Economic Strategy briefing paper

Cornwall Council response to the Inspector’s Preliminary Findings Section 4 (May 2015)

Summary.

This note is prepared in response to the Inspector’s Preliminary Findings (May 2015).

The understanding of the needs and challenges for economic development in Cornwall are consistent between the Council, the Local Enterprise Partnership (LEP) and business groups including the Federation of Small Businesses and the Cornwall Chamber [of Commerce]. Each identify the key issues to be:

- Skills in the labour market.
- International/national market opportunity.
- Opportunities of ‘smart specialisation’.
- Need for affordable and appropriate workspace.
- Vulnerable communications infrastructure.

The strategies of the Council and the LEP reflect these and the associated investment programmes are showing a positive effect. This will continue the strategy beyond 2020. More broadly the strategies take 4 key strands:

i. they seek to ensure that mainstream sectors and business can thrive and develop through modernisation and market opportunity.
ii. They aim to facilitate business sectors appropriate for ‘smart specialisation’.
    - This focusses on sectors that Cornwall could exploit market advantage with an emphasis on: marine technology; aerospace/satellite/space; agri-tech; e-health; and digital economy industries.
iii. The growth in supply chain business between the more established and the ‘smart specialisation’.
iv. Improve skills and productivity in the labour market.

Identifying and planning for the geography of this cannot be precise as it needs to respond to market need and preference. The strategies’ responsiveness to markets require flexibility and choice. Similarly, important sectors such as tourism have diverse needs, usually specific to the proposal. Agri-food and tourism are elements that are reliant on the rural economy and often potential farm diversification.

A refresh of the Employment Land Review (ELR 2010) and monitor of land available show that since the ELR relatively more permissions are being granted and the rate of completions of these is also higher than those recorded in the ELR. This may indicate some recovery since the recession but also more targeted provision to suit the outcomes required of the European investment programmes (rather than more speculative investment of the sites in the ELR).

The monitor of land available shows that some areas perform stronger than others and provides an indication of the timeframe of potential delivery of sites . It also provides a guide for a level of additional requirement necessary to ensure the delivery and role of Neighbourhood Plans in this.

An appraisal of the sites of the ELR and the subsequent refresh suggests that land available is broadly in line with the needs of business of established and growing sectors. However, the analysis identified potential need for some additional space to accommodate increased levels of growth for the Strategies’ smart specialisation sectors such as for marine in Falmouth, renewables in Hayle, aerospace in Newquay and logistics in the Bodmin area.

Updated economic projections indicate an ongoing trend for the economic growth and provides a basis for a jobs target for the Plan. These factors combined with an analysis of the aspirations for improved productivity were also used to test and demonstrate that the demographic projections continue to be compatible and are provided for in the housing requirements in the Plan.

The proposed changes to the Plan reflect these findings. The Plan's policies support the delivery of the economic strategies by:

- Introduction of a job target for the Plan period of 38,000 jobs [fte].
- Overall requirement for employment space increased by 40% to allow for flexibility and better choice of sites as well as a proportion of non-implemented permissions.
- Distribution of employment space requirements adjusted upwards to provide for identified and specific 'smart specialisation' and moderated downwards where rates of delivery are unlikely to meet the need identified by the ELR process.

In addition proposed changes seek to;

- Make a flexibile and positive approach towards employment uses an explicit intent of the Plan towards.
- Provide further detail for the criteria based approach to Tourism [Policy 5(1)].
- Further clarity towards treatment of existing employment land.

The Business requirements

1. Cornwall Business' stated needs are headlined in the Federation of Small Businesses - *Resetting the agenda for Infrastructure Cornwall 2014/15.* They are also corroborated by publications of the Cornwall Chamber [of commerce], notably their business manifesto - *A Business Plan for Cornwall* 2015/16 and their quarterly economic surveys[i]. http://www.cornwallchamber.co.uk/qes-survey/. In summary the key issues set out in these documents are:[ii]
   - The skills shortage. 60% of businesses claimed difficulties when recruiting especially for technical engineering, IT, sales & management roles. A key proposed solution to cultivate talent and to develop long term practical links between business and education
   - Benefits to identifying and developing inter/national market opportunities. A collective approach and focus on 'smart specialisation' is proposed.
   - Shortage of affordable premises with a particular focus on making towns central drivers to generate economic activity.
     - Half of businesses looking for premises are looking for the purpose of expanding[iii] .
   - Innovation centres are recognised as successful initiatives but there remains a shortage of flexible space that can take advantage of infrastructure.
   - Over a third of businesses have their accommodation needs met locally. However, they reflect a need to provide expansion space and encourage delivery by private investment supported by favourable planning conditions
     - 8% need industrial premises. 8% office. 9% warehouse/distribution [ii].
   - Vulnerable infrastructure. 62% of business claim congestion leads to losses. A similar proportion identify the transport and road infrastructure in particular as the mid to long term priority.
     - Weak public transport is also perceived as a challenge to recruitment [ii]

