

Prosperous Staffordshire Select Committee – 19th July 2018

Economic Growth Capital and Development Programme

Appendix C - Briefing Note – Estimating and Calculating Employment from development sites

Background

1. At the meeting of the Prosperous Staffordshire Select Committee on 15th December, a discussion took place around the methodology used to estimate and calculate employment outcomes on development sites.
2. It was subsequently agreed to bring a more detailed response to the attention of the Select Committee, and this briefing note provides that detail for the information of the Committee.

Estimating the employment outcomes from new employment land and premises

3. Estimating the likely employment outcomes of employment sites and premises, which by their very nature are designed to attract businesses to them, usually without an end user in mind can be challenging. However, over recent years, Staffordshire County Council has used a recognised methodology which is consistent with other public and private sector organisations.

A - Identifying Floor Space

4. The starting point for any such calculations will be the proposed floor space of the development (if it is known), or the gross developable area of an employment site, where an indicative level of floor space is yet to be determined.
5. In the latter case, it is possible to calculate an anticipated level of floor space from the total gross developable area by using a “plot ratio” factor (which is the amount of space available for physical buildings after access roads, parking, landscaping and other elements have been discounted. For the majority of modern business parks attracting manufacturing and distribution type end uses, the plot ratio is usually around 0.4 – or 40% of the gross plot area. For office type developments, the plot ratio may be around 0.6 or 60% of the gross plot area, as buildings are often over more than a single storey.
6. Using a 0.4 plot ratio factor would mean that for a 1.0 hectare (10,000m²) site, we could expect to see a building of approximately 4,000m² – the equivalent of 40% of the total size of the plot area.

B - Translating Floor Space into an employment estimate

7. The next part of any calculation will be to translate the floor space into an employment estimate, and for this purpose we use floor space density estimates produced by the Homes and Communities Agency (now Homes England). A link to this information can be found from this reference ¹.
8. This density estimate guide provides the floor space requirements for differing types of developments. For example, 1 job in a manufacturing type use is likely to require floor space of around 36m², whereas 1 job in a distribution type use requires a greater amount of floor space – at around 80m² per job. Office type developments tend to vary, but are usually around 15m² per job.
9. Sometimes a planning permission will state a maximum amount of floor space within a particular use which can then be applied to the above densities to provide an estimated employment figure for a site.
10. Developers and landowners will often promote their sites with flexibility around the planning permission for uses that would be allowed on the site. In these cases, a best estimate of the split of the predicted end uses on the site is used, and subsequently applied to the density factors highlighted above to provide an employment estimate for a site.
11. It is therefore possible to calculate the projected employment from a development site using the predicted floor space by use type, and the employment density as set out above. For example a small business park is predicted to be able to accommodate up to 4,000m² of employment development of which 2,000m² is expected to be in manufacturing uses and 2,000m² is expected to be in distribution and warehousing uses.
12. The employment calculations in this case would therefore be:
 - a. Manufacturing Use - 2,000m² – at 36m² per job - $(2,000 \div 36) = 55$ jobs
 - b. Distribution Use - 2,000m² at 80m² per job - $(2,000 \div 80) = 25$ jobs
 - c. Total employment - 25 + 55 jobs = 80 jobs
13. As highlighted above, these calculations rely on predicting likely development outcomes of a business park and should therefore be recognised as a guide, however they are useful, and recognised approaches to estimating employment outcomes.

Tracking Actual Employment

14. There are a number of different approaches to tracking the actual employment from a site, which have their own advantages and disadvantages.

¹ Homes and Communities Agency – Employment Density Guide, 3rd Edition, 2015
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf

15. In many recent cases, such as through our recent developments at i54 South Staffordshire and Redhill Business Park, Staffordshire County Council has a good working relationship with the companies that are locating on to the employment land developed. It is therefore relatively straight forward to be able to contact these companies and extract up to date and accurate records of employment on site. This is often provided in the form of anonymised Human Resources records information.
16. Another approach has been to track the detailed planning applications from end users who look to locate on to employment sites. In many cases, end users will provide their expected employment from the site within economic statements accompanying planning applications, or as part of the submitted planning application forms. Whilst this is not as accurate an approach as gaining information directly from the companies themselves, it provides a useful and time efficient approach to tracking employment outcomes. This approach is also not so useful in the cases where buildings are being developed out on a speculative basis.
17. Where company generated information or planning application information is not available, further approaches can include the use of a direct survey of businesses on a site, tracking local media for news around a company moving to new premises or recruiting staff, or potentially using a central government dataset. While central government data sets are generally robust, they can be prone to data coding errors and are often subject to time delays – usually around 18 months to 2 years.
18. In practice, for the purposes of reporting information relating to the Economic Growth Programme a combination of these approaches is adopted, which provides as full a picture of the associated employment outcomes as possible, and to allow for the performance monitoring of the success of sites.

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