VE08

Lambert Smith Hampton

PLANNING, REGENERATION & INFRASTRUCTURE

EMPLOYMENT LAND STUDY

Winchester City Council
Employment Land Study

FINAL REPORT

Winchester City Council
July 2024

lsh.co.uk

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This document has been prepared and checked in accordance with the Lambert Smith Hampton Quality Assurance procedures and authorised for release.

Signed: 

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For and on behalf of Lambert Smith Hampton

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0.0 EXECUTIVE SUMMARY

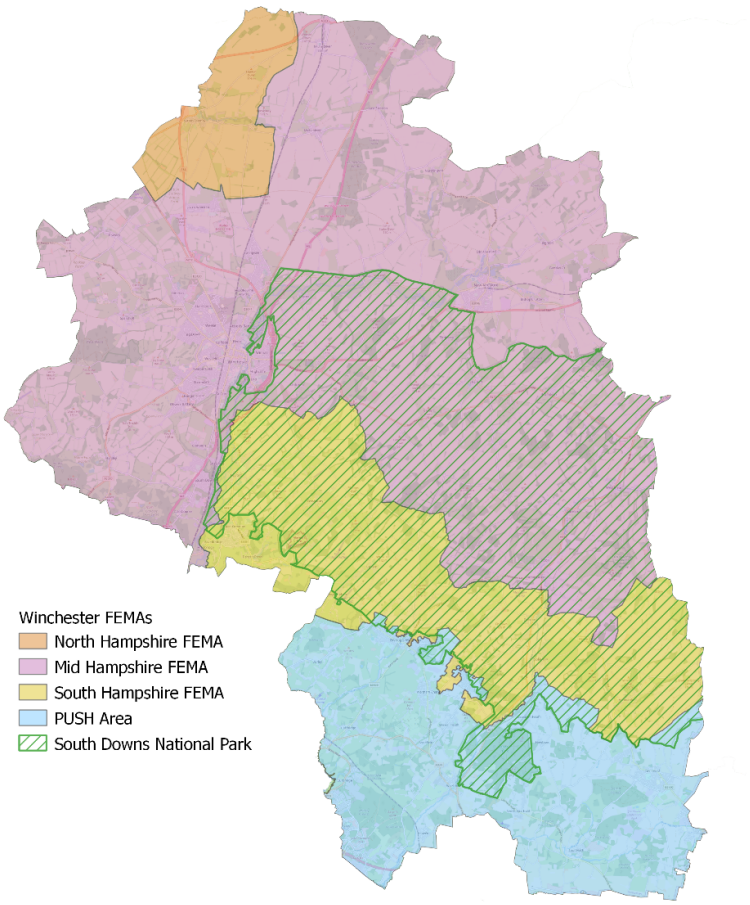
0.1 Overview

0.1.1 Lambert Smith Hampton have been appointed by Winchester City Council to prepare this Employment Land Study for Winchester District. It has been prepared alongside the Winchester Town Centres Study and the two reports should be read together. This report will comprise the Employment Study and reviews and updates the Council's current employment evidence.

0.2 Functional Economic Market Area

0.2.1 A range of existing studies define the extent of the Functional Economic Market Areas (FEMAs) covering Winchester District. These have been reviewed and ratified and show that Winchester district is covered by numerous FEMAs – the North Hampshire FEMA, the Mid Hampshire FEMA, the South Hampshire FEMA, and the PUSH Area – as set out below.

Figure 0: Winchester District Area FEMA



0.3 National and Regional Context, and Economic Baseline

0.3.1 Winchester has a diverse economy with sectoral strengths in retail, health, professional, scientific, and technical, education, and business administration & support services, and levels of homeworking are higher in Winchester compared to the national average.

0.3.2 Winchester is broadly in line with the average earnings for Hampshire and England. However, median house prices in Winchester are considerably higher, thereby making Winchester much less affordable.

0.3.3 The forecasts of future employment growth are provided at district-wide level. This includes the pasts of the district covered by the South Downs National Park. However, the latest data shows that 93% of the district's workforce and workplace population are in the district outside of the National Park. Accordingly, it is considered that the future employment forecasts provide an appropriate basis for estimating employment growth within the Winchester Local Plan Area (covering the district outside the National Park).

0.4 Changes in Patterns of Home Working

0.4.1 There have been significant changes to home working practice during and following the Covid Pandemic:

- There has been a considerable jump in the prevalence in home working and hybrid working due to the Pandemic and this continues to be seen principally in office-based occupations and industries.
- Office occupancy levels have been slowly returning post-Pandemic, however hybrid working patterns are now entrenched with most office-based businesses.
- Around half of businesses have implemented measures to improve office attendance, suggesting a desire to continue to drive up attendance.
- This has an impact on floorspace requirements of office occupiers. Among those who have moved the majority took less space than previously.

0.4.2 Forecasting an increase in homeworking for Winchester based on an acceleration of previous trends and Winchester's industrial profile suggests a reduction in Winchester of 17-17.5%.

0.5 Patterns of Supply and Loss of Employment Floorspace

0.5.1 Regarding industrial floorspace, between 2012/13 and 2021/22 there was a healthy rate of growth in Winchester at 1.59%. There was a net gain in industrial floorspace of 34,791 sqm across the Local Plan area.

0.5.2 For office floorspace, the above section shows that there was much slower growth in floorspace at 0.38%. However, factoring in losses show a net loss of 15,645sqm of office space across the Local

Plan area. The majority of losses of office space has been to residential uses. This saw a notable increase immediately following the introduction of the permitted development rights in 2013.

0.5.3 Redevelopment at existing employment sites through the demolition and replacement of employment uses or mixed-use redevelopment constituted 7.8% of all completions. It represents a small and relatively unpredictable source of supply.

0.5.4 The employment forecast based on past completions trend shows a need for around 27.6ha of employment land for the period 2022-40 comprising 3.3ha of office space, and 24.3ha of industrial space.

0.6 Future Employment Growth

0.6.1 Future jobs growth in Winchester has been assessed using three economic forecasts from Cambridge Econometrics (CE), Oxford Economics (OE), and Experian. The following observations and conclusions can be drawn:

- The three forecasts show reasonable alignment in terms of those sectors which predominantly occupy office accommodation.
- However, for predominantly industrial (B2 and B8) based sectors there is significant misalignment between the forecasts. Therefore, further analysis of these sectors has been undertaken.
- No single forecast shows positive growth across all three of these sectors. The Experian forecast is both more positive and more reflective of past performance for the Transportation and storage and Manufacturing sectors. For the Construction sector the opposite is the case whereby the CE and OE forecasts are more positive and more in-line with past performance.
- For all three sectors, none of the forecasts show stronger growth for the 2022-40 period than has been seen historically. The most positive forecasts for each sector show a broad continuation of the past trends in jobs growth, while the less positive forecasts show zero growth or decline in a sector.

0.6.2 The analysis does not identify a single forecast as providing a preferred basis for forecasting future employment land requirements in Winchester. This, along with significant misalignment between the forecasts in key industrial-based sectors means that the recommended approach is to use an average of all three forecasts in Winchester.

0.7 Rural Economy

0.7.1 Around 29% of total jobs in Winchester are located within rural areas. Some expected sectors have much higher prevalence in rural locations such as the Mining and quarrying sector and Agriculture,

forestry, and fishing sector. Additionally, the Information and communications; Arts, entertainment and recreation; and Construction sectors all have a higher proportion of jobs in rural locations than urban. The data also shows a significant number of other sectors with a large minority (30-40%) of workers based in rural locations. However, many of the sectors with larger representation in rural locations have relatively small overall levels of employment in Winchester.

0.7.2 The completions data shows that around 20% of all development in WCC Area are at farm diversification sites.

0.7.3 This demonstrates the strong contribution of farm diversification to meeting Winchester's employment land requirement in rural areas, and the data shows that this source of supply provides a significant source of employment land development in Winchester and makes a strong contribution to supporting the district's rural economy.

0.8 Warehouse and Logistics

0.8.1 The demand for warehouse and logistics space in the district is predominantly focussed at the smaller end of the B8 market. Demand is more localised in nature rather than catering for larger regional or national distribution centres whose representation in the district is limited. This is confirmed by a range of analyses within this report including commercial market data, economic forecasts, and feedback from stakeholders.

0.8.2 Within Winchester district, the Warehouse and Logistics sector is predominantly accommodated by mid-sized flexible 'industrial' units which can meet the needs of both B2 and B8 uses. Take-up data suggests this element of supply meets demand for occupiers in both the industrial and distribution sectors.

0.8.3 This is reflected in recent take-up and completions data which shows only 16% of all completed employment floorspace is for specific B8 uses. For comparison, 55% is for flexible B2/B8 uses.

0.8.4 The sectoral representation of employment in the Warehouse and Logistics sector in Winchester district is relatively low compared to other areas and national rates. While the sector has seen strong growth over the past market cycle, the economic forecast for the sector in Winchester is loss positive with an average forecast growth rate of 1.0% per annum.

0.8.5 In terms of future growth, the growth within the Warehouse and Logistics sector is covered within the main analysis set out below. It is recommended that the Council continue to exercise flexibility so that the demands of these use classes can be met through flexible B2/B8 developments.

0.9 Future Employment Land Requirements

0.9.1 The outputs of the employment land requirement scenarios are set out below. Taken together alongside wider economic factors, economic baseline, and stakeholder feedback, informs the overall conclusions on employment land needs for Winchester.

Table 0. Employment Land Needs (ha) – Scenario Comparison

	B1a/b/c	B2/B8	Total
Baseline Scenarios			
CE Baseline	14.1	17.6	31.7
OE Baseline	16.2	10.1	26.2
Experian Baseline	17.5	52.4	69.9
Average Baseline	15.9	26.7	42.6
WFH Sensitivity Scenarios			
CE WFH	10.5	17.6	28.1
OE WFH	12.6	10.1	22.6
Experian WFH	13.6	52.4	66.0
Average WFH	12.2	26.7	38.9
Past Completions Trend Scenario			
Past Completions Trends	3.3	24.3	27.6

0.9.2 For industrial and warehouse/distribution (B2/B8) uses, the following observations are made:

- There is a considerable range between the forecasts. The reason for the differences is the different sectors showing growth in each of the forecasts. The Experian forecast shows greater jobs growth in the Transport and Storage sector which typically requires a large quantum of floorspace per job.
- The forecast based on the average of the three forecasts is considered to provide the most robust labour demand forecast for forecasting future needs.
- Assessment of the completions and applications data suggests a strong and steady development of mid-sized flexible industrial units being advertised and taken-up by a mix of B2 and B8 occupiers. Stakeholder discussions indicate strong demand for this type of development in Winchester.
- Overall, the completions trend is also considered to provide a robust basis for future industrial land requirements in Winchester. It falls within the range of the labour demand scenarios and aligns very closely with the average forecast.

0.9.3 For the office sector, the following observations are made:

- The labour demand scenarios all show reasonable consistency in terms of office land needs. And all show a need for more land than the forecast based on past completions. This is due

to all of the forecasts showing considerable jobs growth in sectors typically requiring office space.

- The WFH Sensitivity Scenarios takes account of changing working patterns – increasing proportions of office workers home working or hybrid working – and the effect of this on future office needs. The WFH Sensitivity Scenarios have resulted in reductions to the future office requirements shown in the baseline forecasts.
- However, we are still in a period of high change. Working practices remain unsettled and a 'new normal' is yet to settle. These changes are beginning to filter down to business decisions regarding floorspace requirements, however this process is evolving, and data on this subject is emerging and untested. Therefore, we recommend the Council take a cautious approach to any widescale rationalisation of Winchester's office stock until more evidence is available.
- This notwithstanding, the forecast based on past completions trend shows a much lower requirement for 3.3ha of office land. While the forecasts suggest that this wouldn't be sufficient to support the significant increase in office-based jobs in Winchester shown in all 3 forecasts, this could potentially be offset by a lower office demand due to increased levels of homeworking. Therefore, the completions trend forecast could be considered as a lower end of the range for office needs.

0.9.4 Overall, the forecasts based on the past completions trend and average of the three labour demand forecasts with WFH adjustments provide the most reasonable and robust estimate of future employment land needs. This shows a need for the 2022-40 period of around 24.3ha – 26.7ha for B2/B8 space, and 3.3 – 12.2ha for office (all B1) space. This shows an overall total need for 27.6ha – 38.9 ha of employment land.

0.10 Future land supply

0.10.1 The primary purpose of this report is to assess the current and future employment land needs for Winchester. The Council will need to identify sufficient sites through planning permissions and Local Plan allocations in order to meet this need in both quantitative and qualitative terms. All identified sites must be assessed as suitable, available, and achievable for economic development uses over the plan period.

0.10.2 The Council's current employment land supply (as of March 2022) shows an existing supply of approximately 50ha: 20ha at sites with extant planning permission; and 30ha at allocated sites. It is noted that the exact quantum and typology of employment land to come forward at the allocations is currently uncertain. However, the current identified supply suggests sufficient employment land to meet identified needs.

1.0 INTRODUCTION

1.1 Overview

1.1.1 Lambert Smith Hampton have been appointed by Winchester City Council to prepare the Winchester Town Centres and Employment Study 2023. This report will comprise the Employment Study and will seek to review and update their current employment evidence, which comprises the Employment Land Requirements report (ELR) (April 2020) prepared by Stantec. This Employment Study has been prepared alongside the Town Centres Study and the two reports should be read together.

1.1.2 This report will provide an assessment of Winchester District's economy and investigate the economic potential of the district based on economic forecasting and modelling scenarios for future growth. It will identify the future employment land requirements in Winchester District to support the identified level of growth between 2022-2040.

1.1.3 This report has been prepared in accordance with National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

1.1.4 This report provides a robust assessment based on both wide-ranging data analysis as well as contextual evaluation. The study provides:

- Policy review of the national, regional, and local economic policies and strategies
- Review of the socio-economic baseline
- Summary of the stakeholder engagement undertaken
- Evaluation of Winchester's pattern of supply and loss
- Review of the economic forecasts
- Identification of future floorspace and land area requirements

2.0 DEFINING THE FUNCTIONAL ECONOMIC MARKET AREA

2.1.1 This section considers the functional economic market areas (FEMAs) covering Winchester District Council and surrounding areas.

2.2 National Planning Policy Framework

2.2.1 FEMAs aim to capture the spatial level at which an economic operates, and the PPG provides the following guidance on how they should be identified:

> *"Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:*
>
> - *extent of any Local Enterprise Partnership within the area;*
> - *travel to work areas;*
> - *housing market area;*
> - *flow of goods, services and information within the local economy;*
> - *service market for consumers;*
> - *administrative area;*
> - *catchment areas of facilities providing cultural and social well-being; and*
> - *transport network"*
>
> Paragraph: 019 Reference ID: 61-019-20190315

2.3 Administrative Geographies and Transport Network

2.3.1 Winchester is partly covered by the South Downs National Park "SDNP", and this area is covered by a separate local plan. The remainder of Winchester District is covered by the Winchester City Council Planning Area "WCC" and the Winchester City Council Local Plan "LP" and may be referred to as the WCC LP Area as part of this document.

2.3.2 The South Downs National Park (SDNP) covers a large area of the district and splits the WCC LP Area in to two areas (north / south). In the north of the district, there is the built-up area of Winchester City and the surrounding areas. To the south of the district there is some smaller settlements, as well as Whiteley and Segensworth which includes significant employment areas adjacent to the wider urban area of Fareham Borough. Further to this, the southeastern edge of Winchester District is well connected to the built-up area of Portsmouth and has seen the recent development of Newlands to the west of Waterlooville.

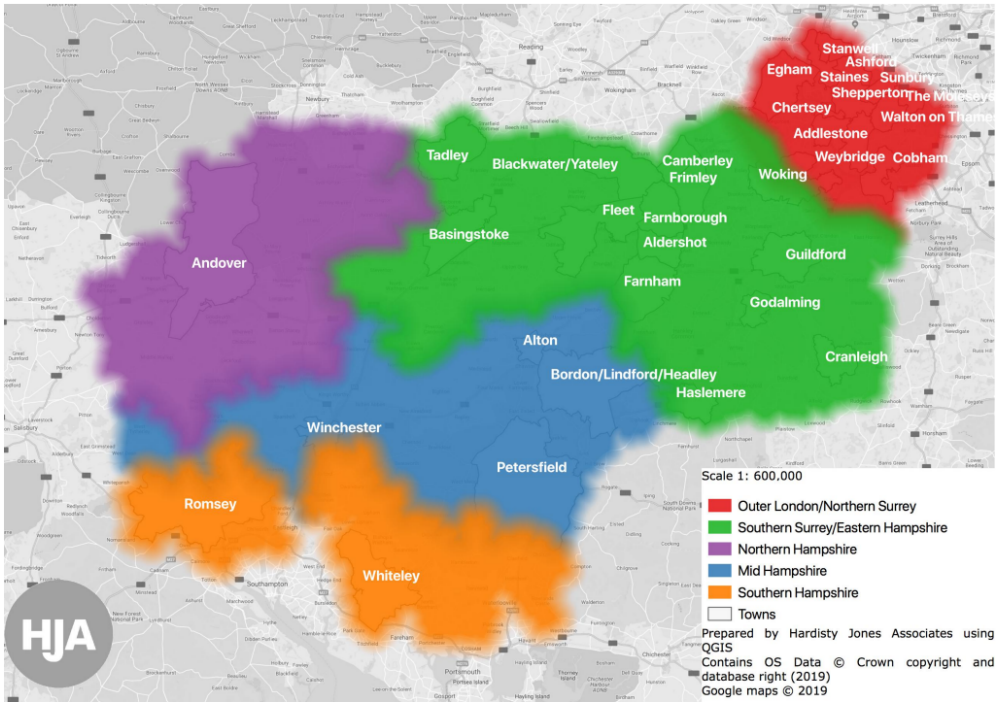
2.3.3 With regard to the road network, Winchester is well connected to south Hampshire via the M3 and M27, as well as North Hampshire and Surrey via theM3. Further to this, the M3 running through the district and the M3/A34 interchange connect it to the M25 and the wider motorway network.

2.4 Evidence of Existing Studies

2.4.1 There are three main studies that cover the Winchester District, these are as follows:

- The Enterprise M3 Towns Analysis, Final Report Part 1: Data Analysis and Town Classification – This was a report published in December 2019 produced by Hardisty Jones Associates for the Enterprise M3 Local Enterprise Partnership (LEP). One of the aims of the report was to develop a typology of the towns/settlements and the networks that link them together. This report identifies five Functional Economic Market Areas that function over the LEP area, these are Outer London/Northern Surrey, Southern Surrey/Eastern Hampshire, Northern Hampshire, Mid Hampshire, and Southern Hampshire. As shown in the figure below, this report identified that there were numerous FEMAs operating across Winchester District, this includes a Mid Hampshire FEMA that covers Winchester City and a large area of the district, as well as a North Hampshire FEMA operating in the north of the district, a South Hampshire FEMA operating in the southern parts of the district. This analysis was based on travel to work areas, housing market areas, and commercial property market areas.

Figure 1: Excerpt of M3 LEP Towns Analysis Map produced by Hardisty Jones Associates



- The second report that briefly covers the identification of the Winchester FEMA is the most recent Employment Land Report for Winchester produced by Stantec and published in

2020. Whilst this report does not explicitly identify a FEMA, however it does recognise that Winchester falls into multiple market areas (paragraphs 6.18-6.19):

"The south of Winchester functions as part of the wider South Hampshire market area with evidence that part of the success of this area, in terms of delivery, build out and job generation, has been because the land offered in previous planning rounds was more attractive to the market than the land available in surrounding areas.

Winchester town and to a lesser extent the rural villages form a very different market. So this distinctiveness needs to follow through into our recommendations and consideration of market balance in each area."

- The third report that covers the identification of the Winchester FEMA is the Economic, Employment and Commercial Needs (including logistics) Study produced for the Partnership for South Hampshire by Stantec, published in March 2021. This study makes reference to the work undertaken in as part of the M3 Towns Analysis, and concurs with the conclusion that the southern part of the Winchester district functions as part of the Southern Hampshire FEMA. It identifies that the Lower Super Output Areas (LSOAs) that are part of the South Hampshire FEMA as: 011C and D, 012A, B, D, E and F, 013A, B, D, E, F and 014A, B, C, D and E.

2.4.2 As such, it appears that the subsequent reports have agreed with the conclusions made in the M3 Towns Analysis study which identifies that numerous FEMAs cover Winchester district. In addition, the table below provides a summary of the findings from existing economic evidence base studies for the neighbouring areas, in which the majority of the studies do not identify Winchester as part of their primary FEMA, or alternatively they confirm the conclusions made in the M3 Towns Analysis with regards to Winchester's FEMA.

2.4.3 Furthermore, it should be noted that this study was conducted recently (2019), and there has been no further update to the detailed travel to work census data available.

Table 1. Summary of Existing Studies

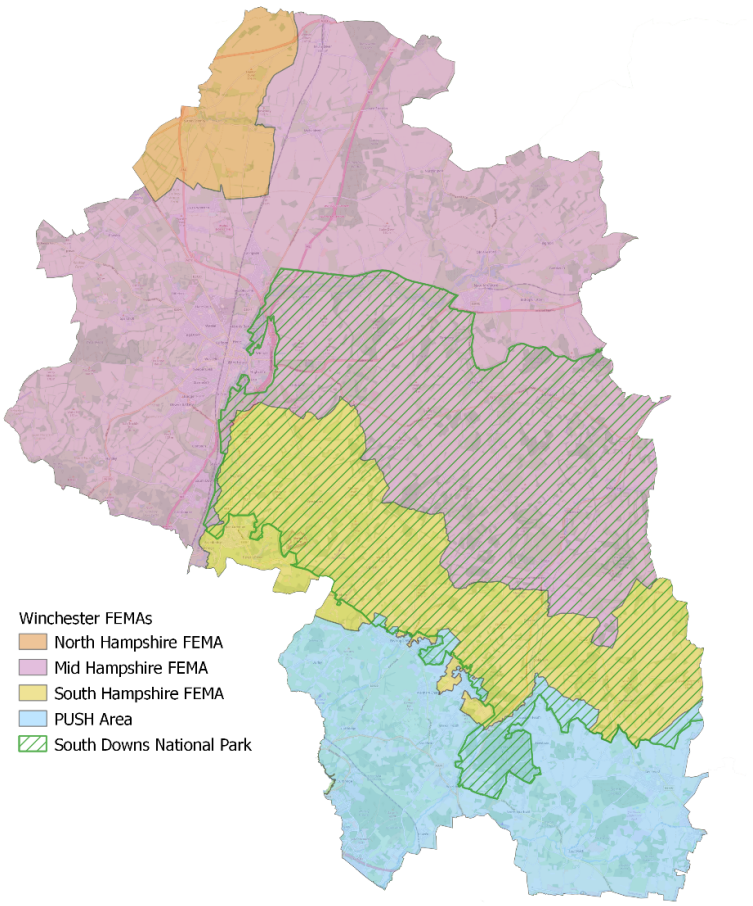
Authority	Functional Links / FEMA	Source
Basingstoke & Deane Borough Council	This report identifies that in 2019 the HJA report Basingstoke was placed with the Southern Surrey and Eastern Hampshire districts. However, it then states that *"However, we cannot agree as regards the eastward extent of the Southern Surrey and Eastern Hampshire FEMA developed by HJA. This extends to include Haslemere, Guildford and Woking. So for this*	Basingstoke and Dean Economic Needs Assessment – December 2021

	work we continue with the FEMA as defined in our 2018 work.". Therefore, this report concludes that, Basingstoke forms a FEMA in itself, it does however recognise that this is a pragmatic conclusion and the economic links between Basingstoke and Deane and all the other neighbouring districts need to be discussed through Duty to Cooperate discussions, because all FEMAs are permeable to some degree.	
East Hampshire District Council	The HEDNA was published in 2018 to assess with the development needs in East Hampshire district (including the national park area). Here it was concluded that that the district area was deemed to be a suitable proxy for the FEMA as was also used in the previous work in the SHMA (2013) and the ELR (2013).	Interim HEDNA For the East Hampshire District Local Plan Regulation 18 consultation, December 2018
Eastleigh Borough Council	This report does not identify a FEMA. Nonetheless, the report does state that *"Eastleigh borough is not an island. It sits firmly at the heart of the wider South Hampshire or Solent economy in a prime location at a key transport interchange at the junction of two major motorways, close to an international port, containing an international airport and at the junction of two mainline railway routes."*	Eastleigh Borough Employment background paper June 2018
Fareham Borough Council, New Forest District Council, Portsmouth City Council, Southampton City Council, Test Valley Borough Council	This report is referred to above. As part of this report, the South Hampshire FEMA was identified to cover the authorities of Fareham, Havant Borough, Southampton, Portsmouth, Gosport Borough as well as crosses the boundaries into the authorities of Winchester, Test Valley, East Hampshire, and New Forest. It was identified that the LSOAs in the South Hampshire FEMA area (the PfSH part of Winchester	Economic, Employment and Commercial Needs (including logistics) Study for Partnership for South Hampshire March 2021

	district) are: 011C and D, 012A, B, D, E and F, 013A, B, D, E, F and 014A, B, C, D and E.	
Gosport Borough Council	This report identified the primary functional economic market area for Gosport could be approximated by the local authority areas of Gosport, Fareham and Portsmouth. It was also found that the remainder of the Solent LEP area (Winchester, Eastleigh, Southampton, Havant, East Hampshire, Test Valley, New Forest and the Isle of Wight) can be considered as a secondary functional economic market area for Gosport.	Joint Economic Development Needs Assessment and Economic Land Availability Assessment, November 2018
Hart District Council	A joint Employment Land Review was prepared by Hart District Council, Rushmoor Borough Council and Surrey Heath Borough Council and published in June 2015. Together the areas of the three authorities comprise a single Functional Economic Area (FEA).	Hart, Rushmoor and Surrey Heath Joint Employment Land Review Update November 2016
Havant Borough Council	As part of this ELR, it was concluded that Havant and its associated labour market functions as part of the South Hampshire Functional Economic Area, and that the identification of the Solent Local Economic Partnership is reflective of the sub-region's functional economic area.	Employment Land Review, October 2020
Rushmoor Borough Council	As part of this Employment Land Review, it was identified that Hart, Rushmoor and Surrey Heath have strong economic linkages and together they form a single Functional Economic Market Area.	Hart, Rushmoor and Surrey Heath Joint Employment Land Review Update November 2016

2.4.4 Therefore, as a result of the findings above, we agree with the conclusions made in the previous studies and identify that Winchester district is covered by numerous FEMAs – the North Hampshire FEMA, the Mid Hampshire FEMA, the South Hampshire FEMA, and the PUSH Area. The figure below shows Winchester District, and the corresponding FEMAs as identified through the studies above.

Figure 2: Winchester District Area FEMA



3.0 ECONOMIC BASELINE AND LITERATURE REVIEW

3.1 National Economic Strategy

i) *The Growth Plan 2022*

3.1.1 In September 2022 the Government published a growth plan. This sets out the governments central economic mission of setting a target of reaching a 2.5% trend rate. This is in the hope of creating sustainable growth that will lead to higher wages, greater opportunities, and provide sustainable funding for public services.

3.1.2 To achieve this, the Plan sets out the Government's strategy to cut taxes, streamline the public sector, and liberate the private sector in hopes of making Britain the place for:

- investment: creating the right conditions and removing barriers to the flow of private capital – whether taxes or regulation
- skilled employment: helping the unemployed into work and those in jobs secure better paid work
- infrastructure: accelerating the construction of vital infrastructure projects by liberalising the planning system and streamlining consultation and approval requirements
- home ownership: getting the housing market moving
- enterprise: cutting red tape and freeing business to grow and invest.

3.1.3 As part of this there are numerous sectoral specific interventions that will affect the UK economy, such as:

- Making permanent the temporary £1 million level of the Annual Investment Allowance (AIA) to support businesses investing between £200,000 and £1 million in plant and machinery
- Reforms to Research and Development (R&D) tax reliefs to: add pure mathematics research within scope of the reliefs, including data and cloud computing as new qualifying costs and refocussing the reliefs towards innovation in the UK
- Scale up Science and Technology by (a) reforming the pensions regulatory charge cap to enable pension schemes to have the clarity and flexibility to invest in businesses and productive assets, and (b) introducing the Long-Term Investment for Technology & Science (LIFTS) competition, providing up to £500 million to support new funds designed to catalyse investment from pensions schemes and other investors into the UK's pioneering science and technology businesses.
- Deregulation of the UK financial services sector including plans to repealing EU law for financial services and replacing it with rules tailor made for the UK, and scrapping EU rules from Solvency II to free up billions of pounds for investment

ii) *Build Back Better: Our plan for growth*

3.1.4 In March 2021 the Government published 'Build Back Better: our plan for growth' which sets out the strategy for economic growth in Britain following the Covid-19 pandemic and lockdowns.

3.1.5 This report identified three core pillars of economic growth:

a- Infrastructure – investment into roads, rail, and cities with the aims of connecting people with economic opportunities as part of the 'levelling up' agenda and progressing the Green Industrial Revolution,

b- Skills – additional investment into Further Education, introduction of the Lifetime Skills Guarantee, and continued focus on apprentice quality

c- Innovation – support the development of creative technologies, attracting a creative workforce, and introducing new schemes to encourage small and medium enterprises

3.1.6 The paper recognises that economic growth is not equal and as such the three core pillars of growth aimed to drive growth as follows:

a- up the whole of the UK: the Government aim to achieve economic growth that improves the quality of life for communities across the UK and reducing the current geographical disparities.

b- Net zero: aim to continue tackling climate change, and deliver a Ten Point Plan for a Green Revolution

c- Britain: As UK prosperity is built on the integration with global economics, following the exit from the European Union the UK aims to take advantage of the new opportunities to ensure it remains a leading destination for global investment.

iii) *Industrial Strategy: Sector Deals*

3.1.7 In November 2017 the UK's Sector Deals were announced; these are partnerships between the Government and industries in specific sectors and they aim to create significant opportunities to boost productivity, employment, innovation, and skills:

(a) Artificial Intelligence
(b) Automotive
(c) Construction
(d) Creative industries
(e) Life sciences
(f) Nuclear
(g) Offshore wind

3.1.8 Since November 2017, Rail and Aerospace were added (December 2018), and Tourism was added in June 2019.

3.2 Regional Policy

iv) *Hampshire Economic Strategy*

3.2.1 In January 2023, Hampshire County Council published their Economic Strategy. This outlines the overarching framework to guide economic development in Hampshire. The strategy aims to go beyond the traditional focus on Gross Value Added (GVA) and jobs, to include a broader set of sustainable development outcomes such as physical, natural, human, knowledge, social, and institutional capital.

