd	B1	0.61
Redbourn	Land off High Street	B8	0.85
Redbourn	High Street	B1a	0.76
Redbourn	Data Logic, Dunstable Road	B1b	0.51
Redbourn	Tithe Barn, Harpenbury Farm	B1a	0.95
Harpenden	Kinsbourne Court, 96-100 Luton Road	B1a	0.25
Harpenden	212 & Pinneys, Station Road, Batford	B1a/Sui Generis	0.69
St Albans	Aquis Court, 31 Fishpool Street	B1a	0.68
St Albans	Holywell Hill/London Rd	B1a/Sui Generis	2.08
St Albans	Romeland Hill/Spicer Street/George Street	B1a	0.30
St Albans	Holywell Hill/Sopwell Lane	B1a	0.69
St Albans	77 Holywell Hill & Water Works	Sui Generis/Other	0.38
St Albans	Victoria Street	B1/B8	0.4
St Albans	Clarence House, Hatfield Road	B1a	0.20
St Albans	Adelaide Street	B1	1.39
St Albans	Nationwide House, Lower Dagnall Street	B1a	0.09

St Albans	St Peter's Street/Catherine Street	B1	1.66
St Albans	119 St Peter's St	B1a	0.21
London Colney	Shenley Lane	B8	3.11
Colney Street	224 Radlett Road	B1a	0.11
Colney Street	Frogmore Business Park, Radlett Road	B1/B2	1.43
Park Street	Park Mill & 65-67 Park Street, Burydell Lane	B1a	0.18
Redbourn	Old School House, Redbourn Common	B1a	0.10
Redbourn	Watling House Dunstable Road	B1a	0.17
Harpenden	High Street (North)	B1/B8	0.46
St Albans	Verulam Point Station Way	B1a	0.61

Source: LSH

- 7.28 Good quality industrial/warehousing sites include the North Orbital Commercial Park with access onto the A414 and Curo Park, Ventura Park and Parkbury with access onto the A5183. On a smaller scale, Redbourn Industrial Park has excellent access again onto the A5183 and B487. All share the characteristic of being reasonably well planned and with good connectivity to the national motorway network for larger commercial vehicles.
- 7.29 St Albans city centre and Harpenden town centre are good locations for office occupiers. Whereas both locations can be, at times, congested in terms of road transport the towns offer the general infrastructure and support services that office occupiers require and also provide a main line rail link most particularly to central London.
- 7.30 There is also a large number of average quality employment areas and sites in the District, as shown in the table below.

Table 7.6 St. Albans - Average Quality Sites

Town	Site	Market sector	Size (ha)
Harpenden	Southdown Industrial Estate & Former Gas Works (part), Southdown Rd	B1/B2	3.44
Harpenden	Rothamsted Experimental Station	B1	8.36
St Albans	Caxton Centre & Valley Road Ind Est. Porters Wood	B1/B2/B8	11.47
St Albans	Ronson Way	B1/B2/B8	6.08
London Colney	Wellington Rd	B1	1.35
London Colney	The Hertfordshire Business Centre, Alexander Rd	B1	0.97
Harpenden	Vaughan Road/Bowers Way/Thompsons Close	B1a	1.70
St Albans	222 London Road	B1/B2/B8	0.71
Harpenden	7&11 Leyton Rd/Amenbury Lane	B1	0.2
Garston	Building Research Establishment Site	B1b	12.16
Sandridge	Government establishment, Woodcock Hill	B1b	2.0
Harpenden	Dark Lane/Grove Road	B2/B8 Mix	0.41
Harpenden	Lea Valley Industrial Estate	B1/B2	0.27
St Albans	Sutton Road	B1/B2	0.36
Smallford /Sleepshyde	Smallford Works & Former Station Yard, Smallford Lane	B8	5.12
Smallford	BT Trial Site, Oaklands Lane	B1b	1.95
St Albans	Verulam Industrial Estate, London Road	B1/B8	0.69
St Albans	181 & 181A Verulam Road	B1a	0.26
St Albans	69-117(odd) & 142-172 (even) London Road, and Alma Rd	B1/B2	1.35
London Colney	Barnet Road	B1a	0.35
Radlett	Harper Lodge Farm	B1, Sui Generis	2.61
Frogmore	Hall & Co Moor Mill Lane	B8	0.41
Park Street	88 Frogmore	B2	0.27
Park Street	r/o 84 Park Street	B1a	0.22
Bricket Wood	Horseshoe Business Park & Smug Oak Business Centre Lye Lane	B1a	0.80
Bricket Wood	Former Station Yard Station Road	B8	0.41
Chiswell Green	Noke Lane Business Centre	B1/B2	0.57
Redbourn	John Hill & Son, 28-32 Fish Street	B1/B2/B8	0.10
St Albans	156 & 156A Sandridge Road	B1c	0.27