   - Anecdotal view that dominance of tourism and care in economy keeps average wages comparably low.
2. These results closely reflect the business survey of the ELR in 2010 and provides confidence in our understanding of the continued issues faced in Cornwall.

Evidence and Strategy

3. The economic strategy (Strategic Economic Plan – SEP http://www.cioslep.com/assets/file/Strategic%20Economic%20Plan/LEP%20Strategic%20Economic%20Plan%20FINAL.pdf) of the Cornwall and the Isles of Scilly Local Enterprise Partnership (LEP) uses a range of evidence papers prepared for them by SQW (consultants). Particularly pertinent to the Local plan is *Evidence Papers 6 – Sectors across Cornwall and the Isles of Scilly (*2012)[iv] (http://www.cioslep.com/assets/file/LEP%20Strategy/Evidence%20Base%206.pdf). This paper, based on the Business Register and Employment Survey (BRES) outlines the current diverse economic geography of Cornwall as well as some more sector specific research, but excludes the self employed.

4. Cornwall's key economic challenges and barriers to growth are clear and agreed between the Council and the LEP and set out in their respective economic strategies. The strategies are based on the EU investment strategy that evolved from the *Headline evidence base for Cornwall and Isles of Scilly* (http://www.cioslep.com/assets/file/Strategic%20Economic%20Plan/Headline%20Evidence%20Base.pdf) . They are set out in the LEP's *European Structural and Investment Fund Strategy* (http://www.cioslep.com/assets/file/EU%20Structural%20and%20Investment%20Fund%20Strategy%20CIoS%20LEP%20June%202014.pdf) which summarises them in six stark headings and set out in the Council's response to the Inspector's preliminary questions (EiP ref: ID.01.CC.2.3). They are repeated here:
   - *Low GVA per person; Cornwall & IoS £13,848: UK £20,873*
   - *Skills of NVQ4+; Cornwall & IoS 34.2%: UK 38.4%*
   - *R&D spend/GDP; Cornwall & IoS 0.19%: UK 1.85%*

- *People at risk of poverty (not on benefits) 26%*
- *Average Income; Cornwall & IoS £17,389: UK £21,473*
- *Inactive (16-24); Cornwall & IoS 27.2%: UK 23%*

These can be largely attributed to the dominance of small and medium sized, mainly low value often seasonal, businesses in our economy. While employment has bounced back post recession, the overall economy in Cornwall is weaker, with more part time jobs, more underemployment, and less full time jobs in better paying sectors. This is a strong caveat to post recession job growth. These challenges also have greater resonance when placed in the context of the cost of living and particularly house prices; Cornwall & IoS 8.7 x average earnings: UK 6.45.

5. The **Economic strategies** of the Council (https://www.cornwall.gov.uk/media/3624006/Economy-and-Culture-Strategy.pdf) and the LEP have considerable synergy and are intended to complement each other from their respective roles as the public and private sector. These are also summarised in the Council's statement to the Inspector's preliminary questions (EiP ref: ID.01.CC.2.3) as follows:

The Local Enterprise Partnership provides; three strategic economic priorities for Cornwall in the Cornwall and Isles of Scilly Strategic Economic Plan (SEP);

- *Future Economy - prioritising investment to provide the physical and social platform to capitalises on unique strengths;*
- *Growth for Business – strengthening the business base including skills;*
- *Conditions for Growth – including infrastructure; housing; skills; & capacity.*

The EU Structural and Investment Fund Strategy (the prospectus for the 2014-20 EU Growth Programme) – shares strategic priorities with the LEP's SEP.