3.2.2 The table below sets out Hampshire's strengths and weaknesses for each of these sustainable development areas as identified in the Economic Strategy:

Physical Capital includes the things businesses own – such as factories, plant machinery, and offices - but also shared physical assets, such as roads, rail, digital infrastructure, and energy infrastructure.	
Strengths • Comprehensive transport infrastructure (especially roads) • Large but shrinking supply of office space	Weaknesses • Insufficient housing supply for Hampshire's population, and future housing supply designing in the car • Inadequate digital infrastructure in most of Hampshire
Natural capital describes the existence and quality of physical assets in nature and indicates the health of the local environment and biodiversity through land, air, water, and living organisms. We consider here natural designations, biodiversity, and environmental threats.	
Strengths • Many natural designations and significant woodland coverage • Relatively good habitats and biodiversity • CO2 reduction ahead of the UK with significant sequestration capability	Weaknesses • Ongoing threats to biodiversity • Flood risk – being worsened by climate change • Issues with water resources and water pollution in much of Hampshire
Human capital refers to the health, both mental and physical, and skills of the population. It enables people to attain personal, social, and economic wellbeing and is a determinant of labour productivity	
Strengths • A strong and successful network for education and skills providers and strong educational attainment • Hampshire has a relatively healthy population • Hampshire overall has high levels of employment and good wages	Weaknesses • Hampshire's older population is set to increase, while its working-age population decreases • Hampshire has seen a loss of young people and EU migration • Areas of Deprivation • Lower proportion of Hampshire's younger population go on to higher education or start apprenticeships

Knowledge capital is the intangible value of an organisation or place made up of its knowledge, relationships, learned techniques, procedures, and innovations.	
Strengths • Hampshire sees relatively high levels of innovation across the county • Hampshire has a fairly strong offer of incubation space for start-ups	Weaknesses • While Hampshire has lots of innovative businesses, it lags most areas in the South East • Hampshire has lower levels of collaborative innovation • Rural Hampshire lacks the infrastructure to support start-up and scale-up rural businesses
Social Capital: There are no set criteria for measuring social capital in a place. However, looking at levels of civic engagement, crime rates, cultural and natural assets as well as the use of civic centres can provide an indication of the strength or weakness of social capital.	
Strengths • Higher levels of voter turnout suggest strong civic engagement • Lower crime levels, in most although not all parts of Hampshire, indicate higher levels of social capital • A growing visitor economy anchored by strong cultural & natural assets	Weaknesses • Retail decline and falling footfall in town centres and high streets
Institutional capital refers to the quality and reliability of governance and relationships between institutions and organisations in a local area. We refer here to the range of institutions in Hampshire that includes businesses, academic institutions, government, and defence sectors	
Strengths • At the heart of the UK's defence capability • Strong academic and research institutions • A prime international gateway • Home to leading UK and international business	Weaknesses • Complex governmental structures

v) *Enterprise M3 Area Strategic Economic Plan 2018 – 2030*

3.2.3 In 2020, the Enterprise M3 LEP published the Strategic Economic Plan for 2018-2030.

3.2.4 The Enterprise M3 LEP comprises of the following local authorities: Basingstoke and Deane, Hart, Rushmoor, Surrey Heath, Test Valley, Winchester, East Hampshire, Woking, Guildford, Waverley, New Forest, Runnymede, Spelthorne, and Elmbridge.

3.2.5 In the Strategic Economic Plan some of the areas strengths are identified as follows:

- Exports are one of the LEP's strongest assets, with almost 60% of goods headed to non-EU countries, especially the USA and China
- There is good transport connectivity – this connects the LEP with key airports, ports, and markets which facilitate efficient travel for businesses, communities, and visitors to and from the area.

- There are important sector specialisations – the LEP has clear strengths in high value sectors such as digital, defence/aerospace satellite technology, business services, and the creative industries.
- High level of qualifications and a good education system – the LEP area has a highly educated population and a comparatively low unemployment rate when compared to the rest of England.

3.2.6 Further to this, the Strategic Economic Plan sets out the target of achieving 4% GVA growth per annum by 2030, with the 5 priorities in achieving this being:

- High value sectors
- Enterprise and innovation for scaling up high priority SMEs
- Skills for a high value, high growth economy
- Connectivity for a 21st century advanced digital and low carbon economy
- Dynamic communities and sustainable growth corridors

vi) *Enterprise M3 Area Local Industrial Strategy*

3.2.7 In 2020, the Enterprise M3 LEP published their Local Industrial Strategy. This report identifies that the LEP specialises in hi-tech, knowledge-based industries such as: aerospace and satellites, games and immersive technology, digital services, and telecommunications.

3.2.8 Further to this, the LIS identifies the priorities for the LEP area can be split in to two main purposes:

1. Supporting the success of our business: in exporting, innovating and as employers which are fundamental to growth and productivity, and which are likely to need primary additional revenue support:
    - Science, innovation and enterprise - Stimulating more innovation and greater commercialisation of knowledge in our leading sectors to increase output from the most productive businesses, to promote diversification from these strengths – including from the low carbon sector of the economy - and to spread the opportunities to other sectors
    - People and skills - meeting business needs, promoting a better skilled, supported and healthier workforce and being an attractive and competitive area for prospective employees
    - Exports - a major success story for the area but with plenty of scope to increase the number of businesses engaged in exporting and to support the growth of businesses that are already involved.
2. Supporting the EM3 area as a great location in which to do business primarily additional capital investment into the sectors of:

- Digital connectivity - a step change in connectivity which will address poor mobile and broadband connectivity in parts of the area; meet business needs for speed and capacity in transferring data which is crucial for some frontier sectors; and open up opportunities for implementing smart systems and for transforming public services
- Clean growth and natural capital - articulating the full potential of the area to meet its needs for utility services like energy in a way that is fully consistent with clean growth and the role of natural capital in shaping future economic growth.
- Towns - supporting their future vitality and viability and ensuring that the productive capacity that they offer is fully utilised through collaborative place shaping.
- Smart mobility - better, cleaner and more efficient connections between businesses and their staff, supply chains and markets to enhance productivity and new approaches to mobility.
- Housing - increasing the supply and diversity of housing to improve recruitment and retention of the people that business needs.

vii) *Enterprise M3 Area Sectors and Innovation Report 2020*

3.2.9 In 2020, the Enterprise M3 LEP published a Sectors and Innovation report. This report was produced by Metro Dynamics and identifies the priority sectors within the EM3 economy. As part of this, the report recognises that the largest sectors across the LEP area are Professional, Scientific and Technical Activities, Information and Communication, and Retail and Health. Further to this, Digital, Aerospace & Space and the Games industry are identified as areas of 'high value innovation', in which EM3 is performing well above the average compared to other LEPs.

3.2.10 Five key interventions the LEP will make to strengthen the innovation ecosystem of Enterprise M3 were identified as follow:

- Intervention 1: Supporting Small and Medium Businesses – the EM3 area has one of the highest number of scaleups in LEPs outside of London. These businesses are focused in key sectors, including space and digital. As such the LEP aims to provide these businesses with the foundation to grow to ensure continued innovation by: accessing funding streams, attracting talent, assisting with business planning, and obtaining access to business incubators.
- Intervention 2: Connecting Space, Aerospace and the games industry for cross-sector collaboration – connecting sectors can strengthen the innovation and increase the

likelihood of knowledge spill overs, as such the LEP aims to support this in numerous ways including: fostering partnerships between businesses and universities, work with shared workspace and business incubator experts such as Rocketdesk and SETsquared, and connect Oxford Innovation with the innovation institutions within Enterprise M3.

- Intervention 3: Digital Skills and Access to Talent – there is a clear need for a greater number of digital and technical skills within the creative, space and games industries. As such, in order to deliver the skills businesses need the LEP will: work with universities and colleges, develop a skills action plan, and work with businesses to make the EM3 LEP a more attractive and competitive area for prospective employees.
- Intervention 4: Strengthening the Space Sector – the South East of England, particularly Surrey, has an historic standing as a hub for the European space sector, and supporting and strengthening this sector is fundamental to the regional and national economy. As such, the LEP aims to assist by: helping to embed the Satellite Applications Catapult within Surrey Space Centre and Surrey Research Park, identifying funding streams to aid research, and help universities in the LEP to encourage a greater uptake of Digital IT and STEM qualifications.
- Intervention 5: Strengthening the Games and Immersive Tech Industries - Game development plays a critical role in the Enterprise M3 economy. NESTA identified the Guildford and Aldershot travel to work area as one of the key game development hubs in the UK. To continue this, the LEP aims to: support further engagement with the games industry to understand its needs and requirements, continue bringing together the games industry into a local cluster group (currently focused in Guildford), and work with local businesses to create unique events and platforms that provide the opportunity for SMEs to showcase their capabilities.

3.2.11 As such, this report indicates that the priority sectors for the EM3 LEP are the gaming and immersive tech industries and the space sectors, and the interventions outlined above are aiming to strengthen the LEP's growth in these areas.

3.3 Local Policy

3.3.1 The adopted Development Plan for Winchester District comprises the following:

- Winchester District Local Plan Part 1 - Joint Core Strategy (LPP1)
- Winchester District Local Plan Part 2 – Development Management & Allocations (LPP2)
- Winchester Gypsy, Traveller, and Travelling Showpeople DPD
- The Denmead Neighbourhood Plan

3.3.2 In addition to this, there is an emerging Winchester Local Plan 2020-2040.

3.3.3 The emerging Local Plan has been subject to Regulation 18 consultation and is expected to go forward to Regulation 19 consultation stage in due course, followed by the submission of a draft Local Plan to the Planning Inspectorate in 2024.

i) *Winchester District Local Plan Part 1- Joint Core Strategy (LPP1) (2013) - Employment Land Policies*

3.3.4 **Policy DS1 'Development Strategy and Principles'** sets out the overarching development strategy. The supporting text to the policy sets out that Winchester Town and the South Hampshire Urban Area will be principal focus for new residential and employment development across the district and will accommodate the bulk of the objectively assessed development needs of the District, including the requirement for 12,500 new dwellings and about 20 hectares of new employment land. More locally focussed development will occur in the Market Towns and Rural Area reflecting the needs and requirements of those communities (para 3.1).

3.3.5 The Stage 2: Partial Refresh will consider the overall employment land requirement figure as well as sub-district commercial dynamics which may influence delivery strategy.

3.3.6 **Chapter 8 'Prosperous Economy'** identifies that the district falls within two economic areas, the south of the District is within the Solent Local Economic Partnership (LEP) area, and rest of the District is included in the Enterprise M3 LEP area.

3.3.7 It draws upon the Economic Strategy 2010 which identifies that the district's economy is built on five key sectors:

- Public administration and business services
- Land based industries
- Tourism and recreation
- Knowledge and creative industries
- Retail

3.3.8 The rural economy is a key feature in the district.

3.3.9 The Stage 2: Partial Refresh takes account of the reorganised LEP geographical areas which means the whole of Winchester District now falls within the Enterprise M3 LEP area. However, there are clearly still links with the Solent LEP area, particularly in the south of the district. The Stage 2: Partial Refresh therefore draws upon the functional economic market areas (FEMAs) which cover Winchester District as identified in the LEPs' evidence base documents.

3.3.10 The Stage 2: Partial Refresh reviews this in light of the reorganised LEP geographical areas and also assesses the key sectors in context of the latest data and forecasts.

3.3.11 **Policy CP8 – Economic Growth and Diversification** supports economic development through the retention, regeneration and intensification of previously developed land and by allocating land as necessary to support employment growth at sustainable locations.

3.3.12 It states that about 20 hectares of new employment land will be provided for economic growth and future employment needs.

3.3.13 The supporting text states that although there is no need to allocate any further strategic employment sites in this Plan, the Council considers that it is important to retain existing employment sites and premises to ensure an adequate supply of all types of employment floorspace. While the Council would not wish to prevent employment land and floorspace which is clearly surplus to requirements being put to more sustainable uses, it does wish to maintain a range of employment opportunities to encourage growth across all economic sectors. In considering whether to retain employment floorspace the Council will determine proposals against the criteria set out in policy CP9.

3.3.14 **Policy CP9 – Retention of Employment Land and Premises** states that losses will only be permitted where retaining a business use would not be reasonable having regard to the following:

- the redevelopment potential for other employment uses or a mix of uses including the scope for intensifying or providing an effective use of the site or building, and the potential to improve and extend the range of modern employment floorspace.
- whether the building or use meets or could meet a specific local requirement, such as providing low cost start up accommodation.
- the environmental impact of business use on neighbouring uses.
- the access arrangements for the site/buildings, by road and public transport.
- strength of local demand for the type of accommodation.
- the benefits of the proposed use compared to the benefits of retaining the existing use.

3.3.15 **Policy WT1 'Development Strategy** for Winchester Town' states there are opportunities for economic development and diversification with relation to employment uses through:

- retention of existing employment land and premises (in accordance with policy CP9) and new development or redevelopment to provide for new business growth to broaden Winchester's economic base through growth in sectors including knowledge, tourism, creative and media industries and more specifically start-up premises to encourage entrepreneurship.
- exploring the employment opportunities presented by the site at Bushfield Camp in accordance with Policy WT3.

3.3.16 The supporting text sets out a number of objectives as identified in the Winchester District Economic Strategy 2010 – 2020, including:

- promotion of knowledge-based industries – to 'future proof' the economy through diversification and promotion of knowledge and low-carbon enterprises.
- reduce commuting – to balance the in and out daily commuting flows.
- provision for creative industries – to retain graduates from the universities by providing the right start-up accommodation.

3.3.17 It also notes the changing employment structure of Winchester's economy and changing work practices and more efficient use of office space through hot-desking and home working, meaning that more jobs can be accommodated in the same space. Given the reassessment of employment densities for typical office uses and the amount of existing available space, the implication is that some of the requirement for business space could be accommodated within the Town either in existing premises or through the redevelopment of these sites.

3.3.18 There is an identified opportunity to diversify its economy through the promotion of its creative and cultural industries, linked to its universities.

3.3.19 **Policy WT3 – Bushfield Camp Employment Site** is allocated as an Employment Site. The site comprises approximately 43 hectares of land, of which approximately 20 hectares which was previously occupied by the military camp. WT3 limits the total area of development to 20 hectares of land, prioritising use of the previously occupied and less sensitive area. The policy aims to deliver necessary social, economic or environmental development which could not otherwise be accommodated within or around Winchester.

3.3.20 **Policy SH1 – Development Strategy for South Hampshire Urban Areas** includes the development of commercial floorspace at Whiteley, Segensworth and West of Waterlooville (mostly already committed), which will contribute to achieving the economic strategy for the PUSH area and help to provide balanced new communities nearby.

3.3.21 Existing permitted and allocated sites will provide the land needed to deliver the requirements for the provision of commercial floorspace in the PUSH area, as set out in the Employment Floorspace Policy Framework which allocates floorspace targets at a District level.

3.3.22 The location of employment land commitments supports the development strategy outlined above and means that there is no need for further new employment allocations for the South Hampshire Urban Areas. In addition, there will be significant employment floorspace provided within the North of Fareham SDA adjoining the district's boundary, which in part mitigates the need for any further employment allocations in the Winchester part of PUSH.

3.3.23 **Policy SH2 – Strategic Housing Allocation – West of Waterlooville** includes 23 hectares of employment land, including uses which will help link the development to the town centre, create a vibrant commercial area and include some mixed housing/ commercial areas.

3.3.24 **Policy MTRA1 – Development Strategy Market Towns and Rural Area** sets out that spatial planning vision for each area will be achieved through identifying and providing for the needs of each settlement to fulfil its needs relative to its role and function. Existing employment land and premises will be retained or redeveloped, and development of new sites or buildings to provide and improve local employment opportunities for both existing and new businesses and to support entrepreneurship will be supported.

3.3.25 **Policy MTRA 2 – Market Towns and Larger Villages** sets out that in these settlements proposals for new economic and commercial floorspace of 500 sqm or more outside defined centres will need to demonstrate that it would not have a harmful impact on the centre.

3.3.26 **Policy MTRA 4 – Development in the Countryside** permits certain development outside of settlements including:

- Proposals for the reuse of existing rural buildings for employment, tourist accommodation, community use or affordable housing. or
- Expansion or redevelopment of existing buildings to facilitate the expansion on-site of established businesses or to meet an operational need, provided development is proportionate to the nature and scale of the site, its setting and countryside location.

3.3.27 **Policy MTRA 5 – Major Commercial and Educational Establishments** in the Countryside supports the retention and development of major commercial and educational establishments which occupy rural locations in the district, where this will help them continue to contribute to the District's economic prosperity.

ii) *Winchester District Local Plan Part 2 – Development Management and Site Allocations (LPP2) (2017)*

3.3.28 The LPP2 forms part of the Development Plan Documents and aims to allocate land to help deliver the development strategy for new housing, economic growth and diversification set out in Policy DS1 of the LPP1.

3.3.29 **Chapter 3 Winchester Town –** There is no LPP1 target for employment needs in the town, but there is a requirement to help facilitate new business growth to broaden the town's economic base. The text refers to Bushfield Camp (allocated in LPP1) and 'other commitments available for employment development within and around the town' (para 3.4.1). There are two further key employment opportunities: the area around Winchester Station and at Winnall.

- The area around Winchester Station, known as Station Approach, is promoted for an employment-led mixed-use development with the potential for around 16,000 sqm of office (B1) floorspace.
- At Winnall there are identified opportunities for the encouragement of start-up units and small to medium enterprises and a more flexible approach to employment generating uses outside of the traditional B1-B8 range in some locations.

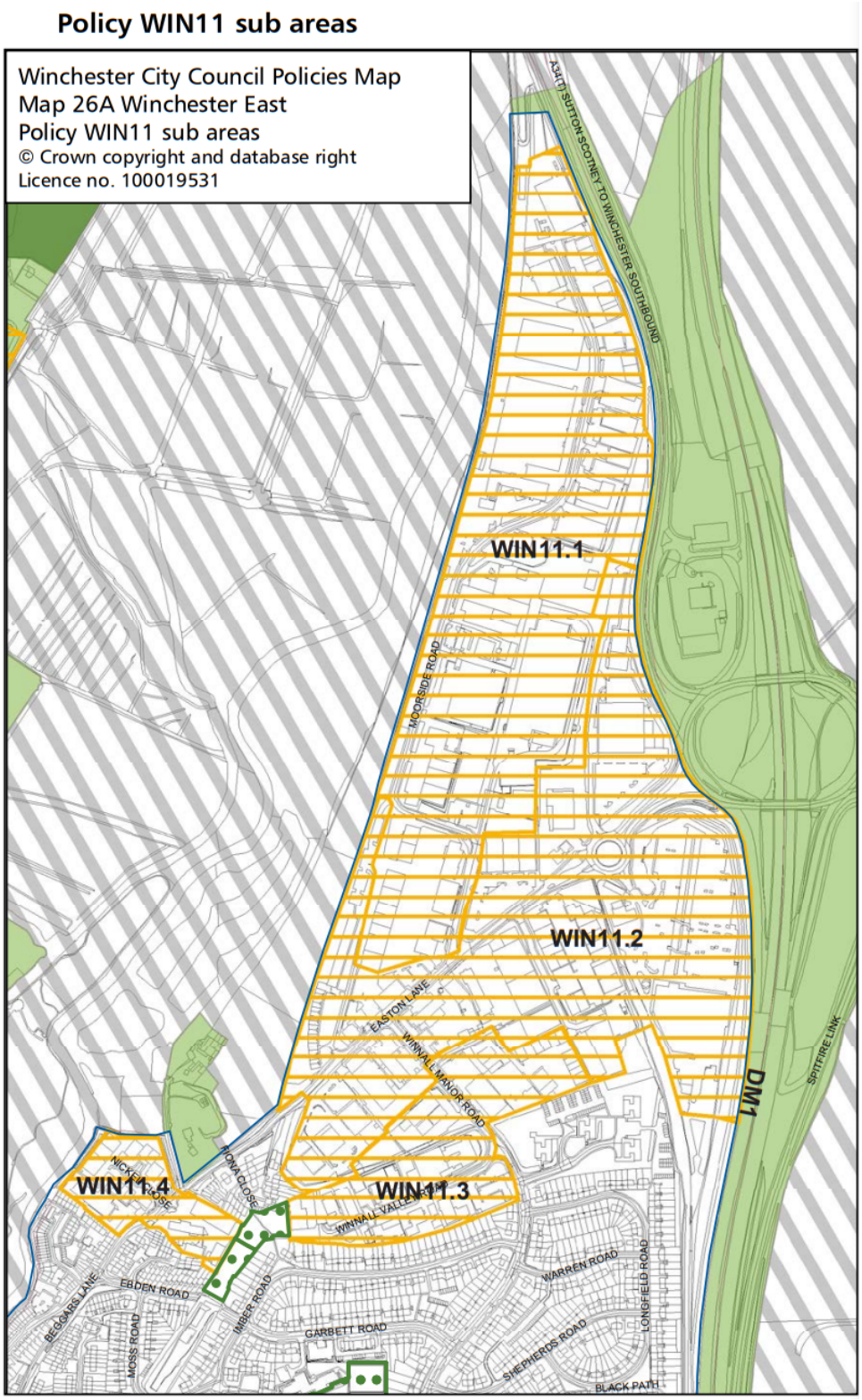
3.3.30 There are a limited number of vacant employment properties in the town which provide for the normal 'churn' of employment floorspace. (Para 3.4.3)

3.3.31 **Policy WIN5 – Station Approach Area** sets out the site is suitable for an employment-led mixed use development comprising offices, and other employment generating uses, along with a range of other non-employment uses.

3.3.32 **Policy WIN11 – Winnall** sets out that the area will remain as the main employment area in Winchester Town. The area is divided by sub-area:

- In sub area 1 (WIN11.1), which is the core employment area in Winnall focussed on Moorside Road, there is a presumption in favour of the retention of 'B' Use Classes to ensure this area continues as a centre for more traditional employment opportunities.
- In sub area 2 (WIN11.2), along Easton Lane, the Council will adopt a more flexible approach in applying policy CP9 and may permit employment generating uses outside of the B1, B2, and B8 Use Classes.
- In sub area 3 (WIN11.3), the Council will encourage the sub-division and development of units to create provision for start-up businesses and small to medium enterprises (SMEs). Non-Use Class 'B' uses in this area will only be allowed where required to make the retention of employment sites viable
- In sub area 4 (WIN11.4), applications for non-Use Class 'B' uses will be considered against the requirements of policy CP9, in the context of adjoining land uses.

Figure 3: Extract of Policy WIN11 – Map of sub areas



Source: Winchester District Local Plan Part 2

3.3.33 **Chapter 4 covers the Market Towns and Rural Areas** - For Bishop's Waltham there is a need to maintain the balance between housing and employment and it is estimated that an additional 200-250 jobs will be required to achieve this, taking account of the level of new housing proposed. A new employment site is therefore included in this plan at Tollgate Sawmill (Policy BW5) and existing sites should be retained, and additional employment provision encouraged, in suitable locations within the built-up area. (Para 4.2.10).

3.3.34 For New Alresford additional employment land is needed to maintain Alresford as a working town, as well as to replace land that will be redeveloped at The Dean. Land is allocated at Sun Lane (Policy NA3) to make provision for the long-term employment needs of the town (para 4.5.9).

3.3.35 For other settlements no specific employment needs have been identified that would warrant specific policies beyond CP9.

3.3.36 **Policy BW5 – Tollgate Sawmill** is allocated for employment use and a limited amount of market housing. Permitted employment uses being B1(b) (research & development), B1(c) (light industrial) and B8 (storage and distribution), with limited B2 (general industrial).

3.3.37 **Policy NA3 – Sun Lane** is a mixed-use allocation in New Alresford which includes 5 hectares of employment uses (B1, B2 and/or B8).

3.3.38 **Policy SHUA2 – Solent 1 Employment Allocation.** The major part of the 'Solent 1 Business Park' has now been built out for a range of employment uses, but there still remain some areas of undeveloped land within the Business Park which should retained and developed to meet future employment needs. Allocated provide for a range of high technology and business uses falling within Use Class B1.

3.3.39 **Policy SHUA3 – Solent 2 Employment Allocation** has now largely been built out, but some small areas remain undeveloped. Policy provides for a range of employment uses within Use Classes B1 (Business), B2 (General Industry) or B8 (Storage and Distribution) or will provide significant employment opportunities which could not readily be provided elsewhere, especially within the established town centres.

3.3.40 **Policy SHUA4 – Little Park Farm** forms part of a larger allocation for employment (B1, B2, B8) uses that extends into Fareham Borough. Both the Winchester and the Fareham parts of the allocation remain undeveloped.

iii) *Winchester District Local Plan 2020-2040 (Emerging)*

3.3.41 The emerging Local Plan is currently in Regulation 18 stage and consultation closed on 14th December 2022. The Plan covers the period up to 2040 and once adopted, it will be used to assess and determine planning applications together with any relevant policies in neighbourhood development plans.

3.3.42 **Strategic Policy SP2 'Spatial Strategy and Development Principles'** states the Council will support the delivery of new housing, economic growth and diversification for each spatial area:

- Winchester Town will make provision for about 5,670 new homes (including the completion of the Kings Barton and the Sir John Moore Barracks redevelopment).
- The South Hampshire Urban Areas will make provision for about 5,700 new homes
- The Market Town and Rural Area will make provision for about 4,250 new homes.

3.3.43 In delivering the district's housing, employment and community requirements development proposals will be expected to (inter alia) apply a town centres first approach to retail, leisure or other development proposals that are high attractors of people.

3.3.44 **Strategic Policy SP3 'Development in the Countryside'** permits the following development:

I. Development which has an operational need for a countryside location

II. Proposals for the reuse of existing rural buildings for employment, tourist accommodation, community use or affordable housing where they are close to existing settlements or in otherwise sustainable locations

III. Expansion or suitable replacement of existing buildings to facilitate the expansion on-site of established businesses or to meet an operational need,

IV. Small scale sites for low key tourist accommodation appropriate to the site, location and the setting

V. Residential accommodation for which an exceptional need has been demonstrated

3.3.45 **Strategic Policy E1 'General Vibrant Economy Strategy'** sets out the general approach to employment development and states that the ELR identified a need for 20ha of employment land. This will be provided at a range of sites set out in Policy E2.

3.3.46 Policy E1 sets out the council will encourage economic development and diversification that supports the council's Carbon Neutrality Action Plan and Green Economic Development Strategy and is in accordance with the Local Plan vision. This will be achieved through the retention of appropriate premises and sites, supporting new development that is consistent with the spatial strategy and by allocating land as necessary to support employment growth at sustainable locations.

3.3.47 The plan recognises the contribution to the local economy of employment opportunities outside of traditional industrial use classes, including:

- Existing strengths in education and creative sectors
- The visitor and tourism economy, including food and drink and entertainment

3.3.48 New forms of business that develop innovative technologies and will help to support a low carbon economy will be encouraged. Consideration will be given to locating development associated with the green economy and low carbon energy generation/renewable energy facilities where

appropriate, recognising that this may be in locations not normally considered for economic development. The local planning authority will support measures to promote self-employment and working from home, including the development of live-work accommodation.

3.3.49 **Strategic Policy E2 'Spatial Distribution of Economic Growth'** sets out the following locations of economic growth:

3.3.50 Within Winchester Town:

- Bushfield Camp (Policy W5). high quality business employment and complementary uses. Specifically, high quality flexible business and employment space, an innovation hub and creative industries.
- Further employment will be provided at sites within the city as part of mixed-use developments at Central Winchester Regeneration (CWR) area (Policy W7),
- Station Approach Regeneration area (Policy W8),
- Winnall area of the City (Policy W6).
- Employment is also included as part of Barton Farm development (Policy W1).

3.3.51 In the South Hampshire Urban Area the continued development of the existing employment allocations at Solent Business Park (Policy SH4) and Little Park Farm (Policy SH5) in Whiteley, together with part of the West of Waterlooville development (Policy SH1).

3.3.52 Market Towns and Rural Areas - appropriate growth and maintenance of existing employment within the key settlements

3.3.53 **Policy E5 – Enhancing Employment Opportunities** sets out the development management policy for new employment development and sets out what constitutes 'employment uses':

- Uses that attract significant amounts of visitors or are primarily aimed at visiting members of the public will not generally be acceptable within industrial areas and will be directed to town centres
- Office development will be restricted to sub-class E(g) in order to prevent unregulated changes to other uses within Class E that are appropriate within town centres.
- Permissions may be restricted to particular use classes or sub-divisions thereof and/or restrictions may be placed on permitted development rights where appropriate and reasonable.
- Due consideration will be given to amenity issues it may be necessary to restrict the range of employment uses within certain areas

3.3.54 **Policy E6 – Retaining Employment Opportunities** notes the continuing pressures for the redevelopment of existing employment sites for other uses, particularly residential. Employment uses are therefore particularly vulnerable to redevelopment and it is important to ensure they are

adequately protected. The supporting text notes that as the ELR recommends retaining existing employment sites, the onus will be on applicants to demonstrate why that would not be reasonable or practical in any particular case (para 10.100).

3.3.55 Proposals that involve the loss of existing or allocated employment land and floorspace will only be permitted where continued employment use is no longer practical or viable taking account of:

- i. The redevelopment/intensification potential for other employment uses
- ii. Whether the building or use meets, or could meet, a specific local business requirement
- iii. Retaining employment floorspace via mixed-use redevelopment
- iv. The impact of continued employment use on the local environment and amenity
- v. The suitability of access arrangements
- vi. The benefits of the proposed use compared to the benefits of retaining the existing use.
- Marketing should be undertaken for a minimum of at least 12 months.

3.3.56 **Policy E9 – Economic Development in the Rural Area** will be supported when:

- i. The development has an operational need for a countryside location; or
- ii. The proposal is for the purposes of business use in association with residential accommodation within the same curtilage; or
- iii. The proposal is for the reuse of existing rural buildings for employment or tourist accommodation; or
- iv. The development will be solely within the confines of established purpose-built industrial estates; or
- v. The proposal is for the use of existing buildings to facilitate the expansion onsite of established businesses or to meet an operational need.

3.3.57 **Policy E10 – Farm Diversification** will generally be supported, and should utilise existing buildings in the first instance, where practical and feasible. Diversification proposals that support the development of a low carbon economy are generally welcomed. These can take a variety of forms involving new uses for land or new constructions and can assist in supporting the viability of the farm.

