Southend-on-Sea

Economic Development Needs Assessment

Final Report

Southend-on-Sea City Council

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LICHFIELDS

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Contents

Appendices

1.0 Introduction

1.1 Southend-on-Sea City Council ('the Council') commissioned Lichfields to prepare an Economic Development Needs Assessment ('EDNA'). The purpose of the EDNA is to update the Council's understanding of the future needs for employment space and land across the City, so that future Local Plan policies can be responsive to market change, key growth sectors and where possible ensure that existing viable employment land and premises are protected.

Scope of the Study

1.2 The Council is in the process of producing a new Local Plan that will set out planning policies and proposals for new development in the City over the period to 2040.

1.3 The purpose of this EDNA is to provide a review and update of the Council's existing economic needs evidence base to inform the refresh of the Local Plan, taking account of the latest economic outlook, national planning policy and legislation, and covering the new Local Plan period.

1.4 The previous evidence comprises the 2017 South Essex Economic Development Needs Assessment ('2017 EDNA') and the Employment Site Release Topic Paper (March 2021) that updates the 2017 EDNA Scenarios.

1.5 This EDNA has been prepared in line with the latest Planning Practice Guidance (PPG) and the methodology for determining economic development needs. It includes consideration of economic development as defined by the National Planning Policy Framework (NPPF), with a primary focus upon the typologies set out below:

- Under the new Use Classes Order, former "B1 uses" have changed as follows:
  - Class B1(a) to **E(g)(i) office space**;
  - Class B1(b) to **E(g)(ii) research and development space**; and
  - Class B1(c) to **E(g)(iii) light industrial space**.
- **B2 general industrial**: typically comprising factory and manufacturing space.
- **B8 storage and distribution**: warehouses, wholesale and distribution.

1.6 References to 'employment space' refer to all B class (and former B class) elements noted above.

1.7 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation primarily in 2022/2023. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

Structure of the Report

1.8 The report is structured as below:

- **Functional Economic Market Area (Section 2.0):** tests the validity of the South Essex Functional Economic Market Area previously identified as extending across the boundaries of Basildon, Castle Point, Rochford, Southend-on-Sea, Brentwood and Thurrock.
- **Future Requirements of Employment Space (Section 3.0):** assesses a series of future growth scenarios in line with NPPF and PPG between 2020 to 2040, in order to explore the appropriate levels of employment land need.
- **Demand and Supply Balance (Section 4.0):** presents the employment requirements against the available employment supply across the City; and
- **Conclusions (Section 5.0):** draws together the overall conclusions of the EDNA on the range of potential employment needs in Southend for the emerging Local Plan to 2040.

2.0 Functional Economic Market Area

2.1 This section tests the validity of the South Essex Functional Economic Market Area previously identified as extending across the boundaries of Brentwood, Basildon, Castle Point, Rochford, Southend-on-Sea and Thurrock.

2.2 The analysis draws on data from the Office for National Statistics (ONS) and evidence included within the 2017 EDNA, South Essex Joint Strategic Plan Scoping Report, Growth and Recovery Prospectus 2020 and the South East Local Industrial Strategy.

2.3 This in particular reviews factors that may lead to change in the dynamics of the sub-regional economy over time and influence the extent of the FEMA, and it particularly discusses the economic interrelationships that exist between Southend and Rochford.

Labour Market Areas

Commuting Patterns

2.4 Data on commuting patterns drawn from the 2011 Census can be used to define Travel to Work Areas (TTWAs) to consider the relationship between where people live and work.[1] Table 2.1 and Figure 2.1 overleaf summarises several key commuting patterns as they relate to Southend.

2.5 In 2011, a total of 29,783 working residents commuted outside of the City for their employment, mainly to the authorities of Rochford, Basildon, Castle Point and to London, in particular Westminster and Tower Hamlets[2]. In comparison, 20,683 workers commuted into the City for their employment, mainly from the nearby local authorities of Rochford, Castle Point, Basildon and Chelmsford.

2.6 Based on this, Southend is characterised as a net exporter of labour, with a net outflow of 9,100 workers at the time of the 2011 Census. The resident self-containment rate in Southend was 55.3%[3].

[1] The Office for National Statistics advises against use of the 2021 Census commuting data for planning purposes as it was collected during the period of Covid-19 national lockdown when working patterns were disrupted and while the Government furlough scheme was in operation. ONS is researching the potential use of aggregate mobile phone data, survey data and modelling approaches to produce more timely measures of travel data. Further information is available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/traveltoworkenglandandwales/census2021#:~:text=12.5%20million%20people%20travelled%20to,car%20or%20van%20(3.9%25)

[2] ONS, Census (2011)

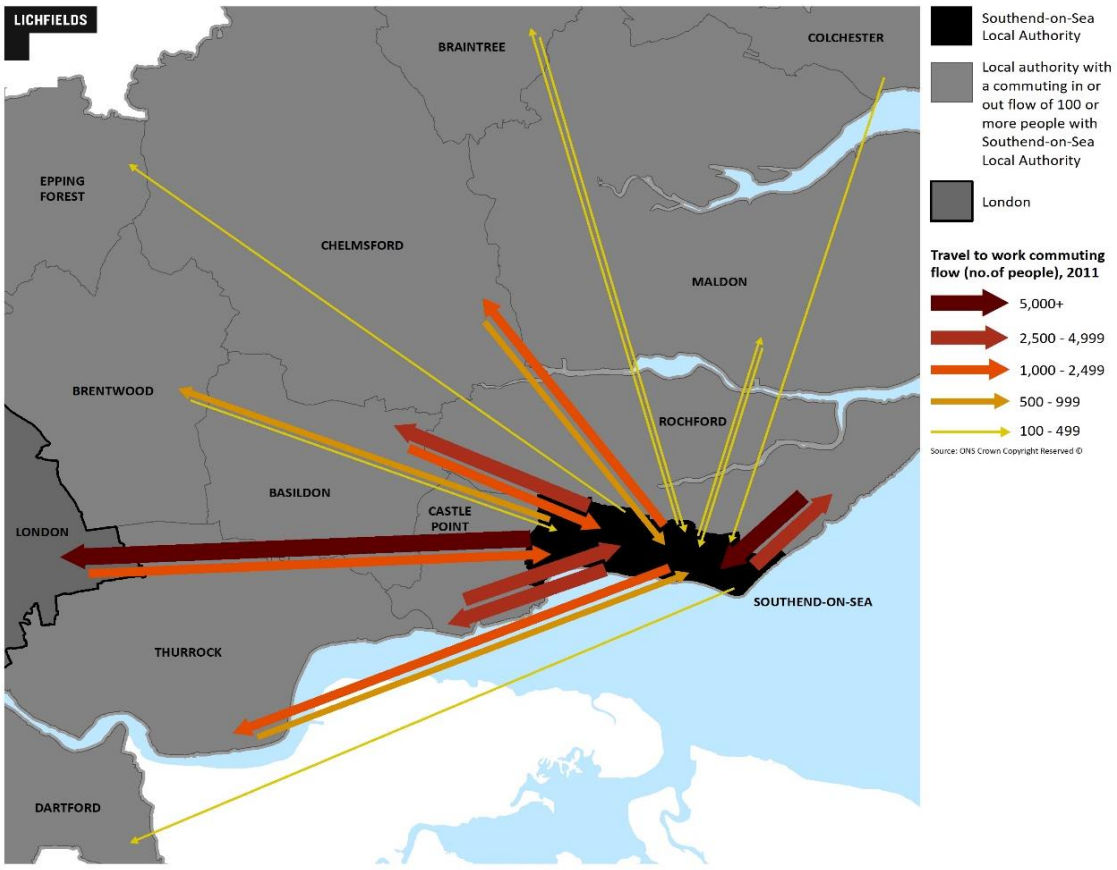
[3] Based on Census 2021 data, the resident self-containment rate was 79.6% with a net outflow of 3,300 workers. This highlights the impact of the Covid-19 national lockdown which resulted in a significantly higher self-containment rate and reduced net outflow from Southend.

Table 2.1 Commuting data for Southend

Indicator	Southend
Total working residents (number of people living in the authority that are in work, regardless of where they work)	66,660
Total workplace workers (number of people working in jobs based in the authority)	57,560
Live and work in authority	36,877
Resident self-containment rate	55.3%
Out-commuting workers	29,783
Top out-commuting destinations	London (11,781); Rochford (4,958); Basildon (4,407)
In-commuting workers	20,683
Top in-commuting destinations	Rochford (8,466); Castle Point (4,869); Basildon (2,229)
Net outflow of workers	9,100

Source: ONS, 2011 Census / Lichfields analysis

Figure 2.1 Travel to work flows for Southend-on-Sea (2011)



Source: ONS Census (2011) / Lichfields analysis

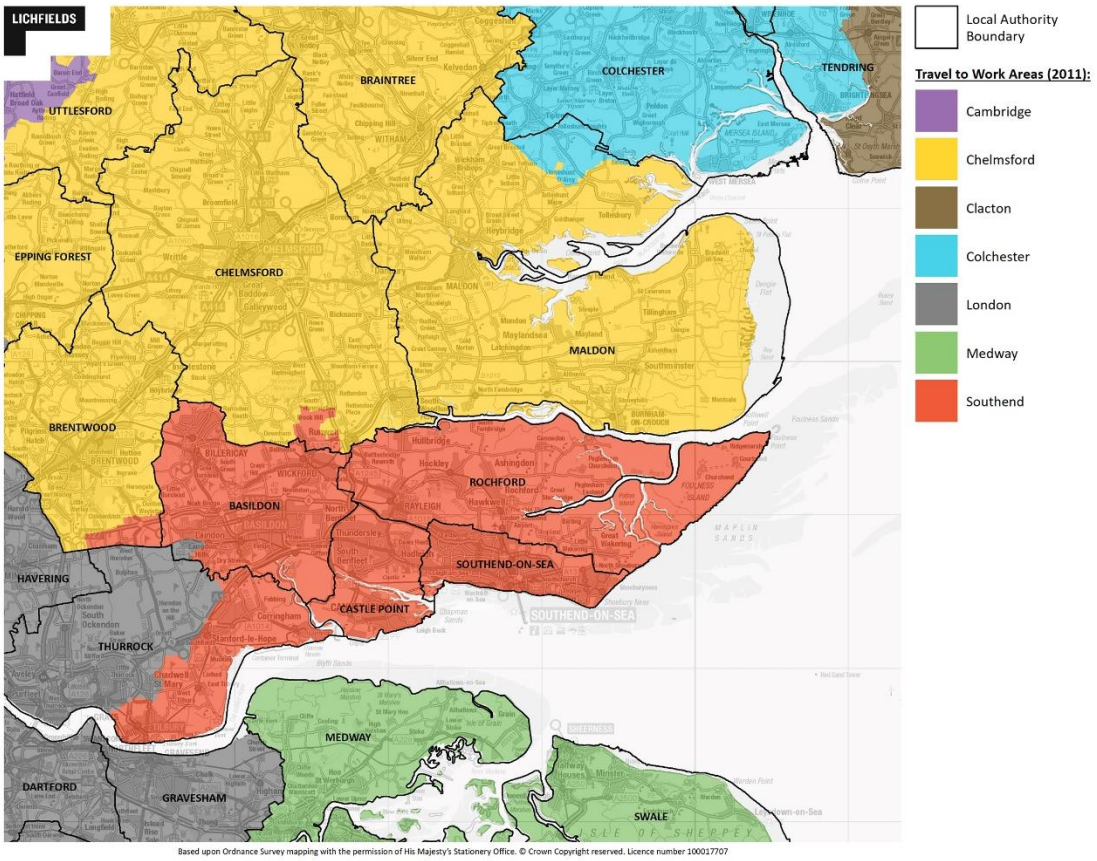
ONS Travel to Work Areas

2.7 The ONS defines labour market areas as those areas where most of the resident population also work in the same area. Defining labour market areas requires analysis of commuting flows data to identify the Travel to Work Areas (TTWAs) of a local economy. The standard definition of TTWAs offered by the ONS is that they are the area from which at least 75% of an area's resident workforce is employed, and at least 75% of the people who work in the area also reside. The area must also have a working population of at least 3,500 people.

2.8 TTWAs represent the area from which local businesses are most likely to recruit their employees, while key strategic routes can extend TTWAs beyond the immediate sub-region.

2.9 In 2015, the ONS used 2011 Census data on home and work addresses to define 228 TTWA's that cover the whole of the UK. This analysis identifies a 'Southend TTWA' that covers the entirety of Southend-on-Sea, Rochford, Castle Point and Basildon, in addition to the eastern area of Thurrock and small sections of Brentwood and Chelmsford.

Figure 2.2 ONS Travel to work areas (2011)



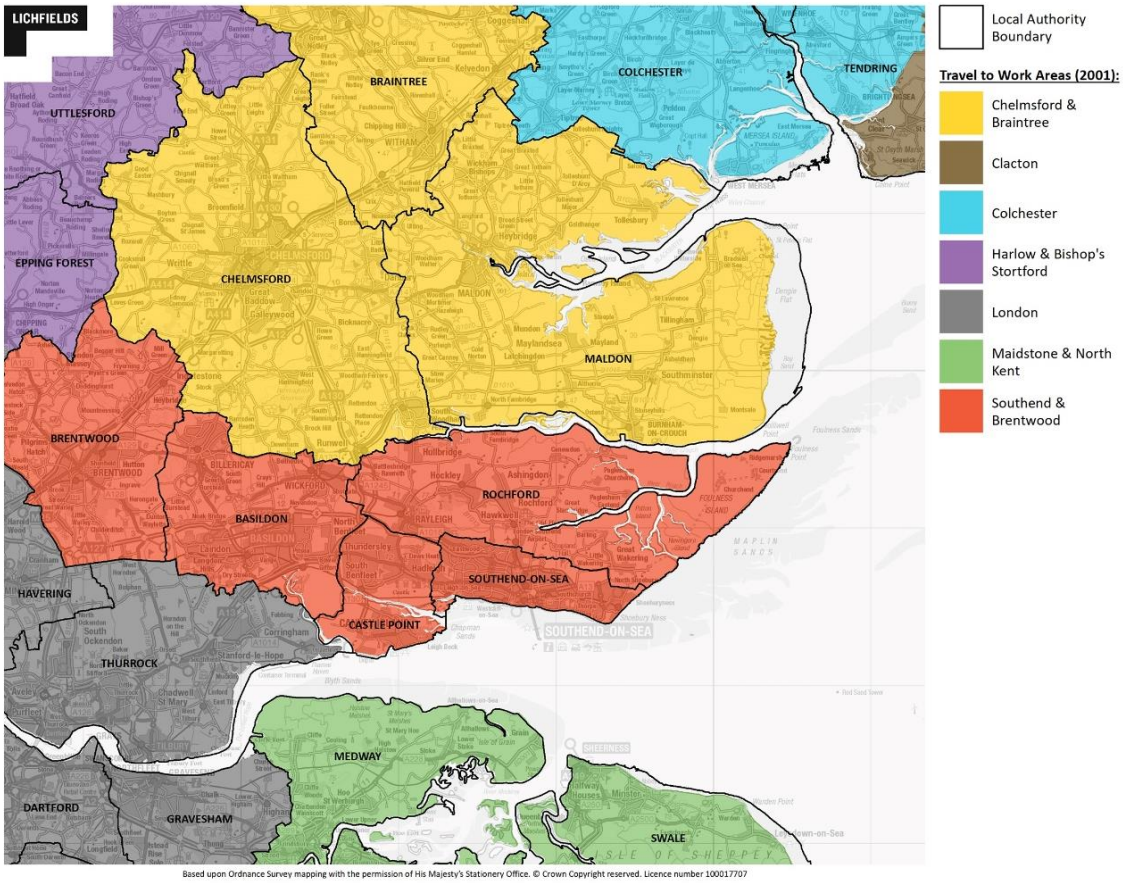
Source: ONS Census (2011) / Lichfields analysis

2.10 A comparison with the equivalent analysis prepared using 2001 Census commuting data identifies some key changes to the spatial extent and reach of the TTWA over this ten-year period.