Cornwall Council's economic strategy provides a context for our work programme is the Economy and Culture Strategy 2013-2020. It also provides a framework for all internal documents. It highlights six key issues;

- *Business transformation – strengthening the dominant small and micro business element of the economy.*
- *Connectivity – focussing on the transport network, broadband technology and Newquay Airport.*
- *Creativity – to optimise the value of our distinctiveness.*
- *Employment & Skills – increasing qualifications in the workforce particularly higher level. and*
- *Leadership – promoting Cornwall and Cornish jobs*
- *Low Carbon Economy – as a specific growth sector.*

<u>Strategy post 2020</u>

6. The Council and LEP are committed to review the SEP early 2016. This will provide the Strategy beyond 2020. The current SEP provides the context for this review. This is broadly to seek continued growth while reducing financial dependency on public funding.
7. The emphasis on 'smart specialisation is, to a degree, uncharted territory. Monitoring and review of this will be critical to the delivery of ongoing growth with LEP and Council strategies having to respond to the economy.
8. It is likely that the key objectives will continue to be;
   - Improve Cornwall's economic performance relative to UK/Europe.

- Explore renewables as opportunity
- Improve physical infrastructure

9. The implications for the Local Plan will continue to be much the same as set out.
10. Investment during the rest of this decade will, in any event, influence economic growth in the 2020s. Infrastructure investment will mean that there will be further development opportunity, there will be stimulation of further private sector infrastructure investment and growth deal investment will also continue to generate jobs and growth. All this will be framed by the SEP review.

<u>Job growth and target</u>.

11. To test the assumptions behind the economic strategies the Council and LEP jointly commissioned a study by Ash Futures : CC and the LEP presented a shared strategy for economic growth to the first hearings of the Examination. A key element of this is the focus on increasing skills in the labour market to enable greater productivity and the benefits of economic growth being secured wherever possible by existing communities through increased productivity. Interventions by the Council and LEP are intended to secure this improvement in the labour market including provision of workspace and skills development.
12. The Ash study aimed to test these and a number of assumptions that feed into the demographic projections that informed the Plan's Objectively Assessed [of housing] Need. The Council and LEP jointly commissioned Ash Futures to carry out an objective assessment of these assumptions and this approach (Cornwall Employment Projections to inform housing need analysis, Ash Futures Ltd, 2015)using up to date jobs projections for Cornwall and an analysis of investment programmes. This work directly informed the proposed jobs target for the Plan.
13. The headline recommendation is that 38,000 full time equivalent (fte) jobs should be planned for over the Local Plan period. This has factored in that the recent high rate of job growth is not anticipated to continue as high, and changes in the nature of the labour market particularly in terms of proportions of part time roles and other factors.
14. The report supports the approach taken by the LEP and the Council. However, it is cautious regarding the initial estimates for the anticipated 'gains' in the local labour market. The report;
    - identifies that the economic forecasts used as a basis for the calculations reflect the economic trend as supported by the early years of public investment programmes. They do not, therefore, require an uplift to reflect any perceived additionality or net gains from these.
    - Recommends a job target/expectation over the Plan period of about 38,000 (Ash para 1.6.13) full time equivalent jobs. This includes the equivalent of 10,000 (fte) jobs already created in the Plan period. It equates to a 0.83% annual growth in the economy.
    - Provides an estimate of the number of residents, aided by the public funding programmes, that could realistically secure the jobs created, notably just under 5,000 into higher paid jobs and a further 15,000 'under-utilised' that could fill other roles.
    - Advises on the robustness of assumptions used for demographic analysis.

The land use and spatial implications of the economic strategies are complex and diverse.

15. The geography of the existing economy is evidenced (LEP's *Evidence Paper 6*). It clearly shows that Cornwall's dominant two 2001 Travel To Work Areas (TTWA) in terms of the number of jobs were; St Austell and Newquay (although now split with a new TTWA for Liskeard 2011); and Truro, Redruth & Camborne. The TTWAs of; Falmouth and Helston; and Penzance are the next scale of jobs quotient. *Evidence paper 6* also highlights Cornwall's 'specialist' or most distinctive sectors as; marine activities; tourism and leisure; food production; and mining and minerals. It also highlights that sectors such as renewable energy are not well represented in the statistics although there are significant clusters in Camborne, Falmouth and planned for Hayle.
16. A broader evidence of economic projections reflects this existing pattern and trend in economic growth. However, the economic strategies of the Council and the LEP aim to positively influence the economy and the emerging sectors as a growth strategy. Central to this, in spatial terms, is the focus on sectors and 'clusters' of sectors described as 'smart specialisation', described in more detail in LEP's *Smart Specialisation Framework* (SSF

2015 http://www.cioslep.com/assets/file/EU%20Investment%20Strategy/Smart%20Specialisation%20Framework%20summary.pdf)[v], but look particularly at; marine technology; aerospace/satellite/space; agri-tech; and e-health; and digital economy industries.