St Albans	New Barnes Mill Cottonmill Lane	B1a	0.40
Colney Heath, St Albans	Roehyde Farm Roestock Lane	B8	1.37
St Albans	Prae Wood Farm Hemel Hempstead Road	B1c	0.22
Sandridge, St Albans	35 High Street	B1a	0.15
Harpenden	Amenbury Lane	B1c	0.56
Harpenden	Dark Lane/Grove Road	Sui Generis/Other	0.66
St Albans	Hatfield Road	B1a	0.32
St Albans	Lattimore Road	B1a/B1c/Sui Generis	0.27
London Colney	High Street	B1	0.55
Harpenden	Rothamsted Manor House	B1	9.86
St. Albans	Camp Rd/Campfield Rd	B1	3.90
Harpenden	175 Westfield Road	B8	0.31

Source: LSH

- 7.31 Average sites generally have one or more unfavourable characteristic in relation to the predominant use. This does not necessarily mean that the site is unsuitable for that use but it may be less suitable than other sites.
- 7.32 They include large older industrial areas such as the Caxton Centre & Valley Road Industrial Estate, St. Albans and Smallford Works, Smallford/Sleapshyde, as well as several smaller sites in urban areas. These sites remain popular to varying degrees with occupiers which may well reflect the general levels of supply of employment land in the District.
- 7.33 We generally consider these sites unsuitable for release particularly while occupier demand prevails. If they are released we recommend that replacement sites be made available.
- 7.34 In the larger sites or employment areas where the property is of variable age it is likely that properties will become redundant and available for redevelopment or change of use. First and foremost, we consider that these should be retained for commercial use unless there are significant reasons to do otherwise.
- 7.35 There is little poor quality employment stock in the District, as shown in the table below.

Table 7.7 St. Albans - Poor Quality Sites

Town	Site	Market sector	Size (ha)
St Albans	Cape Road	B8	0.44
St Albans	Hedley Road	B1/B8	0.97
Wheathampstead	Moat Works, High Street	B1c	0.34

Source: LSH

- 7.36 Sites identified as poor are those with several unfavourable characteristics. While many of them are currently occupied, they have potential to be released

for alternative uses and planning permission for housing already exists on some of them.

Welwyn Hatfield

7.37 Most of the District's established employment areas are good quality, as shown in the table below.

Table 7.8 Welwyn Hatfield - Good Quality Sites

Town	Site	Market Sector	Size (ha)
Welwyn	Shire Park	B1 a	22.93
Garden City (WGC Industrial Area)	Mundells	B1a & c/B2/B8	11.95
	Ridgeway	B1a & c/B2/B8	1.44
	Watchmead	B1a & c/B2/B8	21.93
	Swallowfield	B1a & c/B2/B8	6.35
	Bessemer Road	B1a/ B8	18.03
Hatfield	Beaconsfield Rd	B1a & c/B2/B8	2.97
Hatfield	Hatfield Business Park	B1a & c	68.13
Hatfield	Bishops Square	B1a	6.39
Welham Green	Travellers Lane, North End (accessed from Southway)	B1a/B8	19.61
Welwyn Garden City	Welwyn Garden City Town Centre	B1a	3.5
Welwyn By Pass Road	Evans Halshaw, London Road/Welwyn Bypass	B1c	0.29
Woolmer Green	London Rd	B1/B2/B8	2.87
Welwyn	The Frythe, Digswell Hill	B1b	12.14

Source: LSH

7.38 Good quality industrial stock includes Hatfield Business Park, much of the main Welwyn Garden City employment area and the northern section of Travellers Lane, Welham Green. These locations are reasonably planned and provide good connectivity to the main motorway network. Arguably the main Welwyn Garden City employment area maybe the least well located but has become a very successful business environment in market terms.

7.39 Shire Park is probably the most favourable office location. It provides a planned environment in walking distance of the main rail station and town centre with road communications on a par with the remainder of the town's main employment area. Bishops Square is also a good quality office location - better connected for road communications although more remote from rail and local facilities. Further developments on Hatfield Business Park will increase the amount of good quality stock.

7.40 Employment sites classed as average quality are shown in the table below.

Table 7.9 Welwyn Hatfield - Average Quality Sites

Town	Site	Market Sector	Size (ha)
Welwyn Garden City (WGC Industrial Area)	Tewin Road	B1a & c/B2/B8	13.53
	Broadwater Road West	B1a & c/B2/B8	14.99
	Broadwater Road	B1a & c/B2/B8	4.38
Welham Green	Travellers Lane, South End (accessed from Dixons Hill Rd)	B1c/B2/B8	7.63
Cuffley	Sopers Rd	B1c/B2/B8	3.94
Hatfield	Fmr Wellfield Works & Adjacent to Factory site, Wellfield Road	B1c	0.10

Source: LSH

- 7.41 These sites include small employment areas in rural locations which serve local needs. While these sites are often not ideal for their present use, they remain popular with occupiers and continue to satisfy local needs. These sites may be considered for alternative uses but this should only happen if replacement sites can be provided.
- 7.42 Again, some of the larger sites provide buildings of varying age which will, from time to time, become redundant. These will then provide opportunities for infill development.
- 7.43 There are few poor quality employment sites in the District, as shown in the table below.