3.3.58 **Policy E11 – Visitor-Related Development** within the Countryside will be expected to provide evidence to support new development in terms of the benefits to the local economy, or to ensure the viability of existing commercial development within the countryside.

3.3.59 Proposals will be expected to make use of existing buildings in the first instance and demonstrate how the proposal will minimise impacts on the local environment.

iv) *Summary*

3.3.60 This section provides a summary of the district's adopted and emerging employment policies:

- The employment policies refer to detailed commercial market context which will need to be reviewed in light of current market conditions and changes to macro and local market conditions.
- The policies refer to promotion of specific sectors which will need to be reviewed in light of the latest econometric forecasts and stakeholder feedback.
- Both the adopted and emerging Plan identify a need for 20ha employment land and allocate the same sites to meet this need. However, the plans draw from different evidence base documents, which come to very similar conclusions regarding employment land needs.
- The draft employment allocations in the emerging Plan include many of the same sites as the adopted Local Plan suggesting the supply position has not changed. This is confirmed by the AMRs. The progress of the extant allocations towards delivery should be assessed to understand why development has not come forward, since originally being allocated. This could be due to a range of demand-side factors, policy constraints, or the suitability and deliverability of the supply sites.

3.4 Climate Change Local Policy

3.4.1 In June 2019, Winchester City Council declared a 'Climate Emergency'.

3.4.2 The Council also committed to the aim of getting the council carbon neutral by 2024, and the district of Winchester carbon neutral by 2030.

3.4.3 In accordance with this, a Carbon Neutrality Action Plan (CNAP) was published, and sets out a comprehensive list of actions that will contribute to reducing emissions across the district.

3.4.4 The CNAP identifies three key points in its overall approach, these are as follows:

1. Apply a zero emissions lens to every City Council project and decision
2. Position the City Council as a leader on tackling global heating
3. Integrate climate crisis measures into all strategies and policies

3.4.5 In addition to this, numerous key strategies were identified under the headings of Internal City Council process, Transport, Buildings, Energy Generation and Use, Natural Environment, Business and Green Economy, Air Quality, Living Well, and Planning.

3.4.6 In addition to the Local Plan, Winchester District has published their Ten-Year Green Economic Development Strategy (GEDS). This document details the framework which aims to ensure that Winchester District benefits from green growth opportunities by using planning, procurement, and capital spending programme to stimulate, encourage and support green economic development.

3.4.7 An evaluation of Winchester's baseline economy and stakeholder consultation were undertaken to inform the development of the GEDS. Subsequent to this, eight outcomes and six key policy themes

were established, and this then led to the identification of seven key actions for the Council to undertake. These are as follows:

1. Establish a process for developing a shared Action Plan with Team Winchester stakeholders
2. Innovative business and economy: Collaborate to extend the EM3 LEP digital spine
3. Skills and competitiveness: Co-ordinate development of a low carbon offsite and Sustainable Construction Skills Academy
4. Culture, creative, and visitor economy: Collaborate with the district's educational institutions to grow opportunities for the creative and cultural 65 Urban Foresight sector
5. Connected, public, and electric transport: Plan the next phase of the Electric Vehicle Infrastructure Strategy
6. Affordable, low carbon housing: Encourage low or zero carbon regeneration site testbed and development
7. Green infrastructure, biodiversity, and renewable energy: Deliver green infrastructure and ecosystem services in built-up areas

3.5 Socio Economic Profile

3.5.1 This section provides an overview of the key statistics and trends to describe the economy in Winchester District.

3.5.2 To analyse the district, we will attempt to look at the local authority area as a whole, as well as the Winchester City Council Local Plan area and South Downs National Park (SDNP) area separately where possible.

3.5.3 As the national park area does not align with Lower Super Output Area LSOA boundaries, we have taken a 'best fit' view of the national park and Winchester City Council Local Plan area based on the residential population of the LSOAs. The LSOA's that have been identified to be within the National Park Area are as follows:

- E01023225
- E01023282
- E01023246
- E01023235
- E01023226
- E01023222
- E01023236

3.5.4 It should also be noted that there are two additional LSOAs (E01034733: Winchester 014F, E01034734 : Winchester 014G) in the 2021 LSOAs compared to the 2011 ones. These are both within the Winchester City Council Local Plan area and so do not affect the classification of the SDNP area.

3.5.5 Winchester has a current residential population of 127,441 (ONS 2021), of which 90% are within the WCC LP Area, and just 10% are within the SDNP area.

Table 2. Resident Population, Winchester

	WCC LP Area	SDNP Area	Winchester District
Number of residents	114,067	13,374	127,441
Percentage	90%	10%	100%

Source: *ONS 2021*

v) *Workplace Employment*

3.5.6 Winchester has an economy that supports 88,600 jobs, of which 93% are within the WCC LP Area, and just 7% are within the SDNP area.

Table 3. Number of jobs, Winchester

	WCC LP Area	SDNP Area	Winchester District
Number of jobs	82,280	6,320	88,600
Percentage	93%	7%	100%

Source: *BRES, 2021*

3.5.7 To identify the sectoral concentration of employment, analysis of the Business Registration and Employment (BRES) data has been undertaken. The table below shows that the sectors with the highest concentration of employment are retail (16.7%), health (16.2%), professional, scientific, and technical (9.8%), education (7.2%), and business administration & support services (7.2%).

3.5.8 In particular, the table below highlights some of the differences between the economy in the WCC LP area and SDNP area. For example, the SDNP show notably higher concentrations in the sectors of accommodation and food services (13.8% SDNP / 5.8% WCC LP Area), as well as arts, entertainment, recreation and other services (13.6% SDNP / 2.8% WCC LP Area). Conversely, the LP Area shows notably higher concentrations in the sectors of retail (9.8% SDNP / 17.2% WCC LP Area), information and communication (2.5% SDNP / 6.0% WCC LP Area), and health (9.0% SDNP / 16.8% WCC LP Area).

Table 4. Composition of Employment – Winchester

	WCCLP Area		SDNP Area		Winchester District	
	Jobs	**%**	**Jobs**	**%**	**Jobs**	**%**
1: Agriculture, forestry & fishing (A)	115	0.1%	40	0.6%	155	0.2%
2: Mining, quarrying & utilities (B,D and E)	465	0.6%	40	0.6%	505	0.6%
3: Manufacturing (C)	3,110	3.8%	370	5.9%	3,480	3.9%
4: Construction (F)	4,360	5.3%	425	6.7%	4,785	5.4%
5: Motor trades (Part G)	1,115	1.4%	95	1.5%	1,210	1.4%
6: Wholesale (Part G)	2,255	2.7%	110	1.7%	2,365	2.7%
7: Retail (Part G)	14,180	17.2%	620	9.8%	14,800	16.7%
8: Transport & storage (inc postal) (H)	2,495	3.0%	95	1.5%	2,590	2.9%
9: Accommodation & food services (I)	4,755	5.8%	870	13.8%	5,625	6.3%
10: Information & communication (J)	4,935	6.0%	160	2.5%	5,095	5.8%
11: Financial & insurance (K)	3,405	4.1%	80	1.3%	3,485	3.9%
12: Property (L)	1,470	1.8%	225	3.6%	1,695	1.9%
13: Professional, scientific & technical (M)	7,955	9.7%	700	11.1%	8,655	9.8%
14: Business administration & support services (N)	5,900	7.2%	515	8.1%	6,415	7.2%
15: Public administration & defence (O)	3,825	4.6%	20	0.3%	3,845	4.3%
16: Education (P)	5,870	7.1%	525	8.3%	6,395	7.2%
17: Health (Q)	13,800	16.8%	570	9.0%	14,370	16.2%
18: Arts, entertainment, recreation & other services (R,S,T and U)	2,270	2.8%	860	13.6%	3,130	3.5%
Total	**82,280**	**100%**	**6,320**	**100%**	**88,600**	**100%**

Source: *BRES, 2021*

3.5.9 The table below sets out the employment profile of Winchester district compared to Hampshire, and England. Comparative analysis of this reveals that in general, Winchester's economy closely aligns with Hampshire's and England's sectoral composition. However, there is some differences of note:

- There is a comparatively low concentration of manufacturing employment in Winchester compared to Hampshire and England
- There are comparatively high levels of retail jobs in Winchester compared to Hampshire and England.
- There are comparatively high levels of employment in the health sector in Winchester compared to Hampshire and England.

Table 5. Proportion of Employment – Winchester, Hampshire, and England – 2021

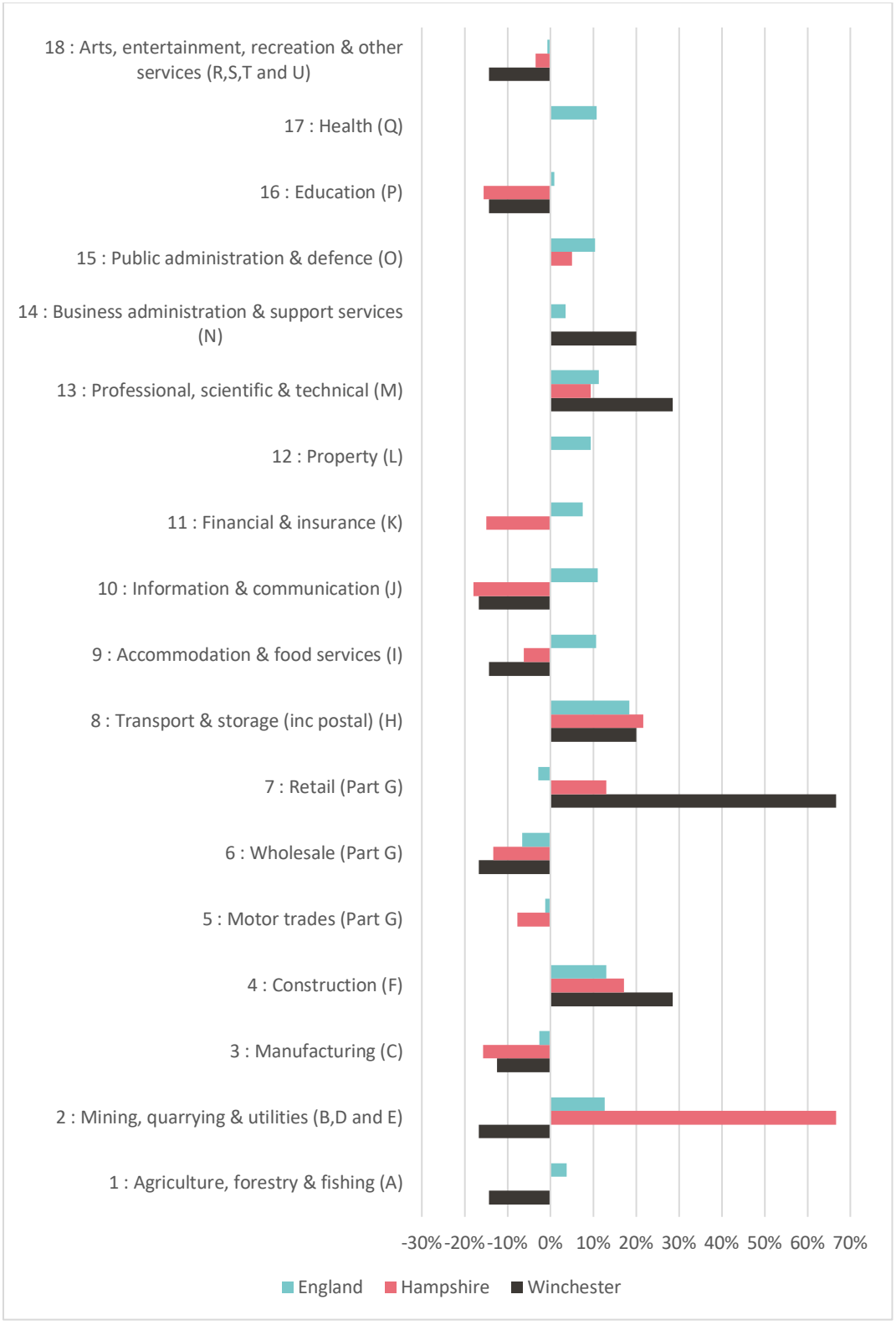
	Winchester	Hampshire	England
1: Agriculture, forestry & fishing (A)	1.7%	1.5%	1.3%
2: Mining, quarrying & utilities (B,D and E)	0.6%	1.6%	1.1%
3: Manufacturing (C)	3.9%	7.0%	7.3%
4: Construction (F)	5.0%	6.7%	4.9%
5: Motor trades (Part G)	1.4%	2.0%	1.7%
6: Wholesale (Part G)	2.8%	4.2%	3.6%
7: Retail (Part G)	16.8%	11.2%	9.0%
8: Transport & storage (inc postal) (H)	3.4%	4.6%	5.2%
9: Accommodation & food services (I)	6.7%	7.3%	7.4%
10: Information & communication (J)	5.6%	5.2%	4.5%
11: Financial & insurance (K)	3.9%	2.8%	3.6%
12: Property (L)	2.0%	2.0%	2.0%
13: Professional, scientific & technical (M)	10.1%	9.4%	9.3%
14: Business administration & support services (N)	6.7%	7.3%	8.9%
15: Public administration & defence (O)	3.9%	3.4%	4.1%
16: Education (P)	6.7%	8.0%	8.5%
17: Health (Q)	15.6%	11.2%	13.1%
18: Arts, entertainment, recreation & other services (R,S,T and U)	3.4%	4.6%	4.3%
Total	**100.0%**	**100.0%**	**100.0%**

Source: *BRES, 2021*

3.5.10 The graph below shows the percentage change in jobs between 2015 and 2021 for Winchester district, Hampshire, and England broken down by sector. The most notable differences are as follows:

- Wholesale in Winchester and Hampshire has shown a comparatively larger decrease at -17% and -13% respectively compared to England at -7%
- Winchester has shown a comparatively larger increase in retail at +67% compared to Hampshire (+13%) and England (-3%)
- Winchester and Hampshire has shown a comparatively larger decrease in jobs in Information and Communication at -17% and -18% respectively compared to England (+11%)
- There has been a comparatively larger increase in business administrative and support services in Winchester at +20% compared to Hampshire (0%) and England (+3%)
- There has been a decrease in the sector of agriculture, forestry and fishing in Winchester of -14%, compared to Hampshire (0%), and England (+4%)

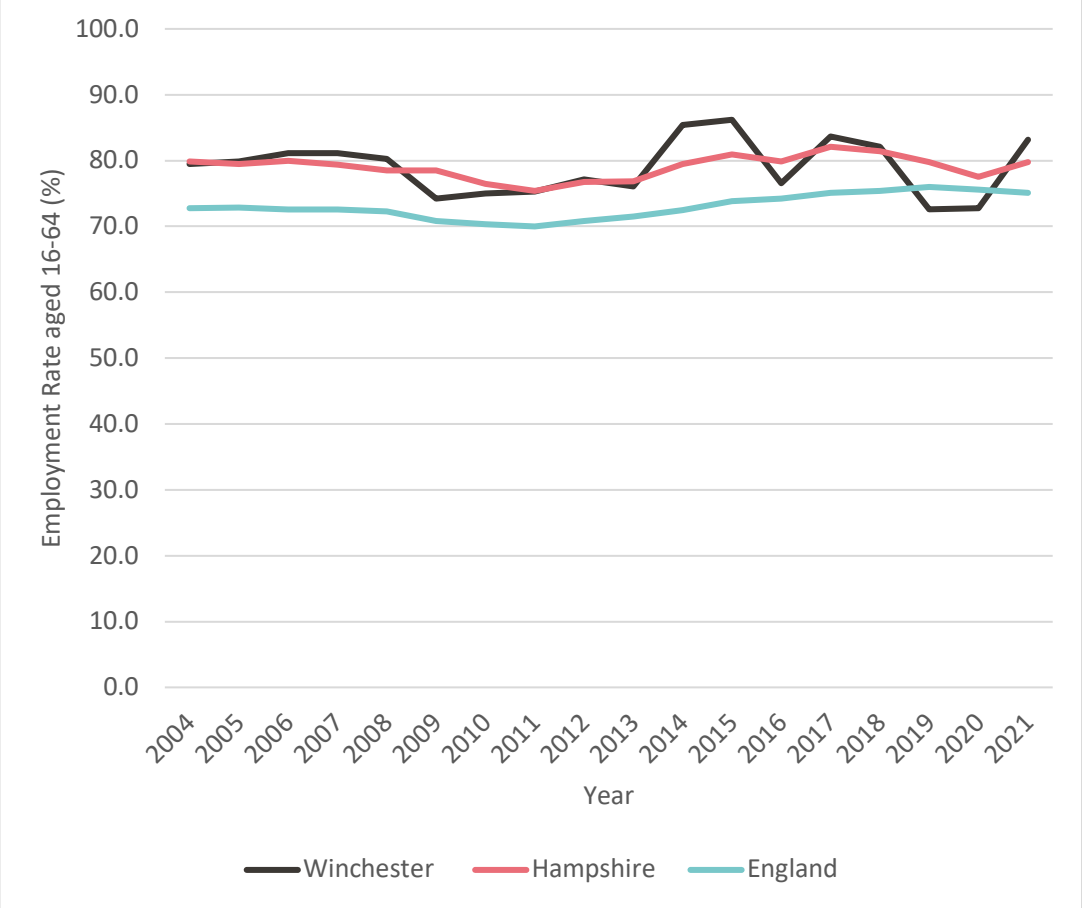
Figure 4: Percentage growth in job sectors 2015-2021



Source: *BRES, 2021*

3.5.11 The graph below shows the trend of employment rates (aged 16-64) in Winchester, Hampshire, and England between 2004 and 2021. This shows that employment rate in Winchester was consistently higher in Winchester compared to England up until 2019 and 2020, however in 2021 it rose to above the national level again. Furthermore, the employment rate in Hampshire has also been comparatively higher than the national level.

Figure 5: Employment Rate (aged 16-64) – Winchester, Hampshire, and England



Source: *Annual Population Survey, 2021*

vi) *Rural Employment*

3.5.12 The figure below provides a breakdown of employment in Winchester[1] in the rural areas compared to the urban areas. This shows that 29% of total jobs in Winchester are located within rural areas and 71% in urban areas.

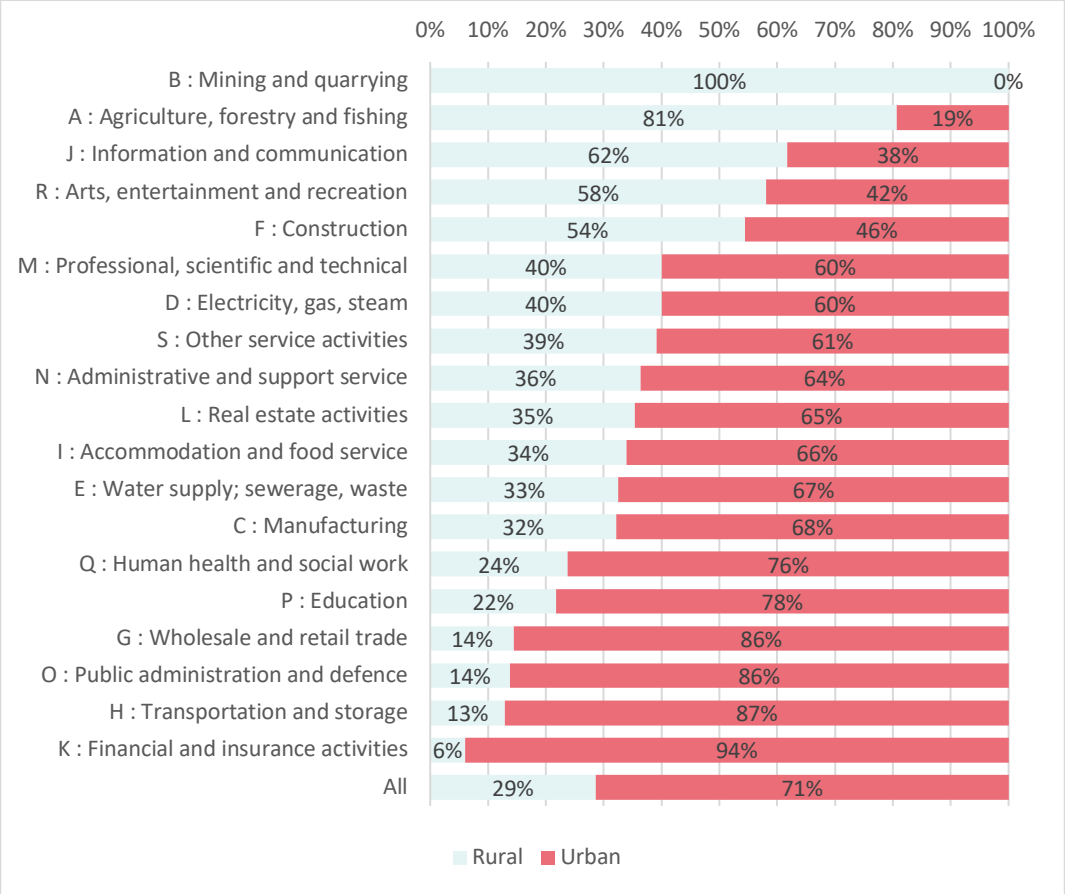
3.5.13 Some expected sectors have much higher prevalence in rural locations such as Mining and quarrying and Agriculture, forestry, and fishing. Additionally, the Information and communications; Arts,

[1] Rural and urban areas based on Lower Super Output Areas. However, the rural and urban data covers Winchester district as a whole (including WCC Area and SDNP)

entertainment and recreation; and Construction sectors all have a higher proportion of jobs in rural locations than urban. The data also shows a significant number of other sectors with a large minority (30-40%) of workers based in rural locations.

3.5.14 To some degree these sectors reflect higher prevalence of workers working from home or with no fixed place of work, and many such workers will not necessarily require fixed accommodation. However, this also highlights the need for suitable accommodation to support such occupations at a small, localised scale – such as office workspace, studios, workshops, and small storage accommodation.

Figure 6: Employment Sectors, Rural vs Urban %

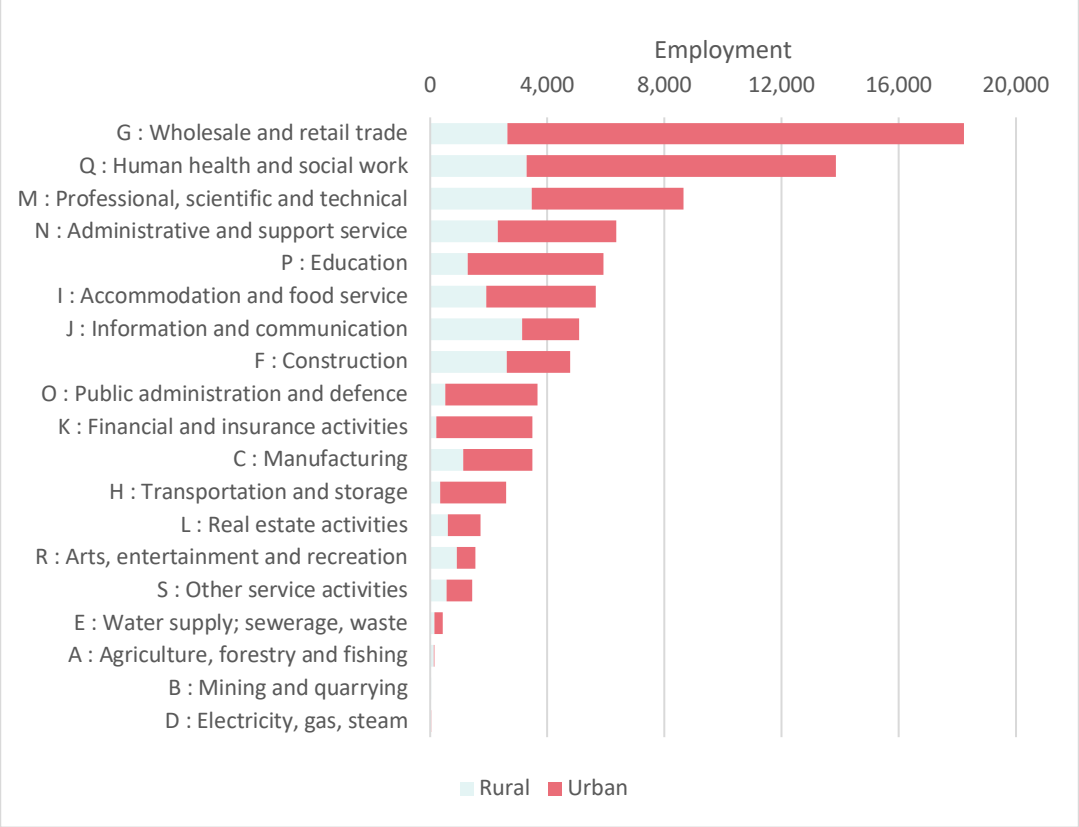


Source: BRES 2021

3.5.15 The figure below shows the same underlying data as above but provides a quantification of employment for each sector. This shows the relative sizes of each sector in terms of employment jobs. This highlights that many of the sectors with larger representation in rural locations have relatively small overall levels of employment in Winchester. It also shows that the biggest sectors in

terms of employment – Wholesale and retail trade; and Human health and social work – have relatively low levels of rural employment.

Figure 7: Employment Sectors, Rural vs Urban Total



Source: BRES 2021

vii) *<u>Population and Labour Supply</u>*

3.5.16 Winchester's population is 127,916 (MYE 2021) with the 2018 sub national population projections (SNPP) showing a projected increase of 7,892 over 2023-2043. As shown in the table below, this equates to a 6.17% increase in Winchester, which is slightly lower than the national average of 7.27%.

Table 6. Population Projections 2023-2043 – Winchester and England

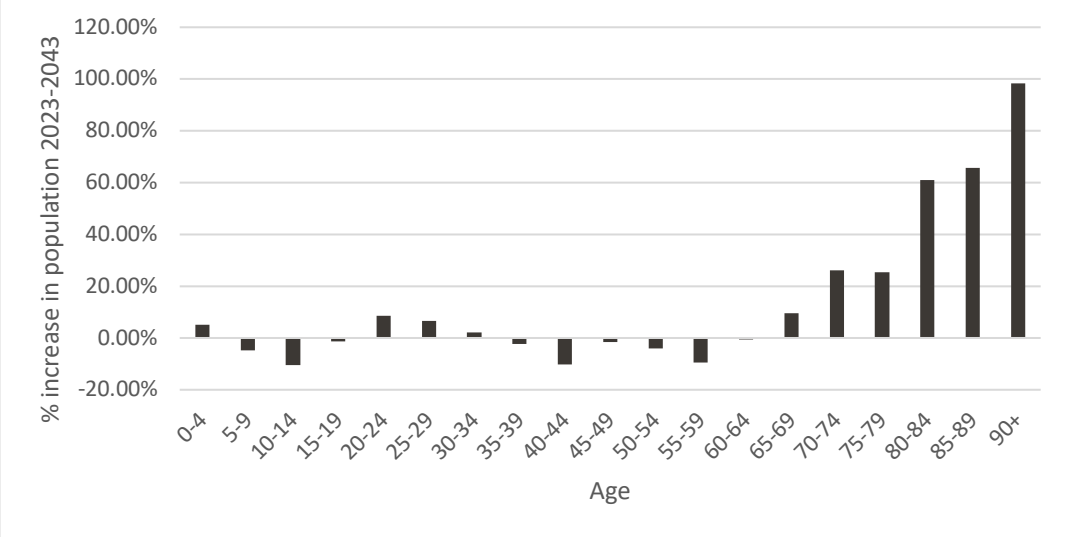
	2023	2043	Increase 2023-43	% 2023-43
Winchester	127,843	135,735	7,892	6.17%
England	57,557,521	61,744,098	4,186,577	7.27%

Source: *2018 SNPP*

3.5.17 The figure below clearly shows the trend of an aging population whereby the highest population increase will be in the age groups over 65 years old, with population increase in the over 90's being

98.36%. In accordance with this, for the ages 0 to 64, the projected population increase ranges between -10.42% (10-14 years old) to 8.46% (20-24 years old).

Figure 8: Percentage increase in population by age group 2023-2043 (Winchester)



Source: *2018 SNPP*

viii) *Annual Earnings*

3.5.18 The median gross annual, work-place based earnings are shown in the table below. This indicates that average earnings in Winchester are above the England and Hampshire average.

Table 7. Median Gross Annual Earnings (2022)

	Median Gross Work-place Annual Earnings (£)
Winchester	34,588
Hampshire	34,266
England	33,197

Source: *ONS, 2023*

3.5.19 To provide additional context, the table below shows the average earnings alongside the median house price, and the resulting affordability ratio. The table shows that despite average annual earnings being very closely aligned in Winchester and Hampshire, the house prices in Winchester are notably higher in Winchester. Consequently, the affordability ratio is much higher, resulting in issues with affordability, in Winchester compared to Hampshire, as well as England.

