Conwy Deposit Local Development Plan 2007 – 2022 (Revised edition 2011)

BACKGROUND PAPER 14

Employment Land Study

March 2011

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1. Conwy Employment Land Study

1.1 Introduction

1.1.1 The following considers the issues associated with substantiating the necessary land allocation for employment purposes in Conwy and the balance between the positive political aspirations for the area and the reality on the ground. Conwy is struggling with the idea of 'growth'; for the first time in a generation perhaps there is a new mood in Conwy which is aiming to capitalise on the recent developments in the county – particularly around Llandudno Junction and the relocation of the Welsh Assembly Government North Wales headquarters to Llandudno Junction as well. Creating and sustaining employment opportunities is now high on the agenda but appears, in part at least, to conflict with more conservative aspirations with regards to housing allocations – the mismatch has perhaps correctly been highlighted by the Welsh Assembly Government (WAG) as an anomaly. The key focus of this study is to re-consider the employment allocation assessment in the light of new more up-to-date forecast employment estimates provided by Cambridge Econometrics which inter alia should take greater and better account of the recessionary impact on long term employment trends at every level.

1.2 Terms of Reference

1.2.1 The primary aim of this study is the following:

- Commission new up-to-date forecasts from Cambridge Econometrics; and
- Revisit the original employment land estimation work and recalculate the land allocation using the new forecasts.

1.2.2 Alongside this core work programme Conwy Council also requested that we consider the following key aspects:

1.2.3 To understand and provide evidence (if possible) to contradict the Welsh Assembly's objection and the findings of the Baker Associates Report in terms of the link to housing and employment growth levels, and provide arguments to support Council's aspirations to seek a higher employment level which addresses the previous imbalance in employment land supply. Potential sources of evidence base that should be analysed to determine whether a higher employment level is a sound approach include:

- Assess the potential of the current regeneration initiatives[1] Strategic Regeneration Area, the Colwyn Bay Masterplan and Llandudno Junction Masterplan as sources of potential improvement in economic performance and higher levels of employment (Strategic Hubs and the WSP)
- Undertake an analysis of the current net commuting levels into and out of the Conwy County Borough and establish the realistic/deliverable level of potential reduction in out-commuting over the Conwy Local Development Plan (LDP) period that could be achieved, in particular, through promotion of the Wales Spatial Plan Strategic Hub locations (e.g. impact of the Welsh Assembly building in Llandudno Junction and resulting synergy/multiplier effects).

1.3 Baseline Analysis

1.3.1 The following very briefly reviews the key outcomes from the original employment land study report. The fundamental feature of the original Employment Land Study (2008) was its unstinting impartiality and objectivity. It was based on a mix of methodologies but all applied to develop a convergence of results that would stand up to robust scrutiny. At the heart of the analysis were the independent forecasts by Cambridge Econometrics which would provide us with a comprehensive employment forecast for Conwy which could then be modelled using standard methodologies which have been adopted elsewhere across the UK. Alongside the independent forecast historical land-take-up data, a notional take-up rate and secondary data was used to benchmark the results providing as it did a key scalar of land take-up rates compared to 'known' employment change over a 5 – 6 year period. It was highlighted then and important to reiterate here that the UK economy was at the time nose-diving into one of the worst recessions since the Great Depression making it very difficult to predict at the time what was going to happen to the economy – especially following the collapse of the financial sector. The results revealed a significant difference between the level of land actually taken up compared with what was predicted through (net) employment change; it was surmised that the difference could be explained almost entirely through the potential non-inclusion of retail land within the recording system.

