

Technical Briefing Paper

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To London Borough of Bexley
From Lichfields

Subject **Bexley Employment Land Review: Partial Update to Labour Demand Scenario**

1.0 Introduction

1.1 This Technical Briefing Paper provides a partial update to the Bexley Employment Land Review ('ELR') to reflect an amended time period for the Borough's new Local Plan. It revisits and updates the 'Labour Demand' growth scenario from the ELR. All other aspects of the ELR remain unchanged, and this Technical Briefing Paper should be read alongside it.

2.0 Background and Purpose

2.1 An Employment Land Review was prepared by Lichfields in June 2021 on behalf of the London Borough of Bexley in order to inform the evidence base for the Council's emerging Local Plan which, at the time, was expected to cover the 15-year period between 2021 and 2036.

2.2 The purpose of the study was to provide evidence on the future growth potential of the Borough's economy to support the new Local Plan, focusing specifically upon the latest job growth projections as an indicator of future demand, and commercial property market signals. It presented a series of economic growth scenarios and associated employment land requirements, which comprised:

- 1 A baseline job growth scenario drawing on latest GLA job forecasts (the July 2017 release);
- 2 A past take-up scenario based on latest monitoring data on employment ('B class') completions in the Borough; and
- 3 A labour supply scenario that tests the population growth and workplace labour supply implications associated with the proposed Draft Local Plan's housing delivery target.

2.3 Since the ELR study was completed, the time period for the Borough's new Local Plan has been extended slightly, to cover the period from 2021 to 2038. This is to ensure that the new plan period covers a minimum of 15 years from adoption, and to allow for potential delays in the plan being formally adopted.

2.4 Given the ELR considered a study period of 2021 to 2036, it is necessary to revisit the economic growth scenarios and resulting employment land requirements in the ELR and re-present these over a slightly longer time period, to reflect the 'new' 17-year plan period of 2021 to 2038.

2.5 Of the three growth scenarios presented in the ELR, the Council has selected the job growth (or 'labour demand') based approach as the basis for planning for the economy and employment land within the new Local Plan. This Technical Briefing Paper therefore focuses solely on updating the labour demand growth scenario to cover the revised Local Plan period.

3.0 Scenario 1: Labour Demand

2021 Bexley Employment Land Review

Plan period: 2021 to 2036

- 3.1 The labour demand scenario in the ELR drew upon the latest employment projections for London to 2041 produced by the GLA and published in July 2017. The GLA projections indicate potential for:
- **Overall employment growth of 10,000 jobs** for the Borough over the 2021 to 2036 study period.
 - This is equivalent to **667 jobs per annum on average**.
- 3.2 Whilst the GLA employment projections provide figures for total employment growth at Borough level, a sector-by-sector breakdown is only available for London as a whole. Therefore, the ELR applied the latest (2019) Business Register and Employment Survey (BRES) data to apportion the Borough's employment growth to specific sectors based on the relative share of employment by industry in Bexley in 2019. It was therefore assumed for the purposes of analysis that each sector of the economy retains its 2019-based share of total employment over the period to 2036.
- 3.3 This analysis suggests that:
- **Jobs in employment class uses¹ are expected to grow by 4,030** in the period to 2036.
 - Or by an **average of 269 jobs per annum**.
- 3.4 Employment in office-based sectors is expected to record the largest increase, followed by distribution, light industrial and industrial jobs.
- 3.5 The resulting planning requirement for the labour demand scenario is equivalent to **202,800 sq.m** (GEA) employment floorspace between 2021 and 2036, or **63.26 ha** in employment land terms.

Revised scenario to reflect the new plan period

Plan period: 2021 to 2038

- 3.6 As noted above, Bexley's new Local Plan period has been extended since the ELR was prepared so it is necessary to re-present the labour demand scenario to fully cover this extended period of time. In practice, this means extending the end year of the scenario from 2036 to 2038, resulting in a 17-year study period rather than a 15-year study period.
- 3.7 The same 2017-based GLA employment projections have been used, however Borough level employment forecast data is only provided by the GLA for 5-year intervals; it is provided for the year 2036 and then again for 2041, but not for the year 2038.
- 3.8 They imply that total job growth in Bexley could amount to 400 jobs per year on average between 2036 and 2041. This is lower than the 667 total jobs p.a. growth implied for the ELR study period 2021 to 2036, and suggests that local job growth could slow down beyond 2036.