17. The SSF is about identifying and building markets in technical niches where Cornwall's businesses can be comparatively more competitive in. It makes an assessment that identifies Marine technology with a 'combined presence of assets' as the pre-eminent opportunity, but also space & aerospace and agri-tech as strong too. Each of these are already showing activity in a national and global market. The digital economy sector and e-health also have potential but are less prominent compared to elsewhere in the UK and supports other less well developed sectors. This is within the context of national policy, the 2011 Plan for Growth which outlines the Government's approach to achieve sustainable economic growth across the UK and the UK Commission for Employment and Skills which is responsible for enabling employers to invest in skills.
18. Premises need to be both bespoke for the purpose of niche market development and speculative to enable inward investment and expansion. Business are also looking for accommodation that can provide flexibility for growth, linked to existing beneficial geographical position (eg access to the A30), market reach potential and brand.
19. Expansion and enabling of the digital economy improves connectivity and enables business to be less reliant on location and more on brand and market potential. It also enables knowledge to be accessible to national and international markets and enhances the opportunity for design and innovation, reducing geography as a negative issue for productivity. E-health allows a technological focus on the volume of jobs in the health and care sectors, allowing for stronger connectivity and health support for people in remoter communities and improving the transferable skills base. However, the digital economy is considered to have a relatively fragmented market, dominated by micro small and medium sized employers it is difficult to identify issues and is best addressed through targeted local support. 'Wired' workspace is a requirement for these sectors and often renders older stock more obsolete.
20. Cornwall's sectoral structure is influenced by the challenge of adding value which would need both the input and output of higher skill levels and would also be supported by a range of quality sites and premises. In related sectors (such as agri tourism) there is a need to lengthen the supply chain and enable incubation to add value to production. Transferability of the skills base from sector to sector is a key aim of the LEP in 'creating great careers here'.
21. Space & Aerospace – represents a long term property investment i.e. Goonhilly and Newquay and commensurate return and growth. Expansion of the Enterprise Zone between Newquay and connection Goonhilly, announced in the autumn 2015 statement, focuses on aerospace potential, with already significant success at attracting relevant enterprise to the cluster opportunity offered by Newquay Cornwall airport already.
22. The geography and planning need of 'smart specialisation' is consequently imprecise. The way that official data is constructed does not lend itself to analysis. There are links for example between agriculture, food, technology, energy and manufacturing. It is these links, evolving supply chains and the cross use of skills which can help grow the Cornwall economy and employment quality, requiring flexibility in workspace provision and location. The main characteristics that need to be reflected in area specific land use framework to support the 'Smart Specialisation' sectors are;
    - Marine focussed employment growth [that could also occur in many more places] is likely to have strategic focus on;
        - Falmouth/Newlyn; Fowey; and Hayle in terms of marine-tech and renewables. Penzance/Newlyn, Looe and other key fishing harbours have a focus on modernising traditional fishing industries and the ferry to the Isles of Scilly in the case of Penzance;
    - Space and aerospace business; Newquay [and Goonhilly] primary focus on aerospace/satellite; and
    - Bodmin as a focus for land to service a growth in the agri-tech sectors in the wider north and east Cornwall area and continuing to provide a focus for food manufacturing.

23. At the same time, strong growth relative to elsewhere is anticipated in most sectors except for public services that will continue to be the subject of efficiencies and cuts. Proposed amendments to the supporting text of the Plan aim to provide a spatial priority more clearly reflecting business' views of their needs; grow on space for business particularly in Camborne Pool Redruth area; Bodmin for growth in agri-tech and logistics; Falmouth (media/ICT) and Hayle for marine technologies
24. The collective strategies of the Council and the LEP seek to enable the ongoing growth and modernisation of more traditional business in Cornwall but also focus on the development of the 'smart specialisation sectors'. The 'smart specialisation' sectors are likely to be relatively modest in scale in terms of numbers of jobs and space needed, critically however they will be high value and have significant implications in terms of their supply chain and wider economic growth.
25. A key role of the LEP is to ensure the right skills for business, especially as strategic investments are realised and supply chain implications support wider economic development.