[1] *Strategic Regeneration Area, Colwyn Bay Masterplan, Llandudno Junction Masterplan and potential Llanrwst Masterplan.*

However, a result of the assessment indicated that a mid-range level of 1.7 ha (c.24ha in total) between 2008 - 22 per annum would be a sensible planning assumption for employment taking account of past trends, forecast employment, national / local strategies and policy aspirations within the Council itself. However it is apparent that this level of employment / employment land attracts a housing allocation which is inconsistent with the local aspirations for population change in Conwy. In part this anomaly comes as a result of somewhat superficial approaches to calculating employment levels that are being adopted. This is despite the fact that the standard approach is usually to assess employment levels and allocation therein and develop compromise solutions in terms of the necessary housing allocation to support these. This is briefly discussed further below. In the case of Conwy no such compromise has been achieved. However, it is also the case that there is now a much better understanding of the recessionary impacts on the long term economic prospects in the UK. This has allowed for better judgement and assumptions to underpin the forecasting models – in a sense, there was clearly a period where it was virtually impossible to deliver stable forecasts of the UK economy. It is a moot point whether the original forecasts provided by CE for Conwy represented an 'unstable' set of forecasts; they were the best available at the time and the approach adopted clearly tried to moderate total dependency on these results by using the historical benchmarks etc. However the latest forecasts provided by CE clearly provide more currency and a better basis on which to revisit the employment land allocation.

2. Revised CE Results

2.1 Summary

2.1.1 A summary of the revised CE forecasts are provide in Table 1 below. To recap, the 1.7ha of employment land allocation was driven off a gross increase in employment of 4320 and 3530 net increase in jobs for the period 2006 – 22[2].

[2] In order to secure a net land provision it is assumed that the land / space released from employment loss is re-circulated into land/space stock.

Table 1: Revised Forecast Employment 2006 -22[3]

	2006	2022	Difference
1 Agriculture etc	0.987	0.905	-0.082
2 Mining & Quarrying	0.133	0.059	-0.074
3 Manufacturing	1.746	1.341	-0.405
4 Electricity, Gas & Water	0.095	0.157	0.062
5 Construction	3.065	2.608	-0.457
6 Distribution, Hotels & Catering	14.899	14.721	-0.178
7 Transport & Communications	1.605	1.546	-0.059
8 Financial & Business Services	4.367	4.915	0.548
9 Government & Other Services	14.805	17.701	2.896
Total	41.702	43.954	2.252

2.1.2 The impact of the recession is clearly apparent from these revised estimates. The employment increase is almost halved. But as the land assessment highlights below given the sector distribution of growth then the net impact in land terms changes quite significantly. This is considered in detail below.

2.2 Employment Land Implications

2.2.1 These more downbeat forecasts will predictably reduce the scale of employment land required for the LDP; a topline assumption would appear to suggest that the planning assumption should be no more than the long term base of 1ha per annum (if not indeed less). However the results do need to be modelled properly using the sector breakdown that is available. The results are shown below in Table 2 using the SERPLAN assumptions for density levels etc.

[3] 2020 -22 are extrapolated estimates

Table 2: Forecast Land Requirement 2006 – 22

Forecast Land Requirement		2006-2022	
Empl		4.32 (gross)	3.53 (net)[4]
1.Take up (ha)	Predicted (Original modelled)	24	19
Empl (revised)		2.52 (gross)	1.0 (net)
2. Take up (ha)	Predicted (Revised modelled)	8.11ha	0.14ha
Difference		-15.9ha	-18.9ha

Source: CE / JOP Consulting Ltd

2.2.2 The modelled impact indeed does reflect our conjecture that the additional land requirement is negligible at 8.1ha gross / 0.14ha net for the 2006 – 2022. The major shift here is driven by the downturn effects on Retail / Distribution sectors. Put simply these revised forecasts suggest that there is little or no net new demand for land according to the employment forecasts. Given that we previously adopted benchmarks etc to moderate these results then this would suggest that, at most, Conwy should be managing land allocation on the basis of the long term notional average of 1ha pa – equivalent to 15 ha over the 2007-2022 LDP period. Basically demand levels are expected to be static / flat over the planning period and that the only requirement will be to ensure that stock levels are maintained given the likely turnover over the period. Moreover the model was re-run at the 2008 base and the results in this case changed dramatically as shown in Table 3 below.