2.11 Since 2001, the Southend and Brentwood TTWA has contracted in overall size to become the Southend TTWA. A large proportion of Brentwood District was lost, becoming part of

the adjacent Chelmsford TTWA, however the eastern section of Thurrock was absorbed, previously forming part of the London TTWA.

Figure 2.3 ONS Travel to work areas (2001)



Source: ONS Census (2001) / Lichfields analysis

Southend Local Travel-to-Work Area

2.12 Commuting data from the 2011 Census also allows travel-to-work patterns to be examined at a more detailed geographic scale, with travel-to-work flows provided at the Middle Super Output Area (MSOA) level. This level of analysis provides a more detailed understanding of the travel-to-work linkages between Southend and other centres within the surrounding region.

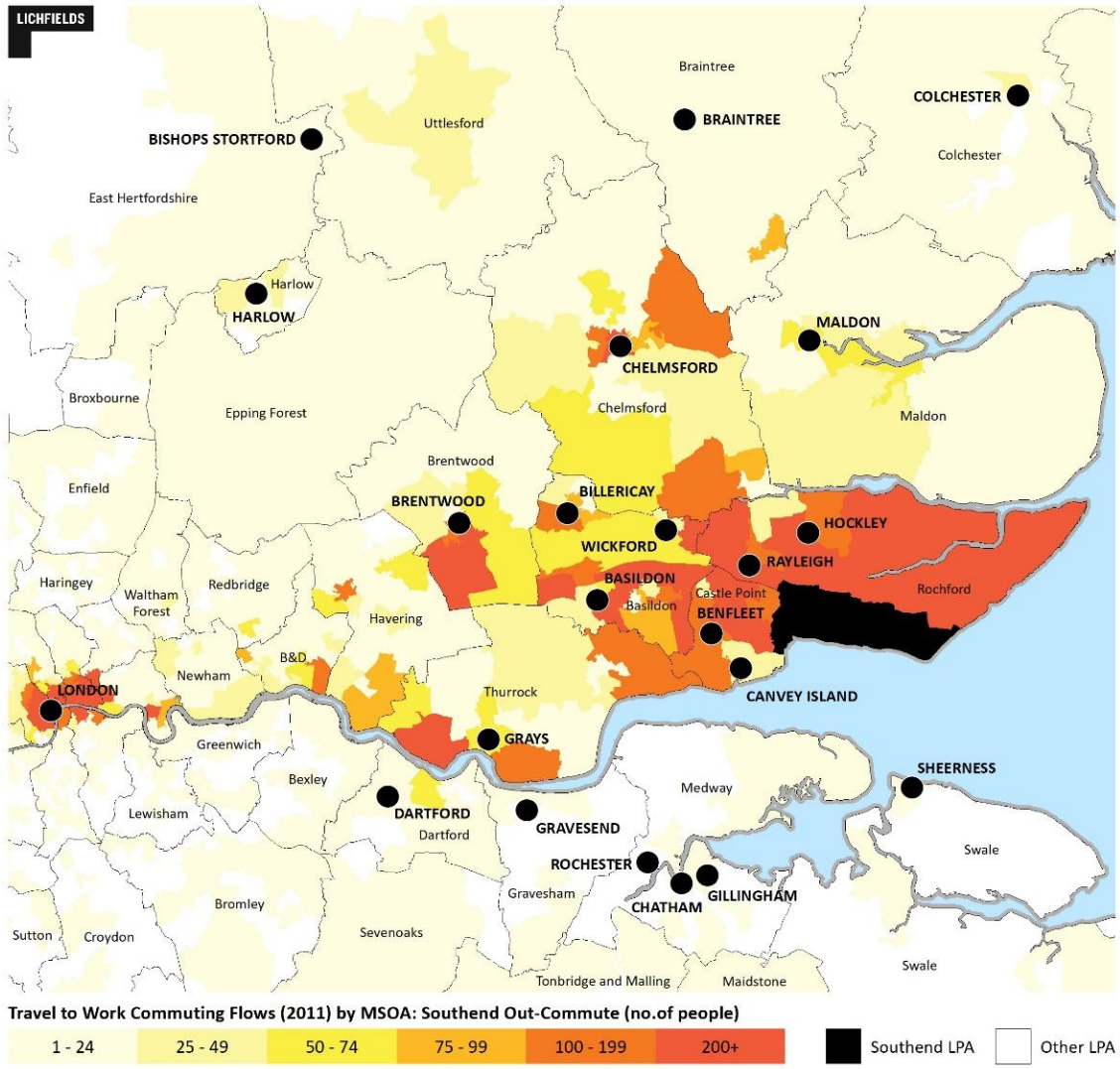
2.13 The most significant destinations for out-commuting residents from Southend include MSOA's across Rochford, Basildon and Castle Point, as well as those in areas of London including City of London, Westminster and Tower Hamlets.

2.14 The origins of in-commuting workers to Southend are less geographically dispersed, with significant inflows of workers commuting from MSOA's across the neighbouring local authorities of Rochford and Castle Point, followed by those in Basildon and Chelmsford.

2.15 MSOA level commuting flows data underlines the strong functional economic and labour market linkages between Southend and its surrounding local authorities, however there are

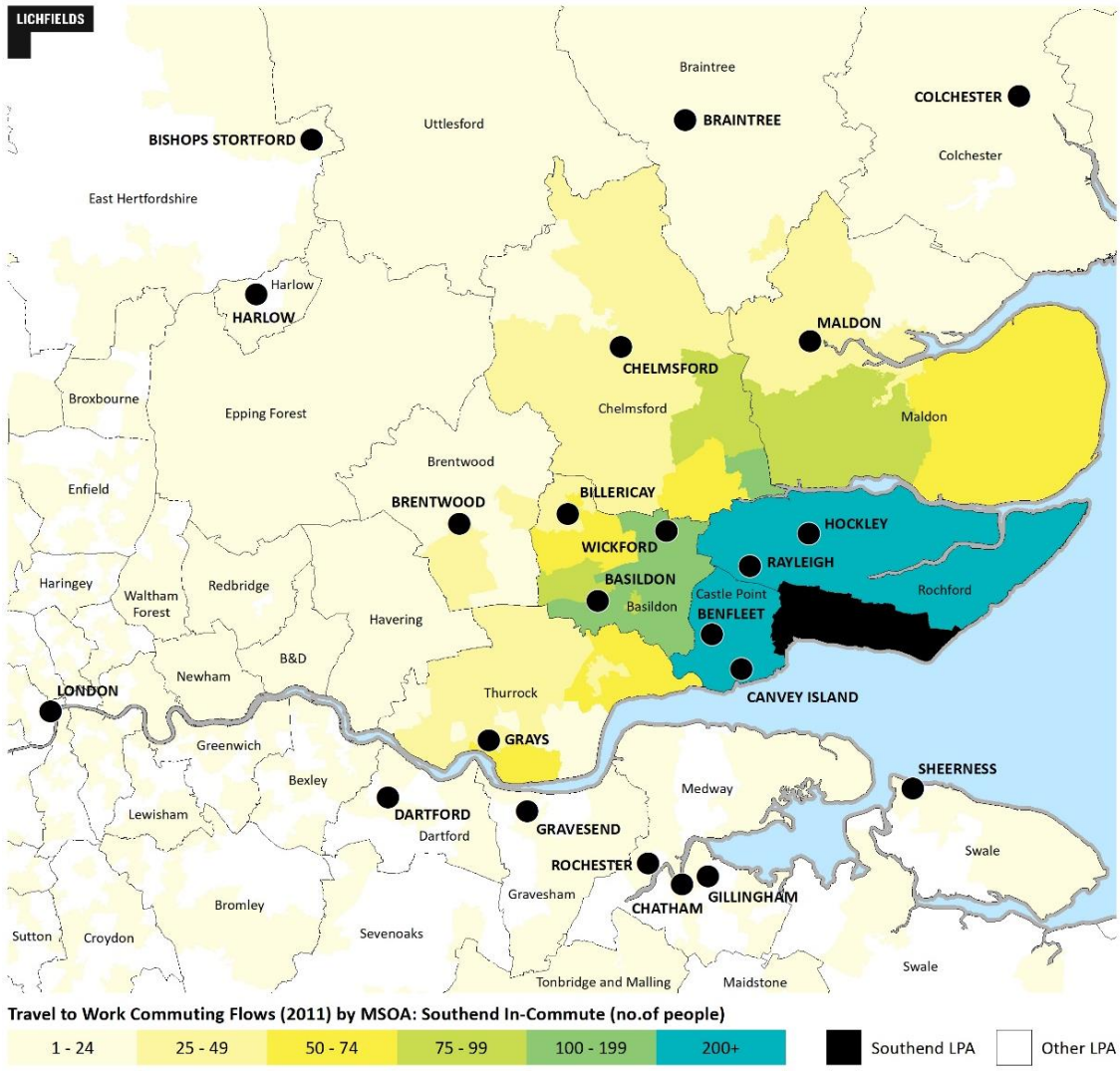
also significant out-commuting flows of workers from Southend to areas of London including City of London and Tower Hamlets (Figure 2.4).

Figure 2.4 Out-commuting flows at MSOA level for Southend (2011)



Source: ONS Census (2011) / Lichfields analysis

Figure 2.5 In-commuting flows at MSOA level for Southend (2011)



Source: ONS Census (2011) / Lichfields analysis

Housing Market Areas

2.16 A housing market area (HMA) is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. HMAs are a useful input to the process of considering the spatial extent of FEMAs due to the influence they have upon travel-to-work and labour market flows. Close relationships typically occur between the boundaries of sub-regional housing markets and sub-regional labour markets (generally referred to as Travel to Work Areas as explored above). Unless resident workers are taking a job in another location outside an acceptable journey time, they are likely to look for somewhere to live within the same travel to work area if they move to a new house.

2.17 The South Essex Strategic Housing Market Assessment (2016)[4] analyses a range of spatial indicators including migration, house prices and commuting flows to determine the extent to which the Thames Gateway South Essex (TGSE) authorities[5] represent a single housing market area. The South Essex Housing Needs Assessment (2022) includes the South Essex authorities of Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea and Thurrock. The assessment indicates that this area continues to represent an appropriate HMA, with justifications based on containment of moves within the geography, broad commonality in house prices and strong containment with regard to commuting flows, despite London clearly remaining an important place of work for residents across South Essex.

Commercial Property Market Areas

Market Geographies

2.18 Commercial property market signals represent a key element to defining FEMAs as the geographical extent of markets can be defined by the location of customers, supply chains, competitors (including competing employment schemes) and enquiries, as well as the proximity to key transport infrastructure. Much of the activity occurring within a commercial property market represents the gradual churn of occupiers, as a company's location can often be largely dictated by the need to be easily accessible to where most of their staff reside.

2.19 From an office market perspective, Chelmsford concentrates the majority of activity across the Essex market, while the South Essex Authorities exhibit dispersed activity characterised by smaller and secondary office markets. Office markets across the FEMA have similar characteristics, albeit having their own unique dynamics. The office market primarily relates to local businesses requiring close proximity to local town centres, with few exceptions among larger companies seeking large scale space that can be found in out-of-town business parks.

2.20 From an industrial market perspective, the A127 corridor is considered a unique market among logistics and industrial occupiers, linking Southend and the Airport with the M25 and London. On this basis, Brentwood, Basildon, Rochford and Southend share similar market characteristics, however demand is influenced by supply and on this basis, Basildon concentrates most of the market activity. However, the development of the Airport Business Park is likely to alter these dynamics. Furthermore, the factor of 'proximity to London' needs to be added to the equilibrium. Thurrock is more unique in these terms, due to the port's activity and in particular the recent acquisition of Freeport status, alongside the inter-relationships with London and the pressures to accommodate for London's industrial demand.

Market Signals

2.21 Essex as a whole has a well-established industrial property market, with strong demand and low vacancy rates (2.2% as of Autumn 2022). Demand for industrial space is increasing as

[4] South Essex Strategic Housing Market Assessment (2016) https://localplan.southend.gov.uk/sites/localplan.southend/files/2019-02/South%20Essex%20Strategic%20Housing%20Market%20Assessment%202016.pdf

[5] The Thames Gateway South Essex authorities include Basildon, Castle Point, Rochford, Southend-On-Sea, and Thurrock

delivery specialists and retailers seek large warehouses to service their operations, which is reflected in the last 12-month rent growth of 9.9%. The office market outlook has been less certain, with low leasing activity resulting from the pandemic and the changing working patterns. This has pushed vacancies up to 3.2%, the highest levels seen since 2017; albeit still a low level considering that 8% is a rate reflecting a healthy functional market. Office rent growth slipped slightly during the pandemic and is expected to remain at 2.6%, significantly lower than the equivalent growth for industrial rent.

2.22 The industrial property market across Southend-on-Sea comprises around 3 million sqft of industrial stock, with vacancy rates dropping to 3.0% over the past 12 months. The submarket saw net absorption[6] of 2,200 sq.m (c.24,000 sqft) over the past year, with rent growth of 9.5% outperforming the annual average of 6.5% over the past decade. There is a lack of supply side pressure on vacancies or rent across the submarket, reflecting the contraction of inventory over the last 10 years as demolition has outpaced construction.