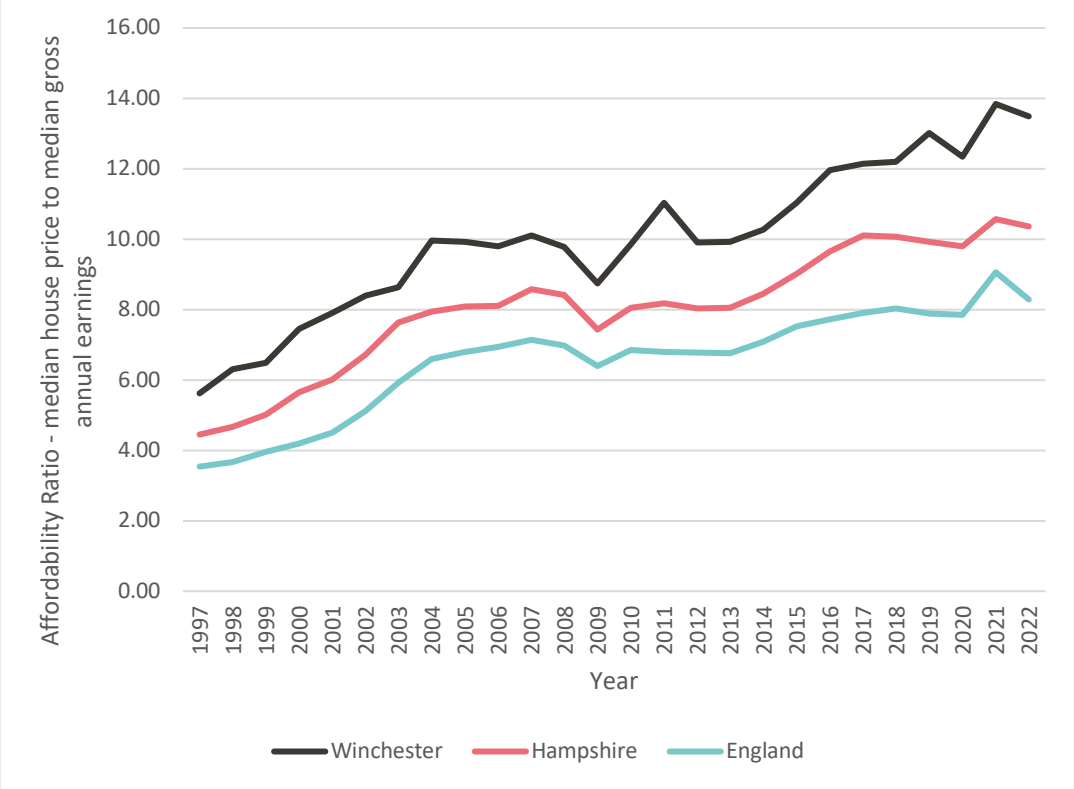
Table 8. Median Gross Workplace Annual Earnings (2022), House Price, and Affordability Ratio

	Median Annual Earnings (£)	Median House Price (£)	Affordability Ratio
Winchester	34,588	466,500	13.49
Hampshire	34,266	355,000	10.36
England	33,197	275,000	8.28

Source: *ONS, 2023*

3.5.20 The chart below shows that the housing affordability ratio between 1997-2022. This shows that housing in Winchester has on average been consistently less affordable than Hampshire and then England since 1997 to 2022 and generally, Winchester, Hampshire, and England have all followed similar fluctuations.

Figure 9: Affordability Ratio – 1997-2022



Source: *ONS, 2023*

ix) *Commuting Patterns*

3.5.21 The Census 2021 shows Winchester has a working resident population of 60,583. At the time of the 2021 Census 33,264 (55%) of Winchester's working residents worked mainly from home or had not fixed workplace while 27,319 (45%) mainly commuted to work. Out of Winchester's 27,319 residents who commute to work, 13,293 work in Winchester, representing a 49% residence self-containment rate.

3.5.22 The 2021 Census records a workplace population of 71,901, including 38,637 commuting to work in Winchester and 33,264 working from home or with no fixed place of work. Out of Winchester's in-commuters, 13,293 (34%) come from within Winchester.

3.5.23 This means Winchester has a considerable commuting inflow with 11,318 more workers working in Winchester than residing there. This gives Winchester a commuting inflow ratio of 1.19.

3.5.24 It should be noted that Census 2021 took place during the coronavirus (COVID-19) pandemic, a period of unparalleled and rapid change; the national lockdown, associated guidance and furlough measures will have affected the origin-destination data. Therefore, care is advised when using these data for planning and policy purposes.

Table 9. Commuting Flows

Place of Residence/Work	Count
Live in Winchester, commute to Work	27,319
Work in Winchester, commute to Work	38,637
Live and Work in Winchester, Commute to Work	13,293
Mainly working at or from home, No fixed place	33,264

Source: Census 2021

3.5.25 The table below shows the most common commuting destinations of Winchester residents. It shows that the most common commuting destination is within Winchester itself, with a notable drop to the next most popular destinations of Southampton, Eastleigh, Portsmouth, and Fareham.

Table 10. Place of Work of Winchester Residents

Place of Work	Count	% of Working Residents
Mainly working at or from home, No fixed place	33,264	55%
Winchester	13,293	22%
Southampton	1,617	3%
Eastleigh	1,587	3%
Portsmouth	1,481	2%
Fareham	1,357	2%
East Hampshire	1,191	2%
Basingstoke and Deane	1,102	2%
Havant	916	2%
Test Valley	855	1%
New Forest	336	1%

Source: Census 2021

3.5.26 The table below shows the most common places of residence of Winchester workers. Again, it shows that the most common commuting destination is within Winchester itself, and also shows relatively high inflows from Eastleigh, Southampton, Fareham, and Test Valley.

Table 11. Place of Residence of Winchester Workers

Place of Residence	Count	% of Workers
Mainly working at or from home, No fixed place	33,264	46%
Winchester	13,293	18%
Eastleigh	5,706	8%
Southampton	3,550	5%
Fareham	2,957	4%
Test Valley	2,668	4%
Portsmouth	1,608	2%
Havant	1,351	2%
Basingstoke and Deane	1,155	2%
East Hampshire	1,097	2%
Gosport	1,059	1%

Source: Census 2021

x) Summary

3.5.27 The above section has outlined the socio-economic baseline for Winchester, some of the key points include:

- Winchester has a diverse economy with sectoral strengths in retail, health, professional, scientific, and technical, education, and business administration & support services.
- Levels of homeworking are higher in Winchester compared to the national average.
- The population projections display an aging population with ages over 65 displaying the largest projected growth.
- With regards to annual earnings, Winchester is broadly in line with the Hampshire and England average. However, median house prices in Winchester are considerably higher than those in England and Hampshire, thereby making Winchester much less affordable.
- Winchester has higher commuting inflow than outflow with 11,318 more workers working in Winchester than residing there. This gives Winchester a commuting inflow ratio of 1.19.

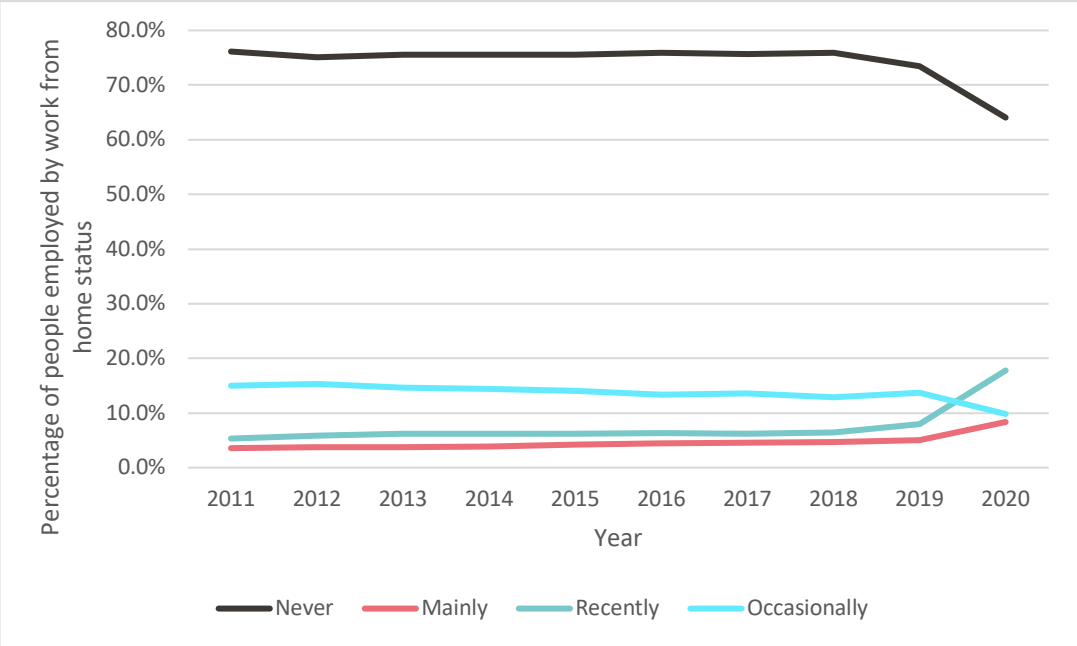
3.6 Changes in Patterns of Home Working

i) Longer Term Trends in Home Working

3.6.1 Homeworking has steadily been rising for the past few decades, although this trend has accelerated and risen to prominence since the Covid-19 pandemic and the consequential lockdowns.

3.6.2 The chart below shows the level of homeworking in the UK between 2011 and 2020. This shows that the percentage of employed people mainly working from home rose from 3.6% in 2011, to 8.3% in 2020 when the Covid-19 pandemic first started. Notably, the percentage of people who never work from home has dropped from 76.1% to 64.1% between 2011 and 2020.

Figure 10: Percentage (%) of employed population in each work from home status – 2011-2020 (UK)



Source: *ONS, 2020*

3.6.3 ONS data from the end of this pre-Pandemic period in 2020 shows Winchester having a higher level of home working compared to UK levels. This shows there are comparatively higher amounts of people mainly and recently working from home in Winchester 13.5% compared to the rest of the UK 8.3%.

3.6.4 Here it should be recognised that this data is taken from a 2020 Office for National Statistics dataset, and as such is likely to start showing the impacts of Covid-19 and the change in the prevalence of homeworking.

Table 12. Percentage of work from home status

	Never	Mainly	Recently	Occasionally
UK	64.1%	8.3%	17.8%	9.8%
Winchester	46.7%	13.5%	31.4%	8.4%

Source: *ONS, 2020*

3.6.5 The table below shows the impact that the Covid Pandemic and related lockdowns had on homeworking. Nationally, across all sectors the level of homeworking jumped from 6% to 51%. The 2020 figures are from during the first national lockdown period where homeworking was strictly enforced unless travelling to a place of work was necessary. As such, this figure represents the highest level of home working, and is probably close to representing a maximum feasible level of homeworking.

3.6.6 It clearly shows the differences in homeworking between different sectors, and the extent to which different sectors can feasibly support largescale homeworking and which cannot. The sectors with the highest levels of homeworking include Information and Communications (23.3%), Professionally, Scientific and Technical Activity (17.8%), Extraterritorial organisations (16.6%), and Real Estate Activities (15.3%). It is notable that this are all sectors which predominantly occupy office accommodation.

3.6.7 Conversely, the lowest levels of homeworking are projected to be in Accommodation and Food Services (2.4%), Transport and Storage (2.9%), Water Supply, Sewerage and Waste (4.5%), Education (5.8%), and Health and Social Work (5.8%).

Table 13. Homeworking Levels – Pre, Peak, Post Covid – Nationally

	Pre-Covid (2019)	Peak Covid (2020)
Manufacturing	4.4%	29.5%
Electricity, gas, air cond supply	4.9%	36.4%
Water supply, sewerage, waste	1.9%	36.4%
Construction	4.5%	29.9%
Wholesale, retail, repair of vehicles	3.9%	49.2%
Transport and storage	1.9%	41.1%
Accommodation and food services	3.4%	31.7%
Information and communication	15.4%	75.4%
Financial and insurance activities	5.4%	78.9%
Real estate activities	13.6%	64.7%
Prof, scientific, technical	13.5%	78.9%
Admin and support services	6.0%	43.9%
Public admin and defence	2.7%	78.9%
Education	3.0%	86.0%
Health and social work	4.1%	21.7%
Arts, entertainment and recreation	11.2%	71.1%
Other service activities	10.2%	no data
Households as employers	14.1%	no data
Extraterritorial organisations	4.6%	no data
Total	6.0%	51.2%

Source: *APS, 2020*

ii) Changes in Home Working Since the Pandemic

3.6.8 The latest data from ONS shows working practices nationally for the period September 2022 to January 2023. This shows that for all workers, just over half (56%) travel to work only (i.e. and didn't

work from home) in the previous week; 16% worked from home only; and 28% did some form of hybrid working[2]. The proportion of home working is double for self-employed workers.

3.6.9 Corresponding ONS data[3] for pre-Pandemic shows that 6% of workers worked mainly from home in 2019 and that this had been increasing very slowly up from 5% in 2012. This highlights the considerable jump in the prevalence in home working and hybrid working due to the Pandemic and highlight how the prevalence of home working has changed since the Pandemic.

Table 14. Location of work by employment status, National

	All persons	Employed	Self-employed	Other
Home working only	16%	14%	32%	20%
Hybrid working	28%	28%	25%	9%
Travelled to work only	56%	57%	43%	71%

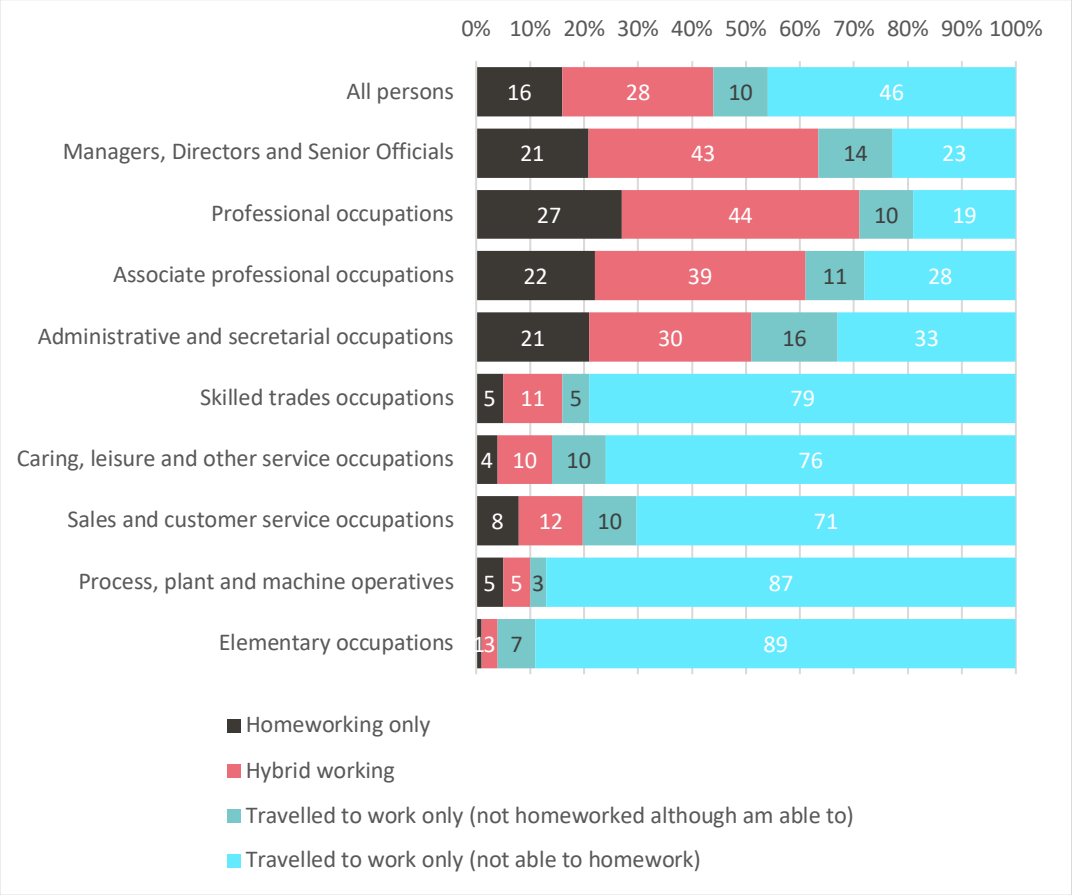
Source: ONS, 2023

3.6.10 The levels of homeworking differ greatly across sector and occupation. The latest ONS figures don't provide a breakdown by industrial sector but do by occupation, shown in the figure below. This shows a stark contrast between occupation groups 1-4 - where the average rate of home or hybrid working is 62% - and groups 5-9 – where the average rate of home or hybrid working is 13%.

3.6.11 The data also breaks down those who travel to their place of work only (i.e. never work from home) into two categories – those who are not able to work from home, and those who are able to but chose not to. The data clearly shows that the majority of those who do not work from home are unable to. Across all occupations, 82% of those who always travel to a place of work cannot work from home.

[2] The ONS definition of a "hybrid worker" as any working adult who has worked at home for at least one day and has also travelled to work for at least one day in the reference week.
[3] ONS, Annual Population Survey 2020

Figure 11: Location of Work by Occupation, National



Source: ONS, 2023

3.6.12 The ONS data shows that the overall levels of homeworking only have increased slightly on pre-Pandemic levels. However, the biggest increase has been the proportions of hybrid workers. However, this is a nebulous term covering a wider range of working patterns ranging from travelling in to work one day per week, to working from home one day per week.

3.6.13 The balance of hybrid working is still something many businesses are exploring and working practices and corporate responses and policies have been constantly changing since the Pandemic. These factors will have a considerable impact in determining future floorspace requirements. LSH have recently undertaken an occupier survey to assess current business practices across a range of office-based industries.

iii) *LSH Occupier Survey*

3.6.14 LSH's May 2023 annual office occupier survey provides a snapshot of attendance levels, attitudes to hybrid working and the ongoing impact of shifting work patterns on companies' space requirements.

This year's survey builds on a similar exercise performed last year to assess how much has changed, now that more than a year has passed since the final removal of COVID restrictions.

3.6.15 The survey received responses from key occupier clients of LSH representing businesses with a total of more than 100,000 UK staff. Organisations included in the survey range from small companies with fewer than 50 staff to global corporate occupiers with thousands of employees spread across multiple sites nationwide.

3.6.16 A wide range of sectors are represented in the survey, including professional services, TMT, banking & insurance and the public sector. The biggest single occupier group was professional services, which accounted for 37% of the responses.

3.6.17 Results of the occupier survey are summarized below.

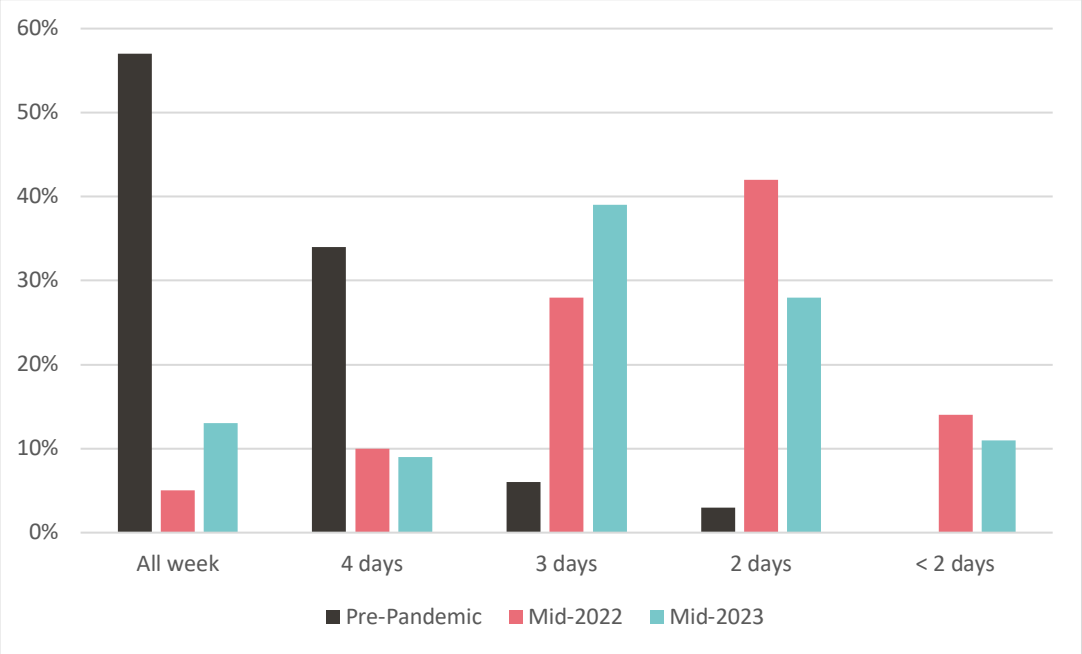
iv) *Survey Findings*

3.6.18 The survey results show a tangible increase in office attendance over the past year. When asked to estimate the average number of days per week that staff in their organisations spent in the office, the most common response was three days a week (39%), reflecting an improvement on our 2022 survey, when two days a week (42%) was the most popular answer.

3.6.19 Most respondents in this year's survey (73%) also said that current attendance levels were up on 12 months ago, albeit a large majority of these described the improvement as 'slight'. Just 4% of all respondents reported seeing a return to pre-pandemic attendance.

3.6.20 While the general direction of office attendance is upwards, hybrid working patterns appear to be entrenched. Two or three office days a week is the norm for more than two-thirds of survey respondents; and even if attendance does improve further in the future, a full return to pre-pandemic levels appears highly unlikely.

Figure 12: Average days per week that full-time employees spend in the office

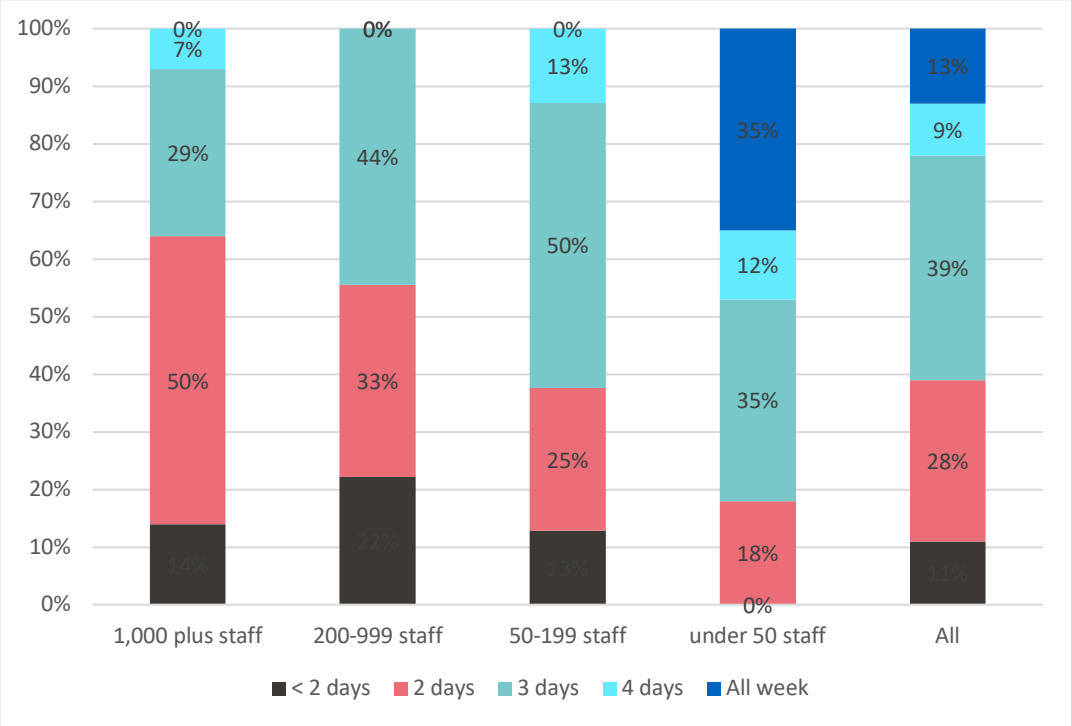


Source: LSH Occupier Survey

3.6.21 One of the clearest trends found by the survey is a divergence between attendance levels in firms of differing size, with smaller companies' employees spending significantly more time in the office than those working for large organisations. Among companies with fewer than 50 employees, 47% reported office attendance of at least four days a week; and the only firms with full attendance were all in this size category.

3.6.22 In contrast, two days a week remains the most common level of office attendance in firms with more than 1,000 staff, with this reported by 50% of respondents working for these businesses. Attendance levels of four days a week or more are still a rarity across all of the larger size bands in the survey. This reflects fundamental differences between the needs of smaller and larger firms, with offices seen as essential to the day-to-day operations of many small businesses. Larger companies are more likely to have office space and infrastructure that supports hybrid working, while also employing staff who live across wider geographic areas and benefit from not having to commute daily.

Figure 13: Average weekly attendance levels by company size

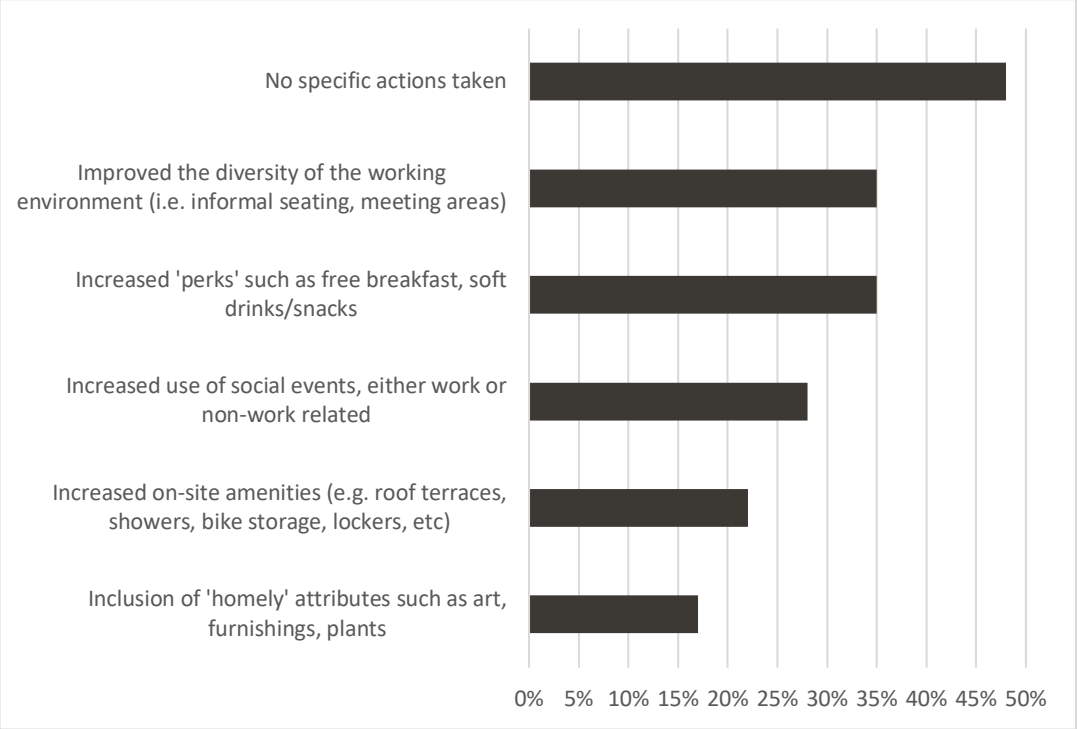


Source: LSH Occupier Survey

3.6.23 A well-publicised feature of current hybrid working patterns is lower levels of office attendance on Mondays and Fridays. Positively, most survey respondents appear relatively relaxed about this, with 65% saying that it is not deemed to be a 'problem' that needs to be addressed in their businesses. However, respondents were again split depending on the size of their organisations, with 61% of those working for firms with over 200 staff saying that this is a problem; compared with just 9% of those with fewer than 200 staff. Among those deeming this to be an issue, there was a 50/50 split between those whose companies had initiatives in place to drive attendance on these days and those who remained unsure how to address this.

3.6.24 While lower levels of attendance on certain days appear to be accepted by a significant number of businesses, deciding whether and how to tackle this remains a 'work in progress' for plenty of others.

Figure 14: Actions taken by businesses to encourage staff to attend the office

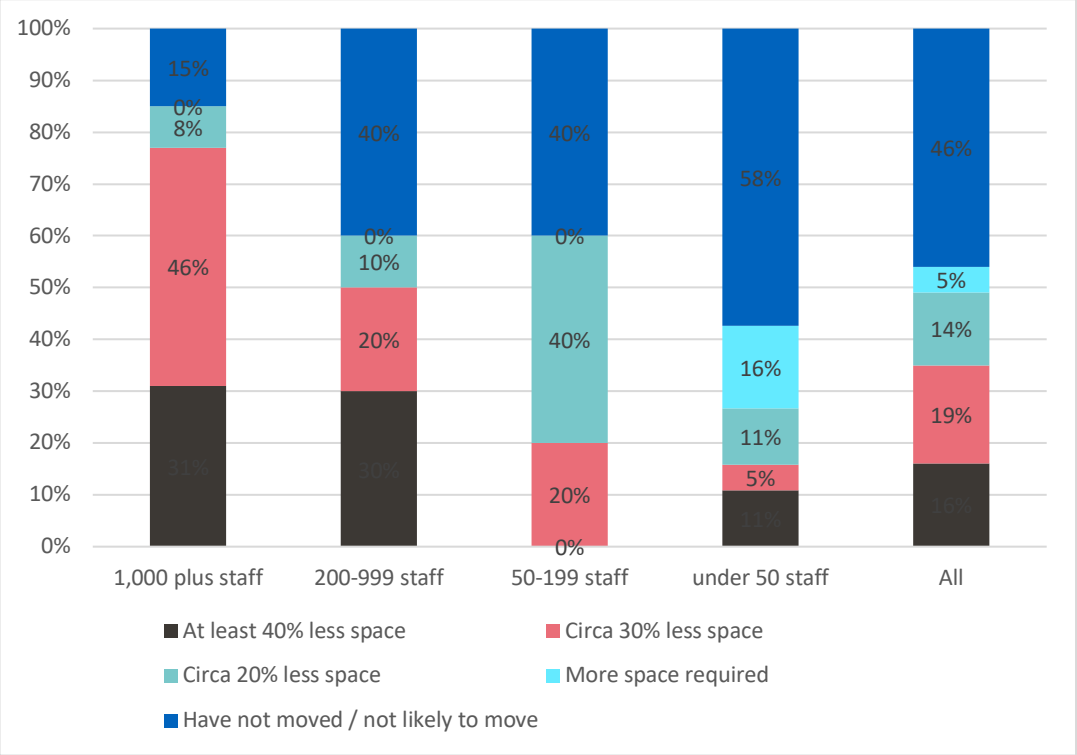


Source: LSH Occupier Survey

3.6.25 Broader policies stipulating or guiding office attendance levels are becoming more commonplace, with 50% of survey respondents saying that these were in place in their businesses. Another 11% said they had plans to introduce such policies in the next 12 months, which suggests that a further rise in overall attendance levels is likely. In addition, just over half of the respondents (52%) said their businesses had taken positive actions to encourage staff into the office via enhancements to working conditions and amenities. Among businesses where such actions have been taken, the most common initiatives were perks such as free breakfasts, soft drinks and snacks; and the creation of more diverse office environments by adding features such as informal seating areas and meeting areas.

3.6.26 Larger firms were significantly more likely to have taken these types of actions; 71% of those working for firms with more than 50 staff said this was the case, but this dropped to just 18% among those with fewer than 50 staff. The ability to offer a greater range of office amenities could be a key advantage that larger firms have when competing for staff. Meanwhile, amenity-rich multi-tenant buildings will be in a strong position to attract occupiers seeking space that meets employees' increased expectations for high quality facilities.