Table 7.10 Welwyn Hatfield - Poor Quality Sites

Town	Site	Market Sector	Size (ha)
Welwyn Garden City	Hydeway	B1c/ B2/B8	2.09
Welwyn Garden City	Burrowfield	B1c/B2/B8	3.17
Hatfield	Great North Rd	B1c/B2/B8	5.09
Hatfield	Fiddlebridge Lane	B1a & c	1.38

Source: LSH

- 7.44 The few sites identified as poor are in long established urban locations or in rural areas and have been identified as such because their unfavourable characteristics outweigh any local need for the sites. They may be occupied because of a lack of supply, but may become redundant if better sites are provided. The sites have the potential to be released for alternative uses and indeed some sites have already received planning permission for housing.
- 7.45 There are no notable examples of sites with '*bad neighbour*' uses in Welwyn Hatfield.

Development Sites

- 7.46 In the tables below, we set out development land supply. We differentiate between supply that is exclusively or primarily suited to office use and supply that is best suited to industrial/distribution use. The data relates to sites

identified by the planning system but where development had not yet commenced at 31 March 2005. The site areas represent estimated gross developable area, excluding principal estate roads and structural landscaping.

- 7.47 We divide development sites into three categories, taking into account the overall quality of the site, its availability and any policy considerations. Good sites are those which both score well on the assessment criteria and are available.

Hertsmere

- 7.48 We have been provided with details of eight sites in Hertsmere's planning pipeline which are able to provide office or industrial (including distribution) space; 11.91 hectares in total. Given the current lack of new development opportunities we consider that these should all be retained - the poor quality sites should only be considered for release if they are replaced by better sites.
- 7.49 The largest available plot of land is the remaining 4.5 hectares at Centennial Park. Although this has outline planning permission for office or industrial development, the Council have received several applications for alternative uses such as hotels and leisure. However, Centennial Park is one of only three good quality employment sites in the District and should be retained for employment use.
- 7.50 There are opportunities for small infill developments on both Stirling Way and Elstree Way and given the age of these commercial areas it is likely there will be further opportunities in the future.
- 7.51 While land at Clare Hall may not necessarily be suitable for general commercial development, we do consider it suitable for potential expansion, or complementary development to the neighbouring commercial uses.
- 7.52 There are no opportunities, other than possibly the site adjoining South Mimms Services, for warehouse or distribution development of any size.
- 7.53 The Local Plan safeguards land at Cranborne Road, Potters Bar, for a possible extension to the Cranborne Employment Area. This is a good quality site - but the Council has not yet released it for development.

Table 7.11 Hertsmere - Development Sites

Address	Use	Land Area (ha)	Status	Assessment
Stirling Way	Office/Industrial	0.12	Permission	Good
Centennial Park, Elstree	Office/Industrial	4.5	Permission	Good
Land at Clare Hall (Cancer Research UK)	Office	1.66	Permission	Average
Elstree Way	Office/Industrial	4.3	Permission	Average
Barn at Tyttenhanger Farm, Coursers Rd, St. Albans	Office	0.12	Permission	Poor
Highways Maintenance Depot, St. Albans Rd, Potters Bar	Office/Industrial	0.18	Permission	Good
Land at Charlston Paddocks, South Mimms	Office/Industrial	0.94	Permission	Poor
Shenleybury Farm Buildings	Office	0.09	Permission	Poor
TOTAL		11.91		

Source: Hertsmere Borough Council, Lambert Smith Hampton

St. Albans

- 7.54 There are only four development sites in St. Albans' planning pipeline, providing a total of 8 hectares, predominantly for industrial (including distribution) and R&D use.
- 7.55 Both the sites North of Buncefield, and Spencer's Park (North East Hemel Hempstead), would normally be considered excellent sites for new production/distribution in terms of their location, but have been categorised as average as a precaution to take account of the effect that the Buncefield fire could have on demand for property in the area. In market terms this has yet to fully filter through and will become more apparent when existing accommodation is rebuilt or refurbished. Both sites are included in the study area for the Maylands Masterplan strategic study (programmed for completion in March 2007) and it unclear whether they will remain allocated for employment use. Uncertainty in this area is increased by the Panel Report recommendation for a major increase in housing growth to the east of Hemel Hempstead.
- 7.56 In addition, High Street (North) may be developed for housing.
- 7.57 There is little scope for intensification on existing sites. This leaves an undersupply of good quality sites. There are also some committed losses of existing employment land - e.g. Kwiksave and the adjoining site in Frogmore.