Table 3: Revised Forecasts Conwy County 2008 – 22

	2008	2022	Difference
1 Agriculture etc	0.94	0.905	-0.035
2 Mining & Quarrying	0.068	0.059	-0.009
3 Manufacturing	1.668	1.341	-0.327
4 Electricity, Gas & Water	0.226	0.157	-0.069
5 Construction	2.656	2.608	-0.048
6 Distribution, Hotels & Catering	14.956	14.721	-0.235
7 Transport & Communications	1.695	1.546	-0.149
8 Financial & Business Services	4.61	4.915	0.305
9 Government & Other Services	17.568	17.701	0.133
Total	44.521	43.954	-0.567

Source: CE 2010

[4] The net employment figure deducts job losses from job gains. The gross employment figures include job gains only.

2.2.3 As can be observed here the situation changes quite considerably – reflecting as it does a more considered implication to the economy of the protracted recession in the UK. Instead of a net increase of some 2500 jobs there is swing in the forecast of more than 550 jobs losses – a net swing of minus 3100 jobs. Whilst the analysis, to be consistent, covers the 2006 – 22 period the reality is that the County is at best facing a stagnant employment profile for the foreseeable future. This has major repercussions for the Conwy LDP both aspirationally and in practical terms. Somewhat ironically perhaps, the implication of this swing will predictably bring a greater synergy between the employment and housing allocation though clearly this will be at a cost, and so disappointment, to the Council in terms of their economic ambitions. Modelled; this would require an actual small reduction in the long term average allocation – we estimate that the total requirement (net basis) would be 12.5 – over 14 years then equivalent to 0.89 ha pa[5]. Taking these two parameters into account then the results do imply a much reduced planning assumption down from 25.5ha to around 15 ha or around 1ha pa (i.e. 2007 – 22 basis) – noting here of course that what this means is that Conwy has sufficient land allocated to employment purposes; the only requirement is to backfill the stock of land pending of course that these have appropriate designations. In order to reaffirm these estimates then more up to date analysis and information has been provided by the Council on recent land stocks and take-up. The evidence in this regard is summarised in Table 4 below which has been provided by the planning team at Conwy Council which reflects the position for the 12 month period between April 2009 – March 2010:

Table 4: Employment Land Monitoring Report – Schedule of sites (2010 update).

Sites	Permission status	Use type	Applications within the last yr	Under Construction	Completed in year	Committed (current planning app)	Total Left	short	med	long
Civic Offices (playing field) C Bay	Allocation	B1	0	0	0	0	1	0	0	1
Civic Offices, C Bay	Allocation	B1	0	0	0	0	1	0	0	1

[5] That is the reduction is deducted from the notional base in that the latter is treated as a 'floor' in demand.

(Parc Cyflogaeth) Council Tip, Conway Rd, Mochdre	Allocation	B1, B2, B8	0/35418 0/36278 Erection of 8 no. units (B1, B2, B8), access, parking. This comprises 7 no. industrial/storage units with mezzanine floors and 1 no. 2 storey office block.*	0	5.5 (out of total area 10.5ha)	5	0	0	0	0
Former Dairy, Station Road, Mochdre	Commitment	B1, B8	0/36220 – development of 10 new industrial units	0	0	0.7	0	0	0	0
Lynx express, Penrhyn Avenue, Links Rd, Rhos on Sea	Prev. use emp.	B1	0	0	0	0.13	0	0	0	0
Llandudno 'on line', Conway Rd, Junction	Historical permission.	B1, B2	0	0	0	0	3.2	3.2	0	0
Hotpoint, Narrow Lane, Junction	Commitment	B1, B2, B8	0	3.7	0	3.7	0	0	0	0
(unit 1?) Morfa Conwy Business Park, Conwy	Commitment	B1, B2	0	0	0.2	0	0	0	0	0
Land at Ffordd Maelgwyn, Llandudno Junction	Commitment	B1, B2, B8	0	0	0.3	0	0	0	0	0
Ty Gwyn, Llanrwst	Historical permission.	B1, B2, B8	0	0	0	0	1.54	1.54	0	0
Tir Llwyd, Kinmel Bay	Historical permission.	B1, B2, B8	0	0	0	0	27.9	2.16	21.8	3.94(B1)
Abergele Business Park (phase 1)	Permission.	B1	0/35143 0/31570	0	0.6	0	0	0	0	0
Abergele Business Park (phase 2)	Extant permission.	B1		0	0	1.0	9.5	0	9.5	0
TOTAL				**3.7**	**6.6**	**10.53**	**44.14**	**6.9**	**31.3**	**5.94**

* Mochdre Dairy – Please note the site was previously occupied by Mochdre Dairy (B2) which closed around 2005. The new proposal is for an area (0.7ha) slightly smaller than the original dairy site. The committee report states that the application DAS states that over 100 jobs were lost with the Dairy closure, whereas the agents anticipate that the new development has the potential to support up to around 100 permanent jobs, as well as additional construction jobs.

