Fox Land and Property

Written Submissions to the Hearing of the Independent Examinations of the Milton Keynes Core Strategy DPD

Matters 4: Economy & Town Centres (Policies CS3-5, CS7, CS16 & 17 Table 5.3–5.7),
Introduction
This Matter has been prepared by Fox Land and Property on behalf of the Bow Brickhill Consortium. They do not replicate our written submission already provided for the Core Strategy or additional Consultations. SQW have been commissioned to provide a professional critique of the evidence base the Council has used which will be referred to throughout our responses and is appended to this report.\(^1\)

Matters 4: Economy and Town Centres (Policies CS 3-5, 7, 16, 17, Tables 5.3 -5.7)

4.1 i) Is the proposed jobs per dwelling ratio properly justified?

4.1.1 The previous representations made on the CS Consultation concluded that the jobs per ratio of 1:1.5 is unjustified with no evidence provided by MKC to suggest this is any way supported other than anecdotal and historic trend assessment. At its worst taking such an approach could jeopardise the economic growth required which MKC purport to support.

4.1.2 The evidence base for the ratio of 1:1 was supported by robust evidence as a result of the research prepared for the SE Plan by Roger Tym & Pnrs in 2006 which concluded that by 2026 a ratio of 1:1.17 was expected.

4.1.3 It is difficult to understand the rationale of MKC to seek to challenge this ratio which is at the heart of moving forward the City to a prosperous future. Indeed, the neighbouring district of Central Bedfordshire\(^2\) has adopted their allocations DPD for the period to 2026. Their Core Strategy makes provision for:

- Net additional Homes 17,950
- Net Additional Job 17,000

Thus adopted ‘Homes:Job’ ratio 1:1

4.1.4 Notwithstanding the RS evidence base above SQW point out that the Council should have commissioned more forward looking research; even before the publication of The Framework which is predicated on achieving sustained economic growth. The previous GVA Grimley Employment Land Study (ELS) 2007 report was prepared prior to the economic downturn and the assumption that linear growth would continue.

\(^1\) Appendix 1: Responses to Milton Keynes Core Strategy Examination matters: SQW May2012
\(^2\) Central Bedfordshire DPD Site Allocations January 2010: Paragraph 8.2
There has been no detailed assessment on the potential for employment growth for Milton Keynes since this time.

4.1.5 SQW advances the argument that Milton Keynes Economy has outperformed both average UK and other regions. The strong growth is based on a number of key advantages including proximity to London, being well served by infrastructure and its transport network and a skilled workforce. This is also evidenced supported by both major companies based in Milton Keynes and many Small Medium Enterprises (SME) doing business in the Borough.

4.1.6 In the absence of a forward looking and more up-to-date information SQW have carried out their own analysis.

4.1.7 By using econometrics data from December 2012 and more recent employment growth scenarios, whilst less optimistic than the ELS 2007 (Pre economic downturn), SQW predict an average of 2,988 jobs per annum will be required to 2026. This is higher than the 2,625 jobs predicted within the Core Strategy.

4.1.8 As recognised by the Council’s own Employment Technical Paper there are good reasons for believing that MK is better placed than most to experience an earlier and stronger economic recovery. SQW are confident that future increases in employment will be that of the Higher Growth Scenario being 2,988 jobs.

4.1.9 The conclusion is that by the Council not planning for appropriate growth (and where the apparent intention remains to apply a ratio of 1:1.5 jobs) then the number of dwellings that still would be needed is above the 1,750 annual housing delivery rate at 1,992 pa.

4.1.10 If the Council decided that they should meet its own economic growth the number of additional dwellings needed would be 2,988 dwellings pa.

4.1.11 In the absence of further evidence based on new analysis by SQW there is no reasoned justification to suggest a lower Jobs/dwellings ratio. As such, it is unsound not to make adequate housing provision as required by either the RS or the more recent SHMA.

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3 SQW Scenarios Paragraph 2.37 – 2.46
ii) Is the Employment Land Study Scenario 2 still relevant, given the economic downturn and is it supported by demographic evidence?

4.1.12 SQW advice, as contained in their appended report, is that the Scenarios as developed in the Milton Keynes Employment Land Study (ELS) May 2007 are out of date and require updating. The ratio between Job to household as 1:1 to should remain so as not to inhibit future economic growth, as as stated in our response to Question 4.1 (i). Not to do so will inevitably lead to the CS being unsound.

