



**EXAMINATION OF THE CITY OF YORK LOCAL PLAN  
2017-2033**

**PHASE 2 HEARINGS**

**MATTER 3: ECONOMIC DEVELOPMENT**

**CITY OF YORK COUNCIL STATEMENT**

## **Matter 3 – Economic Development**

### **The Plan requirement for economic development**

**3.1 Policy SS1, as currently worded in the Plan, says that sufficient land will be provided to accommodate around 650 new jobs per year.**

- a) In effect, is 650 new jobs per year the Plan's requirement or target for economic growth?**
- b) How has the 650 figure been arrived at and is the evidence underpinning it both robust and consistent with national policy and guidance?**
- c) What proportion of the 650 new jobs per year target should be identified for each employment sector? Has this been assessed? If not, should such an assessment have been undertaken to assist in identifying an appropriate supply for the identified amount?**

**3.1.1 A)** The 650 figure is a jobs growth target informed by CYC's economic development strategy and an estimate of jobs growth based on forecasts. While economic uncertainties associated with the UK's departure from the EU and Covid-19 impact, *could* impact on job growth over the life of the Plan, maintaining the 650 growth figure is still considered appropriate given:

- The 650 figure is established in the City of York Economic Land Review (ELR) 2016 (SD064) and its appropriateness confirmed by subsequent sensitivity testing.
- The Council's growth ambitions set out in City of York Economic Development Strategy [SD070] (and emerging new strategy) and current economic conditions.
- The growth ambitions of York & North Yorkshire LEP and the wider sub-region.
- The Governments' levelling up agenda and opportunities for growth arising from the devolution agenda /Mayoral Combined Authority deal with York and North Yorkshire.

- 3.1.2 **B)** The 650 figure has been arrived at through economic forecasts using the 'Oxford Economic Model'. ELR 2016 (SD064) sets out a robust approach to assessing need and shows how these forecasts have been used to better understand the likely growth overall and by sector. It presents the results of three scenarios (figures 7, 8 and 9), including Scenario 2 which assumes 20% faster growth in employment in the private business services sectors and 10% weaker growth in wholesale & retail trade and accommodation & food. This Scenario forecast 11,050 jobs, equivalent to 650 a year between 2014 and 2031. 'Scenario 2' is considered to best reflect CYC's economic strategy to drive up the skills of the workforce (Plan, paragraph 4.1 [CD001]).
- 3.1.3 York Economic Outlook, 2019 [EX/CYC/29] identifies a baseline forecast of 450 jobs per year between 2017 and 2038. A 're-profiled' scenario forecasts 510 jobs per year between 2017 and 2038, with higher growth in earlier years (660 from 2019-2031) presented in section 6. Analysis of the Oxford Economic Model undertaken by CYC associated with CYC's emerging Economic Development Strategy based on data for October 2021, is broadly comparable with baseline forecasts 479 jobs per year between 2017-2038 (see Appendix 1).
- 3.1.4 The approach to arriving at the 650 figure reflects the requirements of NPPF 2012 paragraph 21 to have clear understanding of business needs within economic markets and to plan positively for growth. It also responds to National Planning Practice Guidance which says local authorities should develop 'an idea of future need' and highlights the role of sectoral/employment forecasts and planning for the implications of alternative economic scenarios as a component of this as addressed in Section 2 of ELR 2016 [SD064] and NPPG, paragraph 027.
- 3.1.6 **C)** The proportion of the 650 jobs associated with each employment sector has been assessed. The result of this assessment is shown in ELR 2016 [SD064], figure 9. This identifies that 'Professional, scientific & technology' and 'Administration & Support' accounting for 46% of the jobs. The York Economic Outlook, 2019 [\[EX/CYC/29\]](#) 're-profiled' scenario shows an updated sector profile, and again Professional, scientific & technical and Support and Administration sectors account for just over half of all jobs projected. Human health & social work account accounted for a more significant

proportion of growth 35%. Analysis in October 2021, identifies a similar sectoral split to that identified in the 2019 forecast (Appendix 1).