Table 7.12 St. Albans - Development Sites

Address	Use	Land Area (ha)	Status	Assessment
High Street (North), Harpenden	Office/Industrial	0.3	Permission	Average
North of Buncefield, Hemel Hempstead	Industrial	3.0	Allocated	Average
Spencers Park (North East Hemel Hempstead)	R&D	3.6	Allocated	Average
Rothamsted Experimental Station - Extension, Harpenden	R&D	1.1	Identified in 2003 Consultation Document	Average
TOTAL		8.0		

Source: City & District of St. Albans, Lambert Smith Hampton

7.58 There are a further two sites identified by the Council as possible locations for new employment land, which do not yet have any planning status:

- Land at BRE, Bucknalls Drive, St. Albans
- Gas Holders, St. Albans.

7.59 The Gas Holder site in St. Albans is a good quality employment site. This is unallocated at the current time - it is located in a mixed retail and B1 employment area. Development on this site is likely to be mixed use and may not include employment use.

7.60 The Land at BRE is the subject of a Planning Brief (1998) that indicates that an area of approximately 1.75 hectares to the north of the existing site could provide for B1 employment use, and an area of 2.06 hectares for housing development. Housing is the more likely use if BRE ever decide to release the land.

Welwyn Hatfield

7.61 There are nine development sites in Welwyn Hatfield's planning pipeline, providing 31.2 hectares in total. However, over half of this comprises the remaining land at Hatfield Business Park. Of this site, 3.9 hectares has recently been let to Eisai and 12.4 hectares will almost certainly be developed for a new hospital. This leaves 15.3 hectares of development sites.

7.62 We assess most of the sites as being of good or average quality. All of them already have planning permission.

7.63 There are six sites suitable for office use. The best site for office development is Hatfield Business Park - though as discussed there is in effect only 1.1 hectares available here.

7.64 There are six sites suitable for industrial use. The main site of note is Burrowfield - Land at Chequersfield. This has problems with contamination and is therefore a medium term opportunity.

7.65 A good quality site for warehousing is the 'Garden Shed' site on Mundells in Welwyn Garden City Industrial Area. This can accommodate up to 18,580 sq m of distribution accommodation, (although it is equally suitable in terms of location for office development).

Table 7.13 Welwyn Hatfield - Development Sites

Address	Use	Land Area	Status	Assessment
WGC Industrial Area - 41-47 Broadwater Rd	Office	0.8	Permission	Average
WGC Industrial Area - 41 Brownfields	Industrial	0.3	Permission	Average
WGC Industrial Area - Garden Shed	Office/Industrial	1.9	Permission	Good
Burrowfield - Land at Chequersfield	Industrial	4.7	Permission	Average
Burrowfield - 6 Little Burrow	Industrial	2.3	Permission	Poor
Hatfield Business Park	Office/Industrial	17.4	Permission	Good
46 The Common, Hatfield	Office/Industrial	2.6	Permission	Average
Lemsford Mill, Lemsford Village	Office	1.0	Permission	Average
The Melon Ground, Hatfield Park	Office	0.2	Permission	Good
TOTAL		31.2		

Source: Welwyn Hatfield Council, Lambert Smith Hampton

Possible New Sites

- 7.66 Whether the Councils decide to provide new employment sites in future will depend on strategic decisions about where growth should be concentrated. In addition, existing employment land may be lost to other uses over the planning period, and need to be replaced. We will return to this issue in our conclusions.
- 7.67 We suggest that the Councils identify areas of search for new sites, should they be required. Below, we consider where new sites, if any, should be located, without prejudging whether they will be needed.
- 7.68 We suggest that the Councils assess possible locations using the same method that we have used to assess the current development pipeline.
- 7.69 We have identified broad areas of search for new sites through discussions with the Councils, our own local property market knowledge and through the stakeholder workshop (stakeholders' suggestions for specific sites are listed in Appendix F).
- Hertsmere
If the Council considers allocating additional sites for employment use, these may need to be greenfield sites. We suggest, if possible, extensions to existing employment areas such as Centennial Park and Cranborne Road.
 - St Albans
Due to the constrained nature of the District, new sites, if any, may have to be releases from the Green Belt. Again we suggest extensions to existing employment areas, such as Alban Park/Acrewood Way to the east or the North Orbital Trading Estate to the south east. In addition, employment land could be provided as part of the proposed Hemel Hempstead extension, to the west.

- Welwyn Hatfield

In the event that additional sites are required, these again may need to be greenfield sites. Extensions to existing good quality employment areas would have the most market potential.