2.23 The office market across Southend-on-Sea comprises around 2.2 million sqft of stock, with a rising vacancy rate of 6.2% considerably above the long-term average. This is reflected in a negative net absorption of 4,700 sq.m (c.51,900 sqft), alongside relatively low 12-month rent growth equalling 2.1%. Similarly to industrial space, office inventory has contracted over the past 10 years.

2.24 The wider South Essex submarket shares some similar characteristics with Southend-on-Sea, but in both office and industrial terms, the submarket outperforms Southend-on-Sea with higher rental growth and lower vacancy rates.

Table 2.2 Market signals

Market Signals	South Essex	Southend
Office Market		
Rent per sqft	£18.9	£15.3
12 month rent growth	2.6%	0.4%
Vacancy levels	3.2%	6.1%
Absorption level (sq.m)	11,400	-4,403
12-month deliveries in sq.m	2,081	0
Industrial Market		
Rent per sqft	£12.0	£9.1
12 month rent growth	9.9%	5.6%
Vacancy levels	2.7%	3.0%
Absorption level (sq.m)	111,500	360
12-month deliveries in sq.m	111,500	0

Source: CoStar (Autumn 2022) / Lichfields analysis

Transport and Connectivity

2.25 Transport accessibility is strongly linked with the geography of FEMAs, with the strategic transport network playing a key role in shaping commercial property, labour and housing market flows.

2.26 Southend is currently served by the A127, running through South Essex connecting the City with the M25 and London to the West, and intersecting other major roads including the

[6] This is the measure of total space occupied (indicated as a Move-In) less the total space vacated (indicated as a Move-Out) over a given period of time. Lease renewals are not factored into net absorption.

A130 leading to Chelmsford in the North, and the A13 leading South West towards Tilbury. Southend is also served by strong rail links, with four train stations in proximity to Southend City Centre offering regular service to London Liverpool Street and London Fenchurch Street. There are nine train stations in total within the City, increasing to ten when including Southend Airport train station which is located just outside the administrative area.

2.27 The City also benefits from London Southend Airport, straddling the northern boundary of the City between Southend and Rochford. The airport provides significant employment opportunities across the surrounding areas, as well as a strategic national and international infrastructure link.

Retail and Consumer Catchments

2.28 Within the context of identifying FEMAs, it is also relevant to review existing retail and consumer market areas across the sub-region to consider the spatial area from which users of goods and services are drawn.

2.29 The latest Southend-on-Sea Retail and Leisure Study (2022)[7] highlights the impacts of Covid-19 and the cost-of-living crisis on the demand for town centre floorspace. The defined study area in the latest retail study is based on the South Essex sub-region as the pre-established retail catchment area.

2.30 The earlier Southend-on-Sea Retail and Leisure Study (2018)[8] sets out a hierarchy of retail centres across the City, with the three main centres being Southend, Westcliff-on-Sea and Leigh-on-Sea. Southend is the largest town centre in the City, identified as the preferred location for all new retail development and serving a wider area encompassing the Castle Point and Rochford districts. Comparison goods outlets make up just under 40% of all retail units across Southend town centre, with food and drink accounting for 21%, and convenience goods just 5.8% of total units. Westcliff-on-Sea and Leigh-on-Sea are identified as district centres, providing local comparison shopping alongside convenience shopping and services for the local and neighbouring communities.

2.31 The South Essex Retail Study (2017)[9] provides an overview of the existing network of centres across South Essex, as well as the role of competing centres located across the wider region. Retail provision in South Essex comprises the larger regional centres of Basildon, Lakeside and Southend, alongside smaller centres such as Billericay and Hadleigh. Lakeside shopping centre is the largest comparison destination within South Essex and exerts a significant influence over shopping patterns across the study area. The overlap in retail catchments across South Essex authorities is influenced by significant out-of-centre retail provision, which competes with the established network of centres for expenditure.

[7] Southend-on-Sea Retail and Leisure Needs Assessment Update (2022) https://localplan.southend.gov.uk/sites/localplan.southend/files/2022-12/Southend%20Retail%2BLeisure%20Needs%20Study%202022.PDF

[8] Southend-on-Sea Retail and Leisure Study (2018) https://localplan.southend.gov.uk/sites/localplan.southend/files/2019-02/Southend%20on%20Sea%20Retail%20Leisure%20Study%202018.pdf

[9] South Essex Retail Study (2017) https://www.rochford.gov.uk/sites/default/files/SouthEssexRetailStudyVolume%201.pdf

Summary

2.32 Based on the assessment of various market areas across South Essex in terms of labour markets, housing markets, commercial property, consumer catchments and transport connectivity, it is possible to consider the spatial extent of the FEMA which Southend-on-Sea is a part of.

2.33 Synthesising the analysis, it is suggested that the South Essex authorities, namely Basildon, Castle Point, Rochford, Southend and Thurrock represent a self-contained functional economic area. Brentwood clearly has strong inter-relationships with the rest of the South Essex Authorities, but also has strong economic interdependencies with Chelmsford. It should also be highlighted that the South Essex authorities maintain strong economic linkages with London and Chelmsford, particularly in relation to the labour market.

2.34 Brentwood forms part of the South Essex Local Authorities that have come together to promote growth and prosperity in the region. On this basis, there are also administrative boundaries and associated synergies that need to be considered when identifying the FEMA and, in this context, Brentwood can also be considered part of the South Essex FEMA; however, this might not be the only FEMA relevant to Brentwood. In addition, the South Essex Housing Needs Assessment (2022) states that Brentwood comprises part of the South Essex housing market area which reinforces further the fact that Brentwood could now be considered part of the South Essex FEMA.

2.35 In summary, the six authorities in South Essex are strongly interconnected in relation to labour market activity and commuting flows, with Southend maintaining important linkages to the nearby local authorities of Rochford, Castle Point and Basildon. Smaller quantities of commuters travel between the remaining South Essex authorities of Brentwood and Thurrock. The Identified FEMA is also relevant in regard to housing market areas, with a high containment of moves and broad commonality in house prices across the area. The existing transport links across South Essex, including road and rail connectivity also provide justification for its classification as a self-contained FEMA.

3.0 Future Requirements for Employment Space

3.1 This section considers future economic growth needs in Southend by drawing on several methodologies that are guided by the Planning Practice Guidance and aligned with the National Planning Policy Framework ('NPPF'). These scenarios are used to inform an assessment of future employment space needs for office, industrial and distribution uses over the Local Plan period to 2040.

Methodology

3.2 The NPPF (July 2021) requires local authorities to:

"set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration" (para 82.a).

3.3 In this context and having regard to the Planning Practice Guidance on preparing economic development needs assessments, a number of potential future economic scenarios have been developed in this study to provide a framework for considering future economic growth needs and employment space requirements in Southend up to 2040. In line with the PPG, these future scenarios draw upon:

1 Projections of employment growth (labour demand) within the main office and industrial sectors derived from economic forecasts produced by Cambridge Econometrics (March 2022);

2 Consideration of past trends in completions of employment space based on monitoring data collected by the Council, and how these trends might change in the future.

3 Estimates of local labour supply and subsequently the supported jobs growth based on demographic, housing and commuting assumptions applied as part of the emerging South Essex Housing Needs Assessment 2022 prepared by Turley.

3.4 All of these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Southend. Further, to be robust, the economic growth potential and likely demand for employment space in Southend needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future.

3.5 It should also be noted that the ultimate judgement as to the level of need that the local authority should plan for is not purely quantitative, and that there will be a number of qualitative factors to consider which will influence the employment space requirements that will need to be planned for such as market signals.

3.6 Outputs from these scenarios are presented for the period from 2020 to 2040. Consideration of a more recent base data as of 2023 is provided in Appendix 1.

Scenario 1: Labour Demand Baseline Scenario

3.7 Employment growth forecasts for the City to 2040 were obtained from Cambridge Econometrics (CE) March 2022 release (the latest available at the time of drafting). These take account of the latest Covid-19 position and revised macroeconomic assumptions more widely. They are used to consider impacts of the Covid-19 pandemic on the City's economy, both in the short term and the effect on its forecast growth over the longer-term between 2020 to 2040. These local level employment forecasts are consistent with the Cambridge Econometrics March 2022 UK macro forecast, with further detail on key assumptions summarised below.

Cambridge Econometrics Forecast Assumptions: March 2022

"A sharp recession was experienced in the first half of 2020 (and the first quarter of 2021) as the UK government introduced public health measures and social distancing to contain the outbreak of COVID-19. Economic recovery has generally been robust as restrictions were wound down (i.e. in 2020H2 and 2021Q2), however the recovery has been uneven (across groups/regions/expenditure categories) and there is evidence of scarring in some economic variables.

The export outlook for UK has deteriorated since the previous forecast owing to supply chain issues (e.g. shortage of UK HGV staff, border disruptions, fuel shortages etc) and owing to impacts associated with UK exit of EU. These issues are expected to persist in the medium term, weighing down the recovery of exports over 2022-24 (note also, that unlike most other expenditure categories, published data indicate that exports continued to contract in 2021, despite the partial reopening of the global economy).

Despite the reversal of restrictions, persistent economic scarring and a muted economic recovery is expected. This comes as a result of business closures, weak capital accumulation and lasting productivity impacts of the pandemic. Moreover, UK trade prospects remain very weak due to slow global economic growth and Brexit trade disruptions.

Given this, the central assumption of this forecast is a 2.4% increase in GDP in 2022 (the final 'recovery' year in which above-trend growth rates are observed) and a 1.3% increase in GDP in 2023."

Appendix 2 provides further details.

Implied Employment Change

3.8 Table 3.1 summarises employment change implied by the CE forecasts by office, industrial and distribution uses as well as total employment change between 2020 to 2040. This includes an allowance for jobs in other sectors that typically use office, industrial or warehousing space.

Table 3.1 Forecast Employment Change in Southend, 2020-2040 (Jobs)

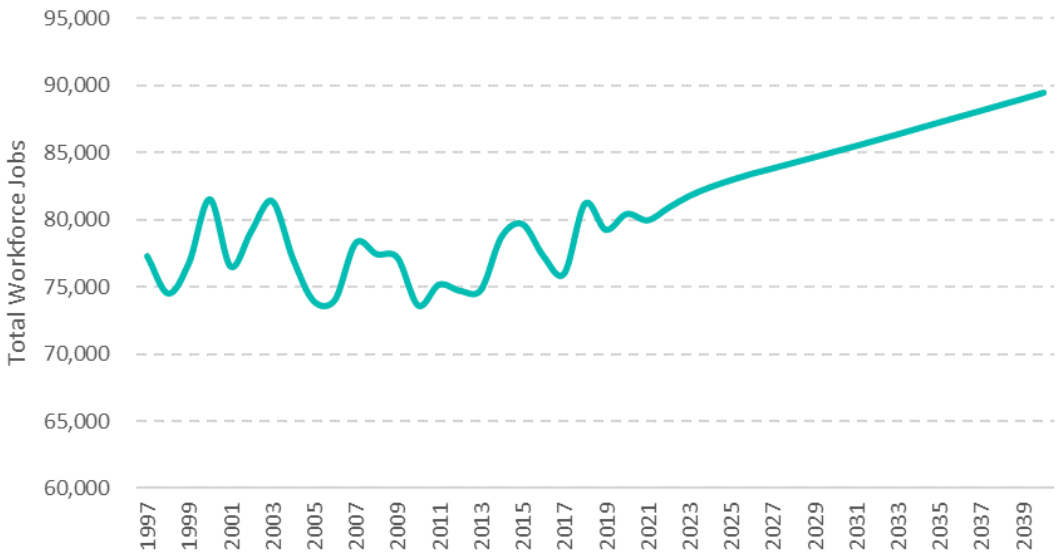
Type of Space /Use Class	Workforce Jobs		Change 2020 to 2040
	2020	2040	
Office E(g)(i)/(ii)	16,706	17,585	+879
Light Industrial E(g)(iii)	5,938	6,252	+314
General Industrial B2	3,111	2,402	-709
Distribution B8	2,971	3,080	+110
Total Employment Class Sectors Jobs	**28,726**	**29,319**	**+594**
Total Workforce Jobs	80,407	89,420	**+9,013**

Source: CE (March 2022) / Lichfields analysis

3.9 Under this scenario, total workforce jobs are expected to increase by 11% within between 2020 to 2040 resulting in an additional 9,013 workforce jobs. About 6.6% of all job growth is expected to be within office, light industrial and distribution sectors, with office-based sectors driving the majority of employment growth. General industrial job growth is forecast to decline by 709 jobs, meanwhile light industrial jobs will increase by 314 jobs.

3.10 Figure 3.1 illustrates the trajectory of total job growth implied by the CE forecasts (March 2022 release) for Southend. Under this scenario, workforce jobs are expected to grow during the course of 2022 to 2040. Based on CE labour market effects have recovered from the Covid-19 pandemic and from 2023 onwards the workforce will exceed the peak that was seen in 2018 of over 81,170 jobs. The historic job growth in Southend has been fluctuating, however broadly remained within the 75,000 to 80,000 jobs range. Based on the forecast, it is expected that the workforce base will increase with a growth rate of 0.5% per annum to 2040.

Figure 3.1 Forecast Employment Growth in Southend to 2040 (Total Workforce Jobs)



Source: CE (March 2022) / Lichfields analysis

3.11 Table 3.2 below identifies the fastest growing and declining sectors in Southend in employment terms during the forecast period. The forecasts suggests that wider sectors such as health, construction and food & beverage services will also play a significant role in

driving local job growth in future, alongside sectors whose activity is typically found in office space such as business support and other professional services.

Table 3.2 Fastest Growing and Declining Employment Sectors in Southend, 2020-2040

Sector	Forecast Change in Workforce Jobs 2020-2040	
	No	Annual Growth %
FASTEST GROWING EMPLOYMENT SECTORS		
Health	5,206	2.4%
Construction	1,182	0.8%
Residential & social	1,157	1.1%
Food & beverage services	753	0.6%
Business Support	745	0.5%
Other professional services	470	1.3%
FASTEST DECLINING EMPLOYMENT SECTORS		
Financial & insurance	-953	-3.4%
Other manufacturing & repair	-650	-2.2%
Arts	-374	-1.8%

Source: CE (March 2022) / Lichfields analysis

3.12 According to CE, the sectors that are forecast to see employment losses in Southend over the period to 2040 include some office-based services such as financial and insurance and some industrial-based sectors including 'other manufacturing & repair services'.

