

Darlington Local Plan

Teesside International Airport Limited and Teesside International Development Limited (ID: 1250879)

Matter 2 Statement - Amount of development needed in the Borough

Issued April 2021

- 1.1 Our Client (Teesside International Airport Limited and Teesside International Development Limited) responds to Questions 2.1 and 2.2.

Economic growth and employment land requirements

Q2.1. Is the aim to facilitate economic growth of 7,000 net additional jobs in the Borough between 2016 and 2036 justified and positively prepared?

- 1.2 It is understood that the Council's aim of achieving net jobs growth of 7,000 over the Plan period is underpinned by the Combined Authority's aim to deliver 25,000 jobs across the Tees Valley by 2026. Page 13 of the Darlington Employment Land Review: Update 2019 states that:
- "TVCA estimated Darlington's share of the ambitious 25,000 Tees Valley jobs target until 2026 would equate to c. 7,000 additional Darlington based jobs by 2036. This was calculated by looking at each local authority's current sector split and recent economic growth."*
- 1.3 This approach – of having regard to economic growth ambitions at the Local Enterprise Partnership/Combined Authority level in planning for employment land needs – is in accordance with Paragraphs 2a-026-20190220 and 2a-032-20190722 of Planning Practice Guidance.
- 1.4 Past trends in employment change at the local authority level (set out below) also support the conclusion that the Council's aspiration to deliver 7,000 net additional jobs is justified and positively prepared. This is particularly true when one considers that job change over the past 15 years has been delivered in the absence of an up-to-date Plan (Darlington's most recent Plan was intended to cover the period up to 2006). The Council's new Plan will respond to modern occupier needs and establish a clear strategic framework, providing greater certainty and confidence to prospective investors. In addition, the following factors suggest that the Borough's long-term economic performance could potentially outstrip past trends:
- The potential for future growth at Teesside International Airport. The airport was brought back into public ownership in January 2019 when Tees Valley Combined Authority bought Peel Holdings' majority share. This has been supported by recent/planned investment at the airport including major upgrades to the arrivals hall and departure lounge, proposals to invest £6 million in the redevelopment of the airport's railway station and a TVCA commitment to deliver £23.5 million of funding to unlock land for development. The impact of this investment is already being seen in the announcement of new routes (including expanded services to Aberdeen and Belfast and a new route to London

Heathrow) which will help to enhance Tees Valley’s connectivity and strengthen its inward investment proposition;

- The Budget 2021 commitment to establish a new ‘Treasury North’ campus in the town as part of Government’s levelling up agenda. The campus is expected to house 750 staff from ministries including the departments for business, transport and local government;
- The recent submission of a successful Town Investment Plan, which has unlocked £22.3million of funding for Darlington. The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long-term economic and productivity growth;
- Proposals (with secured funding) for the delivery of a £105million programme of investment at Darlington Railway Station. This includes work to remodel the station and increase capacity by creating dedicated platforms for local connections and future high-speed services; and
- The impact of the creation of the Tees Valley Combined Authority, which provides enhanced public investment (including a £588million Investment Plan for the period 2019-2029) and greater sub-regional autonomy to support improved economic outcomes.

1.5 ONS Jobs Density data provides a summary of annual employment in Darlington from 2000. The data shows that the number of jobs increased by 6,000 between 2000 and 2016 (the start of the Plan period) from 50,000 to 56,000. This corresponds to a growth rate of 12.0% (or an average of 0.75% per annum).

1.6 The length of the data series (16 years) is broadly comparable to that of the Local Plan Period (20 years) and sufficiently long to take account of periods of boom and bust in the economic cycle (including the recession of 2008/09). As such, it provides a useful benchmark for understanding the scale of growth that Darlington could achieve between 2016 and 2036.

1.7 If it is assumed that average annual growth of 0.75% (or total growth of 15.0% over 20 years) could be delivered over the Plan period – from a base of 56,000 jobs in 2016 – this would result in 64,400 jobs in 2036. This would represent an absolute increase of 8,400.

1.8 It is considered appropriate to continue to plan for net jobs growth of 7,000 over the Plan period, despite the economic challenges presented by COVID-19. Any reduction in the Council’s jobs target – with a corresponding reduction in employment land and housing allocations – risks becoming self-perpetuating and would appear to be at odds with both Paragraph 80 and Paragraph 81a of NPPF:

“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity.” (Paragraph 80)

[Planning policies should “...set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth.” (Paragraph 81a)