Key Points

- 7.70 Welwyn Hatfield has far fewer sites above the threshold than the other two Districts, but they comprise the largest land area. The sites are concentrated in planned employment areas. Hertsmere's sites above the threshold cover the smallest land area, and are concentrated in the urban centres with some sites in rural areas. St. Albans has the most sites, scattered across the District.
- 7.71 In all three Districts, most of the current employment sites (both designated and non-designated) are of good or average quality. If the Councils want to meet demand, then the good sites should be protected. Of course, we can only advise from the point of view of the need for employment land - if the need for other uses, such as housing, is greater, then the Councils will have to balance these priorities. For the average sites, planning policy and decisions should depend on overall market balance.
- 7.72 Hertsmere has the largest stock of poor quality sites - over 30 hectares. Welwyn Hatfield has 11 hectares and St. Albans only has two hectares.
- 7.73 Welwyn Hatfield has the best development sites - all but one of the sites in the development pipeline (over 15 hectares excluding the area likely to be developed for the new hospital) are assessed as good or average. In Hertsmere, approximately half (by site area) of the development pipeline is poor quality. St. Albans has only three development sites, two of which are constrained because they were affected by the Buncefield fire and in any case might be required to meet the needs of Hemel Hempstead, and the third of which is only a small B1 site and may be developed for housing.
- 7.74 If new sites are required in Hertsmere and Welwyn Hatfield, we suggest extensions to existing employment areas.
- 7.75 If new sites are required in St Albans, we again suggest extensions to existing employment areas - such as Alban Park/Acrewood Way to the east or the North Orbital Trading Estate to the south east. These would involve extensions into the Green Belt. In addition, employment land could be provided as part of the proposed Hemel Hempstead extension, to the west.

8 CONCLUSIONS

Economic Objectives

- 8.1 By national and regional standards, the local economies of Central Herts are productive and competitive, the area's residents on average are economically advantaged, and the incidence of deprivation - a measure of the condition of the area's least advantaged residents - is relatively low. The analysis suggests that there are no major economic deficiencies that employment land policy should aim to correct.
- 8.2 With regard to the profile of economic activity, the Councils might consider explicit objectives to support and enhance local strengths, which include:
- For St Albans, high-value-added financial and business services and a dynamic micro-business economy;
 - For Hertsmere, high-tech service sectors including computing and communications as well as the specialist film/TV cluster;
 - For Welwyn Hatfield, high-tech manufacturing and the handful of large employers that play an especially important role in the local economy;
- 8.3 With regard to the balance of the labour market, the issues are more complex. Depending on policy priorities, St Albans in particular might consider a policy objective that out-commuting, either net or gross, should not increase; this would have implications for the employment targets and land supply decisions. All three Districts, but especially St Albans and Hertsmere, might consider, as a criterion in the safeguarding of employment sites, the objective of protecting lower-value activities and the corresponding lower-skill employment opportunities, which in many cases are most at risk from competing land uses.
- 8.4 These objectives may be set out in the LDF as general criteria which the Council would have regard to in deciding on the future of existing employment sites and the allocation of new sites. These criteria would weigh in the balance against other planning considerations. For example, a small industrial estate close to a deprived ward might be safeguarded for employment, while an estate of similarly average quality located elsewhere might be released for other uses.

Broad Policy Stance

Assumptions and Scenarios

- 8.5 The first key decision that the Councils need to take is how much employment land (floorspace capacity) they should plan for in their LDFs. This will depend crucially on the strategic guidance provided in the final version of the RSS, as discussed earlier.
- 8.6 For the moment, we are not certain what this guidance will be. Even if we assume that the employment figures recommended by the Panel are accepted by the Secretary of State, these figures do not provide enough detail for an assessment of employment land requirements, as discussed in Chapter 6 above. For the moment, therefore, our advice is based on the preferred demand scenario derived from the draft RSS.
- 8.7 Once the RSS is finalised, our calculations and the resulting conclusions should be reviewed. If the final version of the RSS takes forward the Panel's recommendations, this review should be based on employment forecasts

consistent with the Panel's new regional job totals and spatial strategy. We expect that EERA/EEDA will provide such forecasts; if it does not, or they do not provide enough data, the Councils should consider commissioning additional forecasting to fill any gaps.

- 8.8 Based on the current RSS draft, and assuming that they wish to meet market requirements in full, the Councils would adopt the figures shown at Tables 6.10 and/or 6.11 above as targets for employment land provision. For the period 2001-21, this would provide a total net gain of 302,000 sq m of offices and a net loss of 84,000 sq m of industrial/warehousing space. The tables also estimate requirements for individual Districts within Central Herts, but these are indicative only, because as discussed earlier demand is footloose to some extent across local authority boundaries, and the Districts should work together to agree a distribution of employment land provision between them that takes account of land availability and policy objectives as well as the 'raw' demand forecast.
- 8.9 Broad policy stances for each District, based on our analysis, are sketched out below.
- 8.10 The assumption that the Councils wish to meet demand for employment land in full within the sub-region may of course be wrong, depending on the balance of priorities between employment, housing and environmental considerations and the Councils' views about out-commuting. If the Councils do not wish to meet all market requirements within the boundaries of Central Herts, they should work with other planning authorities to agree a redistribution of employment land requirements across the County or region.