3.13 The decline in finance and insurance jobs is as a result of a downturn in the industry since Brexit. Another possible reason for the drop in employment in the finance and insurance sector is also due to wider technological changes and the expansion of the fintech sector which means jobs within the finance sector are now classified as within the technology sector. Similarly, the decline in manufacturing & repair services and transport equipment is due to the increased automation and digitisation of the industry as a whole (see more details in **Appendix 2**).

3.14 Overall, this suggests that key office sectors are overall expected to continue to grow over the coming years, alongside other sectors such as health, while manufacturing-based sectors will potentially decline.

Converting to Employment Space Requirements

3.15 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures for employment space, which take account of recent trends in occupancy for the different employment uses. The following average ratios have been applied:

- **Offices (E(g)(i)/(ii)):** 1 workforce job per 14.4 (GEA) sq.m;
- **Light industrial (E(g)(iii)):** 1 workforce job per 56.4 (GEA) sq.m;
- **General industrial (B2):** 1 workforce job per 37.8 (GEA) sq.m; and
- **Warehousing (B8):** 1 workforce job per 70 (GEA) sq.m.

3.16 These assumptions are based on the latest HCA guidance on job density ratios produced in 2015. This guidance takes account of trends such as changing utilisation of employment

space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. They all relate to Gross External Area (GEA).

3.17 An allowance of 8% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space (Table 3.3). Where a reduction in jobs is forecast, the associated negative floorspace is halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it does not automatically follow that all of the existing employment floorspace will be lost.

Table 3.3 Net Employment Space Requirements: Labour Demand, 2020 to 2040 (Scenario 1)

Type of Space/Use Class	Net Employment Floorspace 2020 to 2040 (GEA sq.m)
Office E(g)(i)/(ii)	13,670
Light/General Industrial E(g)(iii)/B2	5,730
Distribution B8	8,290
Total	**27,690**

Source: CE (March 2022) / Lichfields analysis Note: totals rounded

Scenario 2: Growth Scenario (Labour Demand)

3.18 The Growth Labour Demand Scenario aims to align the future employment requirements with the Council's Economic Strategy, Investment Plan and Corporate Plan ambitions. It provides a 'policy-on' employment need estimation. The approach is based on an analysis of short to longer term historic growth rates across the 45 economic sectors as provided by CE, alongside an analysis of the baseline forecast rates, with emphasis on the priority sectors.

3.19 The Economic Growth Strategy for Southend, spanning from 2024 to 2028, was approved in 2024. This strategic plan outlines key priorities and initiatives aimed at fostering economic growth by backing individuals and businesses, enhancing the skill set within the region, and positioning Southend as an attractive hub for micro, small, and medium-sized enterprises, thereby contributing to the expansion of the city's business community.

Baseline Growth

3.20 An analysis of the historic growth over the last 5, 10 and 20 years has been undertaken in order to identify the historic drivers of growth and also to quantify the growth that has been seen across those sectors identified as the priority sectors in the Council's Strategy and Investment Plan. This was then contextualised with the baseline jobs growth forecast. The findings per sector are summarised in **Appendix 3** and **Appendix 4**.

3.21 The baseline forecast appears positive compared to historic growth over the same period. Across all sectors, growth of 9,013 jobs is anticipated between 2020 and 2040. Over the last 20-years, job growth in Southend declined in overall terms by 1,089 jobs.

3.22 Not all job growth is accommodated within office, manufacturing and distribution space that comprises the employment designations of the Local Plan (i.e. previously B class, now B/E class). Therefore, the historic and future jobs forecasts have been categorised according to office-, industrial- and distribution-based sectors as presented in Table 3.4.

Table 3.4 Historic and Future Jobs Growth per Type of Employment Space (Jobs)

Type of Space /Use Class	Historic Growth 2000 to 2020	Future Growth (Baseline) 2020 to 2040
Office E(g)(i)/(ii)	-4,052	879
Light Industrial E(g)(iii)	1,227	314
General Industrial B2	-1,906	-709
Distribution B8	-1,766	110
Jobs in Other Sectors	5,408	8,419
Employment Jobs	**-6,497**	**594**
Total Jobs (including all sectors of the economy)	**-1,089**	**9,013**

Source: CE (March 2022) / Lichfields analysis

3.23 This shows that there has been historically a significant loss of employment in sectors that typically occupy land designated for employment purposes. The future baseline forecast shows that the trend will change and there will be an increase in jobs across all sectors, except for B2 use classes, however this will be relatively modest for those sectors occupying designated space for office, light industrial and distribution purposes.

Growth Scenario Assumptions

3.24 Lichfields has been asked to model a policy-on (referred to as 'Growth Scenario') forecast that aligns with the Council's Strategy and Investment Plan. This was further informed by a discussion with the Council's Economic Development Team that suggested in which the priority growth sectors were identified. These are presented in Table 3.5.

Table 3.5 Priority Sectors – Strategy and Investment Plan

Priority Sectors/Initiatives	Relevant CE Sectors	Justification and alignment with the Council's Priorities
Cultural and Creative Industries	Arts	This sector was chosen as it aligns with the organisational strategy to enhance the tourism and cultural offer in Southend. This links directly to the 'Destination Southend' Tourism, Culture Vision and Economic Growth strategies as key linkages into the 2022 Corporate Plan priority of helping shape a city that is strong and prosperous.
Southend Airport and Business Park	Head offices & management consultancies Other professional services Land transport Warehousing & postal	Building on the opportunities that the nascent development of the Southend Airport Business Park is unlocking, the Council is aiming to facilitate, in parallel, growth of London Southend Airport to realise its potential as a regional transport hub, which will provide significant new employment opportunities, overall regeneration and business development - one of the key pillars of Corporate Plan priority 1.
Health and MedTech	Health Residential & social Pharmaceuticals	There are several strongly performing medical instrument manufacturers in the locality, namely Olympus Keymed and Cantel. These are large SMEs in the City and act somewhat as 'anchor'

		institutions in terms of the volume of employment opportunities they provide to local residents. The Council sees their ongoing success and growth as a mutually beneficial outcome regarding the organisational commitment to delivering support on jobs growth in the 2022 Corporate Plan and strengthening economic prosperity and boosting opportunity. The Council wants to play a leading role to ensure the local employment and skills system that improves residents' skills and employment prospects and helps businesses with their recruitment needs. This is particularly pressing in the social care sector in Southend City, as we have a higher proportion of those residents in the 65+ age band. This is well evidenced across the Council's priorities and the Cooperate Plan and thus it informs the Council's decision to select this as a priority sector.
Green and Sustainable Economy	Architectural & engineering services Construction	This is a high growth sector for the area with cornerstone projects such as the £500m 'Better Queensway' regeneration project, growth at Fossett Farm and Central Seafront leisure offer. In addition, there are major infrastructure projects in the region such as the Lower Thames Crossing (LTC), Freeport in South Essex and the construction supply chain employment opportunities that the Council hope will fall out of these projects. This also links to the Corporate Plan and in particular the objective of desiring to build a more inclusive local economy with good job prospects for all.
Tourism	NA	This sector was chosen as a result the vision and outcomes from the 'Destination Southend' (2020) strategy which highlights Southend's ambition to increase the value of Southend's visitor economy and for Southend to become the region's first choice coastal tourism destination. The Council aims to raise the national and international profile of Southend-on-Sea as a visitor destination and increase the economic impacts of tourism, increase visitor spend and length of stay, improve visitor experience and attract investment. The Central Seafront in Southend is the hub for primary attractions, leisure amenities, and amusement arcades, offering a diverse array of activities for visitors.

Source: Southend (2022), CE (March 2022) / Lichfields analysis

3.25 In order to identify the most appropriate growth assumptions for each of the priority sectors, a detailed quantitative analysis of future and historic trends has been undertaken which is summarised in Table 3.6.

Table 3.6 Historic and Future Growth Rates per Annum (%)

Relevant CE Sectors	Historic Growth Rates				Future Growth Rate – Baseline 2020 - 2040
	2015 - 2020	2010 - 2020	2000 - 2020	Average Rate (Last 10 & 20 years)	
Arts	15.3%	6.2%	2.4%	4.3%	-1.8%
Head offices & management consultancies	-2.6%	0.9%	1.4%	1.2%	0.4%
Land transport	7.2%	3.1%	-0.2%	1.4%	0.1%
Other professional services	-3.7%	0.1%	0.5%	0.3%	1.3%
Warehousing & postal	1.4%	-2.5%	-2.8%	-2.7%	0.5%
Health	2.7%	1.7%	4.0%	2.9%	2.4%
Pharmaceuticals	-1.5%	5.7%	1.1%	3.4%	0.4%
Residential & social	-1.4%	1.8%	3.9%	2.9%	1.1%
Architectural & engineering services	17.4%	4.5%	2.3%	3.4%	0.6%
Construction	4.1%	3.5%	1.6%	2.6%	0.8%

Source: Southend (2022), CE (March 2022) / Lichfields analysis

3.26 The growth rates recorded over the last 5 years have been excluded from further analysis as these may not be representative due to the impact of the COVID-19 pandemic period and they do not reflect an entire economic circle.

3.27 Considering the above, Table 3.7 presents the proposed assumptions related to the Growth Scenario for each individual sector and the basis upon which these have been arrived at.

Table 3.7 Growth Scenario Proposed Assumptions and Adjustments

Relevant CE Sectors	Proposed Assumptions
Arts	The baseline forecast suggests a decrease of 374 jobs between 2020 to 2040 equivalent to -1.8% annual growth rate to 2040. We propose to amend this by applying for the first 10 years (i.e., 2020 to 2030) the average growth rate of 4.3% that has been recorded over the last 10 and 20 years across the sector. For the remaining period (2030 to 2040) we propose to apply the longer-term historic growth rate of 2.4%.
Head offices & management consultancies	The baseline forecast suggests an increase of 254 jobs between 2020 to 2040 equivalent to an annual growth rate of 0.4%. We propose to amend this by applying for the first 10 years (i.e., 2020 to 2030) the average growth rate of 1.2% that has been recorded over the last 10 and 20 years across the sector. For the remaining period (i.e., 2030 to 2040) we propose to apply the longer-term historic growth rate of 1.4%.
Land transport	The baseline forecast suggest a modest increase of 19 jobs between 2020 to 2040 equivalent to an annual growth rate of 0.1%. We propose to amend this by applying for the first 10 years (i.e., 2020 to 2030) the average growth rate of 1.4% that has been

Relevant CE Sectors	Proposed Assumptions
	recorded over the last 10 and 20 years across the sector. For the remaining period (2030 to 2040) we propose to apply the baseline growth rate of 0.1% as the longer-term historic growth rate is negative.
Other professional services	No further adjustment is proposed as the baseline growth rate is significantly higher than all the historic rates.
Warehousing & postal	No further adjustment is proposed as the baseline growth rate is significantly higher than all the historic rates.
Health	Health is identified as a key growth sector in the baseline forecast with an expected increase of 5,206 jobs equivalent to 2.4% annual rate between 2020 to 2040. We propose to increase this growth by applying for the first 10 years (i.e., 2020 to 2030) the average growth rate of 2.9% that have been recorded over the last 10 and 20 years across the sector. For the remaining period (i.e., 2030 to 2040) we propose to apply the baseline growth rate of 2.4%. Although the long-term historic growth rate is higher at 4.0%, there is less certainty of how the economy will involve post 2030 and, on this basis, it is considered sound to apply a lower rate for the second half of plan period.
Pharmaceuticals	This sector appears to have a very small jobs base locally (only 25 jobs in 2020), therefore any adjustment would not result in a material change to the forecast. The proposed amendments include applying for the first 10 years (i.e., 2020 to 2030) the average growth rate of 3.4% that has been recorded over the last 10 and 20 years across the sector. For the remaining period (i.e., 2030 to 2040) we propose to apply the baseline growth rate of 0.4%.
Residential & social	The baseline forecast suggests a modest increase of 1,154 jobs between 2020 to 2040 equivalent to an annual growth rate of 1.1%. We propose to amend this by applying for the first 10 years (i.e., 2020 to 2030) the average growth rate of 2.9%. For the remaining period (i.e., 2030 to 2040), we propose to apply the baseline growth rate of 1.1%. Although the longer-term historic growth rate is higher at 3.9%, there is less certainty of how the economy will involve post 2030 and, on this basis, it is considered sound to apply a lower rate for the second half of the plan period.
Architectural & engineering services	The baseline forecast suggests an increase of 140 jobs between 2020 to 2040 equivalent to 0.6% annual growth rate to 2040. We propose to amend this by applying for the first 10 years (i.e., 2020 to 2030) the average growth rate of 3.4% that has been recorded over the last 10 and 20 years across the sector. For the remaining period (i.e., 2030 to 2040) we propose to apply the longer-term historic growth rate of 2.3%.
Construction	The baseline forecast suggests an increase of 1,182 jobs between 2020 to 2040 equivalent to 0.8% annual growth rate to 2040. This is a key driver of the economy that has already seen significant increase over the last 20 years. If we apply an approach similar to the above, this will create a significant increase in the construction jobs of around 3,500 across the next 20 years. Such a level of growth is considered unrealistic based on past trends and it would essentially be driven by the high absolute figures the sector has seen recently. On this basis, we suggest that we increase the sector's footprint aligned with the absolute increase seen over the last 20 years. This would result in an additional 649 jobs – i.e., from 1,182 jobs to 1,831 jobs.

Source: Southend (2022), CE (March 2022) / Lichfields analysis

3.28 The combined effect of these adjustments results in an increase to the expected employment growth from 9,013 jobs across all sectors (i.e., baseline forecast) to 14,753 jobs

(growth scenario). Table 3.8 presents how each of the priority sectors contributes to this increase anticipated by the growth scenario in absolute terms.

Table 3.8 Jobs Growth in Priority Sectors, 2020 to 2040

Relevant CE Priority Sectors	Jobs in 2020	Baseline Scenario Jobs Increase 2020 to 2040	Growth Scenario Jobs Increase 2020 to 2040	Difference
Arts	1,211	-374	1,139	+1,513
Head offices & management consultancies	3,051	254	706	+452
Land transport	1,856	19	289	+270
Other professional services	1,616	470	470	-
Warehousing & postal	782	76	76	-
Health	8,529	5,206	5,826	+620
Pharmaceuticals	26	2	12	+10
Residential & social	4,630	1,157	2,229	+1,072
Architectural & engineering services	1,124	140	1,295	+1,155
Construction	6,683	1,182	1,831	+649
Total (Priority Sectors)	**29,508**	**8,132**	**13,873**	**+5,741**

Source: Southend (2022), CE (March 2022) / Lichfields analysis

3.29 It should be noted that the increase of 5,741 jobs relates to the local economy as a whole. Table 3.9 shows what will be the anticipated increase in the office-, industrial- and distribution-based sectors.