2.2.4 A first point to highlight here is that the total supply base has reduced quite considerably since 2008. Total land stock in 2008 was 77ha – total land stock is now 65.23ha. Therefore the demand surge that was evident at the time continued well into 2009; there was clearly a lag before the full effects of the recession materialised in the data here. In relation to the original report then these stock levels would be considered to be at 'minimum' though not critical levels. The importance of the forecast in this regard cannot be underestimated; the lower demand clearly reduces the risk of carrying this level of available supply than it otherwise would be, for example, where demand levels continued either on the recent past trend levels or indeed the previous forecast.

2.2.5 The in-year total for land take-up has been of the order of 6.6ha however 5.5 ha (i.e. Parc Cyflogaeth – Mochdre) of this is not occupied and therefore not relevant in terms of assessing the true underlying employment land levels. It would appear therefore that land take-up and occupancy levels over the last year has been of the order 1ha – coinciding precisely with the notional long term average that the Council believes to be the case. It is important to note that the last monitoring report identified that the average 6 year take-up rate was as high as 2.12ha up to the end of 2008. Pre dating the main thrust of the recession a cautionary note was highlighted as to the robustness of this estimate:

> "Whether there will be a lag before the (negative) adjustments forecast from the current economic climate materialise in take up rates is a moot point. The impression is that market change has been more immediate than anticipated and therefore it could be assumed that 2009 results will be weaker. However, it may still be stronger than the historical 1ha per annum...... that this is somewhat biased upwards by this recent surge in demand which in the current climate may well be short lived". *Employment Land Assessment (2008) JOP Consulting Ltd*

2.2.6 This has proved to be the case some 18 months on from this original work where the underlying demand levels have returned to the long term average. It follows that in the absence of strong convincing argument to the contrary then the maths here suggest that Conwy should be planning for a 1ha take up rate (instead of 1.7ha) and that the overall stock levels are retained as a constant. The reduction in the estimate associated specifically with the more up to date forecasts – both in absolute and relative terms[6]. Assuming that demand to stock levels run at around a factor of 3 then this would suggest c.45ha[7] and a contingency / completions of say 25% then a total stock base of between 55 - 60 ha would seem appropriate at this level for the planning period. With a small premium (say 10%) then this would

[6] The absolute scale of employment increase is less than 30% of what it was previously in net terms and the distribution of that employment change also changing with high density jobs accounting for many of the job losses which negates the scale of land required from employment gains during the same period.

[7] This is based on a 15 year (2007 – 22) period and the Council should adjust these estimates in the LDP to accord with their own timeframe.

allow for some flexibility in the system to consider applications to come forward consistent with an 'aggressive' employment strategy linked to commuting patterns, attracting / retaining young people in the area and promoting developments away from the A55. Somewhat coincidentally this estimate happily coincides with actual current stock levels of 65ha.

2.3 Allocations

2.3.1 We contend that the actual strategic issues surrounding the distribution and designation of land for planning purposes in Conwy remain unchanged since the last report. To recap:

- Convergence Funding with 6 priority areas which is a broad based support framework which on current indications from WEFO will draw heavy reliance on economic gain through job creation and value added growth
- The Wales Spatial Plan which highlights Conwy as a hub area for employment and business but also draws particular reference towards the 'imbalance' between the coastal towns and rural area – the former affected by strong inward migration but of older population whilst the latter haemorrhaging younger population and this would appear to be particularly relevant for Conwy
- Wales : A Vibrant Economy draws on the difference in 'value' between north east and west Wales and the need to plug this gap but at the same time recognising that the A55 corridor is a 'honey pot' zone across the north sub-region which clearly is an important consideration for this particular exercise
- The WAG Property Strategy indicates that Conwy has the smallest stock of land and premises available for employment / business use which appears to somewhat contradict the aspiration of being a "hub for employment and business" for the sub-region; either this, or there is over-supply of land and premises elsewhere in the region (which is unlikely). Regardless where supply side factors are deemed important for meeting regeneration and development aspirations nationally and locally then the evidence from this strategy indicates that Conwy is possibly lacking site and infrastructure requirements.
- There is a strong rural dimension to the Council's regeneration agenda which takes into account specific issues that are undermining rural communities

- As noted rural depopulation of the younger population and in-migration of older citizens is a particular issue for rural communities in terms of future sustainability and development opportunities
- With an aging population then this has a direct impact on future service provision including for example sustaining primary schools, health and transport services
- Despite the current problems in the housing market there is an acute shortage of affordable housing in rural areas and Conwy is no exception, with young people unable to secure access to capital and housing appropriate to their local economic circumstances
- Existing business premises are not up with current market requirements and unless addressed will undermine the potential for rural Conwy to develop its SME base and support start-up activity. The emphasis needs to change towards creating new demand for premises in rural areas (i.e. supply led strategy)
- Basing future demand on past trends is useful but the forecast provides new evidence that would suggest a change in demand patterns over the planning period. Previously strong B2 demand may increasingly be replaced by B1 / B8 demand which requires sufficient flexibility in supply to meet this potential transformation
- Overall future supply should be especially biased towards ‘new’ designated sites along the A55 which have flexible designations but with a slight bias towards B1/B8 over time.
- Paucity of land in the south of the county (ie OIA) is apparent and needs to be addressed; this refers to the scale and timeliness of what’s currently available especially considering aspirations within the county for the economy and its population. This would ideally move the county to a 80/20 distribution of land in favour of the A55 coast (i.e. PAI) as per current enquiry trends
- Longer term planning which plays a backfill role for land stock needs a wider designation and distribution which is also dynamic (i.e. this land needs to be reviewed and brought either into active stock before new additional land or replaced with land that can be religiously allocated to new stock). There are issues with the Tir Llwyd allocation in this regard – see below.

2.3.2 As a result the implied overall allocation of land where a 45ha free stock[8] level is assumed should tend towards the following profile detailed in Tables 5 and 6:

Table 5[9]

Hectares	Total Allocation	Total Allocation Revised	B1/B8	B1/B8 Revised	B2	B2 Revised
PIA	46	**36**	28	**22**	18	**14.5**
OIA	12	**9**	7	**5**	5	**3.5**
Total	58	**45**	35	**27**	23	**18**

Source: JOP Consulting Ltd

2.3.3 This then decomposes into the following revised designated allocations:

Table 6[10]

Hectares	B1/B8				B2			
	S	M	L	Total	S	M	L	Total
PIA	4	17	7	28	2	11	5	18
OIA	1	4	2	7	1	3	1	5
	S	M	L	Total	S	M	L	Total
PIA Revised	3	13	6	22	1.5	9	4	14.5
OIA Revised	1	3	1	5	0.75	2	0.75	3.5
Total				27				18

Source: JOP Consulting Ltd

2.3.4 These allocations are not hard and fast but provide a reasonable guide for planning purposes. The increase in allocations here against current supply merely increases the stock of land in the OIA but slightly changes the balance of designations in favour of B1 / B8[11]. A final word of caution is required here however. A very high proportion of the land stock (ie nearly 2/3rds) is associated with the Tir Llwyd site at Kinmel bay. This is far too much dependency on one site especially given flood issues associated with this area. The Council needs to consider a gradual 'repatriation' of this allocation to other more robust site opportunities that can be developed with less risk. Put simply this scale of