Use of the ELR as evidence.

26. The role of the Employment Land Review sites, as evidence for the Plan, needs to be considered in the wider context of the Plan and the Economic strategies and the economy. The sites of the ELR are existing or potential space largely on industrial estates and Business Parks. It is estimated that about a quarter of jobs in Cornwall are in businesses based in these types of premises. This is corroborated by the Chamber of Commerce studies and Lower Super Output Area (LSOA) data. As the backbone of the economy in Cornwall sustaining these sites is crucial and should reflect churn, occupation , the lack of suitable sites and premises to move onto and remediation time for new occupants or development. It is also important to recognise that the ELR sites represent proportionally more B class uses and this includes potential growth sectors such as; marine, food processing, as well as the more general industry (including those in the supply chain). This excludes land for other growth sectors such as; health, education, mining, tourism, cultural industries, food and drink production that are not B use classes. Never the less, a range of factors may mean that such employers can be found on 'industrial estates'.
27. The proportions of business and employment identified by the ELR and economic projections have remained broadly consistent and this can be triangulated by a number of sources. Therefore the direction of travel and broad findings of the ELR in terms of overall employment space need remains robust for the purposes of identifying an employment space requirements for the Plan period. For the purposes of delivering the strategies this is a key component.
28. When extrapolated over the Local Plan period, using basic assumptions of employment densities[vi], the employment space proposed in the Plan, approximates to about 2,500 jobs in new B1 uses and 10,000 jobs in other new B class uses. This is broadly consistent with about a third of jobs target for the Plan.
    - Office: Net internal space 80% gross, 12 m^2/fte,
    - General/warehousing: 35-80 m^2/fte – use 70m^2

Review of the ELR – The purpose of the review has been to test the suitability of sites for business requirements and to quantify the relationship between ELR sites and the Plan's employment space requirements and against the strategies' priority sectors and job growth.

29. Our review assessed the location and quality of space against the needs of business and the respective economic strategies. It collated permissions and completions since the ELR to provide a broad portfolio of individual sites of more than 500m^2 (and smaller sites collectively). This was assessed against the strategy and business needs of Cornwall principally:
    - Meeting business needs for premises for expansion & grow on space
    - Towns as focus for growth
    - Smart-specialisation that requires ELR type specifications – Marine - Agri-tech - Space/aero-tech
    - Delivery of sites and suitability of choice.
30. A summary table of the ELR/Strategy analysis is appended to this note as is the full monitor of land available which should be read alongside the ELR.

31. Findings of the ELR review;
    - Quality of the portfolio remains good, and improving with more recent completions and EU investment
    - Rate of completion/implementation of permissions identified in the ELR are variable; high rates identified in Saltash/Torpoint, St Austell, Truro/Redruth/Camborne , Launceston, Saltash and Falmouth TTWAs, less so in Bude, Wadebridge and Penzance.
    - Completions of permissions subsequent to ELR show proportionally higher rates of delivery particularly in Falmouth, St Austell, Truro and Penzance TTWAs – suggesting more appropriate sites coming on stream.
    - Launceston TTWA conspicuous by few new sites since ELR while Bude proportionally higher than sites identified in ELR.
    - Gains and losses in small sites also varies but at a finer grain than the TTWAs. Notable loss of small sites in West Penwith (B8), Falmouth & Penryn (B8), Launceston (B1), Bodmin (B8), St Austell, Truro (B1) and Camelford (B1) C.N.As while gains in small sites were shown in; the China Clay (B8), St Agnes & Perranporth (B1), and Wadebridge(B1) C.N.As in particular.
    - Issues of deliverability; it is evident that a number of C.N.As have, historically, had difficulties delivering at a level required by the Plan's targets and are likely to continue to struggle to meet a projected need for employment space. These are;
        - West Penwith; Liskeard & Looe, St Austell; St Agnes & Perranporth and Truro (B1). In several instances there is significant potential employment space without permission or allocation but identified through the ELR process.
    - Broad distribution –
        - Completions match the broad strategy – notably those permissions since the ELR particularly suited to strategy in TTWAs of; St Austell [Newquay & Bodmin, less so St Austell]; Truro and Falmouth.
        - However – these do not reflect the needs of smart specialisation sectors particularly in Falmouth& Hayle (Marine), Bodmin (Logistics and scale agri-food) and Newquay (scale of Aerospace).
        - Small (<500m^2) sites make up variable proportion of ELR type sites – but broadly reflect the strategy in terms of scale of anticipated businesses and consolidation of less valuable small sites.
32. TTWAs are defined by the proportion of people who live and work within the area, normally about 75%. The [2001] TTWAs in Cornwall were adjusted in 2011 adding a new area for Liskeard but also retracting the TTWA for Plymouth (in Cornwall) and Penzance , Truro, Redruth & Camborne expanded and there has been adjustment to the boundary for Wadebridge. This reflects the evolving pattern of employment.