Figure 15: Change in space requirements following the Pandemic and energy price shock



Source: LSH Occupier Survey

3.6.27 Hybrid working is continuing to impact both the quantity and quality of companies' space requirements, while sharp rises in energy costs and ESG considerations have also added to some firms' motivations to move.

3.6.28 Among survey respondents, 35% said that they had already relocated or consolidated space since the pandemic, while a further 20% indicated that such a decision was now more likely to be made upon a lease event. Notably, however, close to half (46%) of respondents said that they were no more likely to move premises now than had previously been the case, with this rising to an outright majority among firms with fewer than 200 staff. Evidently, there is a substantial cohort of occupiers, particularly at the smaller end, for whom the pandemic has actually had little impact on their thinking around office space.

3.6.29 Among those indicating that they had either moved or were more likely to, a large majority said they required less space than they previously occupied. The most common reduction in space requirements was c. 30%, cited by just under a fifth of all respondents.

3.6.30 Taken together, the answers provided imply **an overall reduction in space requirements of 15-20%** among our survey respondents. If this were repeated nationwide, it would necessitate a contraction

in the size of UK office markets, but on a scale that could be achieved relatively organically via the gradual loss of poorer quality buildings from the office stock.

3.6.31 While the need to find space suited to hybrid working is a major motivating factor behind occupiers' current space decisions, potential cost savings are not being ignored. A total of 78% of survey respondents said that they expected to benefit from cost efficiencies when relocating, albeit 48% said that cost was a secondary consideration to space and location. Just over half of survey respondents (52%) said that their businesses had also taken specific actions to manage efficiencies and operating costs associated with lower office attendance.

3.6.32 Most commonly, this involved collecting occupancy data for per capita metrics; or optimising plant and building management settings for low occupancy days or areas. However, with 48% saying that no specific actions had been taken, there would appear to be significant room for further actions and improvements in many companies.

3.6.33 Finding an optimal balance between the cost, quality and size of offices will be an ongoing challenge for occupiers as hybrid working practices continue to evolve. The exchange of quantity for quality is likely to continue, allowing many to upgrade to better space at a lower cost, or at least a cost neutral position, compared with their current workspace.

v) Forecasting the Changes in Home Working

3.6.34 The long-term homeworking trend can be used to provide an alternative estimation of future homeworking practices. The Pandemic necessitated a rapid transition into homeworking for many workers and employers. It accelerated the underlying trend in homeworking practices which had been slowly increasing for the decade prior. The Pandemic accelerated the rollout of hardware and software which had previously restricted largescale homeworking, and it saw a change in work culture with greater levels of support for home working than previously.

3.6.35 However, as shown in the survey results, the employer response to 'return to work' has been mixed, a 'new normal' will likely for the majority incorporate some level of hybrid working, and it is a minority of employers who have embraced home working on a permanent basis.

3.6.36 Given the evidence, one approach to estimating future home working levels is to consider that the post-pandemic homeworking will return to an 'accelerated' version of the past trends. This has been estimated by extrapolating the past trends forward to 2040.

3.6.37 This is done for each sector and results in a total proportion of home working of 9.0% by 2040. However, it should be noted that for office-based sectors this proportion is generally higher – the highest is IT and Communications which grows to 23.3% by 2040. Taking an average for

predominantly office-based sectors[4] gives an average of 16.0% at national level. This has been modelled for Winchester in accordance with the methodology set out in Section 8[5] and provides an office homeworking figure for Winchester of 17.0-17.5%.

Table 15. Homeworking Levels – Pre, Peak, Post Covid – Nationally

	Pre-Covid (2019)	Peak Covid (2020)	Post-Covid Projection (2040)
Manufacturing	4.4%	29.5%	6.9%
Electricity, gas, air cond supply	4.9%	36.4%	14.1%
Water supply, sewerage, waste	1.9%	36.4%	4.5%
Construction	4.5%	29.9%	7.3%
Wholesale, retail, repair of vehicles	3.9%	49.2%	6.1%
Transport and storage	1.9%	41.1%	2.9%
Accommodation and food services	3.4%	31.7%	2.4%
Information and communication	15.4%	75.4%	23.3%
Financial and insurance activities	5.4%	78.9%	13.3%
Real estate activities	13.6%	64.7%	15.3%
Prof, scientific, technical	13.5%	78.9%	17.8%
Admin and support services	6.0%	43.9%	10.4%
Public admin and defence	2.7%	78.9%	6.2%
Education	3.0%	86.0%	5.8%
Health and social work	4.1%	21.7%	5.8%
Arts, entertainment and recreation	11.2%	71.1%	12.6%
Other service activities	10.2%	no data	13.9%
Households as employers	14.1%	no data	19.8%
Extraterritorial organisations	4.6%	no data	16.6%
Total	6.0%	51.2%	9.0%

Source: *APS, 2020*

vi) Summary

3.6.38 This section provides a summary of the trends in home working patterns prior to, during, and following the Covid Pandemic. This has resulted in significant changes to home working practices, which has a knock-on effect on business decisions regarding new models of working and the requirement for office floorspace.

- There has been a considerable jump in the prevalence in home working and hybrid working due to the Pandemic and this continues to be seen principally in office-based occupations and industries.

[4] Information and communication; Financial and insurance activities; Real estate activities; Professional, scientific, technical activities; and Admin and support services

[5] Based on the levels of office accommodation for each sector in Winchester based on SIC5 data.

- Office occupancy levels have been slowly returning post-Pandemic, however just 4% of businesses report seeing a return to pre-pandemic office attendance. Hybrid working patterns are now entrenched with the majority of businesses reporting office-based staff are attending a place of work two or three days a week and working from home the remainder.
- Around half (52%) of businesses have implemented measures to improve office attendance, suggesting a desire to continue to drive up attendance. However, around half (48%) have taken no specific actions.
- This has an impact on floorspace requirements of office occupiers. Nearly half of businesses state they are more likely to relocate due to the Pandemic than they would otherwise. Among those who have moved the majority took less space than previously.
- The data suggests that changes to home working might result in an overall reduction in office space requirements nationally of 15-20%.
- Forecasting an increase in homeworking for Winchester based on an acceleration of previous trends and Winchester's industrial profile suggests a reduction in Winchester of 17-17.5%.

4.0 STAKEHOLDER ENGAGEMENT

4.1 Introduction

4.1.1 As part of this study, initial stakeholder engagement has been conducted with businesses, developers and organisations supporting economic growth in Winchester. Further stakeholder consultation on the findings of this study is planned. The stakeholder engagement was informal interviews that were undertaken via video conferencing. These interviews were semi-structured in nature and based around the broad themes relating to:

- Winchester's economic geography
- Current retail performance and requirements
- Current employment market performance and business requirements and
- Future opportunities and threats to economic growth.

4.1.2 The sections below provide a summary of the feedback received as part of these interviews.

i) Office

4.1.3 The office market in Winchester's occupied by a mix of both public and private sector businesses. Office space in Winchester is primarily based in Winchester City Centre, with a secondary location in Whiteley in the south of the district. However, there are also some smaller office locations in the rural parts of the district.

4.1.4 The office space in Winchester has been somewhat protected by the Article 4 Direction which was introduced in 2017. This protected office use from Permitted Development Rights (PDRs) which were introduced in 2015 and facilitated the conversion of office space into residential uses without the need for planning permission. However, this Article 4 Direction has since been lifted and there was identified concern for how this will affect the office stock. Some of the stakeholders noted that it could be an opportunity to remove some of the older office stock that is no longer meeting the current needs of businesses and allowing the development of new offices.

4.1.5 It was reported that the demand for office space across Winchester remains healthy, with medium sized private sector companies requiring space for expansion and this has been generally unaffected by the covid-19 pandemic. Nonetheless, it was noted that the current office stock in Winchester is limited in quality, as a proportion of the stock in Winchester City centre comprises converted heritage buildings where the configuration of the space is constrained. As such it was considered that the development of high-quality office space with open plan layouts and increased amenities and facilities would facilitate the expansion of many businesses. The lack of suitable premises restricting expansion opportunities has been cited by stakeholders as a reason for businesses leaving the city centre

4.1.6 Furthermore, with regards to the Covid-19 pandemic it was reported that there was an increased demand for co-working space. This is linked to the identified recruitment constraints for office-based jobs, whereby the accelerated advent of hybrid working has transformed the geography of the labour market, and Winchester companies are competing with London jobs that offer a hybrid working style.

4.1.7 An identified area of concern for the stakeholders with regard to office space was parking. It was noted that parking in Winchester Centre is becoming increasingly constrained, and this was impacting the demand for central office space, as well as the number of employees working from the office where hybrid work styles are offered. It was suggested that office stock within the city centre achieved a much lower rent if it did not have its own parking. It was suggested that the development of a multistorey car park or an extension of the park and ride to provide an increased service to Winchester City Centre could help to address this. In line with this, stakeholders considered that the development of the Bushfield Campus could also address this, by providing offices with different specifications such as parking to accommodate differing business needs.

ii) *Industrial*

4.1.8 Winchester's industrial and warehouse market is primarily based in Winnall which is located to the north east of Winchester City centre, as well as in Whiteley to the south of the district next to the M27. Further to this, there is industrial space within the area of the district covered by the South Downs National Park and this is dominated by agricultural related businesses.

4.1.9 It was reported by Stakeholders that whilst Winchester is not a primary location for industrial development, there is nonetheless a healthy demand for industrial space. In particular it was noted that there is a break in the supply chain with regards to space for medium sized industrial units in smaller towns that businesses can expand into. This is meaning that smaller businesses that were based in Winchester are having to look outside of the district when they require space for expansion. As such, the provision of medium-sized industrial space in which smaller businesses can expand into would help to retain businesses within Winchester.

4.1.10 Further to this, it was noted that the demand for industrial space was locational dependent with the demand being for units with good links to the motorway, as well as there being a requirement for flexibility of the uses in terms of B1c/B2/B8.

4.1.11 The stakeholders also identified some key and growing sectors in Winchester that require industrial space, specifically viticulture and medi-tech. However, it was considered that for these specialisms to continue expanding, they would require specialised industrial units which were equipped with industry specific requirements.

iii) *General Employment related constraints*

4.1.12 As noted above, issues surrounding labour supply were identified as key barriers for business expansion in Winchester. It was considered that there was an acute problem with attracting employees, particularly graduates or those in entry-level roles, due to the competitive housing market and high cost of living in Winchester. Nonetheless, stakeholders considered that many graduates did return to Winchester once they had secured higher paid jobs.

4.1.13 In line with this, it was considered by stakeholders that the high rent cost and business rates are discouraging business start-ups from the Winchester area. This was also cited as a reason why new start-ups were reluctant to move into Winchester[6].

[6] It should be noted that the Business Demography Data (2021) outlines that there have been more business births (4,750) than deaths (3,855) in Winchester between 2016-2021, thereby suggesting that new businesses are still choosing to start up in Winchester.

5.0 PATTERNS OF SUPPLY AND LOSS

5.1.1 This section provides an overview of the patterns of completions and losses of office and industrial space in Winchester.

5.1.2 As of 2023 there is 300,000sqm of office floorspace in Winchester District, and 506,000sqm of industrial floorspace as shown by the data from the Valuation Office Agency (VOA). The data from the VOA is divided into office and industrial uses which includes both B2 and B8 uses (as per the use class definitions prior to September 2020).

5.1.3 The VOA data shows that since 2001, there has been a net growth of 41,000sqm of office space, equating to a 16% increase. Industrial floorspace has increased by 145,000sqm since 2001, equating to a larger increase of 40%.

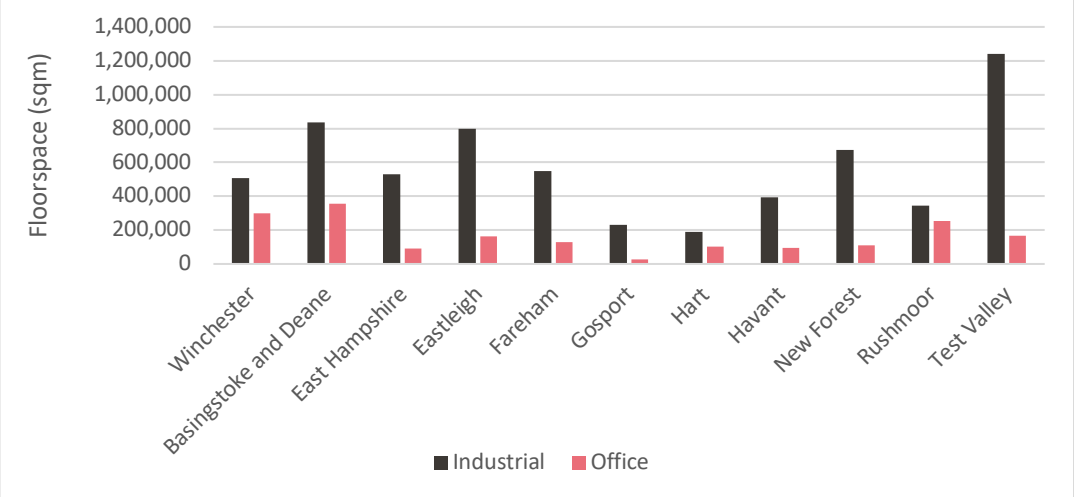
Table 16. Total Commercial Floorspace – Winchester

	Floorspace (sqm) 2022/23	% Increase 2000/01 – 2022/23	Increase (sqm) 2000/01 – 2022/23
Office	300,000	16%	41,000
Industrial	506,000	40%	145,000

Source: *Valuation Office Agency, 2023*

5.1.4 The chart below shows the commercial floorspace in Winchester District compared to the neighbouring authorities in Hampshire County. This shows that Winchester has the second highest office floorspace after Basingstoke in Hampshire. Whereas the amount of industrial floorspace is comparative to the other districts in Hampshire.

Figure 16: Commercial floorspace (sqm), 2023 – Hampshire Local Authorities



Source: *Valuation Office Agency, 2023*

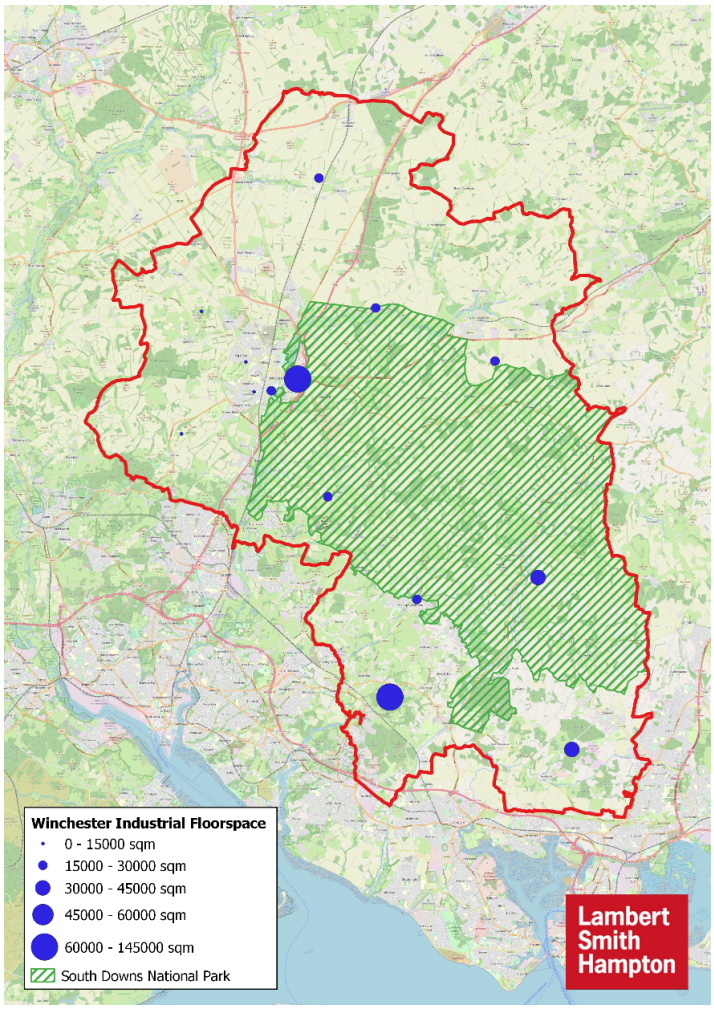
5.2 Industrial Floorspace – Completions and Losses

5.2.1 The map below shows the distribution of industrial floorspace across Winchester. The data is clustered by Middle Super Output Area (MSOA) and so represents local areas as opposed to individual units. Further to this, the location of the blue dots is centred on the MSOA area, as opposed to specific locations.

5.2.2 This identifies that there are employment concentrations within the urban area of Winchester town, most notably to the north east where there is an industrial estate. In addition to this, in the southern area of the district, there is clusters of industrial land in Whiteley, and Bishop's Waltham.

5.2.3 There is some industrial development within the South Downs National Park area (shown in hashed green), this primary comprises uses relating to agricultural practices.

Figure 17: Industrial Floorspace by location, 2021



Source: *Valuation Office Agency, 2021 / Office of National Statistics*

5.2.4 Analysis of the data on completions provided by the Council[7] shows that there has been a total of 66,844sqm of industrial floorspace delivered in Winchester District since 2012/13-2021/22, this equates to 6,684sqm per annum.

5.2.5 These completions are split across the local planning authorities covering the Winchester District as shown in the table below. This shows that 85% of completed floorspace was within the Winchester Plan area, and just 15% was in the South Downs National Park area of Winchester District.

Table 17. Gross Completions – Winchester District, 2012/13-2021/22 (sqm)

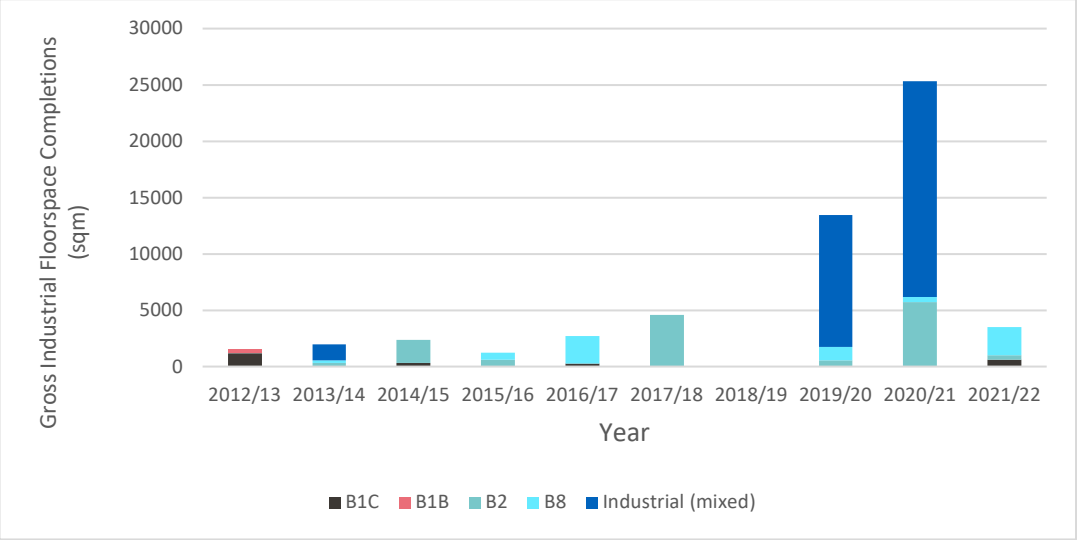
	WCC LP Area	SDNP	Total
B1c	2,388	428	2,816
B1b	300	0	300
B2	14,231	2,397	16,628
B8	7,448	2,958	10,406
Mixed industrial (B1c/B1b/B2/B8)	32,274	4,420	36,694
Total completions	**56,641**	**10,203**	**66,844**
Percentage completions	**85%**	**15%**	**100%**

5.2.6 The figure below shows the gross completions per year in the local plan area of the Winchester District. This shows that in the Winchester Local Plan area, industrial completions are generally between 1,200sqm and 4,500sqm, with the exception of 2018/19 where completions were 0sqm, and 2019/20 and 2020/21 where completions spiked as a result of large mixed industrial sites.

5.2.7 In 2019/20 this increase in completions is as a result of a single site (Berewood Employment Site) which delivered a large mixed industrial site. In 2020/21, the marked increase in completions of mixed sites is as a result of numerous larger completions including completions also on Berewood Employment Site, Concord Park, and Solent Business Park.

[7] Council monitoring data records all permissions for 200 sqm and above.

Figure 18: Industrial Gross Completions in WCC LP Area – by type



Source: *Analysis of the Local Authority Monitoring Data*

5.2.8 The table below shows the gross rate of completions in the Winchester District (including SDNP) since 2012/13 compared to the district's overall stock. This shows that over the period 2012/13-2021/22, gross completions in Winchester have been equivalent to 1.59% of the total stock. A healthy rate of growth is usually considered to be 1% per annum, therefore this indicates that there is a healthy growth of industrial stock in the Winchester District.

5.2.9 The completions data shows that 4% of completed floorspace was for B1c light industrial workshops, 25% was for B2 general industrial units, 16% was for B8 warehouses, and over half (55%) was categorised as 'Industrial'. Analysis of the planning applications comprising the 'industrial' completions shows that around 90% were for mid-sized units for B2 or B8 uses, while the other 10% were for B8 units with ancillary office space. A desktop review of the 'industrial' units indicates the majority are being marketed for either B2 or B8 uses, and the occupied 'industrial' units are indicated take-up from a range of industrial and distribution uses.

5.2.10 The evidence suggests that the 'industrial' completions should best be considered as a mix of B2 and B8 uses but suggests that identifying separate demand for each of these use classes is difficult to disaggregate. It is recommended that the Council continue to exercise flexibility so that the demands of these use classes can be met through flexible B2/B8 developments.

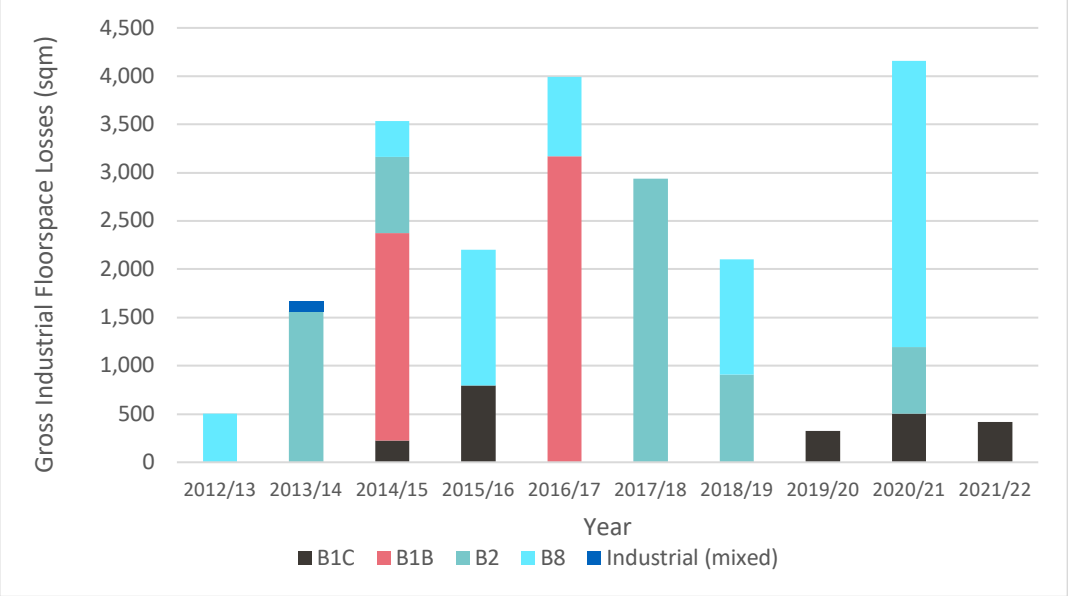
Table 18. Industrial Completions vs. Industrial Stock (Winchester District)

Gross Completions (sqm)						
	B1C	B1B	B2	B8	Industrial (mixed)	Total
2012/13	1,188	300	0	249	0	1,737
2013/14	0	0	332	227	1,387	1,946
2014/15	300	0	2,095	0	2,207	4,602
2015/16	0	0	600	618	0	1,218
2016/17	275	0	481	2,460	400	3,616
2017/18	0	0	4,562	0	0	4,562
2018/19	0	0	1,916	1,371	0	3,287
2019/20	428	0	543	1,212	13,029	15,212
2020/21	0	0	5,737	411	19,671	25,819
2021/22	625	0	362	3,858	0	4,845
Gross completions 2012/13-2021/22						**66,844**
Average completions per annum 2012/13 - 2021/22						**6,684**
2021/22 stock (Winchester)						**505,000**
Average % growth per annum (sqm)						**1.59%**

Source: *Analysis of the Local Authority Monitoring Data / Valuation Office Agency data*

5.2.11 Since 2012/13, there has been a total of 21,850sqm of industrial space lost in Winchester; this comprises 2,266sqm of B1c, 5,321sqm of B1b, 6885sqm of B2, 7269sqm of B8, 109sqm of mixed industrial space (B1b/B1c/B2/B8). This equates to an average industrial floorspace loss of 2,185sqm per annum.

Figure 19: Industrial Floorspace losses, WCC LP Area (sqm)



Source: *Analysis of the Local Authority Monitoring Data / Valuation Office Agency data*

5.2.12 Comparison of the Council's industrial floorspace losses of 21,850sqm and gross completions of 56,641sqm reveal that there has been a net gain of 34,791sqm industrial floorspaces in the Winchester Local Plan Area since 2012/13 as shown in the table below.

5.2.13 This identifies that in 2014/15, 2016/17, and 2018/19 there was a net loss of industrial space. In all of these years, the losses were primarily due to the demolition of industrial land for redevelopment for housing land.

Table 19. Net gain of industrial floorspace, Winchester Local Plan Area (sqm)

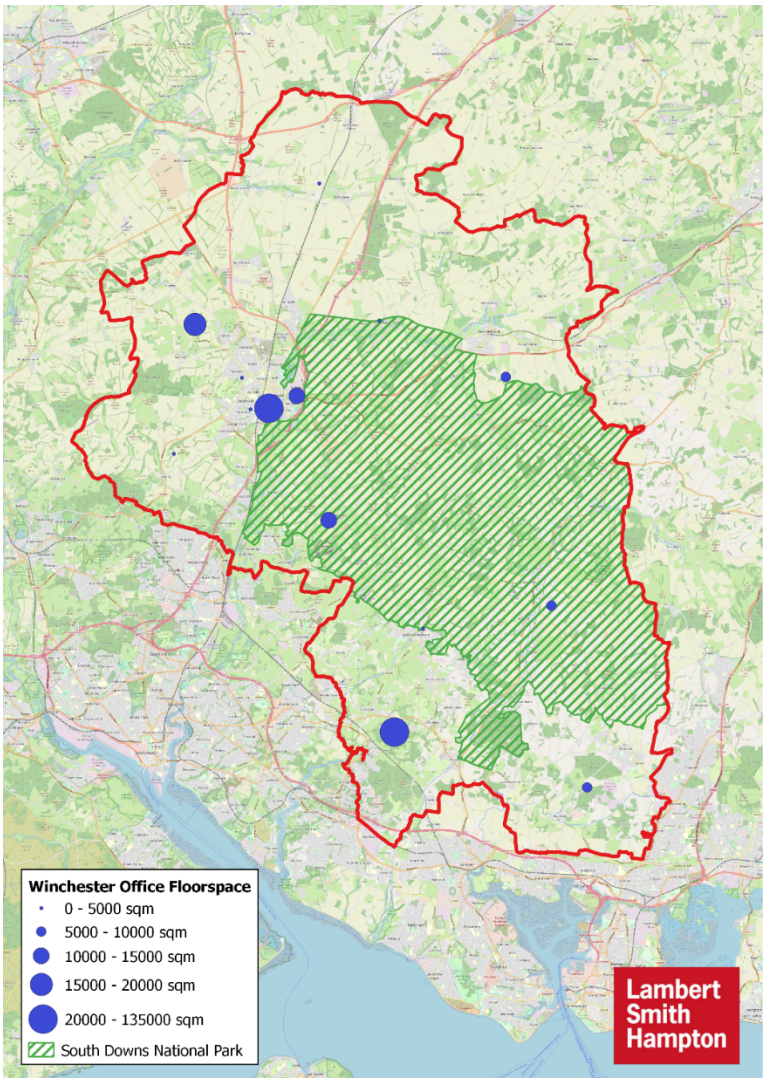
Year	Completions industrial B1b/B1c/B2/B8/Mixed industrial (sqm)	Losses Industrial B1b/B1c/B2/B8/Mixed industrial (sqm)	Net gain (sqm)
2012/13	1,488	507	981
2013/14	1,946	1,673	273
2014/15	2,395	3,538	-1,143
2015/16	1,218	2,204	-986
2016/17	2,735	3,990	-1,255
2017/18	4,562	2,935	1,627
2018/19	0	2,104	-2,104
2019/20	13,451	322	13,129
2020/21	25,339	4,161	21,178
2021/22	3,507	416	3,091
Total	**56,641**	**21,850**	**34,791**

Source: *Analysis of the Local Authority Monitoring Data*

5.3 Office Floorspace – Completions and Losses

5.3.1 The map below shows the distribution of office floorspace across Winchester District. The data is clustered by Middle Super Output Area (MSOA) and so represents the local area rather than individual units. This shows that office floorspace has been delivered both within Winchester City Centre (27.60%), and at out-of-town locations (72.40%).

Figure 20: Office Floorspace by Location, 2021



Source: *Valuation Office Agency, 2021 / Office of National Statistics*

5.3.2 Analysis of Local Authority Monitoring data shows that a total of 8,211sqm of office floorspace has been delivered across the Winchester Local Plan area since 2012/13 and 1,945sqm in the South Downs National Park Area. In total, the Winchester district has delivered 10,156sqm which is equivalent to 1,016sqm per annum and a growth rate of 0.38% since 2012/13.