Table 3.9 Future Jobs Growth per Type of Employment Space (Jobs)

Type of Space /Use Class	Future Jobs Growth (Baseline Scenario) 2020 to 2040	Future Jobs Growth (Growth Scenario) 2020 to 2040	Difference between the Scenarios
Office E(g)(i)/(ii)	879	2,486	+1,607
Light Industrial E(g)(iii)	314	763	+449
General Industrial B2	-709	-708	+1
Distribution B8	110	186	+77
Jobs in Other Sectors	8,419	12,026	+3,607
Employment Jobs	**594**	**2,727**	**+2,133**
Total Jobs (including all sectors of the economy)	**9,013**	**14,753**	**+5,740**

Source: Southend (2022), CE (March 2022) / Lichfields analysis

3.30 Finally, by applying the same density assumptions as those presented in paragraphs 3.15 to 3.17, the employment space requirements in relation to the Growth Scenario are presented in Table 3.10

Table 3.10 Net Employment Space Requirements (Growth Labour Demand Scenario 2)

Type of Space /Use Class	Growth Scenario 2020 to 2040 (sq.m)
Office E(g)(i)/(ii)	38,660
Light/General Industrial E(g)(iii)/B2	33,090
Distribution B8	14,090
Employment Jobs	**85,840**

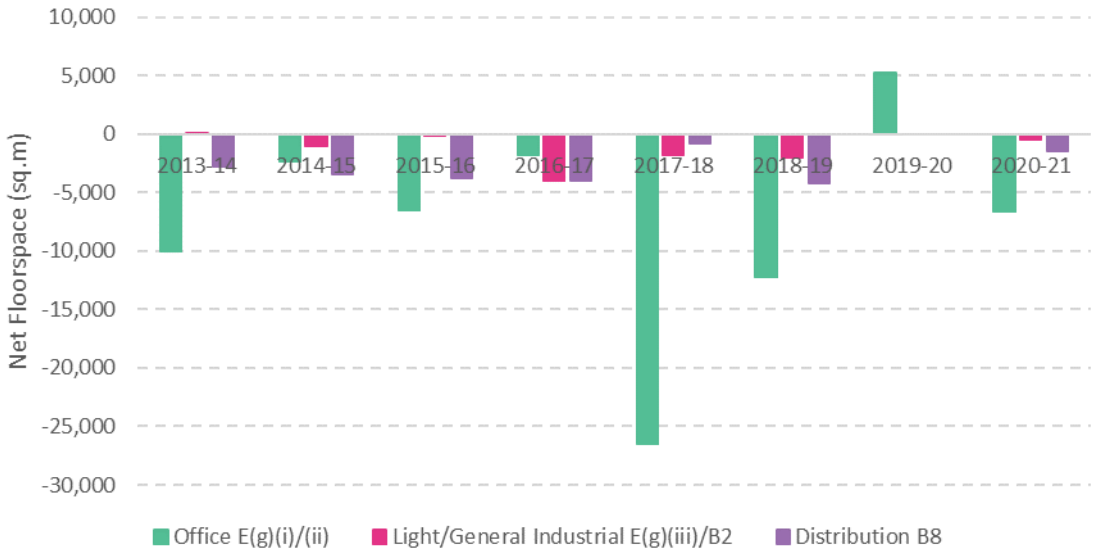
Source: Southend (2022), CE (March 2022) / Lichfields analysis Note: totals rounded

Scenario 3: Past Development Rates

3.31 Past development rates reflect market demand and actual development patterns, so can provide a reasonable basis for informing future space needs. Whilst forecasts show job growth in net terms, past trend-based analysis takes account of historic patterns in employment space development and the role that recycling of sites can play in terms of supporting employment uses in an economy.

3.32 This scenario is based on monitoring data recorded by the Council covering the 2013/14 to 2020/21 period which implies a total net loss of 90,510 sq.m over the last 8 years, relating to an annual loss of 11,840 sq.m driven primarily by loss in office space (-7,600 sq.m per annum), followed by loss in distribution (-2,930 sq.m per annum) and warehousing (including light industrial, -1,320 sq.m per annum).

Figure 3.2 Net Completions of Employment Space in Southend, 2013/14 – 2020/21



3.33 One view of future growth in Southend could assume that these past development trends will carry on in the future and as presented below, these would result in a negative net requirement of -236,880 sq.m.

Table 3.11 Net Employment Space Requirements: Past Development Rates, 2020 to 2040 (Scenario 3)

Use	Assumed Net Annual Floorspace Change (sq.m)	Net Floorspace Requirements 2020-2040 (GEA sq.m)
Office E(g)(i)	-7,600	-152,040
Industrial E(g)(iii)/B2	-1,320	-26,360
Distribution B8	-2,920	-58,480
Total	**-11,840**	**-236,880**

Source: Southend City (2022) / Lichfields analysis Note: figures rounded

3.34 There are limitations in relation to the monitoring evidence and the robustness of that to inform planning policy requirements. In addition, an analysis of qualitative factors, including a market assessment[10], should be considered to contextualise these trends. For all these reasons, Scenario 3 is presented for sense-testing purposes.

Scenario 4: Labour Supply

3.35 The South Essex Housing Needs Assessment (2022) provides estimates of local labour supply and subsequently the supported jobs growth based on demographic, housing and commuting assumptions. As a result, the emerging South Essex Housing Market Assessment reports an increase in the jobs required to support the population growth of those economically active in Southend of 17,964 jobs based on a standard method minimum annual requirement of 1,177 homes per annum in Southend.

3.36 The sector mix of these jobs is based on the apportionment within the Cambridge Econometrics baseline forecast and the density and plot ratio assumptions used to convert employment growth to floorspace requirements are the same as those presented in paragraphs 3.15 to 3.17. Table 3.12 presents the jobs and floorspace requirements by type of space between 2020 and 2040.

Table 3.12 Net Employment and Floorspace Requirements: Labour Supply, 2020 to 2040 (Scenario 4)

Type of Space/ Use Class	Employment (No. of Jobs)	Employment Floorspace (GEA sq.m)
Office E(g)(i)/(ii)	8,720	135,620
Industrial E(g)(iii)/B2	-3,918	46,220
Distribution B8	1,087	82,210
Total Employment Jobs	**5,890**	**264,040**
Total (including non-employment jobs)	17,964	

Source: Turley (2022)/ Lichfields analysis Note: totals rounded

3.37 Using the same data assumptions as set out in the South Essex Housing Needs Assessment (2022), it is possible to calculate the number of homes per annum required within Southend in order to support the jobs estimated in Scenario 1 Labour Demand and Scenario 2 Growth Scenario. In Scenario 1, it is estimated that 9,013 jobs workforce jobs will be supported during the period 2020 to 2040, this would result in a housing need requirement of 590 homes per annum. Similarly, Scenario 2 Growth Scenario estimates 14,753 jobs which when using the same assumptions to reverse work the number of homes this would result in a need requirement of 966 homes per annum.

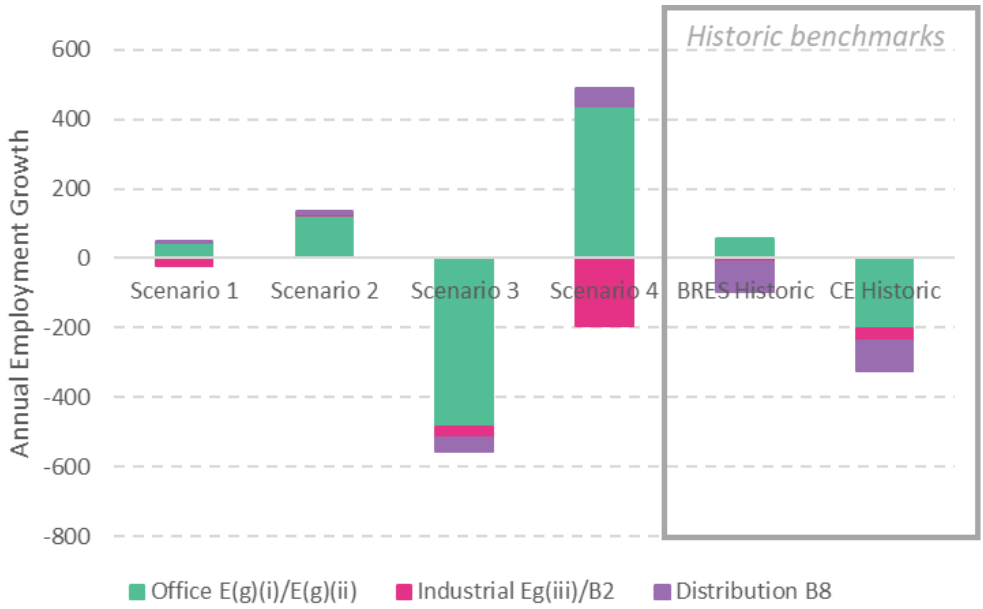
Employment Growth Comparisons

3.38 Given the range of potential requirements implied by these different scenarios, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions. It is, therefore, useful to compare the employment growth implied by the above scenarios against the historic employment growth in Southend as recorded by CE for 2001 to 2020 (i.e., a period equivalent to the length between 2020 to

[10] Not part of the scope of this study

2040) and the latest BRES data (2015-2020). Figure 3.3 shows the annual jobs growth per scenario.

Figure 3.3 Annual Employment Growth Comparisons with Historic Growth



Source: CE (2022), Turley (2022), Council (2022), ONS (2022) / Lichfields analysis

3.39 In this context, the lowest estimate based on past take-up (Scenario 3) implies a net loss of 556 employment jobs per annum over the period between 2020 to 2040. The highest growth estimate is based on the Labour Supply (Scenario 4) that implies an annual growth of 295 jobs. Labour Demand Growth Scenario (Scenario 2) implies an annual growth of 136 jobs.

3.40 The four scenarios are then compared with historic trends derived by CE for the period between 2001 and 2020 (implied a growth of -325 jobs per annum) and BRES data for the period between 2015 and 2020 (-40 jobs per annum). These historic trends imply negative jobs growth for the sectors found in the employment land.

3.41 As mentioned above Scenario 3 (Past Trends) appear to underestimate the growth potential significantly and due to the limitations associated with this scenario it is presented only for sense-testing purposes. Across the rest of the Scenarios, the Labour Demand Growth Scenario seems to balance the implied annual employment growth.

Net to Gross Employment Requirements

3.42 Drawing together the results from each of the future economic scenarios, Table 3.13 summarises the net employment floorspace requirements between 2020 to 2040.

Table 3.13 Net Floorspace Requirements in Southend, 2020-40 (sq.m)

Use Class	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/E(g)(ii)	13,670	38,660	-152,040	135,620
Industrial E(g)(iii)/B2	5,730	33,090	-26,360	46,220

Distribution B8	8,290	14,090	-58,480	82,210
Total Employment Requirement	**27,690**	**85,840**	**-236,880**	**264,040**

Source: CE (2022), Turley (2022), Council (2022) / Lichfields analysis Note: figures rounded

Safety Margin

3.43 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.

3.44 There is a need to ensure a reasonable, but not over-generous, additional allowance that provides for some flexibility but avoids over-provision of land through policy. However, it also needs to reflect that there may be potential delays in some of the City's development sites coming forward for development.

3.45 It is usually acceptable to use two years of net take-up to include flexibility of provision. However, in the case where this is negative, it would produce a negative margin. Therefore, an allowance related to two-year average gross take-up between 2013/14 and 2020/21 has been applied. Table 3.14 presents the margin applied in this assessment drawing on the completions' assumptions presented above.

Table 3.14 Safety Margin Allowance (sq.m)

Type of Space/ Use Class	Annual Net Completions	Annual Gross Completions	Safety Margin
Office E(g)(i)/(ii)	-7,600	1,320	2,650
Industrial E(g)(iii) / B2	-1,320	150	300
Distribution B8	-2,920	230	470
Total			**3,410**

Source: Southend City (2022) Note: totals rounded

Losses

3.46 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of losses of existing employment space that may be developed for other, non-employment uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost in Southend.

3.47 There are typically four approaches to calculate the level of this allowance, including:

1 Forecast the quantity of floorspace that will be lost in future and assume that a proportion of this space will need to be replaced. The issue here is that there is no definitive way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the Council needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.

2 Make an overall adjustment to the preferred scenario to give an allowance for replacement. This is a simple approach but is likely to rely on making a fairly broad assumption.

3 Monitor the loss of employment space through regular reviews in the local plan thereby avoiding the need to make assumptions about the future loss of employment space. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some time to come forward.

4 As part of the employment evidence the Council undertakes a qualitative assessment of existing employment sites, to identify those which could be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.

3.48 The fourth approach, in which the Council specifically identifies employment sites and areas that may be lost to other uses, is generally the most robust way of dealing with losses. The qualitative assessment of existing employment areas is an essential element of the planning evidence base. As well as policies and decisions regarding new development sites, it informs policies on the safeguarding or release of existing employment sites. Without such policies, there is a risk of losing employment land to other uses which may be desirable to safeguard. Conversely, they also risk protecting sites which do not merit protection, because they are no longer suitable or commercially attractive for employment.

3.49 This is the approach that has been adopted by the Council and presented in the Employment Site Release Topic Paper 2021. The qualitative assessment of the poorly performing sites is presented in Section 4.0 of the Paper. On this basis, Table 3.15 presents the gross employment requirement to 2040 taking into account losses and safety margins.

Table 3.15 Gross Floorspace Requirements in Southend, 2020-40 (sq.m)

Use	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/E(g)(ii)	16,315	41,300	-149,390	138,265
Manufacturing E(g)(iii)/B2	6,030	33,390	-26,060	46,510
Distribution B8	8,750	14,560	-58,010	82,675
Total Employment Requirement	**31,095**	**89,250**	**-233,460**	**267,450**

Source: CE (2022), Turley (2022), Council (2022) / Lichfields analysis Note: figures rounded

3.50 The above floorspace requirements can be translated to land requirements by applying appropriate plot ratio assumptions, which for the purposes of the EDNA include 1.2 for office (as an average of 2.0 for office development in town centres and 0.4 for office development in business parks) and 0.4 for industrial and warehousing developments. Table 3.16 presents the land requirements which vary from -43.4 ha to 53.0 ha.