¹ Defined as Office E(g)(i)/(ii), Light Industrial E(g)(iii), Industrial B2 and Distribution B8

- 3.9 In absence of a definitive forecast jobs figure for the year 2038 within the GLA projections, both trajectories of job growth (equivalent to 667 and 400 total jobs per annum on average) have been tested and applied to the two additional years to cover the revised Local Plan period 2021 to 2038 (see Tables below) to provide an estimate of the Borough's job growth potential over the revised Local Plan period.

667 job growth per annum

Table 1 Forecast Employment Change in Bexley, 2021 - 2038

Use Class	2021	2036	Change p.a. 2021-2036	2038	Change 2021-2038
Office E(g)(i)/(ii)	12,717	14,231	101	14,433	+1,716
Light Industrial E(g)(iii)	6,554	7,335	52	7,439	+885
Industrial B2	5,649	6,321	45	6,411	+762
Distribution B8	8,928	9,991	71	10,133	+1,205
All Office, Industrial and Distribution Jobs	33,849	37,878	269	38,416	+4,567
Total Employment (All Jobs)	84,000	94,000	667	95,334	+11,334

Source: GLA Economics 2017, BRES 2019 / Lichfields analysis

- 3.10 This results in total job growth of 11,334 over the revised Local Plan period 2021 to 2038, 4,567 (40%) of which are expected to be in office, industrial and distribution-based sectors.
- 3.11 Resulting employment floorspace and land requirements for the Borough over the period 2021-2038 are summarised in Table 2 below, drawing on assumptions consistent with the ELR and pro-rated to reflect the revised Local Plan period.

Table 2 Gross Employment Floorspace and Land Requirements in Bexley, 2021 - 2038

Use Class	Gross Employment Floorspace Requirements (GEA sq.m)		Employment Land Requirements (ha)	
	2021-2036	2021-2038	2021-2036	2021-2038
Office E(g)(i)/(ii)	21,910	24,830	2.96	3.35
Light Industrial E(g)(iii)	44,590	50,530	14.86	16.84
Industrial B2	38,640	43,790	12.88	14.60
Distribution B8	97,670	110,690	32.56	36.90
Total	202,800	229,840	63.26	71.69

Source: Lichfields analysis (totals rounded)

Note: Gross employment floorspace and land requirements for 2021-2038 are estimated based on pro-rated requirement for 2021-2036

400 job growth per annum

Table 3 Forecast Employment Change in Bexley, 2021 - 2038

Use Class	2021	2036	Change p.a. 2036-2041	2038	Change 2021-2038
Office E(g)(i)/(ii)	12,717	14,231	60	14,351	+1,634
Light Industrial E(g)(iii)	6,554	7,335	31	7,397	+843
Industrial B2	5,649	6,321	27	6,375	+726
Distribution B8	8,928	9,991	43	10,077	+1,149
All Office, Industrial and Distribution Jobs	33,849	37,878	161	38,200	+4,351
Total Employment (All Jobs)	84,000	94,000	400	94,800	+10,800

Source: GLA Economics 2017, BRES 2019 / Lichfields analysis

- 3.12 This results in total job growth of 10,800 over the revised Local Plan period 2021 to 2038, 4,351 (40%) of which are expected to be in office, industrial and distribution-based sectors.
- 3.13 Resulting employment floorspace and land requirements for the Borough over the period 2021-2038 are summarised in Table 4 below, drawing on assumptions consistent with the ELR and pro-rated to reflect the revised Local Plan period.