Proposed Changes to Plan:

Appropriate C.N.A distribution.

33. The proposed distribution is broadly takes based on the same approach used to identify the requirements set out in the Submission draft of the Plan in so far as they are based on projections for employment needs in terms of space and broad location in TTWAs. The proposed changes incorporate some key adjustments. These are; to increase the overall target to include the 40% 'safety margin' to ensure an appropriate range and choice as well as account for non-implementation of permissions and recommended by the ELR; and make further adjustment in particular C.N.As. Each reflect the aspirations for modernisation and the needs of smart specialisation in the respective strategies.
34. We have also corrected a calculation error (made when originally recalibrating ELR into the Plan period) that resulted in an undercount of 16% of the respective overall requirement and subsequent apportionment in the Submission version of the Plan. This was re-calculated before further adjustments were made for the proposed changes.
35. The apportionment of the Plan's employment space targets was considered in 3 stages:
    - Refresh of the ELR sites as outlined above.
    - Analysis against respective strategy aspirations and suitability for the respective sectoral growth.

- Adjustment of C.N.A targets also taking account of deliverability.

Key adjustments made;

36. To better reflect the respective strategies a proportional increases was applied to the employment space targets for the C.N.As of Hayle& St Ives; CPR (B1) to provide grow on space; Falmouth Penryn (B1) maritime business; Newquay aero; and Bodmin logistics.
37. Perceived C.N.A 'over provision' of employment space; the revised monitor of commitments highlighted a number of C.N.As with potential over and/or under provision against the employment space requirements of the Plan's polices. These were considered against the deliverability of permissions and the risk, for example where a single site contributed disproportionately to a C.N.As commitments.
38. Generally B1 office and light industrial type uses more commonly present an under-supply in C.N.As. However, B2/8 more commonly present an over-supply. The employment space monitor factors in significant sites that are anticipated to provide towards the space requirement either as anticipated applications or in the emerging Allocations DPD.
39. Despite Truro being a key element of business growth the B1 requirement derived from the ELR process is unreasonably high in terms of deliverability within the Plan period. This was moderated downwards to reflect the relatively slow delivery rates likely of the high number of B1 permissions and the B2/8 target was not increased because of the high level of commitments,

Differentiation between B classes:

40. The spatial concentrations and anticipated demand differs between the typ of uses and B classes. Office use is aligned more towards a focus on the knowledge economy and adaptability while the demand for more Industrial uses is likely to decline. The differentiation for the purposes of the policy requirements reflects this and the respective strategies' ambition for growth in higher end jobs. This in turn translates to the provision of more productive workspace.
41. The NPPF requires an approach to all types of economic development that may come forward during the Plan period. This should be balanced against 'long term' protection of sites allocated for employment use where there is no 'reasonable' prospect of a site being used for that purpose.
42. B-use classes account for between a quarter and a third of all jobs. The Plan period requires some delivery flexibility because both spatially and sector focused development will require space for growth, expansion, diversification and supply chain opportunity.
43. These will largely be bespoke where workspace is delivered to support opportunities in a particular area (for example the Hayle marine park) or the requirements of an investor or existing business with growth potential. 'Bespoke' also extends to 'Employment Space for Advanced Manufacturing', for example, in the Eco Community: where opportunity is linked to factors such as available space, remediation opportunity and a strategic approach that wants to capitalise on sector potential (smart specialisation).
44. However, speculative development of a range of sites and premises is also important to attract and sustain inward investors; acting as a marketing tool and addressing site assembly issues in a small commercial market and/or facilitating where access is an issue. A range of speculative provision is particularly important on sites which are well connected with the trunk road network (such as Indian Queens or Tolvaddon) where demand has been historically high.
45. Planning for growth in the 'right' locations (Falmouth, Truro, Pool) enables businesses to graduate from innovation space to bespoke workspace in the same locality: preserving access to its pool of highly skilled employees, customer familiarity and supply chains. There is also a significant focus with these examples on connectivity with existing anchor institutions which drive knowledge and product development (University, Hospital, College).
46. The reality is that many existing employment estates in Cornwall experience churn from their B1/B2/B8 base. New sites and premises will be needed to support a new economy but there will be a requirement for both on site and portfolio diversification.