Table 3.16 Gross Land Requirements in Southend, 2020-40 (ha)

Use	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply

Office E(g)(i)/E(g)(ii)	2.4	6.2	-22.4	20.7
Manufacturing E(g)(iii)/B2	1.5	8.3	-6.5	11.6
Distribution B8	2.2	3.6	-14.1	20.7
Total Employment Requirement	**6.1**	**18.2**	**-43.4**	**53.0**

Source: CE (2022), Turley (2022), Council (2022) / Lichfields analysis Note: figures rounded

Summary

3.51 In interpreting the outputs of this section, regard should be given to the PPG, which states that local authorities should develop an understanding of the future economic needs of their area based on a range of data and forecasts of quantitative and qualitative requirements. In this respect, planning for growth should avoid relying upon using single sources of data or forecasts which tend to rely on a number of different variables that are inevitably subject to change.

3.52 It is also important to recognise that there are inevitably uncertainties and limitations related to modelling assumptions under any of the future growth scenarios considered in this assessment. As explained above, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant economic uncertainty at both macro and local level. Employment forecasts are regularly updated, and the resulting employment outputs will change between 2020 to 2040 for Southend.

3.53 This assessment considers four different scenarios of future employment space requirements in the City Council based on approaches that reflect forecast economic growth, past development trends, and potential housing growth factors. The overall gross employment floorspace requirements related to these different scenarios range from 31,095 sq.m (6.1 ha) to 267,450 sq.m (53.0 ha) between 2020 to 2040 excluding Scenario 3 Past Trends that is included for sense-testing.

3.54 As a minimum, the Council should seek accommodating Scenario 1 (i.e., 31,095 sq.m or 6.1 ha). Scenario 4 (Labour Supply) appears to overestimate the economic growth potential. This is further reinforced with the comparisons to the historic growth presented in paragraphs 3.38 to 3.41.

3.55 Scenario 2 (Growth Scenario) balances the range of requirements and most importantly aligns with the Council's Economic Development Strategies and the overarching economic ambitions across South Essex and as such it is considered as the most appropriate Scenario that does not underestimate the economic growth potential that could be seen across Southend.

3.56 It should be noted that these forecast scenarios should be supplemented by a review of qualitative factors including through engagement with the commercial market and other key economic stakeholders to ensure there is a rounded view of future planning requirements, in line with advice contained in the PPG.

4.0 Demand and Supply Balance

4.1 This section draws together the forecasts of future employment land needs estimated in section 3.0 and the City Council's identified supply position to assess the extent to which there is a need for additional employment space, or potential surpluses of it, in quantitative terms.

Future Supply Position

4.2 Based on data supplied by the City Council, the emerging supply of employment space is comprised of:

a extant permissions for employment floorspace (at September 2023); and

b existing employment allocations with remaining development capacity.

Extant permissions

4.3 Extant permissions indicate potential for net gains of floorspace for industrial and distribution uses, but imply a significant net loss of office floorspace. The latter reflects the loss of functionally redundant office space, much of which has been vacant for a long period of time and with no reasonable prospect of being reoccupied or contributing to current or future needs.

4.4 Therefore, based on a review by the Council, the office permissions have been adjusted to exclude the effect of these redundant office building and to provide a more realistic view of the emerging supply position. With this adjustment, the extant permissions figure for offices becomes positive, and when combined with the gains for industrial and distribution uses, gives a total extant supply position of -3,969 sq.m (Table 4.1).

Table 4.1 Extant Planning Permissions for Employment Uses, September 2023 (GEA sq.m)

Source of Supply	Office (E(g)(i)/(ii)	Light Industrial (Eg(iii))	Industrial (B2)	Distribution (B8)	Total
Extant permissions for employment floorspace *	-30,086	-1,784	-5,083	4,767	-32,186
Adjusted extant permissions (excluding loss of vacant/redundant office buildings)	**-1,869**	**-1,789**	**-5,083**	**4,767**	**-3,969**

Source: Southend City Council / Lichfields analysis * Note: excludes Southend Airport Business Park

Existing Employment Allocations

4.5 There is a total of 29,691 sq.m of available employment floorspace within existing employment designations (excluding Southend Airport Business Park). As highlighted in Table 4.2, Progress Road has the largest potential capacity of employment space of 13,000 sq.m spread across a variety of employment use classes. Most of the available supply across existing employment designations is distributed across office E(g)(i)/(ii) uses followed by

distribution B8 and then industrial B2. Light Industrial E(g)(iii) has the smallest proportion of supply at 5,325 sq.m available across existing designations.

Table 4.2 Employment Supply at Existing Employment Areas

Site Reference	Site address	Office (E(g)(i)/(ii)	Light Industrial (Eg(iii))	Industrial (B2)	Distribution (B8)	Total
HEA270; EA013	Towerfield	-	400	400	200	1,000
HEA271; EA014	Vanguard Way	-	1,725	750	525	3,000
EA004	Comet Way	-600	-	-	1,587	987
EA009	Stock Road	-	1,600	1,600	800	4,000
EA011	Thanet Grange	6,500	-	-	-	6,500
EA033	Progress Road	2,400	1,600	4,500	4,500	13,000
EA010	Temple Farm	604	-	400	200	1,204
Total		**8,904**	**5,325**	**7,650**	**7,812**	**29,691**

Source: Southend City Council / Lichfields analysis

Southend Airport Business Park

4.6 Southend Airport Business Park is the main existing employment allocation with remaining development capacity. It is a key employment site across both Rochford and Southend authorities and, based on the London Southend Airport & Environs Joint Area Action Plan (adopted in 2014), it is assumed that half of the provision will be used to accommodate the needs of Southend and the remaining half to meet needs arising from Rochford.

4.7 The Southend Airport Business Park has to date delivered 21,037 sq.m of employment floorspace of which 10,518 sq.m is designated to meeting employment need requirements for Southend, comprising of 2,991 sq.m of office space, 5,900 sq.m of B2 and 1,619 sq.m of B8 floorspace.

4.8 A total of 11,270 sq.m of employment space is currently under construction at Southend Airport Business Park (22/00803/FUL) to be operated by IPECO, comprising of 3,337 sq.m of office space and 7,933 sq.m of B2 floorspace.

4.9 In addition, two sites have been approved planning permission at Southend Airport Business Park, Plot 4 (21/01185/REM) which will deliver 1,274 sq.m of flexible space for manufacturing (B2) and CAMA Unit (22/00567/FUL) comprising of the delivery 2,560 sq.m of B8 floorspace.

4.10 Finally, there are two applications which are currently awaiting planning permission. Plot 13 (23/00715/FUL) which will comprise of 461 sq.m of office space and 3,304 sq.m of manufacturing B2 floorspace. Then there is plot 8 (23/00829/FUL) comprising of 384 sq.m of office space units and 2,853 sq.m of B2 manufacturing floorspace.

4.11 This results in a total of 11,051 sq.m of emerging supply at Southend Airport Business Park that would be allocated to Southend (i.e., 50% of the identified supply).

Table 4.3 Employment Supply at Southend Airport Business Park (GEA sq.m) allocated to Southend*

Type of Supply	Office (E(g)(i)/(ii)	Light Industrial (Eg(iii))	Industrial (B2)	Distribution (B8)	Total
Southend Airport Business Park Under Construction (*50%)	1,668	-	3,966	-	5,634
Southend Airport Business Park Applications Extant Permission (*50%)	-	-	637	1,280	1,917
Southend Airport Business Park Remaining Pending Determination (*50%)	422	-	3,078	-	3,500
Total Supply	**2,090**	**0**	**7,681**	**1,280**	**11,051**

Source: Southend City Council / Lichfields analysis

*Table 4.3 illustrates a total of 11,051 sq.m of emerging supply at Southend Business Park that would be allocated to Southend (i.e., 50% of the identified supply).

Total supply position

4.12 Combining the consented supply position (as adjusted) with the additional floorspace capacity at existing employment areas and identified at Southend Airport Business Park, indicates a total supply position of 36,773 sq.m of employment space as shown in Table 4.3.

Table 4.4 Total Employment Supply Position

Source of Supply	Office (E(g)(i)/(ii)	Light Industrial (Eg(iii))	Industrial (B2)	Distribution (B8)	Total
Adjusted Extant Permissions for Employment Uses (from Table 4.1)	-1,869	-1,789	-5,083	4,767	-3,969
Existing Employment Areas (from Table 4.2)	8,904	5,325	7,650	7,812	29,691
Southend Airport Business Park (from Table 4.3)	2,090	0	7,681	1,280	11,051
Total	**9,125**	**3,536**	**10,248**	**13,859**	**36,773**

Source: Southend City Council / Lichfields analysis

Quantitative Balance

4.13 Based on the conclusions of section 3.0, there is an identified need for between 31,095 sq.m and 267,450 sq.m of employment space to 2040 which includes a safety margin to allow for

potential delays in sites coming forward for development and to provide some flexibility between 2020 to 2040.

4.14 A broad comparison of estimated demand for employment use space against the identified supply position implies that, in overall terms, there would be sufficient employment space to meet the needs of the labour demand and past trends scenarios, but a shortfall for the growth and labour supply scenarios (Table 4.4).

Table 4.5 Demand and Supply of Employment Space in Southend 2020 to 2040

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Employment Requirements	31,095	89,250	-233,460	267,450
Employment Supply (adjusted)	36,773			
Surplus (+) / Shortfall (-)	**+5,678**	**-52,477**	**+270,233**	**-230,677**

Source: Southend-on-Sea City Council / Lichfields analysis

4.15 Beyond this overall demand-supply balance, the availability of a choice of sites in the market is also important for meeting the needs of different employment sectors, alongside providing flexibility and choice for the market. Therefore, the identified supply of employment space for office, industrial and distribution uses has been compared in more detail with the estimated need arising for these uses under each of the scenarios (Table 4.5).

Table 4.6 Demand – Supply of different employment uses 2020 to 2040

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Office				
Employment Requirements	16,315	41,300	-149,390	138,265
Employment Supply (adjusted)	9,125			
Surplus (+) / Shortfall (-)	**-7,190**	**-32,175**	**+158,515**	**-129,140**
Light Industrial				
Employment Requirements	19,345	46,685	220	189,995
Employment Supply	3,536			
Surplus (+) / Shortfall (-)	**-15,809**	**-43,149**	**+3,316**	**-186,459**
Industrial				
Employment Requirements	-13,320	-13,300	-26,280	-143,480
Employment Supply	10,248			
Surplus (+) / Shortfall (-)	**+23,568**	**+23,548**	**+36,528**	**+153,728**
Distribution				
Employment Requirements	8,750	14,560	-58,010	82,675
Employment Supply	13,859			

Surplus (+) / Shortfall (-)	+5,109	-701	+71,869	-68,816

Source: Southend-on-Sea City Council / Lichfields analysis

4.16 This analysis indicates that:

- **Offices**: there would not be sufficient supply to accommodate the office requirements under all scenarios apart from the past trends scenario which represents a negative requirement. However, surpluses have been identified across industrial uses, and subject to the full permissions or the reserved matters applications that will come forward in relation to the Airport Business Park Southend, it is possible that this shortfall could be accommodated. There is also the potential of increasing office floorspace by diversifying the City and local centres further.
- **Light Industrial:** there would not be sufficient supply to accommodate the light industrial requirements across Scenarios 1, 2 and 4, with a shortfall. However, as noted above, there is an overall surplus across all the scenarios and on this basis the shortfall could be accommodated subject to future detailed permissions.
- **General Industrial:** there will be sufficient space to accommodate the identified needs across all the scenarios.
- **Distribution**: there will be sufficient space to accommodate the identified needs across all the scenarios expect for Scenarios 2 and 4 where higher requirements have been identified. The other scenarios which have lower requirements can be accommodated with surpluses varying between 5,109 sq.m and 71,869 sq.m.

4.17 It should be noted that this demand-supply balance analysis assumes that all outstanding planning permissions and the identified capacity on allocations will come forward in full during the period between 2020 to 2040. Any deviation from this assumption could potentially have an effect on the balance of space within Southend to 2040.

Summary

4.18 According to the PPG, the analysis of the supply and demand position is intended to allow policy makers to identify whether there is a mismatch between the quantitative and qualitative supply of, and demand for, employment uses. This enables an understanding of which market segments are potentially over-supplied and which are under-supplied.

4.19 Based on the analysis of the demand and supply position, the Council has a consented supply that is sufficient to meet the employment requirements implied for the labour demand scenario in overall terms. However, there would not be sufficient supply to fully meet the requirements arising from Scenarios 2 and 4.

4.20 Across the different uses, there is potentially an identified shortfall for office and light industrial space. This indicates that flexible allocations for E(g)/B2/B8 could help meet any future need for either office or light/general industrial or distribution uses. In appropriate circumstances, flexible allocations and permissions could be considered a potential solution to accommodate different types of needs that may arise under the different scenarios whilst managing uncertainty.

5.0 Conclusions

5.1 This section draws together the overall conclusions considering the economic development needs arising in Southend-on Sea across the new Local Plan from 2020 to 2040.

Functional Economic Market Area

5.2 This report validates the appropriateness of South Essex FEMA as the economic geography within which Southend's economy operates and has the strongest interdependencies. On this basis, various market areas across South Essex in terms of labour market, housing, consumer catchments and transport connectivity are considered herein.

5.3 The findings suggest that the South Essex authorities namely Basildon, Castle Point, Rochford, Southend and Thurrock represent a self-contained functional economic area and together with Brentwood which also has strong economic relationships with Chelmsford comprise the South Essex FEMA. It should also be highlighted that all the authorities also maintain strong economic linkages with London and Chelmsford, particularly in relation to labour market flows.

Future employment needs

5.4 Four different scenarios of future needs are considered in section 3.0. These indicate the broad scale and type of growth arising from different approaches to modelling the City Council's future employment space needs. The overall employment floorspace requirements related to these scenarios range, in quantitative terms, from 31,095 sq.m to 267,450 sq.m between 2020 to 2040.

5.5 Scenario 1 (Labour Demand) utilises macro-economic forecasts provided by Cambridge Econometrics (March 2022 release[11]) for the City Council that indicates a growth of 594 jobs in office-, industrial- and distribution- based sectors between 2020 to 2040. This represents a growth of 2% against an equivalent job base of 28,726 jobs in office, industrial and distribution space in 2020. Across all economic sectors (i.e., including those occupying space outside of the employment areas) the growth is expected to total 9,013 jobs, which relates to a growth of 11% since 2020. It should be noted that health (+5,206 jobs) and construction (+1,182 jobs) are those sectors expected to see the highest growth between 2020 to 2040.