3.1.7 An assessment has been undertaken to assist identifying an appropriate supply based on sectoral demand ELR, 2016 [SD064]. Section 5 and Annex A explains how these projected jobs, including the proportional split between different sectors identified, have been converted into an assessment of floorspace demand. The methodology identifies that this included a process of 'allocating jobs to use class by sector' (paragraph 5.1.2). ELR Update, 2017 [SD063], sensitivity tests the ELR, 2016 [SD064] results by comparing these to Experian economic forecasts used regionally and also updates supply assumptions which showed some variances in sectoral demand. It does not amend the Scenario 2 projections – or associated sectoral split – on the basis it remains appropriate and provides sufficient 'headroom' in supply (paragraph 2.2).

**3.2 Table 4.1 of the submitted Plan (page 77), sets out employment land and floorspace requirements by use class for the Plan period (2017-2033) and also in the post Plan period 2033-2038. Is this assessment still the most up-to-date? If not, what is the most up-to-date position and how should this be rectified in the Plan?**

3.2.1 The assessment in Table 4.1 sets out employment land and floorspace requirements by use class for the Plan period at the time of submission of the Plan. This is not the most up to date assessment as it does not account for recent changes in floorspace since submission. An update to Table 4.1 is provided below. The figures in this table will fluctuate over the life of the Plan and CYC intends to monitor and where it can manage supply in response to in line with paragraph 15.22 and Table 15.2 page 245 [CD001].

3.2.2 Since 2017, there has been changes in supply, including a loss of 42,816 sqm office floorspace. Applying the methodology established in ELR, 2016 [SD064], reflecting the losses above, would generate the outputs as follows:

**Table 1 Update to Plan Table 4.1**

Use Class	2021-33		2033-38		Total 2021-2038	
	Floorspace (m2)	Land (Ha)	Floorspace (m2)	Land (Ha)	Floorspace (m2)	Land (Ha)
Office (formerly B1a)	137,588	15.5	12,310	2.1	149,898	17.6
Research and Development (B1b)	15,655	3.7	1,644	0.4	17,299	4.1
Light Industrial (formerly B1c)	11,218	1.9	1,435	0.4	12,653	2.3
General Industrial (B2)	0	0	0	0	0	0
Storage and Distribution B8	54,986	10.5	15,705	3.2	70,691	13.7
<b>B Uses Sub Total</b>	<b>219,447</b>	<b>31.6</b>	<b>31,094</b>	<b>6.2</b>	<b>250,541</b>	<b>37.7</b>
D2	-17,887	-1.1	4,398	1.1	-13,489	0.0
<b>Totals</b>	<b>201,560</b>	<b>30.5</b>	<b>35,492</b>	<b>7.2</b>	<b>237,052</b>	<b>37.7</b>

3.2.3 ELR, 2016 [SD064] outlines how additional flexibility has been built into this assessment of employment floorspace need. This includes factoring in two extra years of supply in the demand calculation to provide flexibility and counteract loss while providing time for developments to complete (paragraph 5.2.2). Accordingly, Table 4.1 of the Plan, as updated by the changes to supply in Table 1 above, is relevant and reasonable assessment of the overall need for employment land and floorspace needed to accommodate jobs growth (addressed further in response to 3.4 and 3.10 below).

#### Proposed Modifications

3.2.4 Table 1 above can be used to update Table 4.1 in the Plan and reference to old use classes should be deleted from the latter (as well as other parts of the Plan). Invariably the data in the table will change over the life of the Plan, therefore more explicit reference to CYC's intention to monitor of this data and keep it under review, in line with Section 15 of the Plan, can be included in Section 4 of the Plan.

**3.3 Unless we have missed something, the Plan does not say how much land or floorspace is needed each year to accommodate the 650 new jobs per annum that are planned for. Why not?**

3.3.1 No, the Plan does not explicitly state the amount of land or floorspace is needed each year to accommodate the planned 650 new jobs per year. The reason for this is that Plan approach is not limited to narrowly translating this need figure into a supply requirement. The requirements for employment floorspace will fluctuate based on changes to sectoral demand and changes to level and intensity of use in existing stock over the life of the Plan. Accordingly, the Plan strategy is to: (1) provide a flexible supply of employment sites which broadly reflects overall projected jobs growth; (2) protect existing business floorspace where appropriate; and (3) to provide an enabling framework for the delivery of employment generating uses outside of office/industrial settings; (4) and to monitor the impact of policies (see also response to Question 3.10 below).