[8] Clearly where the current total stock levels (ie 77ha) are maintained – which is high but not unreasonable – then this would require a much higher contingency or speculative holding, but overall stock requirement reduces given the postulated demand levels.
[9] This is based on a 15 year (2007 – 22) period and the Council should adjust these estimates in the LDP to accord with their own timeframe.
[10] This is based on a 15 year (2007 – 22) period and the Council should adjust these estimates in the LDP to accord with their own timeframe.
[11] As noted, the apportionment in the supply for this analysis means that there could (or should) be little change in the portfolio other than to ensure that the mixed designations are marketed more towards B1/B8 rather than B2 as appropriate.

allocation could induce a critical shortage of land supply in the county where, for example, rapid change in flood or climate related factors were to make the site defunct. Indeed recent enquiries by the Council with the Environment Agency Wales concerning the status of this land suggests that without a full assessment then this allocation would run the risk of failing at examination by the Planning Inspectorate. Moreover it was noted that:

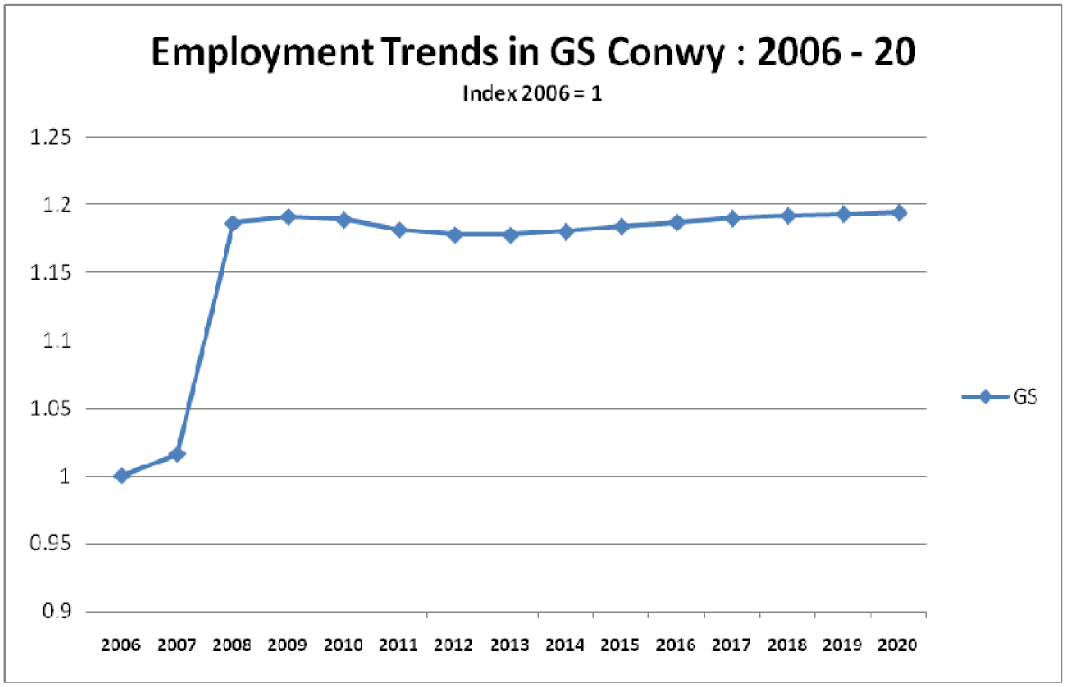
> "The CTFRA, although it does look at tidal flood risk in this area, does not include fluvial flood risk or allowances for climate change. Without this information, the flood risk for the site, now or for the future, is not fully known, but the evidence provided to date in the CTFRA would indicate that the flood risk is too great." EAW June 2010.

2.3.5 It follows that if there is any doubt about the integrity of the Tir Llwyd site then running the portfolio at current stock levels is both risky and uncertain. In turn the advice here is based on the current stock levels being appropriate and developable. Where this is not the case, and it would appear that there is evidence to suggest that it isn't, then clearly the Council needs to act decisively through allowing for a much larger *deliverable* contingency or changing the planning proposal where some 20ha or so of land allocated to Tir Llwyd is 'repatriated' to other more appropriate / deliverable sites.