Table 4 Gross Employment Floorspace and Land Requirements in Bexley, 2021 - 2038

Use Class	Gross Employment Floorspace Requirements (GEA sq.m)		Employment Land Requirements (ha)	
	2021-2036	2021-2038	2021-2036	2021-2038
Office E(g)(i)/(ii)	21,910	23,660	2.96	3.19
Light Industrial E(g)(iii)	44,590	48,150	14.86	16.05
Industrial B2	38,640	41,730	12.88	13.91
Distribution B8	97,670	105,480	32.56	35.16
Total	202,800	219,020	63.26	68.32

Source: Lichfields analysis (totals rounded)

Note: Gross employment floorspace and land requirements for 2021-2038 are estimated based on pro-rated requirement for 2021-2036 and a proportionate reduction in total job growth (400 p.a. compared with 667 p.a.) for the final two years

4.0 Conclusions and Implications

- 4.1 This Technical Briefing Paper revisits the 'Labour Demand' growth scenario from the Bexley ELR and presents the job growth and employment space/land implications associated with an extended Local Plan period to 2038.
- 4.2 **Extending the Plan period by two years to cover the 17-years 2021 to 2038 could increase the Borough's job growth potential by between 800 and 1,334.**
- 4.3 **Between 322 and 538 (40%) of these jobs could fall within office, industrial and distribution-based sectors.**
- 4.4 This would have a consequential impact on the quantum of employment floorspace and land that would be required to accommodate this scale of job growth within the Borough over the new plan period. **Compared with the requirements set out in the ELR, a two-year extension to the Local Plan Period could necessitate an additional 16,220 - 27,040 sq.m of employment floorspace.**
- 4.5 **This is equivalent to an additional 5.06 - 8.43 ha in employment land terms.**
- 4.6 The Bexley ELR provided a comparison of future employment space needs (as indicated by the growth scenarios considered) against estimates of pipeline employment land supply in the Borough in order to identify any need for more provision of employment space, or surpluses of it, in quantitative terms over the Local Plan period.
- 4.7 The Borough's supply position has subsequently been updated, and the Council now estimate a net employment floorspace capacity of 271,504 sq.m over the Local Plan period through the intensification of a number of existing employment areas in the Borough.
- 4.8 The ELR concluded that additional capacity associated with site intensification would be more than sufficient in quantitative terms to accommodate all three scenarios considered, with a significant surplus of employment space arising under each scenario.
- 4.9 This conclusion remains unchanged in light of this update to the Borough's labour demand scenario of future growth to reflect the extended Local Plan period to 2038. The additional two years' worth of job growth could still, in quantitative terms, be accommodated by the updated supply pipeline position (of 271,504 sq.m). It should be noted however, that this demand/supply position is highly sensitive to the achievability of employment site intensification across some of the Borough's key employment sites, and their ability to deliver the quantum and type of employment floorspace indicated by the Council through its Industrial Land Study.

Appendix 1: Employment by Sector

Employment growth by sector in Bexley, 2021 to 2038

Sector	Additional Jobs (2021-2038)	
	Assuming 667 jobs p.a. between 2036-2038	Assuming 400 jobs p.a. between 2036-2038
Accommodation & Food Services	651	620
Administrative & Supportive Services	1,348	1,284
Agriculture, Forestry & Fishing	3	3
Air & Water Transport	5	4
Chemicals (manufacture of)	-	-
Civil Engineering	57	54
Computer & Electronic Products (manufacture of)	43	41
Computing & Information Services	288	274
Construction of Buildings	163	156
Education	1,115	1,063
Extraction & Mining	3	3
Finance	122	117
Food, Drink & Tobacco (manufacture of)	334	319
Fuel Refining	-	-
Health	405	386
Insurance & Pensions	-	-
Land Transport, Storage & Post	914	870
Machinery & Equipment (manufacture of)	29	28
Media Activities	27	26
Metal Products (manufacture of)	101	96
Non-Metallic Products (manufacture of)	60	57
Other Manufacturing	50	48
Other Private Services	229	218
Pharmaceuticals (manufacture of)	-	-
Printing and Recorded Media (manufacture of)	39	37
Professional Services	612	583
Public Administration & Defence	482	459
Real Estate	297	283
Recreation	179	171
Residential Care & Social Work	693	660
Retail	1,247	1,188
Specialised Construction Activities	652	621
Telecoms	45	43
Textiles & Clothing (manufacture of)	26	25
Transport Equipment (manufacture of)	15	14
Utilities	205	195
Wholesale	872	831
Wood & Paper (manufacture of)	25	24
Total Employment Change	11,334	10,800

Source: GLA Economics 2017, BRES 2019 / Lichfields analysis