The policies and proposals of the LP will help achieve the objectives of the strategies through a criteria based policy approach and broad indication of distribution of employment space provision:

- Positive planning conditions for economic growth, including a statement of the importance of flexibility for employment uses.
- Employment space requirements to ensure :
    - Traditional sectors – continue to grow; renewable energy technologies; earth science (including minerals); cultural industries; health; tourism; marine; and food and drink production; and
    - Smart specialisation[vii] – aerospace/satellite/space; marine tech; agri-tech; e-health; and digital economy – need to increase their drivers of productivity and production (labour market skills, access to finance, improved connectivity, improved connectivity to new markets & other investments to improve competitive advantage: such as grow on space)
- Infrastructure delivery prioritising:
    - Broadband
    - Road esp A30 A38 (longer term)
    - Bus
    - Rail
    - Air
    - Sites and Premises

47. Key proposed changes include:
    - Introduction of a job target for the Plan period of 38,000 jobs [fte].
    - Overall requirement for employment space increased by 40% to allow for flexibility and better choice of sites as well as a proportion of non-implemented permissions.
    - Distribution of C.N.A base employment space requirements adjusted upwards to provide for specific 'smart specialisation' and moderated downwards where rates of delivery are unlikely to meet the need identified by the ELR process.
48. In addition proposed changes seek to;
    - Make a flexibile and positive approach towards employment uses an explicit intent of the Plan towards.
    - Provide further detail for the criteria based approach to Tourism.
    - Further clarity towards treatment of existing employment land.
49. The first hearings of the Examination discussed the issue of Strategic Sites referred to in the words of Policy 5 and the associated supporting text. The definitions proposed at that time have been included as a proposed change by the Council in the Supplementary Response to Inspector's preliminary questions (Examination reference ID.01.CC.2.3 http://www.cornwall.gov.uk/media/11370665/ID01CC23-Economic-Strategy-in-LP-v02.pdf) paragraph 23.

50. **Role of DPDs and Neighbourhood Plans** will be to plan for employment space where there is an identified shortfall against the policy requirements and also the management of over-provision. Notably the monitor identifies a shortfall, or undersupply, in several C.N.As. The key shortfalls identified in the monitor correspond to areas that are not covered by the emerging Allocations DPD and their respective candidate allocations - these are factored into the monitor from the DPD. Several show significant potential from ELR sites, notably the C.N.As of Liskeard & Looe, Cornwall Gateway, Wadebridge & Padstow and Truro. It is anticipated that Neighbourhood Plans or subsequent allocations documents by the Council will be required to provide for the employment space requirements.

[i] Cornwall Quarterly Economic Survey, 4th Quarter 2014, PFA Research(for Cornwall Chamber) , 2014
[ii] A Business Plan for Cornwall, Cornwall Chamber (of Commerce), 2015
[iii] Resetting the agenda for infrastructure Cornwall 2014/14, Federation of Small Businesses, 2014
[iv] Cornwall and the Isles of Scilly LEP: Strategy and Business Plan, Evidence Papers: 6 – Sectors across Cornwall and the Isles of Scilly, SQW, 2012
[v] Smart Specialisation Framework, Strategic Economics Ltd (for the LEP, 2015
[vi] Employment Densities Guide, Drivers Jonas (for HCA) 1010
[vii] Smart Specialisation Framework, Cornwall & IOS LEP, 2015

ELR & employment space requirements – summary appraisal. **_Appendix 1 to Economic Strategy Briefing Paper_**