3. Net Commuting Issues

3.1 The issues with regards to net commuting trends are of key interest to this work. A key argument which has been supported by the Council is that the substantial labour leakage from the area could (and indeed, should) be reduced through switching employment opportunities locally. Clearly in order to achieve this then sufficient land needs to be in place that will allow local employment opportunities to emerge. It is though apparent from the forecasts that 'new' jobs are not going to be created at a scale in Conwy; switching of this nature is therefore a somewhat spurious policy option unless of course that the switching is supported and promoted through factors such as remote working or home working. However there is always scope for speculative development opportunities as well as those sorts of shifts that are currently being supported through the WAG – the relocation of the head office to Llandudno Junction is a case in point which has the possibility of reducing out-commuting from the county by up to 600 people. It is though not clear whether this would create greater housing demand locally. Further it is questionable whether there are many other projects of the scale and particular characteristics of the WAG project that can induce this level of change in net commuting / employment and yet leave housing demand potentially constant. We shall return to this very important point later.

3.2 Within the forecasting model the commuting element is generally treated as a default residual – that is, job calculations are driven in part by population trends especially where the jobs are linked locally (e.g. retail) running alongside more independent assessment of sector trends which are not locally dependent on population. The occupational distribution of employment will also be a factor in the commuting equation – the more professional / technical the occupations, the more likely that these are commuting oriented. Where there is a 'ceiling' in local employment / population capacity then this is made up through in / out commuting as appropriate. Changes in these latter variables tend to be limited. It follows that shock or large movement in commuting patterns are unusual - though not impossible. It would therefore seem unrealistic for Conwy to develop their employment land allocation solely on the basis of a significant shift in this component. This is not to say that such shifts are not possible but it is apparent that these sorts of shifts occur through major and somewhat unique developments – the WAG development is a case in point. To the extent that these are predictable and included in the forecasts is also a moot point and clearly where they are not included then the Council's argument in this regard gains currency; a time trend of the CE estimates for Government Services (GS) is shown below to test this out for Conwy.



Source : CE 2010

3.3 It would appear here from this analysis that the forecast does indeed include the impact of the WAG shift from St Asaph to Llandudno Junction albeit the timing of the change is somewhat earlier than anticipated. This is comforting at one level in that the forecasts have included what is, after all, a significant change in the local economy. This then seems to refute the Council's claim with regards to commuting. However the forecasts only tell us the location of the jobs – it doesn't tell us what happens to commuting patterns. Moreover the employment land assessment tells us that the impact of this project is quite limited in overall land allocation terms because there are job losses elsewhere creating space. The net effect is very limited demand beyond a notional level. This exemplifies the issues surrounding the over-dependency on linking employment change to housing allocations in that it is debatable whether this large employment shift by the WAG will create increases in housing demand either. They are not at all uniform. That all said we could surmise here that the commuting assumptions will marginally shift in favour of less out commuting in Conwy and more in Denbigh / Flint etc although whether that amounts to 600 people is difficult to ascertain without much more detailed survey work. However this highlights the point that it is difficult to run against what the forecast provided in terms of job creation, but change in commuting patterns induced from large projects can happen at a micro level which can be lost within the overall analysis and mislead in terms of the link to housing demand. Lately further future projects are expected to come forward which might induce similar changes though perhaps not of the scale implied by the WAG project.

3.4 However the main points from this analysis are that the employment change predicted through forecasts are synonymous with what's known on the ground – the chart above refers. The revised assessment suggests that the net demand for employment land is negligible even taking account of the WAG project. Net commuting may change but this has little or no effect on the net employment results here because the changes are already included in the forecast. A policy to change commuting patterns is laudable and right but as things currently stand, these factors are invariably constant. It requires a large shock for significant change and by definition this doesn't happen every day – otherwise it would cease to be a shock. Further, in order to 'work' a number of other key variables need to be supportive (e.g. reasonable proximity between the host and donor sites). Changes in commuting patterns can be supported but at the margin in terms of home working etc but not easily at the scale implied through the WAG project for example. Relocation does not preclude changes in housing demand although again if commuting is the change factor then it implies that the housing element also stays constant[12]. The disjoint between a large increase in employment in Conwy through the WAG project but no commensurate change in underlying demand for housing is also established here because the key change factor is commuting. This is discussed further below.