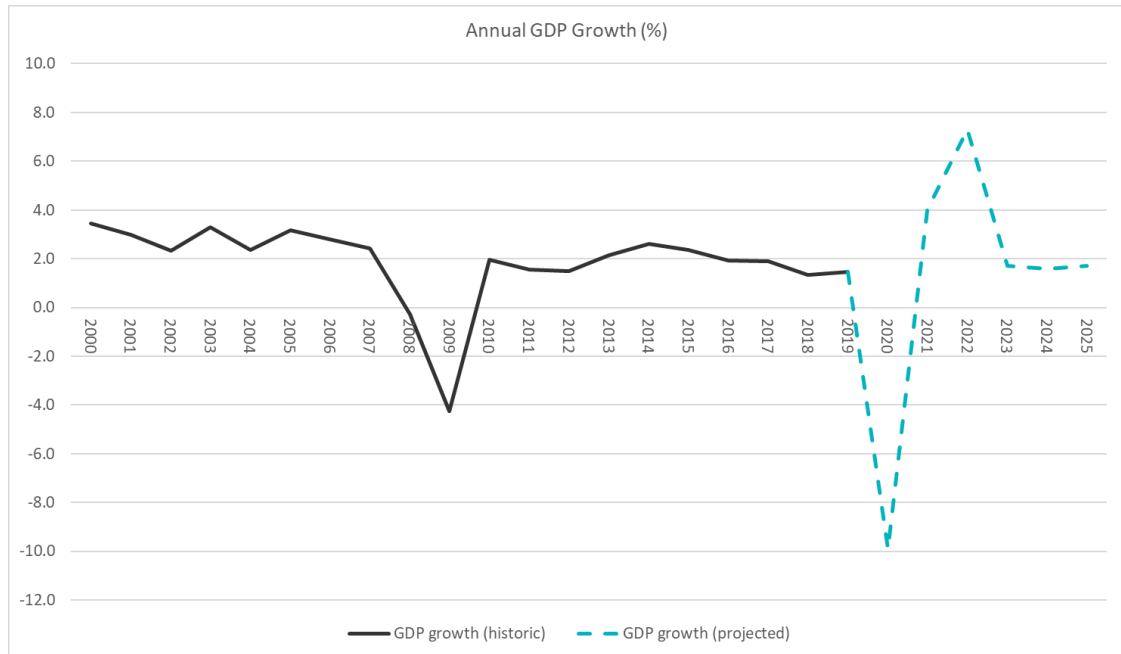
1.9 Furthermore, the Council is seeking to plan over a 20-year period and so needs to take a long-term view of development needs, rather than being unduly influenced by a short-term economic shock. The past trend data presented above covers the period 2000 to 2016 which is broadly in line with the duration of a full economic cycle. The data reflects the impact on Darlington’s economy of the 2008/09 recession and subsequent sluggish recovery, as well as an earlier period of stronger growth. As such, it is unlikely to significantly overstate Darlington’s ability to deliver jobs growth over the long-term.

1.10

In addition, Figure 1 sets the anticipated economic impact of COVID-19 in the context of the UK's recent economic performance. This shows that COVID-19 resulted in a sharper initial contraction in output in comparison with the financial crisis of 2008/09. It does not necessarily, follow, however, that the overall economic impact of COVID-19 will be more pronounced. Indeed, the data shown in Figure 1 also indicates that:

- The period of economic contraction caused by COVID-19 is expected to be shorter (with one year of negative growth) than that precipitated by the financial crisis of 2008/09 (which resulted in two years of negative growth);
- The rebound/recovery from the current downturn is anticipated to be much quicker and more pronounced than after 2008/09. Economic growth of 1.9%, 1.5% and 1.5% respectively was recorded in 2010, 2011 and 2012. In contrast, growth in 2021, 2022 and 2023 is forecast by the Office for Budget Responsibility (OBR) to be much higher (at 4.0%, 7.3% and 1.7% respectively);
- Analysis of economic growth over a 5 year period (from the start of each recession) indicates that:
 - (a) The UK economy was 0.4% larger at the end of 2012 in comparison with the start of 2008; and
 - (b) The OBR expects the UK economy to be 4.7% larger at the end of 2024 in comparison with the start of 2020.

Figure 1 UK Economic Growth (Gross Domestic Product) 2000-2025



Source: World Bank (observed) / Office for Budget Responsibility (projected)

Q2.2. Are the proposals in policies E1 and E2 to provide for a total of 158 hectares (net) of additional land for employment uses justified and positively prepared? In particular, would this overall quantity of land allow for the creation of 7,000 net additional jobs between 2016 and 2036 and provide sufficient flexibility to accommodate needs not anticipated and enable a rapid response to changes in economic circumstances?

- 1.11 Proposals to provide for a total of 158 ha (net) of employment land would allow for the creation of 7,000 net additional jobs over the Plan period. The Council's Employment Land Review: 2019 Update specifically considers a labour demand scenario predicated on growth of 7,034 jobs (net). This is estimated, by Council officers, to translate to a need for 150 ha of employment land (Page 14).
- 1.12 The Council's Employment Land Review: 2019 Update subtracts anticipated future losses from an initial demand figure of 150 ha to arrive at an 'adjusted' requirement for 110 ha. Our client does not consider this to be necessary, given that the employment figures underpinning the scenario are net and, as a result, already capture the impact of any reduction in demand for employment land/premises. On this basis, the delivery of 7,000 jobs would appear to correspond to a need for 150 ha of employment land.
- 1.13 It is common practice in planning for future employment land needs to add a flexibility margin to demand forecasts. This is a contingency factor, providing an additional buffer to allow for:
- Delays in development coming forward;
 - Uncertainties in the forecasting process (i.e. the possible need to accommodate unanticipated demand); and
 - To provide developers and occupiers with a range and choice of sites.
- 1.14 A margin equivalent to two years of net take-up is considered appropriate in most circumstances. Analysis contained within the Council's Employment Land Review: 2019 Update indicates that:
- Gross take-up in Darlington has averaged 5.5 ha per annum in recent years; and
 - Losses of employment land in Darlington have averaged c.2.5 ha per annum.
- 1.15 Based upon the above, net take-up of land in the Borough can be estimated to have been in the order of 3.0ha per annum. This would translate to a flexibility margin of 6.0 ha and would increase the level of demand associated with the delivery of 7,000 jobs from 150 ha to 156 ha. This is broadly in alignment with the supply of 158ha proposed in policies E1 and E2. Whilst a flexibility margin does not appear to have been considered within the Council's demand calculations, therefore, a supply-side 'buffer' is proposed which appears to be appropriate in scale.
- 1.16 Having regard to the above, the proposals in policies E1 and E2 are considered to be justified and positively prepared.

Word Count: 1,526