5.6 This forecast employment growth is translated to an employment space requirement (gross) of 31,095 sq.m, which is further distributed to 16,315 sq.m of office space, 19,345 sq.m of light industrial space and 8,753 sq.m of distribution space, alongside expected industrial losses of 13,317 sq.m. This level of future requirements across the next 20 years is equivalent to 5.3% of the current (i.e. at 2020) office and industrial stock across the City Council based on records from the Valuation Office Agency. This suggests low indigenous requirements that are primarily driven by needs for light industrial space.

5.7 Scenario 2 (Growth Scenario) builds on the Labour Demand scenario, however factors in the priority sectors and uplifts these based on historical growth rates as contextualised in Appendix 3 and Appendix 4. This indicates a growth of 2,727 jobs in office-, industrial- and

[11] This forecast has also been used for the sub-regional employment evidence that is currently emerging.

distribution- based sectors between 2020 to 2040. This represents a growth of 9% against an equivalent job base of 28,726 jobs in office industrial distribution space in 2020.

5.8 This forecast employment growth is translated to an employment space requirement (gross) of 89,250 sq.m, comprising 41,300 sq.m of office space, 46,686 sq.m of light industrial space and 14,560 sq.m of distribution space, alongside expected industrial losses of 13,230 sq.m. This level of future requirements across the next 20 years is equivalent to 15.3% of the current (i.e., at 2020) office and industrial stock across the City Council based on records from the Valuation Office Agency.

5.9 Scenario 3 (Past Trends) is based on historic delivery rates since 2013/14 to 2020/21. Throughout this period, a total net loss of 90,510 sq.m has been recorded over the last 8 years, relating to an annual loss of 11,840 sq.m driven primarily by loss in office space (-7,600 sq.m per annum), followed by loss in distribution (-2,930 sq.m per annum) and warehousing (including light industrial, -1,320 sq.m per annum).

5.10 By analysing past trends, it appears that there have been significant losses across the City Council driven by loss in office floorspace. This is reflective to the fact that the area was historically an office centre and a public administration centre for the South Essex sub-region, but with a legacy of relatively dated office stock much of which was coming to an end of its 'functional life'. Since PDRs were introduced in 2023, the redundant and underused office stock has gradually been removed from the market with much converted to residential.

5.11 On this basis, based on extrapolating past completions' trends, there is a negative requirement for 233,460 sq.m, comprising -149,490 sq.m of office, 218 sq.m of light industrial, -26,280 sq.m of industrial and -58,012 sq.m of distribution space. There are some inherent limitations to this scenario. In addition, this scenario results in a negative employment requirement compared to the other three scenarios (see Figure 3.3), and such a level of anticipated growth would not necessarily align with the NPPF requirement for positive planning to support economic growth. For all these reasons, it is not considered that Scenario 3 represents the best basis to inform employment space requirements between 2020 to 2040.

5.12 Scenario 4 (Labour Supply) is based on jobs growth anticipated to support the growth in economically active population estimated by the housing consultants and the emerging Strategic Housing Need Assessment for the South Essex authorities. The sectoral split draws upon the Cambridge Econometrics forecast between 2020 to 2040 (i.e. aligned with Scenario 1). This scenario results in a total requirement of 267,450 sq.m, comprising 138,265 sq.m of office, 189,996 sq.m of light industrial and 82,675 sq.m of distribution space as well as a loss of 143,482 sq.m of general industrial space.

5.13 In the context of the NPPF and PPG, the Council's policy approach should aim to plan positively to meet the indigenous employment space needs, which as a minimum should relate to Scenario 1 (i.e., 31,095 sq.m or 6.1 ha). However, the Council could proactively decide to accommodate the higher employment requirements or could desire to attract additional inward investment growth, which could in turn also drive greater economic growth, productivity, employment and tax receipts. On this basis, the Council should seek to accommodate the requirements that derive from higher growth scenarios such as

Scenario 2 (i.e., 89,250 sq.m or 18.2 ha). This could support an out-commuting rates and provide increased employment choices for the City Council's existing and new residents.

Employment land supply

5.14 An analysis of the existing and emerging employment pipeline – as provided by the Council in June 2023 – shows that there is a total of 36,773 sq.m of employment space between 2020 to 2040.

5.15 The key employment development opportunities are at Southend Business Airport which, for Southend, equates to a remaining of 11,051 sq.m of employment floorspace. When set against the identified employment space requirements, this indicates there is sufficient employment space and land to accommodate for the recommended minimum requirement need identified in Scenario 1: Labour Demand. It is also noted that there is not sufficient supply of land to meet the Growth Scenario need requirements. Therefore, should the Council aim to meet the more ambitious growth scenario need requirements, additional land will need to come forward in the Local Plan to do so.

5.16 Across the different uses, there would be sufficient space to accommodate all but office and light industrial demand under Scenarios 1, 2 and 4 (see paragraph 4.10). However, there are surpluses across the other types of employment space that could potentially accommodate those shortfalls, if required, subject to the necessary planning consents.

5.17 In addition, the emerging policy should seek to encourage employment intensification within the existing employment designations as appropriate. Such an approach should emphasis on those sites that may be derelict or underutilised to help meet the need between 2020 to 2040. Moreover, given the new Use Class Order and the increased flexibility of Class E in combination to the decreasing retail footprint in the town centres due to the changing retail patterns, it is potential for some of the employment need, particularly in relation to office, to be accommodated within the City Council's town centres.

Summary

5.18 This report provides a quantitative assessment of employment requirements arising across Southend to 2040. Qualitative factors such as engaging with the property market, key local employers as well as other economic stakeholders and potential investors, will also need to be considered to help inform and sense-check the appropriateness of each of the above demand scenarios and also to help understand demand around different segments of the market. Moreover, the Council will need to have regard to the sub-regional synergies and, primarily, the economic interrelationships that exist with the economic activity in Southend when planning for employment across the between 2020-2040 given the close inter-relationship between the two areas.

5.19 Overall, the indigenous requirements as presented under Scenario 1 (for 31,095 sq.m) appear low compared to historic growth as well as those estimated by previous evidence (namely, the 2017 EDNA which estimates a need for over 118,000 sq.m). In this context, the Council could provide for more employment land and aim to accommodate the labour demand growth scenario (i.e., Scenario 2, 89,250 sq.m) to ensure that the economic potential of the local economy is not unduly constrained. Achieving higher levels of

economic growth is likely to require activities to support the attraction of new investment to the City Council's, catalysing the growth and expansion of new and existing businesses.

Appendix 1 Future Requirements for Employment Space 2023-2040

Scenario 1: Labour Demand Baseline Scenario

Table AP1.1 Forecast Employment Change in Southend, 2023-2040 (Jobs)

Type of Space /Use Class	Workforce Jobs		Change 2023 to 2040
	2023	2040	
Office E(g)(i)/(ii)	16,713	17,585	+872
Light Industrial E(g)(iii)	5,625	6,252	+627
General Industrial B2	2,804	2,402	-402
Distribution B8	2,998	3,080	+82
Total Employment Class Sectors Jobs	28,141	29,319	+1,179
Total Workforce Jobs	**81,737**	**89,420**	+7,683

Source: CE (March 2022) / Lichfields analysis

Table AP1.2 Fastest Growing and Declining Employment Sectors in Southend, 2023-2040

Sector	Forecast Change in Workforce Jobs 2023-2040	
	No	Annual Growth %
FASTEST GROWING EMPLOYMENT SECTORS		
Health	+3,579	+1.8%
Construction	+1,390	+1.2%
Residential & social	+691	+0.8%
Food & beverage services	+628	+0.6%
Business Support	+496	+0.4%
Other professional services	+362	+1.1%
FASTEST DECLINING EMPLOYMENT SECTORS		
Other manufacturing & repair	-447	-1.9%
Financial & insurance	-253	-1.4%
Agriculture, forestry & fishing	-79	-1.0%

Source: CE (March 2022) / Lichfields analysis

Table AP1.3 Net Employment Space Requirements: Labour Demand, 2023 to 2040 (Scenario 1)

Type of Space/Use Class	Net Employment Floorspace 2023 to 2040 (GEA sq.m)
Office E(g)(i)/(ii)	13,570
Light/General Industrial E(g)(iii)/B2	30,570
Distribution B8	6,200
Total	**50,340**

Source: CE (March 2022) / Lichfields analysis

Note: totals rounded

Scenario 2: Growth Scenario (Labour Demand)

Table AP1.4 Historic and Future Jobs Growth per Type of Employment Space (Jobs)

Type of Space /Use Class	Historic Growth 2000 to 2020	Future Growth (Baseline) 2023 to 2040
Office E(g)(i)/(ii)	-4,052	872
Light Industrial E(g)(iii)	1,227	627
General Industrial B2	-1,906	-402
Distribution B8	-1,766	82
Jobs in Other Sectors	5,408	6,504
Employment Jobs	-6,497	1,179
Total Jobs (including all sectors of the economy)	-1,089	7,683

Source: CE (March 2022) / Lichfields analysis

Table AP1.5 Historic and Future Growth Rates per Annum (%)

Relevant CE Sectors	Historic Growth Rates				Future Growth Rate – Baseline 2023 - 2040
	2015 - 2020	2010 - 2020	2000 - 2020	Average Rate (Last 10 & 20 years)	
Arts	15.3%	6.2%	2.4%	4.3%	-1.8%
Head offices & management consultancies	-2.6%	0.9%	1.4%	1.2%	0.4%
Land transport	7.2%	3.1%	-0.2%	1.4%	0.1%
Other professional services	-3.7%	0.1%	0.5%	0.3%	1.3%
Warehousing & postal	1.4%	-2.5%	-2.8%	-2.7%	0.5%
Health	2.7%	1.7%	4.0%	2.9%	2.4%
Pharmaceuticals	-1.5%	5.7%	1.1%	3.4%	0.4%
Residential & social	-1.4%	1.8%	3.9%	2.9%	1.1%
Architectural & engineering services	17.4%	4.5%	2.3%	3.4%	0.6%
Construction	4.1%	3.5%	1.6%	2.6%	0.8%

Source: Southend (2022), CE (March 2022) / Lichfields analysis

Table AP1.6 Jobs Growth in Priority Sectors, 2023 to 2040

Relevant CE Priority Sectors	Jobs in 2023	Baseline Scenario Jobs Increase 2023 to 2040	Growth Scenario Jobs Increase 2023 to 2040	Difference
Arts	831	6	976	970
Head offices & management consultancies	3,185	120	597	477
Land transport	1,792	83	210	127
Other professional services	1,724	362	362	0
Warehousing & postal	838	20	20	0
Health	10,156	3,579	5,072	1,493

Pharmaceuticals	26	2	9	7
Residential & social	5,096	691	1,821	1,130
Architectural & engineering services	1,118	146	1,138	992
Construction	6,475	1,390	1,556	166
Total (Priority Sectors)	**31,241**	**6,399**	**11,761**	**5,362**

Source: Southend (2022), CE (March 2022) / Lichfields analysis

Table AP1.7 Future Jobs Growth per Type of Employment Space (Jobs)

Type of Space /Use Class	Future Jobs Growth (Baseline Scenario) 2023 to 2040	Future Jobs Growth (Growth Scenario 2023 to 2040	Difference between the Scenarios
Office E(g)(i)/(ii)	872	2,342	+1,470
Light Industrial E(g)(iii)	627	742	+115
General Industrial B2	-402	-402	0
Distribution B8	82	118	+36
Jobs in Other Sectors	6,504	10,245	+3,741
Employment Jobs	1,179	2,799	**+1,620**
Total Jobs (including all sectors of the economy)	**7,683**	**13,045**	**+5,362**

Source: Southend (2022), CE (March 2022) / Lichfields analysis

Table AP1.8 Net Employment Space Requirements (Growth Labour Demand Scenario 2)

Type of Space /Use Class	Growth Scenario 2023 to 2040
Office E(g)(i)/(ii)	36,420
Light/General Industrial E(g)(iii)/B2	37,583
Distribution B8	8,923
Employment Jobs	**82,925**

Source: Southend (2022), CE (March 2022) / Lichfields analysis Note: totals rounded

Scenario 3: Past Development Rates

Table AP1.9 Net Employment Space Requirements: Past Development Rates, 2023 to 2040 (Scenario 3)

Use	Assumed Net Annual Floorspace Change (sq.m)	Net Floorspace Requirements 2023-2040 (GEA sq.m)
Office E(g)(i)	-7,600	-129,230
Industrial E(g)(iii)/B2	-1,320	-22,400
Distribution B8	-2,920	-49,700
Total	**-11,840**	**-201,330**

Source: Southend City (2022) / Lichfields analysis Note: figures rounded

Scenario 4: Labour Supply

Table AP1.10 Net Employment and Floorspace Requirements: Labour Supply, 2023 to 2040 (Scenario 4)

Type of Space/ Use Class	Employment (No. of Jobs)	Employment Floorspace (GEA sq.m)
Office E(g)(i)/(ii)	7,507	116,748
Industrial E(g)(iii)/B2	2,683	39,811
Distribution B8	936	70,745
Total Employment Jobs	**5,071**	**227,305**
Total (including non-employment jobs)	15,465	

Source: Turley (2022)/ Lichfields analysis Note: totals rounded

Net to Gross Employment Requirements

Table AP1.12 Net Floorspace Requirements in Southend, 2023-40 (sq.m)

Use Class	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/E(g)(ii)	13,570	36,420	-129,230	116,745
Industrial E(g)(iii)/B2	30,570	37,580	-22,400	39,810
Distribution B8	6,200	8,920	-49,700	70,745
Total Employment Requirement	50,340	82,925	-201,330	227,305

Source: CE (2022), Turley (2022), Council (2022) / Lichfields analysis Note: figures rounded

Table AP1.13 Gross Floorspace Requirements in Southend, 2023-40 (sq.m)

Use	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/E(g)(ii)	16,215	39,065	-126,590	119,395
Manufacturing E(g)(iii)/B2	30,870	37,880	-22,100	40,110
Distribution B8	6,670	9,390	-49,240	71,210
Total Employment Requirement	**53,755**	**86,335**	**-197,930**	**230,715**

Source: CE (2022), Turley (2022), Council (2022) / Lichfields analysis Note: figures rounded

Table AP1.14 Gross Land Requirements in Southend, 2023-40 (ha)

Use	Scenario 1 Labour Demand	Scenario 2 Growth Scenario	Scenario 3 Past Trends	Scenario 4 Labour Supply
Office E(g)(i)/E(g)(ii)	2.4	5.9	-19.0	17.9
Manufacturing E(g)(iii)/B2	7.7	9.5	-5.5	10.0
Distribution B8	1.7	2.3	-12.3	17.8
Total Employment Requirement	**11.8**	**17.7**	**-36.8**	**45.7**

Source: CE (2022), Turley (2022), Council (2022) / Lichfields analysis Note: figures rounded

Demand and Supply Balance

A broad comparison of estimated demand for employment use space against the identified supply position implies that, in overall terms, there would be sufficient employment space to meet the needs of the past trends scenarios, but a shortfall for the labour demand, growth and labour supply scenarios (Table AP1.15).