Hertsmere

- 8.11 In Hertsmere, if demand for *offices* is to be met all good and average quality sites suitable for offices, both existing and allocated, should be safeguarded for employment. In particular, Centennial Park should be retained for employment despite pressures to the contrary. Admittedly, the Borough's large reserve of vacant offices will meet demand for a few years to come. But on our calculations this reserve will run out well before the end of the planning period, and the remaining land at Centennial Park is the only significant site that Hertsmere can offer for office development.
- 8.12 As an alternative stance, Hertsmere could accept that it will not meet the expected office demand in full, and surplus demand in the later years of the Plan period could migrate to neighbouring areas, including Hatfield Business Park and perhaps North London. The implications of this approach for labour market balance, and hence commuting flows should be carefully assessed. It should also be agreed with Welwyn Hatfield, who would adjust their land requirements accordingly.
- 8.13 As regards *industry and warehousing*, our analysis suggests that Hertsmere's supply is extremely tight. If the forecast demand is to be met within the Borough, there is no room for any net land releases over and about existing commitments, except insofar as they can be offset by intensification at the remaining sites.
- 8.14 One way to implement this would be a highly restrictive policy stance, safeguarding all existing employment areas for continued employment use. But this may be difficult to implement in practice, because Hertsmere's existing employment areas include some 30 hectares which in our view are of poor quality. A more realistic policy position could involve:

- A comparatively restrictive stance on the release of existing industrial sites, using criteria-based policies whereby sites can only be released if the applicant demonstrates that there is no realistic prospect of the site being re-used for employment;
 - Intervention to improve poor quality sites where possible, making them more attractive and more viable for employment uses; and
 - Allocation of some new sites to replace poor-quality sites lost, upgrading the Borough's employment stock, and/or
 - Acceptance that Hertsmere will 'export' some industrial/warehousing demand within Central Hertfordshire to Welwyn Hatfield.
- 8.15 If the Panel's recommendations on the RSS are accepted, it may be that employment forecasts and employment land requirements for Hertsmere are revised downwards, allowing more permissive policies on site release. Before accepting this alternative future, the Council should assess its implications for labour market balance and out-commuting.

St Albans

- 8.16 In the *office* sector, St Albans has little land to meet the forecast growth in demand. The simple quantitative analysis in Chapter 6 showed that the District has a modest supply of development land, which we estimated would last until 2009. But in Chapter 7 we looked at this land more closely and found that nearly all of it, especially in the good-quality category, comprises sites at the St. Albans/Dacorum boundary, which are affected by the Buncefield fire, and in any case may be required to meet the needs of Hemel Hempstead, whether for employment or housing.
- 8.17 Given the above, if St Albans is to cater to the forecast demand within its boundaries it will have to plan for new office sites. Such sites will likely have to be in out-of-town business parks, impacting on the Green Belt and environmental objectives.
- 8.18 An alternative policy stance is that, due to environmental and conservation constraints, St Albans cannot be expected to meet demand for office growth within its boundaries. In our view, there is limited potential for exporting this surplus demand to Welwyn Hatfield; much of the demand for space in St Albans is tied to the City's special appeal, and if it cannot be accommodated in St Albans will locate outside Central Herts.
- 8.19 In the *industrial/warehousing* market, St Albans, like Hertsmere, if it is to meet demand will need a highly restrictive policy stance on safeguarding existing sites. This will require site-specific and criteria-based policies to prevent the release of employment sites to other uses unless either the applicant shows that the site is unlikely to be taken up, being unattractive or unviable for employment uses, or that the loss can be compensated for by intensification at remaining sites.
- 8.20 From an employment land point of view, this restrictive policy may be easier to implement in St. Albans than in Hertsmere, because virtually none of the existing employment areas are of poor quality. But the competing need for housing may be a compelling reason to release sites nevertheless. In this case, St Albans, like Hertsmere, has the alternative option of accepting that some of its demand will be met outside its boundaries, in Welwyn Hatfield. Yet again, this will have implications for travel to work.

- 8.21 If the Panel's recommendations on the RSS are accepted, it may be that employment forecasts and employment land requirements for St Albans are revised downwards, eliminating the requirement for new sites and/or allowing more permissive policies on site release. Before accepting this alternative future, the Council should assess its implications for labour market balance and out-commuting.