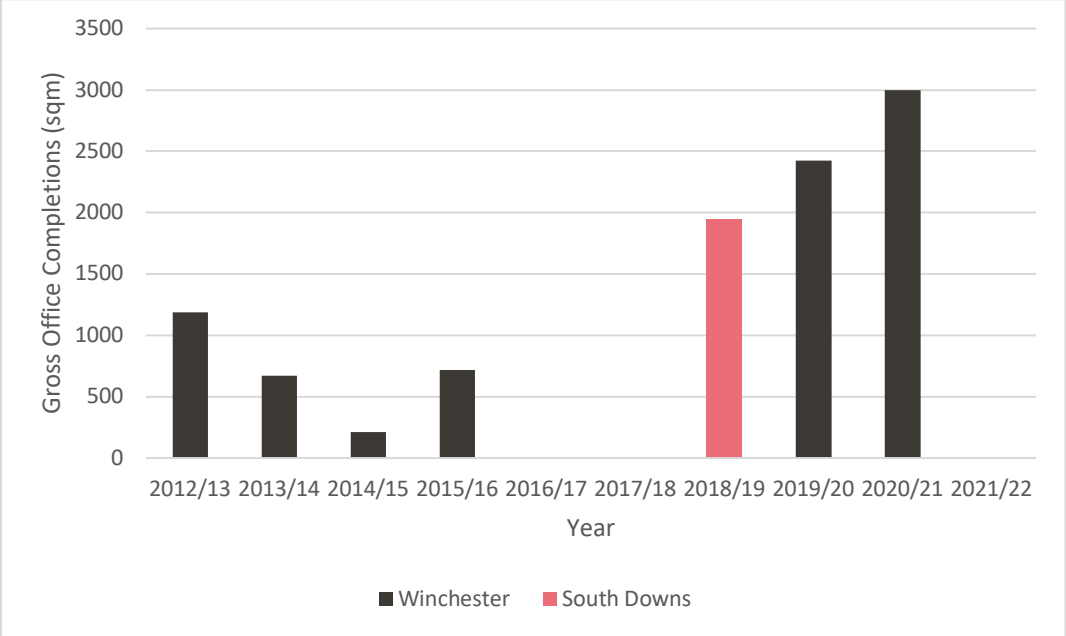
Table 20. Office Completions vs. Office Stock, Winchester District (sqm)

	B1a / Office (sqm)		
Gross Completions	**WCC LP Area**	**South Downs**	**Total**
2012/13	1,188	0	1,188
2013/14	672	0	672
2014/15	210	0	210
2015/16	719	0	719
2016/17	0	0	0
2017/18	0	0	0
2018/19	0	1,945	1,945
2019/20	2,423	0	2,423
2020/21	2,999	0	2,999
2021/22	0	0	0
Total	8,211	1,945	10,156
% by Area	**81%**	**19%**	**100%**
Gross Gains 2012/13 - 2021/22			**10,156**
Per annum 2012/13 - 2021/22			**1,016**
2021/22 industrial stock			**309,000**
Average % growth per annum			**0.38%**

Source: *Analysis of the Local Authority Monitoring Data / Valuation Office Agency*

5.3.3 The figure below shows gross office floorspace completions per year, the same data as in the table above. This highlights that office completions have fluctuated between 2012/13 – 2021/22, having several years of zero completions, and several years of stronger delivery between 2018/19 – 2020/21.

Figure 21: Winchester Office Gross Completions, Winchester District

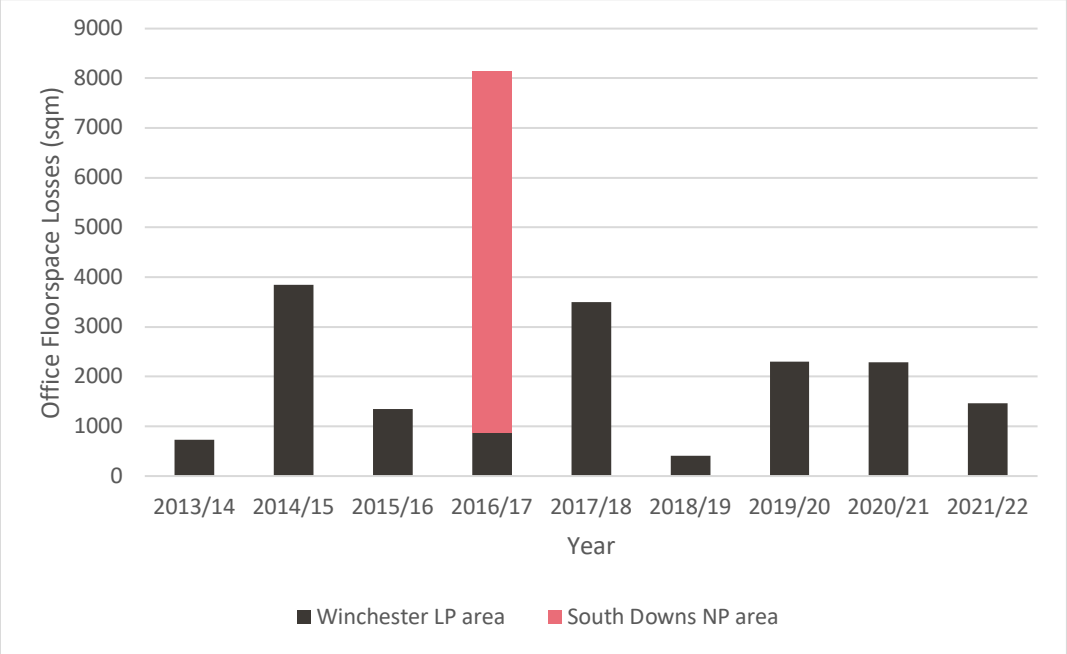


Source: *Analysis of the Local Authority Monitoring Data*

5.3.4 The figure below shows the losses of office floorspace across the Winchester district split up into the Local Plan area and the National Park. This shows that the office losses in Winchester have fluctuated between 2012/13-2012/22 where losses in the local plan area have been between 400sqm-4,000sqm, with peaks in 2014/15 and 2017/18 and lows in 2013/14 and 2018/19.

5.3.5 Furthermore, in the South Downs NP area, there was only a loss of office floorspace in 2016/17. This was a single loss of 7,259sqm which comprised the redevelopment of office floorspace for a business, enterprise and innovation park at Chilcomb Park.

Figure 22: Office Floorspace Losses, Winchester District



Source: *Analysis of the Local Authority Monitoring Data*

5.3.6 The table below provides a comparison of the office floorspace losses and completion figures for Winchester Local Authority Area only. This shows that there has been a greater quantum of floorspace losses than gains over this period.

Table 21. Net gain/losses of Office Floorspace, Winchester LP Area, 2012/13 to 2021/22

	Gross Completions (sqm)	Gross Losses (sqm)	Net (sqm)
2012/13	1,188	1,758	-570
2013/14	672	729	-57
2014/15	210	3,851	-3,641
2015/16	719	1,350	-631
2016/17	0	888	-888
2017/18	0	3,503	-3,503
2018/19	0	414	-414
2019/20	2,423	2,296	127
2020/21	2,999	2,283	716
2021/22	0	1,470	-1,470
Total	**8,211**	**18,542**	**-10,331**

Source: *Analysis of the Local Authority Monitoring Data*

5.3.7 Analysis of these losses are shown in the table below. This shows that 86% of applications made for losses of office space are for redevelopment as residential, this equates to 15,201sqm or 82% of

floorspace. Further to this, 15% of applications are made for losses of office space for the redevelopment as mixed-use schemes, this includes sites with residential elements.

Table 22. Losses of Office Floorspace to Other Uses, Winchester LP Area

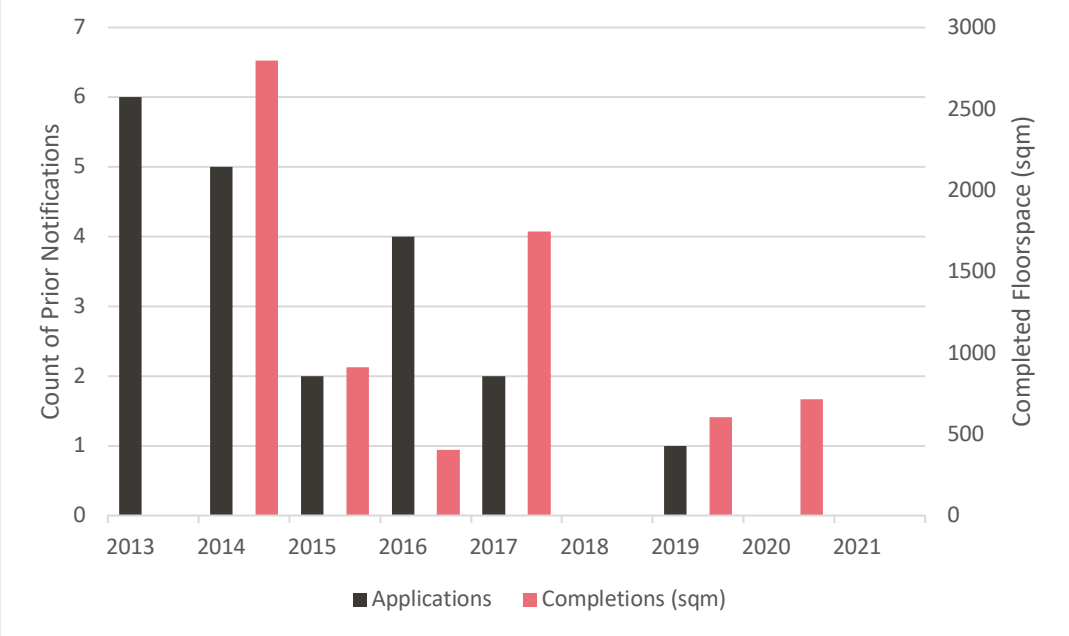
	Floorspace (sqm)	%	Number of applications	%
Losses to residential uses	15,201	82%	38	86%
Losses to mixed use schemes	2,861	15%	5	11%
Losses to non-residential institutions	480	3%	1	2%
Total	18,542	100%	45	100%

Source: *Analysis of the Local Authority Monitoring Data*

5.3.8 Here it is important to note than in 2013 Permitted Development Rights (PDR) were introduced which meant that planning permission is not needed for changes in use of B1a office buildings to C3 dwellinghouses. However, in October 2017 Winchester Council adopted an Article 4 direction restricting the permitted development rights for the change of use from use class B1(a) to C3 dwellinghouse within the area known as Winchester Town.

5.3.9 The figure below shows the number of prior notification applications for the change of use from a B1(a) office to C3 dwellinghouse. There is a clear surge of activity following the change of PDR in 2013, although the number of applications had already dropped off by the introduction of the Article 4 direction in 2017. This suggests this type of office losses are not likely to be seen in future over the forecasting period.

Figure 23: Prior Notifications Applications – Office to Residential Conversions, Winchester LP Area



Source: *Analysis of the Local Authority Monitoring Data*

5.3.10 In addition to the introduction of PDR in 2013, a change in the Use Class Order, came into effect in September 2020. This put B1a (Office Space), B1b (Research and Development), and B1c (Industrial Processes) into the new E Use Class. This new class also contain many of the previous A-class uses, such as A1, A2, A3 and parts of D1 and D2 use classes. As these were all within the same use class, a planning permission would no longer be required to 'change use' as moving within a use class is not development, therefore a planning permission is not required.

5.3.11 Given the Council's monitoring data and VOA data available since this change is limited to only a few years, it is not possible to identify if there is an impact. This would be noticeable within the VOA data, as it considers changes within business rates, rather than planning permissions. It would be assumed that as no permission is required it would not be monitored by the Council.

5.3.12 In the most recent VOA data, there is a small change from 2019/20 to 2020/21 of approximately 1,000m^2 for industrial space (table below). Until more data is available it is not possible to identify any trends based on the changes to the Use Classes.

Table 23. Industrial and Office space in Winchester District 2000/01-2022/23

Year	Office floorspace (m2)	Industrial floorspace (m2)
2000-01	259,000	361,000
2001-02	261,000	374,000
2002-03	273,000	386,000
2003-04	278,000	394,000
2004-05	293,000	407,000
2005-06	313,000	417,000
2006-07	272,000	434,000
2007-08	269,000	439,000
2008-09	275,000	443,000
2009-10	280,000	446,000
2010-11	277,000	450,000
2011-12	287,000	452,000
2012-13	301,000	460,000
2013-14	301,000	470,000
2014-15	301,000	478,000
2015-16	300,000	478,000
2016-17	303,000	467,000
2017-18	305,000	471,000
2018-19	310,000	473,000
2019-20	310,000	472,000
2020-21	309,000	499,000
2021-22	303,000	505,000
2022-23	300,000	506,000

VOA, 2023

5.3.13 Upon the introduction of the Use Class change, there was a general perception that there would be a significant amount of change within the E use class. At a national level there is no analysis which considers this in detail and therefore the perception remains. An indicator of how the creation of the E class has impacted areas, in particular town centre locations where office space is predominantly located, would be vacancy rates. Market forces would suggest that poorly performing office space those with high levels of vacancy would be subject to changes within the E class, i.e. if no one wants the office space, another end user may wish to lease it, such as retail.

5.3.14 However, this is dependent upon the building which the office space is located in being a desirable area for retail and in a configuration which allows the premises to function as retail space. Many purpose-built offices would not allow for this to happen, only becoming suitable through additional development or external changes, both of which would require a planning permission and therefore making the ease of moving with the E use class less straightforward. Looking at the vacancy rates for

convenience and comparison retail space in Winchester this is now at 10.4%, which is still below the average for the UK. This would therefore suggest that some space is still available in the town centres for retail, however given that it is below the UK average, and that the rate is likely to reduce following the occupation of the Debenhams store, poorly performing or vacant office space, which can easily be used for retail purposes, may become attractive to retail end users.

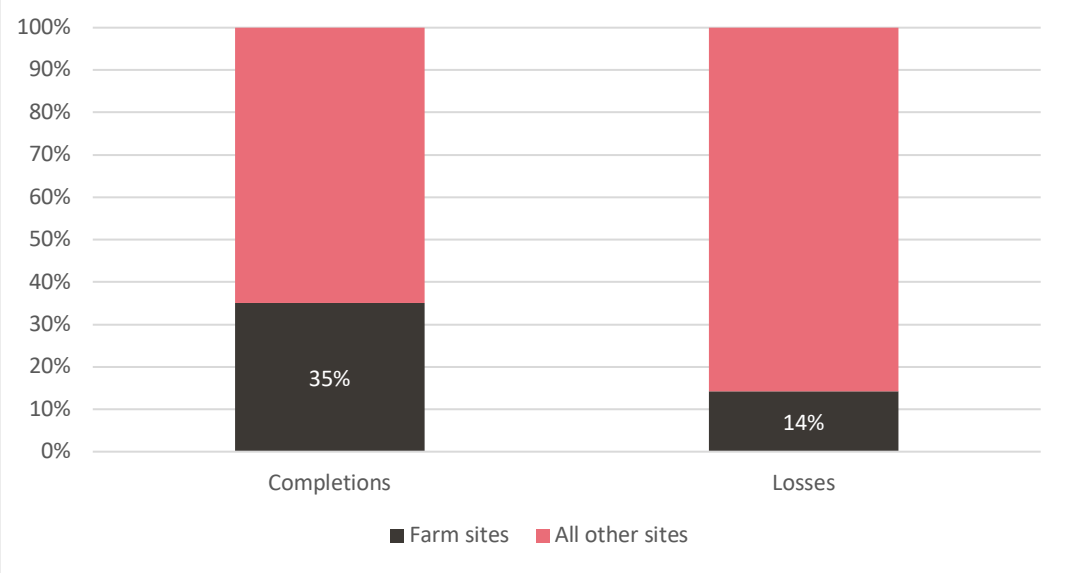
5.4 Employment Development at Farm Sites

5.4.1 The Council's completions data also shows details of completions and losses of employment floorspace at farm sites in Winchester Local Plan Area. This includes the redevelopment of agricultural buildings to employment use class uses, and the loss existing employment uses at farm sites to non-employment uses.

5.4.2 The data shows that during the monitoring period since 2012-13 there have been 21 such developments representing around 20% of all development in WCC Area. This demonstrates the strong contribution of farm diversification to meeting Winchester's employment land requirement in rural areas. However, for comparison, the same figure for the part of Winchester district within the SDNP is 82%.

5.4.3 In terms of floorspace, completions of employment uses at farm sites totalled 22,705 sqm – constituting 35% of all gross employment floorspace development in WCC Area. Losses totalled 5,742 sqm – constituting 14% of gross employment losses. The lower figure reflecting the overall smaller quantum of this type of floorspace within the existing stock.

Figure 24: Completions and Losses of Employment Uses at Farm Sites in WCC Area



Source: Analysis of the Local Authority Monitoring Data

5.4.4 Overall, the data shows that this source of supply provides a significant source of employment land development in Winchester, and makes a strong contribution to supporting the district's rural economy.

5.5 Future Employment land requirement based on past completions trends

5.5.1 The table below sets out the employment land requirement figures for 2022-2040 based on the past completion trends. The past completions have been annualised and forecast forward in terms of floorspace (sqm). The quantum of land required to support this level of development has been estimated using plot ratios[8].

5.5.2 This shows that between 2022 and 2040 there is a requirement for around 27.6ha of employment land comprising: 2.1ha of office uses (B1a), 0.1ha of B1b, 1.1ha of B1c, 6.4ha of B2 industrial, 3.4ha of B8 warehouse/distribution, and 14.5ha of mixed industrial (B2 or B8) space.

Table 24. Employment Land Needs Based on Past Completion Trends – 2022-2040

Gross Completions	B1a	B1b	B1c	B2	B8	Indust-rial (mixed)	Total
2012/13	1,188	300	1,188	0	0	0	2,676
2013/14	672	0	0	332	227	1,387	2,618
2014/15	210	0	300	2,095	0	0	2,605
2015/16	719	0	0	600	618	0	1,937
2016/17	0	0	275	0	2,460	0	2,735
2017/18	0	0	0	4,562	0	0	4,562
2018/19	0	0	0	0	0	0	0
2019/20	2,423	0	0	543	1,212	11,696	15,874
2020/21	2,999	0	0	5,737	411	19,191	28,338
2021/22	0	0	625	362	2,520	0	3,507
Gross Completions 2012/13-2021/22	**8,211**	**300**	**2,388**	**14,231**	**7,448**	**32,274**	**64,852**
Average per annum	**821**	**30**	**239**	**1423**	**745**	**3,227**	**6,485.2**
Forecast 2022-2040	**14,780**	**540**	**4,298**	**25,616**	**13,406**	**58,093**	**116,734**
Land Area (ha)	**2.1**	**0.1**	**1.1**	**6.4**	**3.4**	**14.5**	**27.6**

Source: *Analysis of the Local Authority Monitoring Data*

5.5.3 Nearly half of the completed floorspace and related forecast requirement set out above is categorised as 'Industrial (mixed)'. Around 90% of this category comprised the development of medium sized units for B2/B8 uses, and around 10% comprised B8 warehouse units with

[8] A plot ratio of 0.7 for B1a office and 0.4 for all other uses. Justification for these figures is set out in Table 39 in Section 8.

incorporated office floorspace. This highlights that this component of delivery and demand can reasonably and usefully be categorised as B2/B8. It highlights the overlap between these two use classes in commercial terms as units cater for both use classes, and premises are marketed and occupied by users under either use class as occupier demand dictates. This shows the need for flexibility in planning terms between these use classes.

5.5.4 As a result, it is more useful to consider the forecast based on past completions in terms of the use classes set out in the table below, drawn from the figures in the table above.

Table 25. Employment Land Need 2022-40 – Past Completion Trends (ha)

	B1a/b/c	B2/B8	Total
Past Completions Trends	3.3	24.3	27.6

5.5.5 In terms of the quantum of land required to meet this forecast future need, the Council's completions data provide an indication of how much of the past delivery has been at existing sites and how much has been at new employment sites. The Council's monitoring data shows that of all the completed developments for employment uses, only seven constituted replacements at existing employment sites: five for the demolition and replacement of industrial/warehouse units and two for the redevelopment of office premises to create mixed use developments comprising residential and replacement offices.

5.5.6 The table below shows the quantum of floorspace lost and gained due to replacement redevelopments. The floorspace lost and gained at these sites differs due to proposals delivering slightly more floorspace than was originally present. Nonetheless, when compared against the total losses and gains for the area, both figures come out at 7.7-7.8%. This shows that redevelopment of existing sites has provided a relatively small contribution to meeting employment development needs in Winchester.

Table 26. Losses and Completions of Redevelopment of Existing Employment Sites, Winchester LA Area, 2012/13 to 2021/22

	Total Floorspace Lost	Total Floorspace Completed
Existing Employment Sites	2,979	5,074
% of Total[9]	7.7%	7.8%

5.5.7 Further to this, there are an additional five sites where planning permission has been granted for demolition of existing employment use and replacement as part of a mixed-use scheme, but only the loss has been recorded in the Council's monitoring data. Three of these were recorded in the

[9] Excluding the lost floorspace at sites with extant permission for which the replacement floorspace has not yet come forward.

last three years so it's possible the replacement completions will come forward imminently albeit the timescales are unknown. However, two others with losses recorded in 2013/14 and 2016/17 the replacement employment floorspace appears unlikely to come forward.

5.5.8 Overall, while the redevelopment of existing employment sites may continue to contribute on a modest scale to meeting future development needs in Winchester, the capacity to do so is uncertain and difficult to forecast. It depends on the development potential of the Council's existing supply for employment and other uses such as residential and mixed-use development, which goes beyond the scope of this assessment. Given these factors, and the relatively modest contribution of these types of sites to meeting future needs, it is recommended that the Council plans to meet the gross needs in full through its identified supply of employment land.

5.6 Summary

5.6.1 This section has provided a review of the completions and losses of employment land in Winchester – both the Local Authority Area and the area within South Downs National Park. It also provides a future forecast of employment land needs based on the past completions trend for Winchester Local Authority Area.

5.6.2 Regarding industrial floorspace, between 2012/13 and 2021/22 there was a healthy rate of growth in Winchester at 1.59% across the district. Within the Local Plan area, there was a net gain in industrial floorspace of 34,791 sqm.

5.6.3 Considering office floorspace, the above section shows that there was much slower growth in floorspace at 0.38% across the district when gross completions are compared against existing stock. However, when the gains and losses of office floorspace were considered, there was a net loss of 15,645sqm across the Local Plan area.

5.6.4 There have been significant losses of office space to residential. This saw a notable increase following the introduction of the permitted development rights in 2013 but reduced again after the introduction of the Article 4 direction in Winchester town. Therefore, any such applications should be excluded from the analysis of loss replacement going forward.

5.6.5 There was a modest quantum of office and industrial delivery at existing employment sites through the demolition and replacement of units or redevelopment for mixed-use. This type of development constituted 7.8% of all completions. It represents a small and relatively unpredictable source of supply.

5.6.6 The employment forecast based on past completions trend shows a need for around 27.6ha of employment land for the period 2022-40 comprising 3.3ha of office space, and 24.3ha of industrial space.

6.0 FUTURE EMPLOYMENT GROWTH

6.1.1 This section provides an assessment of the future employment growth in Winchester to 2040. The starting point for this assessment is the workforce jobs growth forecasts produced by the following forecasting companies:

- Cambridge Econometrics (April 2023)
- Oxford Economics (February 2023)
- Experian (March 2023)

6.1.2 All forecasts take account of the final terms of the Brexit deal agreed between the UK and EU in December 2020 and all three lockdown periods throughout 2020/21.

6.1.3 The outputs of three forecasts for Winchester are set out and analysed below. The forecasts are assessed in terms of their total employment growth and on a sectoral basis in order to consider their suitability and robustness for planning purposes.

6.2 Cambridge Econometrics (CE)

6.2.1 The CE forecast is not constrained by supply-side factors – such as population and the supply of labour. The forecast provides outputs for total employment, which is equivalent to workforce jobs. Therefore, the CE forecast makes no estimates of population, activity rates and unemployment rates of the local population.

6.2.2 The CE forecast assumes that there will be enough labour (either locally, or through commuting and future in-migration) with the right skills to fill the jobs. The forecast provides no outputs on demographic or local population labour supply and makes no assumption regarding the existence of labour supply.

6.2.3 The CE forecast is based on the historic growth trend assessed in terms of a local area's performance relative to the region or UK trend (whichever has the strongest relationship with the local area in question). This process is undertaken on a sector-by-sector basis. The CE forecast assumes that these relationships continue. Thus, if an industry in the local area outperformed the industry in the region (or UK) in the past, then it will be assumed to continue to do so in the future. Similarly, if it underperformed the region (or UK) in the past then this will be projected forward in the future.

6.3 Oxford Economics (OE)

6.3.1 The OE forecast is produced within an integrated modelling framework, which takes account of labour supply-side factors such as migration, commuting and activity rates and both models' employment and population growth. The OE forecast considers three factors:

- National/regional outlooks – consistency with the broader global and national forecasts

- Historical trends in an area (which implicitly factor in supply-side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development and
- Fundamental economic relationships which interlink the various elements of the outlook.

6.3.2 The starting point in producing employment forecasts is the determination of workplace-based employees in employment in each of broad sector consistent with the regional and UK outlooks. At local authority level sectoral growth is driven by a range of factors:

- Some sectors are driven predominantly by population estimates
- Others by total employment in the area
- The remainder relative to the regional performance (largely exporting sectors)
- All sectors are also influenced by past trends in the local area.

6.3.3 Total employment is calculated by adding the employees in employment, the self-employed and His Majesty's Forces. Self-employment data by region is taken from Workforce jobs data which is then broken down into detailed sectors using both employee trends and the UK. Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down using the employees in employment sectoral structure. The sectors are forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.

6.3.4 The OE framework models population as an output which is economically driven and thus forecasts differ from the official Sub-National Population Projections. The OE model uses official births and deaths projections from the 2016-based population projections; however, they use different migration assumptions based on their modelled UK migration, and at the local level, migration is linked to the forecast employment rate. OE report in their data guide that the current macro-economic climate means that their local forecasts show most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

6.4 Experian

6.4.1 Like OE, the Experian forecast is an integrated model providing a wide range of outputs on employment, workforce, and population trends. The Experian model is based on the resolution of demand and supply for labour. This process takes account of commuting between local areas within a region and across the regional boundary as well as an estimate of the growth in the economic participation rates in a local area. For population, the Experian model takes as an input data from the Sub-National Population Projections. Commuting flows are used to derive the available labour force for a region.

6.4.2 In parallel, labour demand (in terms of workforce jobs) is estimated at the local authority level. This is done on a sector-by-sector basis whereby local growth is assumed to be in line with sectoral growth at the regional level. This is then constrained so that the sum of local authority growth aligns with regional estimates.

6.4.3 The Experian forecast constructs workforce jobs series for each local area using BRES/ABI data to disaggregate estimates for each industry sector. The effect of this is:

- Demand for jobs at the local level is greatest / grows faster in those industries which are performing best at the regional level.
- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

6.4.4 The supply and demand for labour is then resolved by considering:

- The historic ratio between resident employment and workplace-based employment in that local area
- The inflow and outflow of workers across regional boundaries and
- Historic commuting patterns.

6.4.5 This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

6.5 Comparison of Economic Forecasts for Winchester

6.5.1 The figure below shows the total employment forecasts for the Winchester District, showing the historical trend since 1998 and the forecast growth trend to 2040. The historic trend shows some variation due to how the historical 'backcasts' are formed which differs slightly for each forecaster in terms of methodology and data sources used.

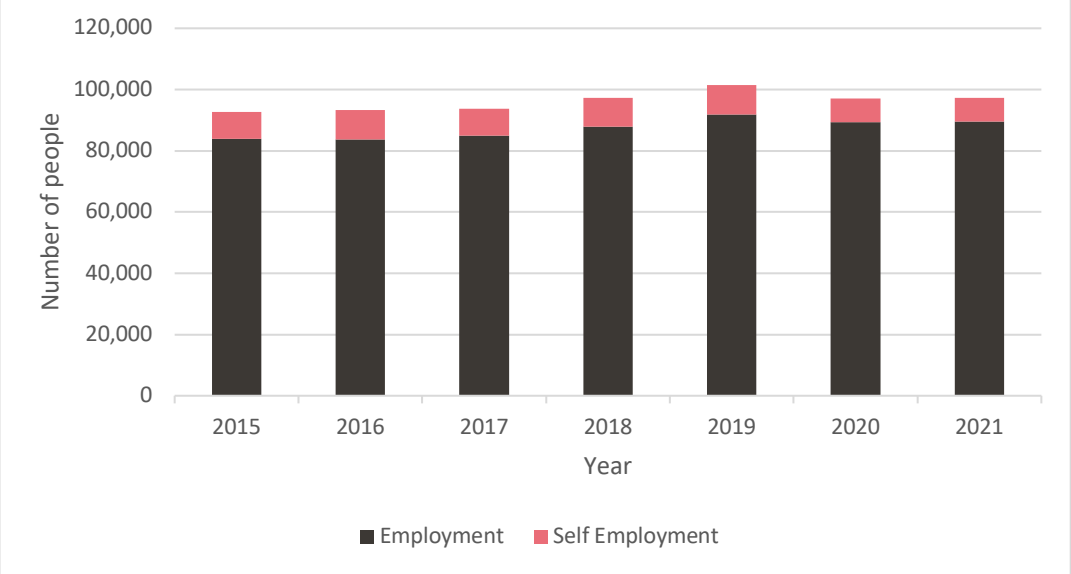
6.5.2 The forecasts all show an increase in employment between 2022-2040. OE shows a more rapid increase in jobs between 2022-2026 compared to CE, however after 2026 OE and CE show broad consistency in the jobs increase. Experian shows a slight decline in jobs between 2023-2024 before forecasting a higher rate of jobs increase than OE and CE.

6.5.3 As such, overall Experian forecasts the highest level of jobs increase, CE forecasts the lowest, and OE represents a midpoint.