Table AP1.15 Demand and Supply of Employment Space in Southend (2023-2040)

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Employment Requirements	53,755	86,335	-197,930	230,715
Employment Supply (adjusted)	36,773			
Surplus (+) / Shortfall (-)	**-16,982**	**-49,562**	**+234,703**	**-193,942**

Source: Southend-on-Sea City Council / Lichfields analysis

Beyond this overall demand-supply balance, the availability of a choice of sites in the market is also important for meeting the needs of different employment sectors, alongside providing flexibility and choice for the market. Therefore, the identified supply of employment space for office, industrial and distribution uses has been compared in more detail with the estimated need arising for these uses under each of the scenarios (Table AP2.16).

Table AP1.16 Demand – Supply of different employment uses (2023-2040)

	Scenario 1: Labour Demand	Scenario 2: Growth Scenario	Scenario 3: Past Trends	Scenario 4: Labour Supply
Office				
Employment Requirements	16,215	39,065	-126,590	119,395
Employment Supply (adjusted)	9,125			
Surplus (+) / Shortfall (-)	**-7,090**	**-29,940**	**+135,715**	**-110,270**
Light Industrial				
Employment Requirements	38,395	45,400	220	163,615
Employment Supply	3,536			
Surplus (+) / Shortfall (-)	**-34,859**	**-41,864**	**+3,316**	**-160,079**
Industrial				
Employment Requirements	-7,530	-7,520	-22,330	-123,510
Employment Supply	10,248			
Surplus (+) / Shortfall (-)	**+17,778**	**+17,768**	**+32,578**	**+133,758**
Distribution				
Employment Requirements	6,670	9,390	-49,240	71,210
Employment Supply	13,859			

Surplus (+) / Shortfall (-)	**+7,189**	**+4,469**	**+63,099**	**-57,351**

Source: Southend-on-Sea City Council / Lichfields analysis

This analysis indicates that:

- **Offices**: there would not be sufficient supply to accommodate the office requirements under all scenarios apart from the past trends scenario which represents a negative requirement. However, surpluses have been identified across industrial uses, and subject to the full permissions or the reserved matters applications that will come forward in relation to the Airport Business Park Southend, it is possible that this shortfall could be accommodated. There is also the potential of increasing office floorspace by diversifying the City and local centres further.
- **Light Industrial:** there would not be sufficient supply to accommodate the light industrial requirements across Scenarios 1, 2 and 4, with a shortfall. However, as noted above, there is an overall surplus across all the scenarios and on this basis the shortfall could be accommodated subject to future detailed permissions.
- **General Industrial:** there will be sufficient space to accommodate the identified needs across all the scenarios.
- **Distribution**: there will be sufficient space to accommodate the identified needs across all the scenarios expect for Scenarios 4 where higher requirements have been identified. The other scenarios which have lower requirements can be accommodated with surpluses varying between 4,469 sq.m and 63,099 sq.m.

It should be noted that this demand-supply balance analysis assumes that all outstanding planning permissions and the identified capacity on allocations will come forward in full during the period between 2023 to 2040. Any deviation from this assumption could potentially have an effect on the balance of space within Southend to 2040.

Based on the analysis of the demand and supply position, the Council does not have enough consented supply to meet the minimum employment requirements set out in the Labour Demand Scenario.

Across the different uses, there is potentially an identified shortfall for office and light industrial space. This indicates that flexible allocations for E(g)/B2/B8 could help meet any future need for either office or light/general industrial or distribution uses. In appropriate circumstances, flexible allocations and permissions could be considered a potential solution to accommodate different types of needs that may arise under the different scenarios whilst managing uncertainty.

Appendix 2 CE Forecast Guide (March 2022)

Appendix 3 Job Growth in Southend

Table A3.1 below presents the absolute growth rate between 2015 and 2020; 2010 and 2020 and 2000 and 2020 as recorded by Cambridge Econometrics. The last column presents the baseline jobs growth anticipated between 2020-2040 and 2023-2040.

Table A3.1 Job Growth Trends in Southend

Sector (CE, 45-split)	Historic Growth			Future Baseline Growth 2020 to 2040	Future Baseline Growth 2023 to 2040
	5-year Growth	10-year Growth	20-year Growth		
Accommodation	329	391	240	234	167
Agriculture, forestry & fishing	- 169	- 336	- 2,273	236	-79
Air transport	11	11	11	-	1
Architectural & engineering services	619	397	407	140	146
Arts	617	545	464	- 374	6
Business support services	819	**1,665**	**1,449**	745	496
Chemicals	- 1	- 3	- 4	- 8	-7
Coke & petroleum	-	- 3	-	-	-
Construction	**1,211**	**1,958**	**1,831**	**1,182**	1,390
Education	- 571	807	**1,177**	158	257
Electrical equipment	- 39	- 65	- 242	- 26	-19
Electricity & gas	42	80	91	- 3	-2
Electronics	- 7	- 713	- 694	- 103	-61
Financial & insurance	- 252	- 1,561	- 3,837	- 953	-253
Food & beverage services	515	**1,732**	- 615	753	628
Food, drink & tobacco	29	61	20	45	33
Head offices & management consultancies	- 425	267	751	254	120
Health	**1,055**	**1,318**	**4,663**	**5,206**	3,579
IT services	- 169	343	- 607	129	65
Land transport	547	482	- 91	19	83
Legal & accounting	- 244	172	- 378	191	118

Sector (CE, 45-split)	Historic Growth			Future Baseline Growth 2020 to 2040	Future Baseline Growth 2023 to 2040
	5-year Growth	10-year Growth	20-year Growth		
Machinery	-27	-121	-258	-42	-22
Media	-175	71	-47	104	-24
Metals & metal products	-107	-264	-418	-100	-65
Mining & quarrying	16	24	36	-20	-8
Motor vehicles	-8	-14	5	-3	-2
Motor vehicles trade	13	282	-279	121	136
Non-metallic mineral products	-166	-1	-497	-99	-50
Other manufacturing & repair	90	954	**1,091**	-650	-447
Other professional services	-333	15	162	470	362
Other services	-349	241	-112	-11	9
Other transport equipment	-4	-8	-2	-3	-
Pharmaceuticals	-2	11	5	2	2
Printing & recording	191	256	-191	-159	-62
Public Administration & Defence	-320	-935	-1,352	310	-19
Real estate	-356	-349	165	180	254
Recreational services	-8	208	-98	-83	125
Residential & social	-347	744	**2,493**	**1,157**	691
Retail trade	-849	-1,226	-1,602	-20	114
Textiles etc	-5	29	-521	-53	-27
Warehousing & postal	54	-224	-605	76	20
Water transport	29	5	10	-3	1
Water, sewerage & waste	-197	-151	-222	21	13

Sector (CE, 45-split)	Historic Growth			Future Baseline Growth 2020 to 2040	Future Baseline Growth 2023 to 2040
	5-year Growth	10-year Growth	20-year Growth		
Wholesale trade	- 289	- 303	- 1,180	34	40
Wood & paper	- 14	27	- 35	- 41	-26
Total Jobs	**754**	**6,819**	**- 1,089**	**9,013**	**7,683**

Source: Cambridge Econometrics / Lichfields analysis

Appendix 4 Growth Rates by Sector

Table A4.1 below presents the annual growth rates per sector against the last 5, 10 and 20 years, alongside the baseline forecast annual growth rate per sector.

Table A4.1 Annual Job Growth Rates by Sector (%)

Sector (CE, 45-split)	5-year Rate	10-year Rate	20-year Rate	Future Baseline Growth 2020 to 2040	Future Baseline Growth 2023 to 2040
Accommodation	12.2%	7.6%	1.9%	1.4%	1.1%
Agriculture, forestry & fishing	-11.3%	-9.2%	-11.7%	3.9%	-1.0%
Air transport	64.4%	28.2%	13.2%	0.0%	0.5%
Architectural & engineering services	17.4%	4.5%	2.3%	0.6%	0.6%
Arts	15.3%	6.2%	2.4%	-1.8%	-1.8%
Business support services	2.5%	2.8%	1.2%	0.5%	0.4%
Chemicals	-0.7%	-0.9%	-0.6%	-1.5%	-1.6%
Coke & petroleum	0.0%	-12.9%	0.0%	0.0%	0.0%
Construction	4.1%	3.5%	1.6%	0.8%	0.8%
Education	-1.5%	1.2%	0.9%	0.1%	0.2%
Electrical equipment	-4.2%	-3.3%	-4.4%	-0.9%	-0.8%
Electricity & gas	12.8%	21.7%	21.2%	-0.2%	-0.1%
Electronics	-0.8%	-14.9%	-7.7%	-4.3%	-3.5%
Financial & insurance	-2.5%	-5.8%	-5.4%	-3.4%	-1.4%
Food & beverage services	2.0%	3.8%	-0.5%	0.6%	0.6%
Food, drink & tobacco	4.6%	5.7%	0.8%	1.4%	1.1%
Head offices & management consultancies	-2.6%	0.9%	1.4%	0.4%	0.4%
Health	2.7%	1.7%	4.0%	2.4%	2.4%
IT services	-2.4%	3.0%	-1.9%	0.5%	0.3%
Land transport	7.2%	3.1%	-0.2%	0.1%	0.1%

Sector (CE, 45-split)	5-year Rate	10-year Rate	20-year Rate	Future Baseline Growth 2020 to 2040	Future Baseline Growth 2023 to 2040
Legal & accounting	-3.5%	1.5%	-1.3%	0.7%	0.5%
Machinery	-5.2%	-8.3%	-6.6%	-3.2%	-2.3%
Media	-6.7%	1.8%	-0.5%	1.1%	-0.3%
Metals & metal products	-5.7%	-5.9%	-4.1%	-1.9%	-1.5%
Mining & quarrying	12.5%	11.6%	n/a	-4.0%	-2.4%
Motor vehicles	-11.1%	-8.4%	3.5%	-1.8%	-1.5%
Motor vehicles trade	0.2%	2.5%	-1.0%	0.5%	0.6%
Non-metallic mineral products	-5.0%	0.0%	-3.1%	-1.0%	-0.6%
Other manufacturing & repair	1.0%	7.6%	4.6%	-2.2%	-1.9%
Other professional services	-3.7%	0.1%	0.5%	1.3%	1.3%
Other services	-2.5%	1.0%	-0.2%	0.0%	0.0%
Other transport equipment	-3.2%	-2.9%	-0.4%	-0.7%	0.0%
Pharmaceuticals	-1.5%	5.7%	1.1%	0.4%	0.4%
Printing & recording	7.5%	5.4%	-1.3%	-1.4%	-0.7%
Public Administration & Defence	-1.6%	-2.2%	-1.5%	0.4%	0.0%
Real estate	-4.7%	-2.3%	0.7%	0.6%	1.1%
Recreational services	-0.1%	1.0%	-0.2%	-0.2%	0.4%
Residential & social	-1.4%	1.8%	3.9%	1.1%	1.1%
Retail trade	-2.1%	-1.5%	-0.9%	0.0%	0.1%
Textiles etc	-0.8%	2.8%	-8.1%	-2.9%	-2.0%
Warehousing & postal	1.4%	-2.5%	-2.8%	0.5%	0.5%

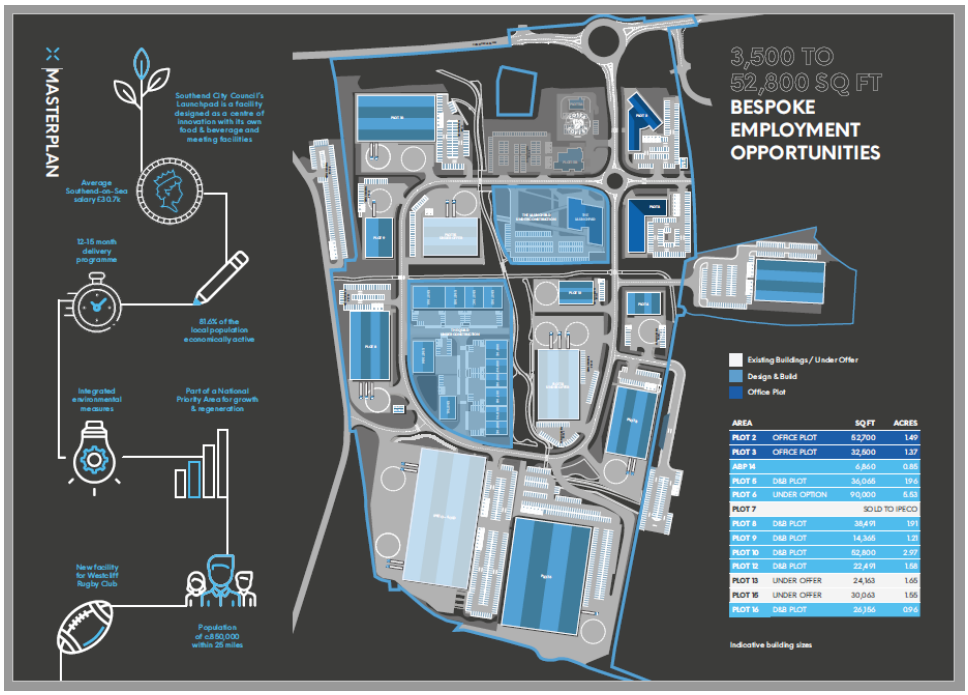
Sector (CE, 45-split)	5-year Rate	10-year Rate	20-year Rate	Future Baseline Growth 2020 to 2040	Future Baseline Growth 2023 to 2040
Water transport	97.4%	1.8%	2.0%	-0.5%	0.2%
Water, sewerage & waste	-15.8%	-6.9%	-4.5%	0.7%	0.5%
Wholesale trade	-3.1%	-1.6%	-2.6%	0.1%	0.1%
Wood & paper	-1.2%	1.3%	-0.7%	-1.0%	-0.8%

Source: Cambridge Econometrics / Lichfields analysis

Appendix 5 Southend Airport Business Park Indicative Masterplan

Figure A5.5 Airport Business Park Brochure, Plots identification

Figure A5.2 Indicative Masterplan



Source: Airport Business Park Brochure: https://abpsouthend.co.uk/ [accessed October 2022]