4.1.13 Even taking account of the economic downturn post the ELS 2007 the Council’s growth assumption could still seriously jeopardise the economic recovery for Milton Keynes. With the SQW assumptions showing a modest reduction in the jobs requirement there is still insufficient housing land supply to meet the economic growth predictions.

4.1.14 At this level of employment requirement at a ratio of 1:1 the quantum of housing necessary to meet this growth would be 2,988 being more related to the housing need identified in the Council’s SHMA as opposed to the current supported 1,750 dwellings per annum. Indeed, even at a ratio of 1:1.5 the requisite new housing supply that would be required equates to 1,992. At the current proposed rate this would leave an annual homes for employees deficiency of 242 per annum with a cumulative shortfall for the 16 years remaining in the plan period 2010 of 3,872 homes.

iii) Is the job per dwellings ratio consistent with wider planning objectives and strategies for the sub-region and beyond?

4.1.15 SQW point out that the MK economy has outperformed both regional and national performance in recent decades where prior to recessionary constraints MK increased its employment base by around 2,700 jobs per annum.

4.1.16 The economic advantages of the City cannot be ignored nor the national policy in The Framework, for sustainable growth to occur. This is particularly relevant when considering the South East Midland Local Enterprise Partnership (SEMLEP) which is there “to promote the South East Midlands as a prime growth location for

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4 ELS 2007 Paragraph 5.9 (p79)
business, investors and visitors” Their whole strategy is predicated on growth in both aims:

- Attract New Growth
- Remove Barriers to Growth
- Deliver Growth Effectively and Speedily

And

- Increase the number of net new jobs by 1% above the national average.

4.1.17 It has the proximity to London and the major arterial connectivity in the M1 and the West Coast Main Line. As such MK had been very successful with new business starts exceeding the South East average by up to 15% per annum.

4.1.18 This ability of MK to stimulate growth and attract new business is a significant factor and therefore it is hard to comprehend why any dilution of the ratio (and which could lead to a restriction in the local and skilled workforce) is being considered. Such a move can only be viewed as a retrograde step for this Sub-region and nationally.

4.1.19 The risk associated with the 1:1.5 ratio is highlighted by SQW in that failure to adequately cater for growth will have a number of adverse consequences including

- Extended commuting patterns which will have a negative consequence for sustainability as people are forced to travel further to access the employment opportunities created in Milton Keynes
- A risk of encouraging overcrowding in the available stock of housing.
- Failure to supply sufficient quantum of new housing to meet the needs of a growing workforce could also generate an associated impact on the affordability of housing as demand that is chronically in excess of supply will result in increases in the real price of housing.

iv) How does it relate to the information in Table 5.3?

4.1.20 From SQW research they believe the expected employment growth is 47,800 taking into account factors due to the economic downturn.

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5 SEMLEP: April 2012-March 2013: p4
6 SEMLEP: p15
7 SQW Report 2.32, 2.52, 2.58 & 2.65-2.69
4.1.21 The policy direction both described in the CS and captured in Table 5.3 and the Employment Technical Paper set the support for the ‘scenario 2’ case of a move away from the logistics type industry to a more office based enterprises which would require an increase in skilled labour.

4.1.22 The CS Table 5.3 sets out the jobs potential under the historic set of circumstances. In this scenario the total no of jobs could be as great as 67,250 over the remaining plan period. As such a housing supply restricted to 28,000 homes could give rise to a ratio of 2.4 employees per home.

4.1.23 This clearly shows that the Council’s policy direction (to create the ingredients for a prosperous City and growing economy) is at odds with the restrictions imposed in the annual and total housing supply. This would also reduce the ability to promote a greater emphasis on a skilled and dynamic workforce for whom only alternative (in trying to respond to the employment opportunities) is likely to be an inherent difficulty in finding suitable housing or worse be forced to commute into the City.

4.2 Is there a sound basis for the promotion of knowledge-based employment, and for less emphasis on logistics and warehousing employment?

4.2.1 Whilst our Consultant, SQW, believe a review of the ELS is urgently required there is no doubt a benefit in encouraging SME type businesses to the City on the basis of a better likelihood of being resilient to economic effects and in a better position to create more job opportunities in a growing economy.