Figure 25: Total Employment – Winchester 1998-2040

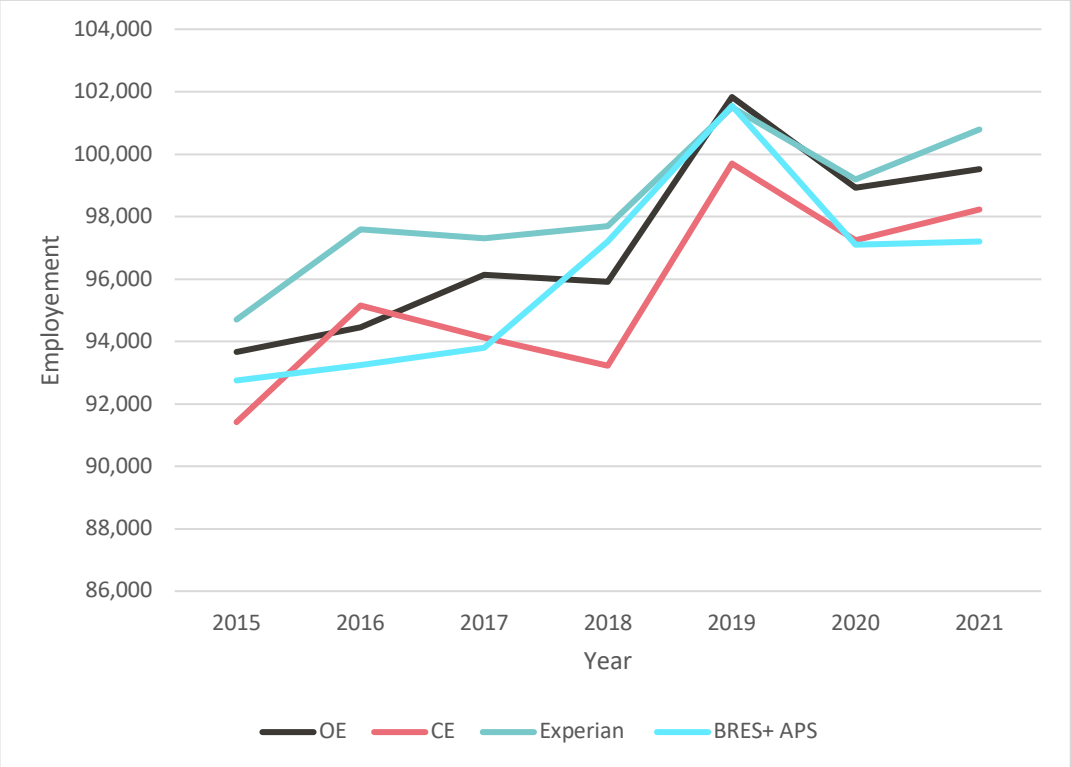
6.5.4 In order to corroborate the historic data shown in the forecasts, comparison can be made against the figures shown by the total number of employment jobs in Winchester shown in the Business Register and Employment Survey (BRES) plus the total number of self-employed in Winchester shown in the Annual Population Survey (APS). This provides the figures in the figure below up to 2021 which is the date of the most recently available data. This shows that there has been a steady increase in employment in Winchester between 2015-2021 with the exception of 2019 where there was a sharp rise, before falling back in 2020.

Figure 26: Employment and Self Employment – Winchester 2015-2021



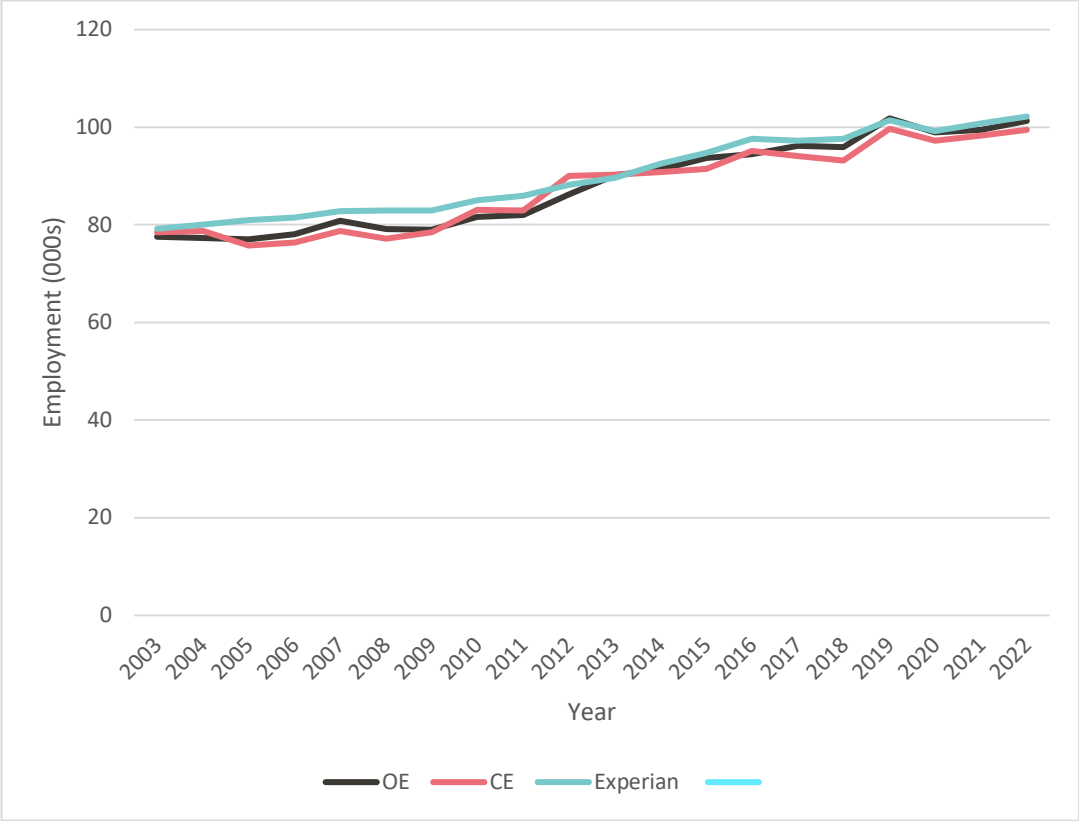
6.5.5 The figure below charts the sum of the BRES and APS data against the three forecasts and shows that there is reasonably consistency between the forecasting house and BRES+APS data with regards to employment thereby corroborating the forecasts.

Figure 27: Total Employment – Winchester 2015-2021



6.5.6 The figure below shows the past employment in Winchester between 2003-2022, this shows a general trend of jobs growth between 2003 and 2022. Nonetheless, there is there is a drop in employment in 2009 as shown in the OE and Experian forecasts, this would correspond with the recession following the global financial crisis in 2008. Further to this, the figure below also identifies a drop in employment in 2020, this would correspond with the economic impact of the covid-19 pandemic and the consequential lockdowns.

Figure 28: Total Employment – Short Term Forecast 2003-2022



6.5.7 The figure above identifies a time period for assessment of growth for Winchester from trough to trough between 2009 and 2020, which usefully indicates a 'market cycle'.

6.5.8 The total level of employment in Winchester, as shown in the three forecasts, can be compared over two periods:

- 2009 – 2020 representing the most recent 'trough to trough'; and
- 2022 – 2040: the future growth over the Plan period

6.5.9 Looking at the period from 2009-2020, the OE and CE forecasts show an average annual net employment growth of 1,662 jobs per annum and 1,564 jobs per annum respectively, equivalent to an annual growth rate of 2.07%% and 1.97% respectively. The Experian forecasts show a slightly lower growth at 1,358 jobs per annum equivalent to 1.65% between 2009-2020.

6.5.10 However, looking forward at the 2022-2040 period, the forecasts show a much slower rate of growth, whereby the forecasted annual growth rate is 0.46%, 0.29%, and 0.61% for OE, CE, and Experian respectively.

Table 27. Total Employment Growth in Winchester, 2009-2020 vs 2022-2040

	2009-2020			2022-2040		
	Jobs growth	Average per annum	Annual growth rate	Jobs growth	Average per annum	Annual growth rate
OE	19,900	1,662	2.07%	7,997	421	0.46%
CE	18,800	1,564	1.97%	5,574	293	0.29%
Experian	16,300	1,358	1.65%	12,300	647	0.61%

6.5.11 The table below shows the forecasted growth for each forecast for each 4 periods from 2022-2040. This highlights the following trends:

- The OE forecast has a strong initial growth in jobs compared to the CE and Experian forecasts. Between 2022-2027 OE forecasts a jobs growth of 3,218 jobs equivalent to a growth rate of 0.63%. This is compared to a lower jobs growth of 2,700 jobs equivalent to 0.52% as forecasted by Experian, and 1,495 jobs equivalent to 0.30% as forecasted by CE.
- After 2022-2027, the OE and CE forecasts show similar growth rates for the subsequent time periods.
- Experian shows somewhat consistent growth over the four 4-year periods identified below, with 2031-35 showing the lowest growth at 0.48%.

Table 28. Comparison of forecasts over 4 periods, 2022-2040

	2022-27		2027-2031		2031-2035		2035-2040	
	Jobs growth	Growth rate	Jobs growth	Growth rate	Jobs growth	Growth rate	Jobs growth	Growth rate
OE	3,218	0.63%	1,381	0.33%	1,572	0.37%	1,825	0.34%
CE	1,495	0.30%	1,290	0.32%	1,347	0.33%	1,442	0.28%
Experian	2,700	0.52%	3,100	0.73%	2,100	0.48%	4,400	0.79%

6.6 Sector Analysis

6.6.1 The table below sets out the jobs growth and growth rate between 2022-2040 by sector for each forecast. The following observations are made:

- All three forecasts show growth in the sectors of Information and Communications, Professional and Business Support, and Other Services (including creative, recreation, and other private services). It is important to note that these sectors predominantly occupy office accommodation.

- However, some sectors show considerable disparity between the forecasts, particularly relevant to this study are the sectors predominantly occupying industrial/warehouse accommodation:
- For the Manufacturing sector, both OE and CE show a loss in jobs between 2022-2040 of 1.80% and 1.60% respectively, whilst Experian shows a growth in Manufacturing jobs of 0.92%.
- For the Transport and Storage sector, Experian shows a strong growth in jobs of 2.23%, whereas CE shows a smaller growth of 0.39%, and OE shows a negligible loss of jobs of 0.04%.
- The Construction sector shows strong growth in the CE (1.35%) and OE (0.89%) forecasts but zero growth in the Experian forecast.
- These sectors have a significant impact on the future demand for employment growth indicated by each forecast. The high variance in jobs growth between the forecasts results in significant differences in the quantum of employment land required by each forecast. For example, the Experian's strong forecast growth in Transport and Storage sector jobs implies a much higher requirement for B8 space than the other forecasts.
- Conversely, Experian shows a decline in jobs in the Accommodation and Food Service Sector (-0.65%) whereas CE and OE both show strong growth in the sector.
- OE and Experian show a growth in Government Services of 0.45% and 0.85% respectively, whereas Experian shows a slight loss in jobs of 0.09%.

Table 29. Jobs Growth by Broad Sector, 2022-2040

	OE		CE		Experian	
	Jobs growth	**Growth rate**	**Jobs growth**	**Growth rate**	**Jobs growth**	**Growth rate**
Agriculture etc.	-127	-0.88%	61	0.39%	300	1.25%
Mining & quarrying	-15	-2.94%	-7	-1.59%	0	0.00%
Manufacturing	-1,097	-1.80%	-1,019	-1.60%	700	0.92%
Electricity, gas & water	-63	-0.82%	25	0.28%	-100	-1.59%
Construction	1,107	0.89%	1,705	1.35%	0	-0.08%
Wholesale & Retail	599	0.28%	1,006	0.28%	-500	-0.16%
Transport & storage	-98	-0.04%	245	0.39%	1,900	2.23%
Accommodation & food services	262	0.34%	1,203	0.98%	-700	-0.65%
Information & communications	519	0.46%	1,431	1.25%	1,500	1.16%
Professional & Business Support	3,589	0.86%	1,303	0.32%	4,800	1.03%
Government services	2,556	0.45%	-439	-0.09%	4,600	0.85%
Other	765	0.91%	58	0.07%	-100	-0.13%
Total	**7,997**	**0.46%**	**5,574**	**0.30%**	**12,300**	**0.63%**

6.6.2 We have further analysed the sectors of Manufacturing, Transport and Storage, and Accommodation and Food Services, below. The graphs below compare the past trends for each of these sectors, and a table comparing the past market cycle of 2009-2020, and the projected growth for 2022-2040.

6.6.3 For transport and storage, the figure below shows that Experian forecasts most closely align with the past growth in Winchester. In terms of actual employment growth, Winchester has seen average growth rate of around 3.9% over the 2009-2020 period. Looking forward for the 2022-40 period, all forecasts show lower growth rates with the Experian forecast showing strongest growth at 2.5% per annum albeit starting from a higher base. The Experian forecast is notably different to the other forecasts – CE showing a more modest growth and OE showing a small loss. Taking an average of the three forecasts results in an annual growth rate of 1.0%.

Figure 29: Transport and Storage Forecast Comparison

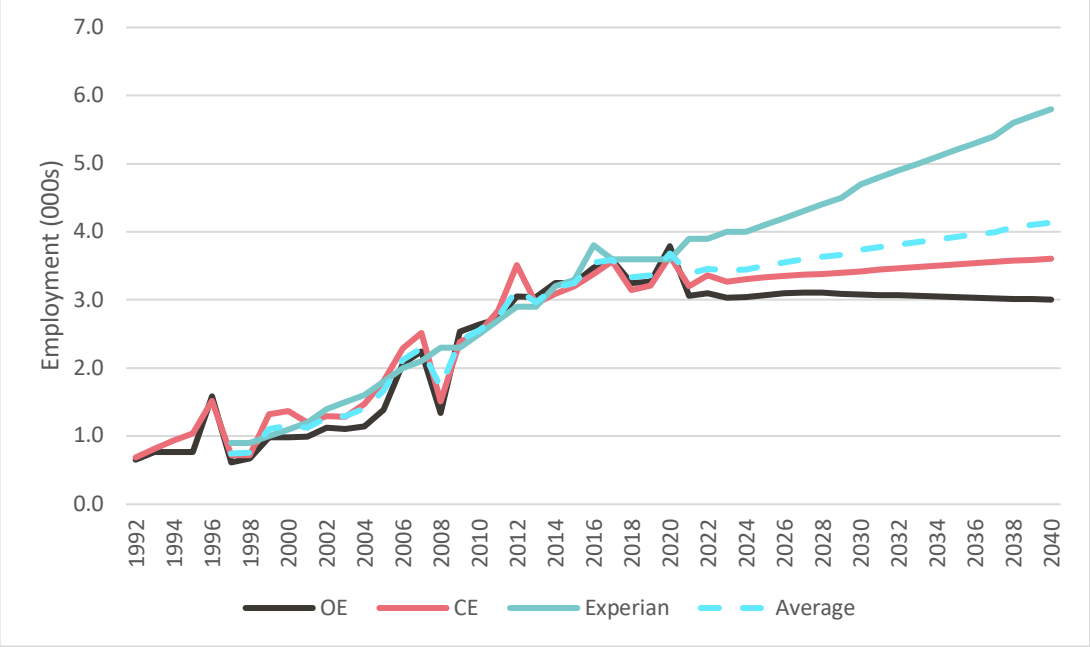


Table 30. Transport and Storage Forecast Growth Rates

Transport and Storage	2009-2020	2022-2040
OE	3.7%	-0.2%
CE	3.9%	0.4%
Experian	4.2%	2.5%
Average	3.9%	1.0%

6.6.4 For the Manufacturing sector, the CE and OE forecasts show similar historic trends while the Experian forecast records a different historic trend (due to differences in input data sources and backcasting methods). Looking forward, the Experian forecast shows an increase in jobs to 2040, whereas both OE and CE show a decline in jobs. The table shows that the level of future growth shown in the Experian forecast is more closely aligned with the past growth rates whereas the CE and OE forecasts represent a significant decline.

Figure 30: Manufacturing Forecast Comparison

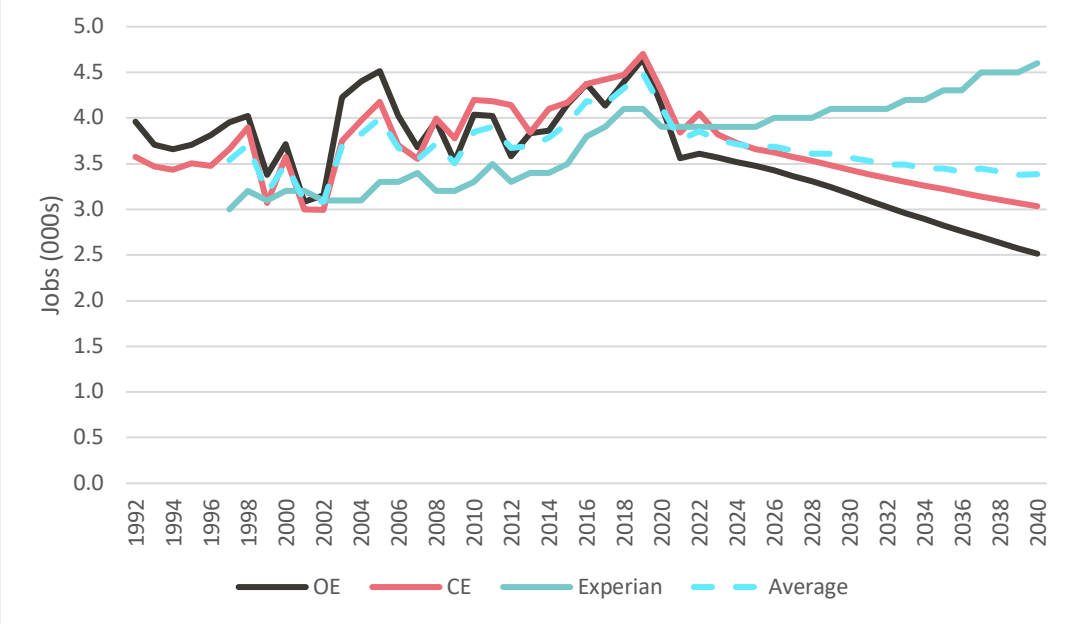


Table 31. Manufacturing Forecast Comparison

Manufacturing	2009-2020	2022-2040
OE	1.5%	-2.2%
CE	1.2%	-1.8%
Experian	1.8%	1.0%
Average	1.5%	-0.7%

6.6.5 For the Construction sector, the CE and OE forecasts show a past growth rate of 2.6-2.9% per annum whereas the Experian forecast records a different historic trend and a lower historic growth. For 2022-40 the CE and OE forecasts both show sectoral growth, albeit slower than past rates, while the Experian forecast shows a slight decline. Taking an average of the forecasts results in an annual growth rate of 0.7%.

Figure 31: Construction Forecast Comparison

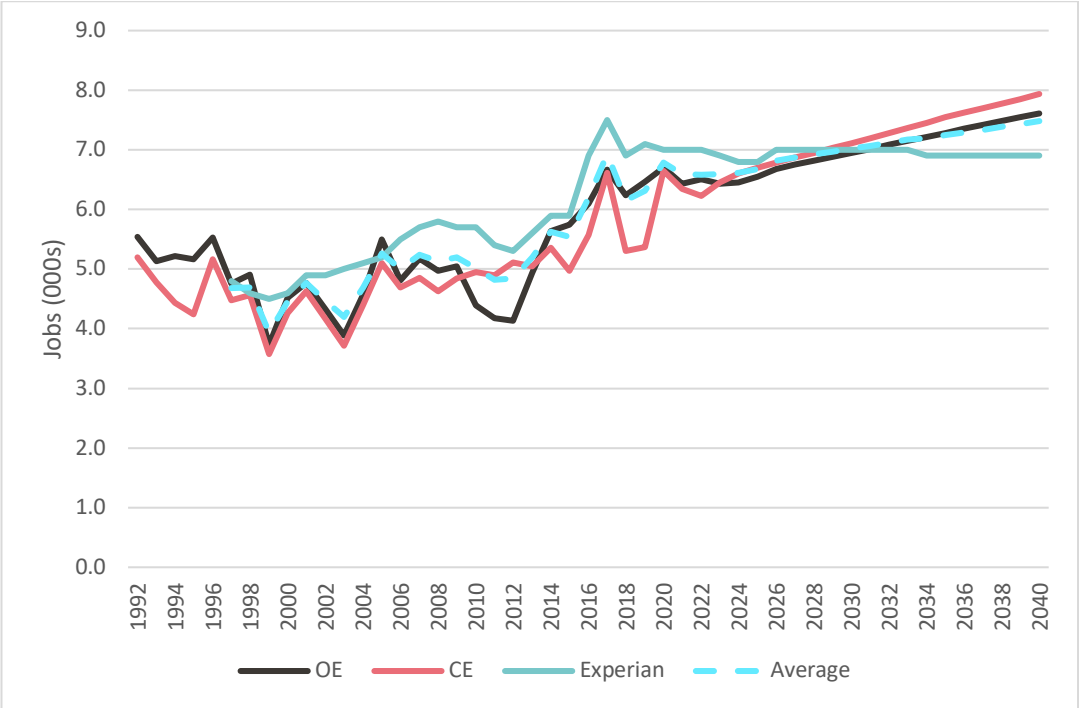


Table 32. Construction Forecast Comparison

Construction	2009-2020	2022-2040
OE	2.6%	0.9%
CE	2.9%	1.4%
Experian	1.9%	-0.1%
Average	2.4%	0.7%

6.7 Conclusions

6.7.1 Drawing upon the sectoral assessment of the forecasts above, the following observations and conclusions can be drawn:

- The three forecasts show reasonable alignment in terms of those sectors which predominantly occupy office accommodation.
- However, for predominantly industrial (B2 and B8) based sectors there is significant misalignment between the forecasts. Therefore, further analysis of these sectors has been undertaken.
- No single forecast shows positive growth across all three of these sectors. The Experian forecast is both more positive and more reflective of past performance for the Transportation and storage and Manufacturing sectors. For the Construction sector the

opposite is the case whereby the CE and OE forecasts are more positive and more in-line with past performance.

- For all sectors, the CE and OE forecasts are more closely aligned to one another. Moreover, these forecasts a more aligned in terms of their historic data providing a level of corroboration of these two forecasts. Conversely, the Experian forecast is substantially different for all three of these sectors.
- For all three sectors, none of the forecasts show stronger growth for the 2022-40 period than has been seen historically. The most positive forecasts for each sector show a broad continuation of the past trends in jobs growth, while the less positive forecasts show zero growth or decline in a sector.

6.7.2 The analysis does not identify a single forecast as providing a preferred basis for forecasting future employment land requirements in Winchester. This, along with significant misalignment between the forecasts in key industrial-based sectors means that the recommended approach is to use an average of all three forecasts in Winchester.

6.7.3 This judgement has been considered primarily with a view to considering future employment land needs and has therefore focussed on the sectors which predominantly occupy this type of space. As noted above, even the most positive sectoral growth is not forecast to exceed past performance. Added to this, each of the three forecasts include sectors with declining growth alongside the stronger growth sectors. This would suggest that the employment land requirements aligned to each of the forecasts to be broadly commensurate with the forecast based on the past completion trends. The labour demand forecasts should therefore be considered alongside this alternative forecasting approach when drawing conclusions on appropriate outputs.

7.0 LEP GROWTH SCENARIOS

7.1.1 This section considers the economic implications of the Local Enterprise Partnership's (LEP) economic growth policies and programmes, principally those set out in the Local Industrial Strategy (LIS). Although the responsibility for LEP functions for this area has transferred to Hampshire County Council it is still considered relevant to consider the implications of the Local Industrial Strategy as this remains the most recent sub-regional economic strategy.

7.1.2 Winchester forms part of the Enterprise M3 LEP area, as such, this section considers the implications of the Enterprise M3 Local Industrial Strategy (LIS) and how this will impact on economic growth in Winchester. The future economic forecasts have been assessed to consider the extent to which performance in the growth sectors identified in the LIST have been captured and reflected in the future growth figures.

viii) *Enterprise M3 Area Local Industrial Strategy*

7.1.3 The Enterprise M3 LEP comprises of the following local authorities: Basingstoke and Deane, Hart, Rushmoor, Surrey Heath, Test Valley, Winchester, East Hampshire, Woking, Guildford, Waverley, New Forest, Runnymede, Spelthorne, and Elmbridge.

ix) *Enterprise M3 Area Sectors and Innovation Report 2020*

7.1.4 In 2020, the Enterprise M3 LEP published a Sectors and Innovation report. This report was produced by Metro Dynamics and identifies the priority sectors within the EM3 economy. The report indicates that the priority sectors for the EM3 LEP are the gaming and immersive tech industries and the space sectors, and the interventions outlined above are aiming to strengthen the LEP's growth in these areas. Further to this, the report identifies the SIC codes for these industries, these are detailed in the table below. However, it should be noted that the report identifies that the games industry is difficult to capture with SIC codes.

Table 33. SIC Codes of the EM3 priority sectors

Sector	SIC Codes
Aerospace / Space / Defence	25400: Manufacture of weapons and ammunition 30300: Manufacture of air and spacecraft and related machinery 30400: Manufacture of military fighting vehicles 33160: Repair and maintenance of aircraft and spacecraft 61300: Satellite telecommunications activities 84220: Defence activities
Games industry	32401: Manufacture of professional and arcade games and toys 58210: Publishing of computer games 62011: Ready-made interactive leisure and entertainment software development

7.1.5 Using these SIC Codes, the number of jobs that fall within the EM3 priority sectors that are in Winchester have been identified. The table below shows that just 0.51% of Winchester Jobs fall within the EM3 Priority Sectors.

Table 34. EM3 Priority Sector – 2021 Jobs Winchester

EM3 Priority Sector	2021 Jobs
25400: Manufacture of weapons and ammunition	0
30300: Manufacture of air and spacecraft and related machinery	0
30400: Manufacture of military fighting vehicles	0
33160: Repair and maintenance of aircraft and spacecraft	150
61300: Satellite telecommunications activities	5
84220: Defence activities	300
32401: Manufacture of professional and arcade games and toys	0
58210: Publishing of computer games	0
62011: Ready-made interactive leisure and entertainment software development	5
Total EM3 Priority Sector jobs in Winchester	**460**
Total Winchester Jobs	**90,655**
Percentage	**0.51%**

7.1.6 The table below shows the growth in employment between 2015-2021 in Winchester and the EM3 area for each of the growth sectors calculated using the SIC codes identified above. The BRES data is one of the key data sources feeding into all of the economic forecasts, however as discussed above the future jobs growth forecasts are produced to align with a range of other metrics and the national and regional forecasts. This allows more fine-grained analysis of the LEP growth sectors.

7.1.7 The analysis shows the following

- In the EM3 LEP area, there has been a negligible (-1%) growth rate jobs in the priority sectors between 2015-2021, whereby some of the specific jobs such as the manufacture of military fighting vehicles, and the repair and maintenance of aircraft and spacecraft have shown a slight increase, whilst jobs in the manufacture of weapons and ammunition and the publishing of computer games have declined.
- In Winchester between 2015-2021, there has been a negative growth rate in the priority sector of some -214% whereby all of the job categories have declined with the exception of defence activities which has shown an increase of 3%.
- The jobs Winchester between 2015-2021 in the LEP priority sectors has grown by 15 jobs equivalent to 2.5 jobs per annum.

- As such, the analysis shows that the LEP priority sectors are not strongly represented in Winchester District. Therefore, strong investment and LEP intervention into these sectors is unlikely to significantly impact jobs growth in Winchester beyond what is already accounted for in the growth forecasts. Further to this, it is important to note that any growth in the secondary jobs such as supply chain jobs relating to these priority sectors will be included within the growth forecasts.

7.1.8 Consequently, due to the limited representation of the LEP priority sectors in Winchester, it is considered that a growth forecast based on the LEP priority sectors is not appropriate as part of this assessment.

Table 35. Past Jobs Growth 2015-2021

	Jobs Growth Rate 2015-2021		Jobs Growth 2015-2021	Jobs Growth per annum 2015-2021
	EM3	Winchester	Winchester	Winchester
25400: Manufacture of weapons and ammunition	-29%	-100%	-10.0	-1.7
30300: Manufacture of air and spacecraft and related machinery	-12%	-100%	-20.0	-3.3
30400: Manufacture of military fighting vehicles	12%	0%	0.0	0.0
33160: Repair and maintenance of aircraft and spacecraft	7%	0%	0.0	0.0
61300: Satellite telecommunications activities	-5%	-17%	-10.0	-1.7
84220: Defence activities	0%	3%	50.0	8.3
32401: Manufacture of professional and arcade games and toys	0%	0%	0.0	0.0
58210: Publishing of computer games	-14%	0%	0.0	0.0
62011: Ready-made interactive leisure and entertainment software development	6%	0%	5.0	0.8
Total	**-1.3%**	**0.6%**	**15**	**2.5**

8.0 EMPLOYMENT LAND REQUIREMENTS

8.1 Labour Demand Scenarios

8.1.1 This section considers the quantum of employment land needed to support the employment growth shown in the economic forecasts for CE, OE, and Experian. This is one of the approaches to assessing future need – the 'labour demand' approach as set out in the PPG – and should be considered alongside other approaches to assessing future need and the economic and contextual data set out in the other sections of the report.

8.1.2 The starting point for the labour demand scenarios is the economic forecast from CE, OE, and Experian. Analysis and comparison of these forecasts are set out in more detail in Section 6, and employment outputs for each forecast are set out below.

8.1.3 The outputs of each forecast are provided on a sectoral basis which together cover all of the jobs within Winchester's economy. The sectoral breakdown differs slightly between each forecast as the forecasts group sectors in different ways – with the CE forecast aggregated to 12 sectors, OE to 19 sectors, and Experian to 38 sectors.

8.1.4 The sectors in each forecast are aggregations of jobs as defined by the Standard Industrial Classification (SIC) codes defined by ONS. This covers all existing jobs within the economy. Any new jobs in emerging sectors (e.g. emerging technologies, green sector) will be accounted for within the SIC codes and therefore within all three forecasts, however they may be split across the traditional industrial sectors – for example green sector jobs would appear in Manufacturing, Utilities, and Financial and business services.