3.3.2 The Plan does identify in Policy EC1 sites with capacity to deliver **239,227** sqm of new employment floorspace **plus** University of York knowledge businesses floorspace<sup>1</sup>. The latter would be subject to masterplanning for the ST27 site allocation in the Plan and Campus East. The employment floorspace identified in Policy EC1 broadly reflects the indicative need for business floorspace identified in Table 4.1 and updated table 1 above. The supply figure identified can be made explicit in the Plan, but as noted above other Plan policies will also contribute to maintaining an appropriate overall supply of employment floorspace to meet multi-sectoral demands.

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<sup>1</sup> Representations from the University of York (SID 849) in response to proposed modifications consultation in 2021 suggest this could be 46,000sqm

**3.4 If Table 4.1 in the submitted Plan is not up-to-date, how much land or floorspace is needed for each of the employment sectors expected to deliver jobs growth?**

3.4.1 Table 4.1 of the Plan, is not up-to-date with the latest supply figures, however the sectoral analysis underpinning it remains a relevant and reasonable assessment of the need for employment land and floorspace needed to accommodate jobs growth. Growth by employment sector is set out in ELR, 2016 [SD064], tested in ELR (2017) [SD063] and is broadly consistent with more recent assessments as in response to matter 3.1 above.

3.4.2 ELR, 2016 [SD064] and subsequent testing indicates that growth associated with Professional, Technical & Business and the Administration and Support sectors is expected to be significant. Accordingly, office space accounts for a significant proportion of demand, as shown in Table 4.1 of the Plan and the Table 1 in this statement (and reflected in the planned supply in Policy EC1, with 100,000 sqm of office supply expected on York Central and potential for more on Sites ST19, E11, and E18). While less growth is projected in manufacturing and other sectors, there remains a need for some supply of industrial floorspace, to provide flexibility and allow for choice and churn. This is reflected in Policy EC1, which plans a greater proportion of office and light industrial floorspace, for which the most significant demand is anticipated, but still also provides for different types of industrial floorspace.

3.4.3 The projected jobs growth, and multiple scenarios tested, represent a starting point for identifying an appropriate level of supply to respond to broad sectoral demand. A degree of change in sectoral split of growth is expected over the life of the Plan, acknowledged in the evidence base on employment land and reflected in the quantum and mix of employment floorspace provided under Policy EC1.



**3.5 Should the answer to the preceding question be set out in the Plan as an explicit target?**

3.5.1 No, it is not necessary to define demand by each sector for the employment land in the Plan as an explicit target. As explained in response to the preceding question, this is a broad indication of demand rather than a precise figure. Defining an exact floorspace type and quantum, delineated by each employment sector in the Plan is likely to be over-prescriptive and rigid. Maintaining this flexibility in the approach is also an appropriate response to the uncertainty arising from the UK's departure from the EU and unresolved trends associated with the impacts of Covid-19.

**3.6 Has any updated assessment of the employment requirement for land and jobs taken into account the 2020 changes to the Use Classes Order, particularly for employment uses (e.g. Use Classes B1 a), b) and c) to Class E? If not, what effect would these changes have on employment requirements? How have these Use Class changes impacted on the overall employment requirement?**

3.6.1 An updated assessment of employment requirement has not been undertaken to account for 2020 changes to the Use Class Order. It is too early to model the impacts of this change on employment requirements (and as planning permission is not required to change within the different Class E uses this raises some monitoring challenges). However, the need for flexibility in supply has already been built into CYC's approach to calculating employment requirements in response to the longer standing office to residential permitted development rights with a similar effect (ELR 2017, paragraphs 5.2 [SD063]). CYC will also keep this change – and impacts for office floorspace in particular - under review. If the outcomes of monitoring suggests or trend data suggest significant impacts on employment requirements a Plan review might be triggered. It is recognised that the Use Class changes do have the potential to impact on the level office supply in particular, although conversions of large scale offices are unlikely due to the nature of other E use classes<sup>1</sup>. CYC is therefore also considering the use of tools beyond Plan policies to manage office supply (and support Plan implementation) in light of these changes, including where appropriate:

- Restricting planning permissions for new development, via condition or planning obligation, to retain floorspace in office use; and
- Implementing a targeted Article 4 Direction in parts of York to remove permitted development rights allowing office to residential conversions.