Welwyn Hatfield

- 8.22 As we have seen, Welwyn Hatfield considered in isolation has a surplus of employment land against its forecast requirements, even once we have factored in the possible re-allocation of part of Hatfield Business Park to provide a hospital. But, depending on policy decisions relating to Hertsmere and St Albans, much of this excess land may be required to meet demand exported from these areas.
- 8.23 Furthermore, some of the surplus would be absorbed if the Council chose to opt for higher growth by welcoming more strategic distribution - a sector where demand is growing fast at the moment, probably far in excess of macroeconomic forecasts, which requires large sites and which is powerfully attracted to the Borough. The merits of this approach would have to be weighed carefully against its potential disadvantages.
- 8.24 Welwyn Hatfield could consider release of the few existing sites in its area which we class as poor quality. But it would be imprudent at this stage to release any other sites, whether existing or allocated/permitted for employment, not only because they may be needed to compensate for shortfalls elsewhere in Central Herts, but also because of the Panel recommendations, which designate Welwyn Hatfield as a key centre in which housing and employment growth should be concentrated. If these recommendations are accepted, the Borough's employment land requirements are likely to increase considerably over our present estimates.

Sites

- 8.25 We now look more closely at the quality of existing and development sites and at areas of search for new sites.

Existing Employment Areas

- 8.26 In the industrial/warehousing sector, where total demand is forecast to be static or falling, the key planning decisions over the plan period will relate largely to the safeguarding and management of existing land rather than new sites.
- 8.27 We have assessed most of the sub-region's employment areas as being of good or average quality. We recommend that the LDFs identify the good sites as key employment sites and protect them through a policy which ensures that they are only released in exceptional cases. Such exceptions are likely to relate to the merits of the alternative use being proposed, rather than to employment land issues.
- 8.28 In preparing the new LDFs, the Councils should consider safeguarding for employment uses the many good-quality sites in Hertsmere and St Albans which are currently not safeguarded. Whether they do in fact protect these sites, will of course depend on the balance of policy priorities between employment and other uses, which is beyond the scope of this study.
- 8.29 For the average sites, planning decisions should depend on the overall balance of forecast demand against planned supply and on the performance of each site

against criteria. We recommend a policy that safeguards these sites for employment use unless:

- Employment use creates unacceptable environmental impacts; or
- Transfer of the site to other uses would not result in a quantitative or qualitative under provision of employment land either in the short term or over the plan period.

- 8.30 The policy could include criteria on specific alternative uses, such as housing, which are outside the remit of this study.
- 8.31 Some of the sites identified as poor are located in rural areas. Some of them are well occupied at the moment, but may not be reoccupied if they became vacant and better sites were available, due to their remote locations. Other poor sites are in long established urban locations but have unfavourable characteristics which outweigh any local need for the sites. Some of these poor sites should be considered for release if they fall vacant.
- 8.32 Where existing urban sites are considered to be average or poor, they might be suitable for mixed use redevelopment / conversion, where including the provision of some genuinely affordable housing as well as open market housing could result in a viable scheme. Some of the increased equity of the site could be reinvested in the provision of business units, better access and environment, depending of course on the circumstances of each case. The Districts should consider identifying such sites and producing Supplementary Planning Documents (SPDs) for them. Welwyn Hatfield's allocation, in the current local plan, of the Broadwater Road West site for redevelopment sets a good precedent for this.
- 8.33 The Broadwater Road West site is assessed as average and so we agree it is suitable for mixed use, rather than a wholly employment redevelopment, and as there is an over supply of employment sites in the District this should not cause a problem. However, the District should wait until the final RSS jobs figures are confirmed before making a decision on how much to retain for employment use.
- 8.34 There is a strong case for retaining rural employment clusters in the interests of providing a range and diversity of premises for businesses which have local or special requirements in terms of location or image. Given the numbers of local residents they employ and the value placed on them by local communities, policies should identify these clusters and allow change of use only where there are overriding environmental, highway or aesthetic reasons for this.

Committed Development Sites

- 8.35 In Hertsmere, there are eight development sites, all with planning permission. Approximately half of them (by site area) are poor quality because of their poor access and the Council may wish to release them for other uses and allocate new sites.
- 8.36 The largest available plot of land is the remaining 4.5 hectares at Centennial Park. This is one of only four good quality development sites in the District and we recommend that it is retained for employment use.
- 8.37 There are only four development sites in St. Albans' planning pipeline, providing a total of 8 hectares, predominantly for industrial (including distribution) and R&D use. Two of these are constrained because they were affected by the Buncefield fire and may not remain allocated for employment use, and one is likely to be developed for housing. This leaves only the rural site for the

Rothamsted Experimental Station extension. If St. Albans decides to meet employment demand, then the Council will need to allocate more sites.

- 8.38 Welwyn Hatfield has nine development sites. Approximately half of this development land is likely to be developed for a new hospital, but this still leaves over 15 hectares, almost all of which is assessed as good or average quality and all of which already has planning permission. We recommend that the Council retain these sites at least until the final employment figures are published in the RSS. Also, Welwyn Hatfield could decide to use some of these sites to meet some of the demand from other parts of the sub-region.