4. Employment and Housing Correlation

4.1 For planning purposes, there is and always has been an inherent link between housing and employment allocation. However this link is never one to one; for example the complexities involved with choice (i.e. rational agents will pursue higher rates of return) and the efficiency of transport allows commuting patterns to effectively break the link between these variables. The major issue to consider is whether and which one of the two variables is dependent on the other; that is, in econometric terms which one (if any) of the two variables displays endogenous characteristics and which one is the explanatory variable? Or are these variables

[12] That is in terms of the internal market in Conwy.

'driven' by other characteristics / variables? From the (limited) literature review that has been undertaken for this study then there has been very limited work on this particular point – indeed it is a 'greenfield' area of research – and what there is, highlights these very facts that the relationship isn't clear or uniform. A recent study undertaken by NLP highlights that:

> "The relationship between housing and economic development is complex and multi-faceted, and it is very difficult and potentially dangerous to draw conclusions based on simple metric relationships. While employment land and associated changes to the scale and profile of the sub-regional economy will impact on housing demand to some degree, there is often a non-linear, indirect spatial link between employment opportunities and housing demand. The housing trade-offs made by households (location vs. type) are multiple and of course not all housing demand is directly related to employment." (The Housing Implications of Employment Land in the Peterborough Sub-Region – NLP Aug 2009).

4.2 This sums the situation up nicely; this we believe is a general result in that it applies universally and is not symptomatic to the specific area being considered in the NLP study. A priori unless **there is conclusive evidence available that suggests that the market in Conwy works very differently** then the likelihood is that the non-linearity holds here as well. It follows therefore that whilst a link is implied between the two variables this should not be deterministic in planning terms. Hence discussions with major property advisor GVA Grimley highlights that it is standard practice to assess employment requirements and aspirations as the first base approach to LDP development and then find a compromise solution for population / housing allocation that fits alongside employment and indeed other planning and policy requirements (e.g. affordable housing etc). The paradox between the WAG project and likely housing demand also refers. However clearly there is always an issue of scale. That is, the distance between the two variables cannot be such that they make no sense or are unrealistic and this – in the absence of clear guidance and empirical evidence – is a matter of judgement.

5. Conclusion

5.1 A reassessment of the employment land allocation for the Conwy LDP taking account of new updated forecasting data suggests that the impact of the recession will cause medium term stagnation in the Conwy economy certainly in terms of job opportunities. That said, there will be turnover of jobs and in itself this will create new demand for land though it is clear from this work that net new demand for land will be all but negligible. This study establishes that a notional allocation of employment land would tend towards the underlying long term average take-up rate of 1ha pa. A total employment land stock target of 65ha would seem sensible with around c. 50ha[13] designated for on-going development (i.e. short, medium and long term stock); the 15ha associated with contingency / completions. The role of Tir Llwyd in the current land allocation needs to be reviewed in the light of its potential risk to future supply. Allowance is required for a much larger *deliverable* contingency or changing the planning allocation where some 20ha or so of land allocated to Tir Llwyd is 'repatriated' to other more appropriate / deliverable sites.

5.2 The impact of commuting on employment land allocation is misleading within the context here. The focus of the work is to establish the demand for employment land and where projects are 'known' then these are invariably included within the forecasts – in any case, commuting impacts within the actual demand assessment are passive in employment terms. The key interest of commuting is where it affects the correlation between employment and housing allocation. In the case of the WAG project then the disjoint between the two variables is exemplified – a large increase in local employment is postulated to create very little impact in housing terms because the key variable is expected to be a potentially significant reduction in out-commuting. In turn planning on the basis of a universal linear relationship between employment and housing is at best erroneous. This therefore should leave scope for the Council to use its initiative where important employment opportunities occur (including those with commuting benefits) without falling foul to unwarranted prejudice against alleged corroborating housing requirements. This is important for the Council given the existing economic

[13] Includes 5ha for the 'speculative' element.

climate and the aspiration to change things in Conwy and make it more business oriented to aid retention / attraction of young people to the area.