Proposed Modifications

3.6.2 Reference to old use classes which have been superseded by changes will need to be updated throughout the Plan with reference to the specific use or the Use Class it falls under.

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<sup>1</sup> [Leeds City Region Strategic Employment Evidence - Land and Property](#), 2021, paragraph 1.7-8 but evidence underpinning the Plan and relied on in this statement does not make an adjustment for home working.

**3.7 Is it likely that the departure of the UK from the EU and/or the Covid-19 pandemic could have an impact on jobs growth during the Plan period? If so, is it possible for the Plan to properly gauge those impacts with any degree of certainty? How should the Plan respond to these issues, if at all?**

3.7.1 Since the initial Oxford Economics forecast of the York economy in May 2015, which estimated 650 jobs per year and subsequent testing in 2019, the UK economy has encountered two structural challenges: the departure from the European Union and the onset of the Covid-19 pandemic. These could have an impact on jobs growth during the Plan period, but the short term impact has been less severe in York. However, there are inherent challenges in understanding longer term impacts.

3.7.2 While more recent jobs growth projections are lower over the longer term as identified in response to question 3.1 above, York has proven to be one of best-performing cities in the UK in terms of its recovery from Covid-19, with consistently strong consumer spend data and low unemployment figures. This leads to a strong forecast of economic and employment growth over the coming years with growth stabilising over time towards the end of the plan period. CYC's emerging economic development strategy, supports retaining rather than reducing the job growth target established in the Plan.

3.7.3 It is not possible for the Plan to properly gauge these impacts with any certainty until trends become clearer. But the Plan already responds to economic uncertainty/fluctuations in conditions (in line with NPPF, paragraph 21), to the degree it is possible to do through:

- Providing a flexible policy framework to enable delivery of employment space.
- Acknowledging the uncertainty that exists by provisions already in the Plan related to monitoring risks and review of the Plan in light of these (detailed in Section 15 of the Plan).

3.7.4 The current approach is a sufficient and appropriate response to available evidence and greater clarity on the direction of trends. CYC will continue to monitor these trends, and in line with Section 15 of the Plan an update could be triggered if the policy is no longer effective or appropriate.

## **The supply of land for economic development**

**3.8 Policy EC1 of the submitted Plan sets out the amount of employment floorspace that is to be provided on each identified site allocation during the Plan period. These are set out within the policy both on strategic and non-strategic sites. Are the floorspace figures in Policy EC1 for these sites still correct and justified?**

3.8.1 Yes, the floorspace requirements set out in Policy EC1 are still correct and justified. They are informed by a jobs growth projection scenario reflected in Table 4.1 (with updates shown in Table 1 above) which remains relevant and accurate.

3.8.2 Since submission planning permission has already been granted in connection with the following site allocations:

- Outline permission on part of ST5 York Central allocation in December 2019 for mixed-use development including between 70,000 m<sup>2</sup> and 87,693 m<sup>2</sup> of office use; up to 11,991 m<sup>2</sup> GEA of retail and leisure uses; a hotel with up to 400 bedrooms and an up to 12,120 m<sup>2</sup> GEA expansion of the National Railway Museum.
- Permission on ST19 Land at Northminster Business Park allocation in August 2021 for a 5569 sqm distribution facility (Class B8).

3.8.3 As noted above, the employment site allocations are expected to provide capacity to accommodate employment needs which may fluctuate over the life of the Plan.

3.8.4 Covid-19 has the potential to impact on supply considerations and not just demand. York and North Yorkshire had a very high prevalence of home working, with 19% of people working from home before the Covid-19 pandemic<sup>1</sup>. Covid-19 has accelerated trends towards remote working (as well as online shopping and learning). CYC's 2021

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<sup>1</sup> [York and North Yorkshire Labour Market Analysis 2021](#), page 11, identifies a high proportion of home working in the sub region, but evidence underpinning the Plan and relied on in this statement does not make an adjustment for home working.

'Big Conversation' with York's communities found many businesses and over two-thirds of workers expect greater home working compared to before the pandemic<sup>1</sup>.