4.2.2 However, the Council cannot be complacent that knowledge based business will continue to be attracted to MK. The availability, quality and range of housing is increasingly an important consideration in attracting skilled labour. SKW point out that housing alone may not be enough alone to attract new business investment **BUT** a distinct lack of high quality of housing may preclude it.\(^8\)

4.2.3 The Council within their CS need to guard against the potential mismatch between housing demand and supply which could reduce economic competitiveness and as SQW have pointed out *insufficient housing supply results in increased house price differentials which in turn reduces labour market mobility\(^9\)*

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\(^8\) SQW Report: Paragraphs 2.58-2.64
\(^9\) SQW Report: Paragraph 2.58
4.2.4 SQW also believe relative housing costs act as a significant constraint on the ability to invest in their businesses. The sequence of an under supply of housing could lead firstly to decisions taken to limit as far as it is possible new employment opportunities, substituting capital investment in preference to labour to a point at which relocating in other regions in the UK or more likely offshore would be the only real alternative.

4.2.5 There is a simple way around this; to ensure the plan remains sound by identifying an adequate supply of housing land to enable even at the highest employment growth predictions sufficient housing of quality, in the right locations and accessible to most of the employment market on different incomes.

4.3 Will the existing and proposed employment locations provide the quantity and range of sites that are required to meet the identified needs?

4.3.1 SQW have considered the importance of various factors on business choices of location. Their findings confirm that for Milton Keynes to maintain the regional position sufficient numbers of attractive locations are required to meet business needs.

4.3.2 As such if the Council chooses to under provide sites based on lower growth scenarios there is a danger of restricting supply of the most appropriate locations. This situation would not be appropriate when meeting the objectives of the CS.

4.4 Is there sufficient guidance about how an appropriate balance between provision of office and high technology floorspace in Central Milton Keynes (CMK) and the rest of the borough will be achieved?

4.4.1 We do not propose to comment on this issue

4.5 Should Policy CS3 provide a steer for the re-allocation of sites referred to in paragraph 5.25 of the Core Strategy and if so, how should this be done?

We do not propose to comment on this issue

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10 SQW Report: Paragraphs 2.71 -2.74
4.6 Is there clarity about the status of CMK in regional and sub-regional terms? Is its role and potential for growth appropriately reflected in the Core Strategy?

4.6.1 Our responses and that of SQW to other questions above points towards the Core Strategy underemphasising its regional and sub-regional role.

4.6.2 Indeed, within other sections of the CS the predominance of CMK is touched upon without a strong reference as to how vital this quarter has become in servicing a wide area.\textsuperscript{11}

4.6.3 SQW point out that CMK will offer the best combination of business location attributes not just city wide but for the Region\textsuperscript{12}

4.7 With regard to the Borough’s town centres generally:

i) taking account of the retail capacity update study (August 2011), does the Core Strategy provide a reasonably robust but flexible policy framework for retail and leisure development?

4.7.1 We do not propose to comment on this issue

ii) Is policy approach consistent with the National Policy?

4.7.2 We do not propose to comment on this issue

iii) Is it clear how any existing deficiencies in provision will be addressed?

4.7.3 We do not propose to comment on this issue

iv) Taking account of the reference to retail and other facilities in Policy CS5, is there sufficient guidance in the Core Strategy on how the needs of the Strategic Reserve Areas will be met?

4.7.4 As the SRAs have been a supported strategy since 2006, as a local plan allocation, it is surprising that more guidance is not offered as to the requirements for retail and

\textsuperscript{11} Core Strategy: Policy CS7 & paragraphs
\textsuperscript{12} SQW Report 2.75
other facilities based on the spatial location and juxtaposition to known retail developments in the area.

4.7.5 Local Centres have been well located in the other recent expansion areas to the East and West. The concern here is that owing to the fragmented nature of the four SRAs the Council cannot at this stage assess the requirement.

4.7.6 The other issue is one of viability and whether this area can support a further local centre, facilities and additional commercial elements. There has been no such details provided to understand the strategy and how the needs of the local community will be served.

4.7.7 As has been provided in our master plan document for Bow Brickhill a local centre has been considered not only to serve the new development but the existing community as well. We would have expected a similar level of assessment in support of the SLA.

Matter 4 – Economy Appendices

1. Response to Milton Keynes Core Strategy (Matter 3 – Housing and Matter 4 – Economy) 24\textsuperscript{th} May 2012 - SQW