TTWA	ELR/Strategy match	Land available - permissions	Deliverability (incl potential DPD sites)	Market indicators	Adjustment to LP	Under/over supply Role DPD/NP
Penzance		Weak in Penzance C.N.A	Reasonable in W.Penwith C.N.A	Loss small B8 sites in W.Penwith & Hayle/St Ives C.N.As	REDUCE in W.Penwith C.N.A to reflect constraint & low strategy need [5k B1 & 5k B8]	Downward adjustment made to accommodate.
Falmouth	Lack of opportunity for Marine & grow on/innovation space.	Strong delivery of B1 Falmouth C.N.A. Weak for B2/8	Strong B8 in Falmouth C.N.A	Increase in small sites Helston C.N.A	INCREASE B1 [10k] in Falmouth C.N.A to accommodate marine and renewables as well as grow on space.	Upward adjustment to B1 made to accommodate 'smart specialisation' space.
Redruth & Truro	Lack of suitable grow on space [CPR]	Strong B2/8 in CPR Weak St Agnes C.N.A Weak B1 in Truro. Weak B2/8 in Truro C.N.A	Weak St Agnes C.N.A Weak Truro C.N.A Some land available likely to be longer term delivery.	Loss B8 in CPR slowed since ELR. Excessive projection for B1 in Truro C.N.A Loss small B8 sites in Hayle/St Ives C.N.As (Formerly PZ TTWA)	REDUCE B1 [15k] in Truro C.N.A REDUCE St Agnes C.N.A [5k B1 & 2.5k B8] INCREASE B1 [10k] in CPR C.N.A INCREASE Hayle & St Ives C.N.A [5k B1 & 5k B8] to accommodate marine and renewables	Upward adjustment made to B1 for CPR: Sustained B8 'overprovision' to counter risk of to slow delivery. Adjustment made to Truro to balance excessive projected need – high dependence on NP for delivery. Undersupply requires NP provision in Truro C.N.A/Truro. Oversupply B8 in Truro allows for risk of reliance on limited number of large sites.
St Austell & Newquay	Lacks A30 related Logistics Lacks suitable for aerospace	Weak in NQ & St Austell C.N.As Strong in Clay C.N.A Weak B2/8 in Bodmin.	Bodmin C.N.A strong subject to allocation. Weak B8 In St Austell & St Balzey C.N.As. Strong Clay & NQ (subject to EZ) C.N.As.	Loss small sites NQ & St Austell & Bodmin C.N.As. Increase in small sites in Clay C.N.A	INCEREASE NQ [10k B1 & 10k B8] & Bodmin [10k B1 & 10k B8] C.N.A to reflect strategies. REDUCE St Austell [10k B1 & 10k B8] & Clay [2.5k B1 * 5k B8](Eco-communities employment space accounted for in oversupply C.N.As.	Upward adjustment made for Bodmin to provide for logistics and strategic agri-tech associated sectors. Upwards adjustment in NQ C.N.A to account for 'smart specialisation' particularly through the Enterprise Zone. Downward adjustment in St Austell & Clay C.N.As made against poor prospects of deliverability and/or demand.
Liskeard (formerly part of St Austell &NQ)	Lack of renewables & marine sites in Hayle C.N.A	Weak in Liskeard C.N.A	Weak B1	New planning permissions modest against projected need.		Under supply moderated by significant scale of pre-planning site. Reliance on NPs to bring forward sites.
Wadebridge		Strong B8 Camelford C.N.A Reasonable B1 Wadebridge C.N.A	Weak B1 in Wadebridge C.N.A Strong B2/8 in Camelford C.N.A			Under supply against projected need to be met through significant scale pre-planning sites in public ownership.
Launceston		Weak B1 in Launceston C.N.A	Weak B1	Reasonable provision.		Undersupply of permissions moderated by anticipated DPD allocations.
Bude (part)		Weak B1 Strong B8 in Bude C.N.A	Weak B1 Reasonable B2/8			Undersupply requires NP provision.
Plymouth (part)		Strong B1, WEAK B8 in Gateway C.N.A	Strong B2/8 in Gateway C.N.A (subject to Broadmoor pa and another large site)	Loss small sites in Gateway C.N.A	REDUCE Cornwall Gateway C.N.A [10k B8]	Undersupply moderated by downward adjustment and reasonable expectation of capacity of DPD allocations, ELR sites and current applications.