- 3.8.5 Home working practices have implications for the design and density of workspaces, with businesses accommodating a greater number of workers in their premises<sup>2</sup>. More recent modelling has suggested a 30% increase in home working by 2030 would cancel out all of the increased demand for office space from jobs growth across the Leeds City Region<sup>3</sup>. These trends, while not sufficient at this stage to radically alter the Plan approach (and plan for less office floorspace), underscore the need for flexibility in the supply as provided for in the Plan.
- 3.8.6 CYC's conclusion therefore remains, as set out in ELR Update, 2017 [SD063] that the Plan can still accommodate demand for employment floorspace. There remains sufficient 'headroom' in supply identified in Policy EC1, to accommodate the floorspace need shown Table 1. The potential impacts may mean that there is even greater flexibility in supply in the medium to long term. However, as the longer-term impact of Covid-19 on employment floorspace demand is as yet unclear, it is not appropriate to build in too many assumptions in response to short-term trends.
- 3.8.7 The need to monitor this change is addressed in Section 15 of the Plan [CD001]. Table 15.2 of the Plan identifies indicators that will be monitored to assess the implementation and effectiveness of policies, and which could trigger an update to the Plan (paragraph 15.30).

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<sup>1</sup> <https://data.yorkopendata.org/dataset/our-big-conversation-summer-2021>

<sup>2</sup> A trend towards office densities above 12sqm per person was already evident in 2020; for example, [British Council of Offices 2018 research \(accessed 2 March 2022\)](#), but the evidence underpinning the Plan and relied on in this statement uses 12sqm.

<sup>3</sup> [Leeds City Region Strategic Employment Evidence - Land and Property](#), 2021, paragraphs 7.23 – 24, identifies a potential for homeworking negating the need for office floorspace but evidence underpinning the Plan and relied on in this statement does not make an adjustment for home working

### **3.9 Is the amount of employment floorspace provision and its proposed distribution consistent with the evidence base?**

3.9.1 Yes, the amount of floorspace and distribution is consistent with the evidence base:

- ELR, 2016 [SD064] identifies growth projections the appropriateness has been confirmed by subsequent sensitivity tests, including York Economic Outlook, 2019 [\[EX/CYC/29\]](#).
- Paragraphs 6.4.37 to 6.4.39 of the Sustainability Appraisal Publication Draft Regulation 19 Consultation [CD008] assesses the three employment growth scenarios established ELR, 2016 [SD064]. Scenario 2 was the 'best scoring option' in SA terms when considered against reasonable alternatives (paragraphs 6.4.41 to 6.4.56).
- Topic Paper TP1 – Approach to Defining York's Green Belt: Addendum, 2021 [EX/CYC/59] addresses the approach to identifying new employment floorspace in the context of defining the Green Belt boundaries (paragraphs 7.5 - 7.10).
- The location of employment floorspace provision reflects the 'spatial shapers' set out in Policy SS1, prioritising development in the main urban area, with some urban extensions and new settlements which preserve the historic character of York and its setting.

3.9.2 CYC's response to Matter 5 addresses the distribution of employment growth in more detail.

**3.10 In line with Policy SS1, has sufficient land been identified to meet employment needs of the City of York over the Plan period?**

3.10.1 Yes, the Plan provides capacity to deliver at least 239,227 sqm of business floorspace, *plus* University of York knowledge business floorspace to contribute to accommodating the projected employment need. A minor modification could be made to the Plan to make this explicit in Policy SS1. However, Policy SS1 already reflects the jobs growth level, and the floorspace supply is captured in Policy EC1.

3.10.2 But this is just one element of the Plan's strategy to meet employment need. The Plan provides a positive policy framework to support economic growth and provide supply flexibility through:

- Reinforcing the role of York City Centre as a priority area for a range of employment uses, including office and retail uses (Policy SS3).
- Protecting, where appropriate, existing employment focused development (Policy EC2).
- Supporting rural diversification (Policy EC5).
- Providing for expanded development associated with University of York (Policies ED1 to ED3 and SS22).
- Providing an enabling framework for health and education related development (Plan Sections 6 and 7).
- Contributing to a diverse tourism and culture offer (Policy EC4).

3.10.3 As set out in Policy SS1, CYC wants York to continue in its role as a key economic driver regionally. The approach above is set within the context of a wider programme to meet sub-regional economic and regional development ambitions, raising productivity and creating higher paid jobs.