New Sites

- 8.39 Whether the Councils provide new employment sites in the new LDFs, will depend on their broad policy stance and the requirements set out in the final RSS, as discussed earlier. In addition, existing employment land may be lost to other uses over the planning period, and need to be replaced. We have identified areas of search for such new sites, should they be needed, through discussions with the Councils, our own local property market knowledge and the stakeholder workshop.
- 8.40 In Hertsmere, if new sites are required it is likely that these will need to be greenfield sites. We suggest extensions to existing employment areas where possible (for example Centennial Park).
- 8.41 In St. Albans, good locations would, in our opinion, be extensions to existing employment areas to the east and south east of the city because these areas have good access. In addition, the Council could provide some employment land to the west of the city as part of the proposed Hemel Hempstead expansion, which will partly be in St. Albans District, but as noted earlier this land may be required to meet Hemel Hempstead's requirements.
- 8.42 In Welwyn Hatfield, in the event that additional sites are required, these again may need to be greenfield sites. Extensions to existing good quality employment areas would have the most market potential.
- 8.43 We suggest that the LDF Core Strategies set out broad areas of search for any new sites that may be needed and say that the need for new sites will be kept under review over the plan period, based on monitoring of the demand-supply balance. The Councils can consult on the broad areas of search as part of issues and options stage.
- 8.44 If and when such additional requirements are identified, the Councils will need to produce a Site Allocation Development Plan Document (DPD) or Area Action Plan (AAP) setting out exact sites.
- 8.45 The LDFs should include a policy to allow for positive windfalls, which permits applications for employment use on non allocated sites, where:
- There is no aggregate over-supply against LDF requirements
 - *or* there is a local quantitative requirement or a qualitative requirement which overrides the lack of quantitative need *and*
 - The site is suitable, considering access, internal and external environments and (for office development) the sequential approach.

Types of Development

- 8.46 Office development should be directed towards urban centres where possible – although there are few good quality available sites in the centres and it is likely that new offices will need to locate in edge of centre employment areas. The Districts could consider having a sequential policy for office development.
- 8.47 In Hertsmere, the policy stating that only 50% of any new development can be for office use seems to have worked in the past, because there is a forecast under supply of office space. In our opinion, this is not appropriate as a blanket policy because some sites will be suitable for wholly office use. Where mixed office / industrial development is desirable, we suggest the Districts have site-specific policies or SPDs.
- 8.48 There is strong market demand for distribution and it is up to the Districts whether or not they wish to provide for it. If new sites are required for distribution in the sub-region, Welwyn Hatfield would be the best location because of its good access and good quality development sites (e.g. remaining land at Hatfield Business Park and The Garden Shed, Mundells).
- 8.49 The Districts' current policies promoting small business units should be carried forward into the LDFs. Both County and local economic development strategies highlight the need for small units, to provide for local entrepreneurs and attract knowledge based companies. Stakeholders also stated that small business units are required.
- 8.50 Employment areas may be suitable locations for non employment uses such as worship, children's play centres and health and fitness, and these uses do provide jobs. However, such non B space jobs do not count against the jobs forecast in this study. So, if the Districts wish to allow such uses in employment areas, this will increase the amount of employment land required. If they do not wish to allow such uses in employment areas then they may need to allocate new sites specifically for these uses.

Monitoring and Policy Review

- 8.51 Forecasts are uncertain. However, it is important to use them as they are the only tool available to help plan for the long term. Furthermore, planning for the long term is especially difficult as good planning should really take account of the long and the short term; time obviously does not finish at the end date of the Plan period.
- 8.52 The best way to avoid difficulties is to Plan, Monitor and Manage. This means that the forecasts and stock are periodically reviewed so that if there are changes in circumstance, planning policy can be amended accordingly.
- 8.53 The Councils therefore, should consider:
- Frequent reviews of the employment forecasts and the resulting land demand at 3-5 year intervals, and when there are major step changes in the economy or strategic guidance.
 - Continuously monitoring planned land supply, including:
 - Actual development (completions) and commitments (the planning pipeline);
 - Both gains and losses of floorspace and land;
 - Vacant floorspace; and

- B1 floorspace, if possible, split into offices and light industrial sites.
 - Based on these data and the supply data which the County and Districts already collect, continuous monitoring of the demand-supply balance, using the method set out in Chapter 5 above.
- 8.54 This information on the supply demand balance should help to provide a robust evidence base for individual planning decisions.
- 8.55 Other useful monitoring data includes:
- Employment change by sector against national and regional trends;
 - Business relocations and expansions into and out of the local authority area, as well as enquiries for business space; and
 - Floorspace vacancy rates, rental and land values in the local authority compared to competing areas.