Table 36. CE – Total Employment Growth 2022-2040

CE	2022 Jobs	2040 Jobs	Change
Agriculture etc.	846	907	61
Mining & quarrying	28	21	-7
Manufacturing	4,052	3,033	-1,019
Electricity, gas & water	489	514	25
Construction	6,232	7,937	1,705
Distribution	19,230	20,236	1,006
Transport & storage	3,360	3,605	245
Accommodation & food services	6,257	7,460	1,203
Information & communications	5,715	7,146	1,431
Financial & business services	22,216	23,519	1,303
Government services	26,653	26,214	-439
Other services	4,391	4,449	58
Total	**99,468**	**105,042**	**5,574**

Table 37. OE – Total Employment Growth 2022-2040

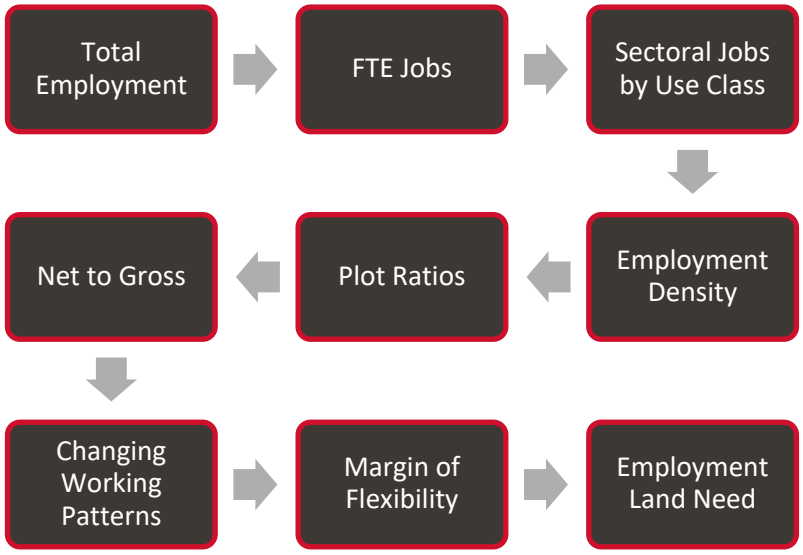
OE	2022 Jobs	2040 Jobs	Change
Agriculture, forestry and fishing	827	700	-127
Mining and quarrying	34	19	-15
Manufacturing	3,611	2,514	-1,097
Electricity, gas, steam and air conditioning supply	32	26	-6
Water supply; sewerage, waste management and remediation activities	376	319	-57
Construction	6,503	7,610	1,107
Wholesale and retail trade; repair of motor vehicles and motorcycles	19,556	20,154	599
Transportation and storage	3,099	3,001	-98
Accommodation and food service activities	6,450	6,713	262
Information and communication	6,043	6,563	519
Financial and insurance activities	3,719	3,784	65
Real estate activities	1,480	1,616	136
Professional, scientific and technical activities	10,278	12,378	2,101
Administrative and support service activities	6,741	8,028	1,287
Public administration and defence; compulsory social security	5,593	5,068	-525
Education	7,314	7,575	261
Human health and social work activities	15,201	18,020	2,819
Arts, entertainment and recreation	2,250	2,775	525
Other service activities	2,163	2,404	241
Total	**101,270**	**109,266**	**7,997**

Table 38. Experian –Employment Growth 2022-2040

	2022 Jobs	2040 Jobs	Change
Accommodation & Food Services	6,300	5,600	-700
Administrative & Supportive Services	7,700	10,500	2,800
Agriculture, Forestry & Fishing	1,200	1,500	300
Air & Water Transport	0	0	0
Chemicals (manufacture of)	0	0	0
Civil Engineering	1,100	1,100	0
Computer & Electronic Products (manufacture of)	600	700	100
Computing & Information Services	4,300	5,500	1,200
Construction of Buildings	3,000	2900	-100
Education	7,800	8,700	900
Extraction & Mining	0	0	0
Finance	3,400	4,300	900
Food, Drink & Tobacco (manufacture of)	500	600	100
Fuel Refining	0	0	0
Health	9,100	11,700	2,600
Insurance & Pensions	500	500	0
Land Transport, Storage & Post	3,900	5,800	1,900
Machinery & Equipment (manufacture of)	300	300	0
Media Activities	800	900	100
Metal Products (manufacture of)	300	300	0
Non-Metallic Products (manufacture of)	300	300	0
Other Manufacturing	1,600	2,100	500
Other Private Services	2,200	2,100	-100
Pharmaceuticals (manufacture of)	0	0	0
Printing and Recorded Media (manufacture of)	300	300	0
Professional Services	10,500	11,400	900
Public Administration & Defence	3,900	3,600	-300
Real Estate	1,600	1,800	200
Recreation	2,100	2,100	0
Residential Care & Social Work	7,000	8,400	1,400
Retail	13,200	12,300	-900
Specialised Construction Activities	2,900	2,900	0
Telecoms	1,400	1,600	200
Textiles & Clothing (manufacture of)	0	0	0
Transport Equipment (manufacture of)	0	0	0
Utilities	400	300	-100
Wholesale	4,000	4,400	400
Wood & Paper (manufacture of)	0	0	0
Total	**102,200**	**114,500**	**12,300**

8.1.5 The approach to modelling the labour demand scenarios is set out in the flow chart below. The starting point for each scenario is the total net growth in employment in each sector shown in each forecast. Other than these differing inputs, the modelling assumptions made are consistent for each scenario.

Figure 32: Approach to Employment Land Needs Modelling



8.1.6 The modelling assumptions for each stage are set out in the table below:

Table 39. Labour Demand Modelling Assumptions

Stage	Description
FTE Jobs	Full time equivalent (FTE) jobs have been calculated for each sector based on the ratio of full-time and part-time employment jobs for each sector in Winchester using data from BRES 2021.
Sectoral Jobs by Use Class	The proportion of jobs in each sector is disaggregated by the type of employment (B Class)[10] use class and non-employment use classes. The use classes are: • B1a – office • B1b – Research and development office • B1c – Light Industrial • B2 – General Industrial

[10] It is noted that B1 uses are now designated under Use Class E. However, the modelling takes account of the employment densities set out in the HCA Employment Densities Guide 3rd Edition which provides figures in terms of the B Class sectors.

Stage	Description
	• B8 – Distribution • Other (any jobs not requiring B Class space) The use class proportions for each sector are based on a detailed assessment of the current breakdown of jobs in the sub-sectors within each sector in Winchester's economy (using SIC 5-digit data from BRES 2021). Each SIC5 sub-sector has been allocated a use class, and this is used to calculate the proportional jobs in each sector by use class, where the proportions of each sector reflect the proportions of jobs in each SIC5 sub-sector.

Employment Density	This reflects the quantum of floorspace required for each job. This is informed by the Employment Density Guide 3rd Edition (HCA, 2015) which remains the latest official guidance on this topic. The following employment densities are used:
	• B1a office:
	  ○ Corporate: 13 sqm/job
	  ○ Technology / Media / Telecoms: 11 sqm/job
	  ○ Professional services: 12 sqm/job
	  ○ Public services: 12sqm/job
	• B1b Research and Development: 40 sqm/job
	• B1c Light Industrial: 47 sqm/job
	• B2 general industrial: 36 sqm/job
	• B8 distribution: 70 sqm/job
	The employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area (GEA). The employment densities for B1 are quoted as net internal area (NIA) and have been converted to GEA based on a conversion of 20% for B1a office and 10% for B1b and B1c. The employment densities for B2 are quoted for gross internal area (GIA) and have been converted to GEA based on a conversion of 5%. The employment densities for B8 are quoted as GEA.
	The Guidance provides a range of employment densities for B8 uses. Based on the analysis of the previous sections of this report – the existing economic profile of the district, analysis of past completions data, and feedback from the stakeholder engagement process – the evidence shows that B8 demand in Winchester is principally being driven by smaller to mid-market occupiers. For this reason, an employment density of 70sqm per job has been used. In accordance with the Guidance, this represents a figure more typical of 'final mile' distribution as opposed to large scale national distribution centres.

Plot Ratios	The next stage is to convert floorspace requirements to land requirements. A plot ratio of 40% has been assumed for B1b, B1c, B2, and B8 use classes. For B1a, a plot ratio of

Stage	Description
	0.7 is used. This based on the assumption that the future office development will broadly follow the past delivery whereby 27.60% of office development was completed within Winchester City locations and the remaining office space was completed at out-of-town locations, as such 27.60% at a ratio of 1.4 (higher density within Winchester City) and 72.40% at a ratio of 0.4 (lower density for out of town locations) equivalent to a total ratio of 0.7 has been applied overall.
Net to Gross	The economic forecasts all provide jobs growth on a net basis – i.e. they include for sectors which will see growth and sectors which will see decline. This means the growth figures derived via the modelling stages to this point, as set out above, estimate the employment land required to support net jobs growth. However, when identifying future land for employment uses, e.g. through employment allocations, it is necessary to account for gross development needs. This accounts for existing employment sites and premises coming to the end of their usable lifespan and/or being redeveloped for alternative uses. This means existing jobs at such sites relocating to alternative, more suitable sites, and land needs to be provided to enable this. The next stage is therefore to convert the net needs to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period. This is estimated based on past trends of employment land lost to other uses in Winchester annualised and then forecast forward over the forecasting period. The losses data indicated that there was a considerable quantum of office floorspace lost to residential uses (via prior notification) following the changes to Permitted Development Rights in 2013. It is assumed that losses of this type will not occur and require replacement in future and have therefore been removed from the assessment. There is considerable emerging evidence on changing working patterns resulting in a reduction in the need for office floorspace. A reduction has been applied to future office space to meet jobs growth (see below). Additionally, the changing demand will impact on the need to replace existing office stock coming to the end of its lifespan, with lower demand for replacement stock to make up for this shortfall. A sensitivity has therefore been considered where replacement demand for office uses is omitted.
Changing Working Patterns	A key factor that should be considered is that the lockdown following the outbreak of Covid-19 has enforced many more people to work from home, which can result in lower office space requirements. However, the lockdown rate of homeworking is not expected to continue in the long-term, and levels of home working have started to drop. There is also a limit to the level of scaling back which is practicable without compromising business operations, even for businesses practicing increased flexible working. Consideration has therefore been given to the increasing rate of flexible working in

Stage	Description
	office-based sectors. Rates of home working have been forecast on sector-by-sector basis based on national trends. Home working rates have been projected forward to 2040 based on previous growth rates. These are then used to calculate FTE jobs for home workers based on the proportion of jobs in each sector which require B1a space within Winchester, based on the analysis undertaken in the 'Sectoral Jobs by Use Class' stage. This is used to calculate the proportion of office jobs in Winchester which will be predominantly working from home by 2040. It is assumed that these jobs will not require B1a floorspace and is therefore deducted from the requirement. Additionally, as set out above, there will likely be a lower demand for office floorspace needed to replace existing stock lost to other uses. A sensitivity has therefore been considered where replacement demand for office uses is omitted.
Margin of Flexibility	A margin of flexibility is included to reflect the following factors: • To provide a choice of sites to facilitate competition in the property market • To provide flexibility to allow for any delays in individual sites coming forward • In recognition that changing business needs may present additional land requirements which are currently unforeseen • The potential error margin associated with the forecasting process. The size of the margin of flexibility depends on the location and local drivers of demand. Generally, a flexibility margin providing between 2- and 5-years' worth of additional supply is considered to provide a reasonable buffer. One of the key findings of the stakeholder engagement is that a high level of flexibility of supply is required in order to be in a position to respond to emerging needs of both indigenous businesses and to continue to attract inward investment opportunities. Accordingly, we have calculated the margin of flexibility based on 5 years' worth of completions based on the past completions data for Winchester.
Total Land Needs	Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of B1a / E(g)(i) office, B1b / E(g)(ii) R&D, B1c/ E(g)(iii) and B2 industrial, and B8 distribution. This is in order to provide an indication of demand for each type of use.

8.1.7 The starting point for the labour demand modelling is the jobs growth forecasts. A worked example of this process is set out below based on the CE[11] forecast. The scenario based on the other forecasts take the same approach and use the same modelling assumptions. The CE, OE, and Experian forecasts provide slightly different sectoral breakdowns and so the model has been calibrated where necessary to support each forecast by dividing sectors on a proportional basis, thereby ensuring consistency in modelling between scenarios.

8.2 Full Time Equivalent (FTE) jobs

8.2.1 The first stage is to calculate the FTE jobs. This is calculated individually for each sector in each forecast based on the ratio of full-time and part-time employment jobs for each sector in Winchester using data from BRES 2021.

Table 40. CE – FTE Jobs Growth 2022-2040

CE	FTE %	FTE 2022-40 Growth
Agriculture etc.	95%	60
Mining & quarrying	100%	- 10
Manufacturing	94%	- 950
Electricity, gas & water	96%	20
Construction	93%	1,580
Distribution	82%	820
Transport & storage	96%	230
Accommodation & food services	75%	900
Information & communications	94%	1,350
Financial & business services	88%	1,150
Government services	79%	- 350
Other services	78%	50
Total		**4,850**

8.3 Employment Density

8.3.1 Applying the average employment densities results in the floorspace requirement for each type of employment use. The floorspace % is shown in the table below.

[11] The CE forecast has been chosen as a worked example due to it disaggregating outputs across a smaller number of sectors thus making the process easier to present. It does not indicate that the CE forecast is the preferred forecast.

Table 41. Floorspace % by Use Class (2022-2040)

	B1a	B1b	B1c	B2	B8	Other
Agriculture etc.	0%	0%	0%	0%	0%	100%
Mining & quarrying	0%	0%	0%	0%	0%	100%
Manufacturing	0%	0%	4%	89%	0%	7%
Electricity, gas & water	2%	0%	0%	14%	0%	84%
Construction	0%	0%	0%	0%	25%	75%
Distribution	0%	0%	0%	0%	13%	87%
Transport & storage	0%	0%	0%	0%	80%	20%
Accommodation & food services	0%	0%	0%	0%	0%	100%
Information & communications	85%	0%	15%	0%	0%	0%
Financial & business services	54%	9%	1%	0%	3%	33%
Government services	8%	0%	0%	0%	0%	92%
Other services	10%	0%	0%	0%	0%	90%

8.4 Plot Ratios

8.4.1 Using assumed plot ratios, the future floorspace requirement figures identified above can be used to estimate future employment land requirements. This is the net employment land required to support the level of additional jobs growth shown in the econometric forecasts.

8.4.2 The table below shows the employment land requirement for the net jobs growth shown in the CE, OE, and Experian forecasts. The difference in these figures reflect the sectoral forecast differences highlighted in the above section, specifically for manufacturing, and transport and storage. For example, Experian forecasts a growth in manufacturing compared to OE and CE which forecast a decline in jobs over the period 2022-2040, similarly Experian forecasts a greater growth in transport and storage compared to OE and CE. Consequently, Experian forecasts a greater need for B2 and B8 space to facilitate the forecasted jobs growth in manufacturing and transport and storage compared to OE and CE.

Table 42. Net Employment Land Needs (ha), 2022-2040

	B1a	B1b	B1c	B2	B8	**Total**
CE	3.6	1.1	2.3	-8.0	12.7	**11.6**
OE	3.7	4.3	1.1	-8.7	5.8	**6.1**
Experian	5.6	1.8	3.0	4.8	34.6	**49.8**

8.5 Net to Gross Needs

8.5.1 The figures in the table above show the net need for employment land to support the levels of jobs growth identified in the economic forecasts. In addition to this, there will also be an employment land requirement arising from the need to update and replace existing stock lost to alternative uses.

8.5.2 This is done by accounting for the quantum of losses of existing stock which will be expected to be lost and need replacing over the forecasting period. This is estimated based on past trends of employment land lost to other uses as set out in Section 5.

8.5.3 Analysis of the losses data indicated that there was a considerable quantum of office floorspace lost to residential uses (via prior notification) following the changes to Permitted Development Rights in 2013 and prior to the Council introducing the Article 4 direction in Winchester Town Centre in 2017, after which these such developments abated.

8.5.4 Therefore, it is not expected that these types of losses will continue at the rate shown in the historic data for this period. No additional replacement demand has been added for this type of development.

8.5.5 There is considerable emerging evidence on changing working patterns resulting in a reduction in the need for office floorspace. LSH analysis, set out in Section 3, shows that this could be as much as 15-20%. However at this point in time there is considerable uncertainty regarding what will constitute the 'new normal' in terms of hybrid working practices and the implications on office floorspace requirements, and this forecast figure draws heavily on businesses' reported future plans and intentions as much as evidence of implementation, the data for which in emerging and inconclusive.

8.5.6 Therefore, while the evidence on changing working practices in the office sector does suggest there will be some reduction in demand, quantification of this impact is currently inconclusive. These impacts have been modelled within the modelling of employment land to support future jobs growth needs. However, we would therefore recommend the Council take a cautious approach to widescale rationalisation of the district's office stock.

8.5.7 This notwithstanding, the usual recommended approach of replacing older existing office stock which is no longer suitable for modern business needs, appears less appropriate in the context of the reduced demand due to changing working practices. This would suggest a lower demand for replacement stock to make up for this shortfall and represents a natural approach to potentially rationalising Winchester's office profile. A sensitivity has therefore been considered where replacement demand for office uses is omitted.

8.5.8 The net losses data has been annualised and then multiplied by 18 to identify the replacement demand required for the forecasting period. This is then converted to land requirement using the plot ratios used in the main labour demand modelling.

8.6 Margin of Flexibility

8.6.1 A margin of flexibility is included for a number of reasons: in recognition that changing business needs may present additional land requirements which are currently unforeseen; to provide a choice

of sites to facilitate competition in the property market; to provide flexibility to allow for any delays in individual sites coming forward; and to account for the potential error margin associated with the forecasting process.

8.6.2 Further to this, as per paragraph 82 d) of the NPPF, it is outlined that planning policies should "be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances."

8.6.3 The margin of flexibility has been considered based on a number of years' worth of completions in Winchester. It is typical to add between 2-5 years' worth of completions as a margin. Engagement with a range of stakeholders, including the commercial property market, has identified that flexibility of supply is key in Winchester so that sufficient quantum and range of sites are available to support business growth and inward investment opportunities. Additionally, we are advised by stakeholders that there has been a considerably constrained supply in Winchester in recent years. Thirdly, there is a considerable level of uncertainty within the national economic climate given changes surrounding Covid-19 and the implication this has on commercial property requirements. Therefore, it is appropriate now in Winchester to include a margin of flexibility equivalent to 5 years' worth of completions data. This margin is added to the cumulative total of employment land need.

Table 43. Flexibility Margin (ha) 2022-2040

	B1a	B1b	B1c	B2	B8	Total
Margin	0.6	0.0	0.3	4.4	2.3	7.7

8.7 Total Employment Land Needs – Baseline Scenarios

8.7.1 The labour demand scenarios are calculated by taking the sum of the net employment land needs, the net to gross demand, and the flexibility margin to identify the total employment land requirement.

8.7.2 The tables below show the outputs of the labour demand scenarios. This provides 3 scenarios which provide estimates of future employment land needs for Winchester for the period 2022-40 ranging from 26.2ha (OE), 31.7ha (CE) and 69.9ha (Experian). An average of the three forecasts is also shown showing a need for 42.6ha.

8.7.3 These figures identify a range of total gross employment land need figures for Winchester for 2022-40. The figures do not take account of the current supply position or existing or future allocations in Winchester which could contribute to meeting this need.

Table 44. CE Baseline Forecast 2022-2040

	B1a	B1b	B1c	B2	B8	Total
CE	3.6	1.1	2.3	-8.0	12.7	11.6
Loss Replacement	2.9	2.4	1.0	3.1	3.1	12.4
5 yr Margin	0.6	0.0	0.3	4.4	2.3	7.7
Total	7.0	3.5	3.5	-0.5	18.1	31.7

Table 45. OE Baseline Forecast 2022-2040

	B1a	B1b	B1c	B2	B8	Total
OE	3.7	4.3	1.1	-8.7	5.8	6.1
Loss Replacement	2.9	2.4	1.0	3.1	3.1	12.4
5 yr Margin	0.6	0.0	0.3	4.4	2.3	7.7
Total	7.1	6.7	2.3	-1.2	11.3	26.2

Table 46. Experian Baseline Forecast 2022-2040

	B1a	B1b	B1c	B2	B8	Total
Experian	5.6	1.8	3.0	4.8	34.6	49.8
Loss Replacement	2.9	2.4	1.0	3.1	3.1	12.4
5 yr Margin	0.6	0.0	0.3	4.4	2.3	7.7
Total	9.1	4.2	4.2	12.3	40.1	69.9

Table 47. Average of the Baseline Forecasts 2022-2040

	B1a	B1b	B1c	B2	B8	Total
Average	4.3	2.4	2.1	-4.0	17.7	22.5
Loss Replacement	2.9	2.4	1.0	3.1	3.1	12.4
5 yr Margin	0.6	0.0	0.3	4.4	2.3	7.7
Total	7.7	4.8	3.4	3.5	23.2	42.6

8.8 Changing Trends in Working from Home

8.8.1 As an added layer of sensitivity, we have calculated the impact of working from home on the requirement of employment space.

8.8.2 As set out above, levels of homeworking have been rising nationally, and Winchester has a higher proportion of people working from home compared to England. This is likely as a result of the Covid-19 pandemic, whereby the enforced lockdown restrictions resulted in a change in office working patterns.

8.8.3 Given that this trend has been accelerated by the recent covid-19 pandemic, the longer-term implications of this shift remain unknown, and many businesses are still working under temporary

arrangements and are currently exploring their opportunities to readjust their occupancy requirements. Therefore, no currently available data provides an appropriate benchmark for future for home working rates in Winchester.

8.8.4 As such, it is appropriate to consider the implications that changing working patterns will likely have on the future office requirement in Winchester going forward and making an appropriate adjustment to the overall office need figure.

8.8.5 This is applied in addition to considerable flexibility incorporated into the methodology. This has been done by rolling forward this past growth rate to 2040 and applying this rate of home working, rather than the pre-Covid-19 rate, to future office requirements.

8.8.6 This has been done using national data on home working from ONS for the period 2012-19. This has been extrapolated forward to 2040. This is done for each sector and results in a total proportion of home working of 9.0% by 2040 although for office-based sectors this is generally higher – the highest is IT and Communications which grows to 23.3% by 2040.

Table 48. Percentage Working from Home per Sector

	2019	2040
Manufacturing	4.4%	6.9%
Electricity, gas, air conditioning supply	4.9%	14.1%
Water supply, sewerage, waste	1.9%	4.5%
Construction	4.5%	7.3%
Wholesale, retail, repair of vehicles	3.9%	6.1%
Transport and storage	1.9%	2.9%
Accommodation and food services	3.4%	2.4%
Information and communication	15.4%	23.3%
Financial and insurance activities	5.4%	13.3%
Real estate activities	13.6%	15.3%
Prof, scientific, technical	13.5%	17.8%
Admin and support services	6.0%	10.4%
Public admin and defence	2.7%	6.2%
Education	3.0%	5.8%
Health and social work	4.1%	5.8%
Arts, entertainment and recreation	11.2%	12.6%
Other service activities	10.2%	13.9%
TOTAL	**6.0%**	9.0%

8.8.7 The increase in homeworking for each sector is then factored into the employment land modelling for Winchester as follows. The total FTE jobs in each sector in Winchester by 2040 is taken for each of the forecasts (the table below shows the figures from the CE forecast as a worked example). The proportions of each sector which will require office (B1a / E(g)(i) floorspace has been applied on a

consistent basis as set out in the 'Sectoral Jobs by Use Class' stage above. This gives the number of FTE jobs in each sector which will likely require office floorspace. The sectoral projection of workers working from home in each sector is then applied to identify the number of office workers in each sector who will predominantly work from home. This identifies that, under the CE forecast, by 2040 around 17.1% of office-based workers will work predominantly from home. The comparator figures using the OE forecast are 17.0% and the Experian forecast are 17.5%.

Table 49. Working from home rates in 2040 – based on CE FTE

	FTE 2040	B1a %	B1a FTE	WFH%	B1a WFH
Agriculture etc.	0.862	0%	0.000	10.6%	0.000
Mining & quarrying	0.021	0%	0.000	10.6%	0.000
Manufacturing	2.838	0%	0.000	6.9%	0.000
Electricity, gas & water	0.495	2%	0.011	8.7%	0.001
Construction	7.346	0%	0.000	7.3%	0.000
Distribution	16.508	0%	0.000	6.1%	0.000
Transport & storage	3.455	0%	0.000	2.9%	0.000
Accommodation & food services	5.595	0%	0.000	2.4%	0.000
Information & communications	6.726	85%	5.750	23.3%	1.338
Financial & business services	20.685	54%	11.184	15.6%	1.746
Government services	20.658	8%	1.618	5.9%	0.095
Other services	3.491	10%	0.354	13.2%	0.047
Total	88.680	21%	18.917	9.0%	3.227
B1a Total				17.1%	

8.8.8 An adjustment should therefore be made to the future office requirement in response to the actual and expected future changes in working patterns precipitated by the Covid-19 pandemic. The office requirement figure for Winchester is therefore reduced by around 16.8% to account for increased levels of home working. This adjustment applies to the new space to support net jobs growth as well as the flexibility margin.

8.8.9 As set out in Section 3, emerging evidence suggests that changing working patterns could result in the need for office floorspace by as much as 15-20%. However at this point in time there is considerable uncertainty regarding what will constitute the 'new normal' in terms of hybrid working practices and the implications on office floorspace requirements, and this forecast figure draws heavily on businesses' reported future plans and intentions as much as evidence of implementation, the data for which in emerging and inconclusive.

8.8.10 Therefore, while the evidence on changing working practices in the office sector does suggest there will be some reduction in demand, quantification of this impact is currently inconclusive. However,

we would therefore recommend the Council take a cautious approach to widescale rationalisation of the district's office stock.

8.8.11 This notwithstanding, the usual recommended approach of replacing older existing office stock which is no longer suitable for modern business needs, appears less appropriate in the context of the reduced demand due to changing working practices. This would suggest a lower demand for replacement stock to make up for this shortfall.

8.8.12 A sensitivity has therefore been considered where replacement demand for office uses has been omitted. This assumes that old marginal office stock will continue to be lost at historic rates (not accounting for prior notifications - see Section 3) but this lost stock will not require direct replacement due to reduced demands for office space. This represents a natural approach to potentially rationalising Winchester's office profile.

8.8.13 The result of this working from home adjustment alters the total employment land needs as set out in the following tables[12]. This results in three sensitivity scenarios which all show a slight reduction in the office requirement shown in the respective baseline forecasts.

Table 50. CE WFH Sensitivity Forecast 2022-2040

	B1a	B1b	B1c	B2	B8	Total
CE	3.0	1.1	2.3	-8.0	12.7	11.0
Loss Replacement	0.0	2.4	1.0	3.1	3.1	9.6
5 yr Margin	0.5	0.0	0.3	4.4	2.3	7.6
Total	3.4	3.5	3.5	-0.5	18.1	28.1

Table 51. OE WFH Sensitivity Forecast 2022-2040

	B1a	B1b	B1c	B2	B8	Total
OE	3.1	4.3	1.1	-8.7	5.8	5.5
Loss Replacement	0.0	2.4	1.0	3.1	3.1	9.6
5 yr Margin	0.5	0.0	0.3	4.4	2.3	7.6
Total	3.6	6.7	2.3	-1.2	11.3	22.6

[12] Totals in tables may not sum due to rounding.

Table 52. Experian WFH Sensitivity Forecast 2022-2040

	B1a	B1b	B1c	B2	B8	Total
Experian	4.6	1.8	3.0	4.8	34.6	48.8
Loss Replacement	0.0	2.4	1.0	3.1	3.1	9.6
5 yr Margin	0.5	0.0	0.3	4.4	2.3	7.6
Total	5.1	4.2	4.2	12.3	40.1	66.0

Table 53. Average WFH Sensitivity Forecast 2022-2040

	B1a	B1b	B1c	B2	B8	Total
Average	3.6	2.4	2.1	-4.0	17.7	21.8
Loss Replacement	0.0	2.4	1.0	3.1	3.1	9.6
5 yr Margin	0.5	0.0	0.3	4.4	2.3	7.6
Total	4.0	4.8	3.4	3.5	23.2	38.9

8.9 Conclusions on the Overall Employment Land Requirement

8.9.1 The labour demand scenarios provide estimates of future employment land needs for Winchester for the period 2022-40. The baseline scenarios identify a range of employment land needs ranging from 26.2ha - 69.9ha. The sensitivity scenarios which take account of changing patterns of home and hybrid working, identify a slightly lower range of 22.6ha - 66.0ha due to lower demand for new office space.

8.9.2 The outputs of the labour demand scenarios should be assessed against the completions trend forecast as well as wider economic factors, economic baseline, and stakeholder feedback. Taken together, these various analyses inform the overall conclusions on employment land needs for Winchester.

8.9.3 The outputs of the scenarios along with the outputs of the scenario based on the completions trend forecast is set out in a comparison table below. Here, the industrial land figure has been combined for ease of comparison with the completions trend figures.

Table 54. Employment Land Needs (ha) – Scenario Comparison

	B1a/b/c	B2/B8	Total
Baseline Scenarios			
CE Baseline	14.1	17.6	31.7
OE Baseline	16.2	10.1	26.2
Experian Baseline	17.5	52.4	69.9
Average Baseline	15.9	26.7	42.6
WFH Sensitivity Scenarios			
CE WFH	10.5	17.6	28.1
OE WFH	12.6	10.1	22.6
Experian WFH	13.6	52.4	66.0
Average WFH	12.2	26.7	38.9
Past Completions Trend Scenario			
Past Completions Trends	3.3	24.3	27.6

8.9.4 For industrial land (B2/B8), the following observations are made:

- The labour demand forecasts show a range from 10.1ha (OE) to 52.4ha (Experian). The CE forecast (17.6ha) and past completions trend (24.3ha) sitting towards the lower end of this range.
- This is a considerable range. The reason for the differences between the forecasts is the different sectors showing growth in each of the forecasts. The Experian forecast shows greater jobs growth in the Transport and Storage sector which typically requires a large quantum of floorspace per job.
- This is a known issue with forecasting for this particular sector, making the labour demand approach less robust in areas with a high variance in this sector. This supports using an average of the three forecasts.
- Sectoral analysis shows that while the Experian forecast shows positive in this sector, this is not corroborated by the other two forecasts. The other forecasts show more positive growth in other sectors, however sectors which occupy B8 less prevalently and therefore do not result in as much floorspace/land needs.
- However, the Experian forecasts also show that the growth levels for the Transport and Storage sector as well as overall jobs growth is expected to be lower than has been seen over the most recent market cycle (2009-2020). Therefore while it is reasonable to expect the Experian scenario to produce the highest levels of industrial land need, a doubling of the industrial land requirement against past trends is not considered robust.

- This is another reason why the forecast based on the average of the three forecasts is considered to provide the most robust labour demand forecast for forecasting future needs.
- Assessment of the completions and applications data suggests a strong and steady development of mid-sized flexible industrial units being advertised and taken-up by a mix of B2 and B8 occupiers. Stakeholder discussions indicate strong demand for this type of development in Winchester.
- Overall, the completions trend is also considered to provide a robust basis for future industrial land requirements in Winchester. It falls within the range of the labour demand scenarios and aligns very closely with the average forecast.
- The WFH Sensitivity Scenarios makes no impact on the need for industrial land

8.9.5 For the office sector, the following observations are made:

- The labour demand scenarios all show reasonable consistency in terms of office land needs.
- All of the labour demand scenarios show a need for more land than the forecast based on past completions. This is due to all of the forecasts showing considerable jobs growth in sectors typically requiring office space.
- The WFH Sensitivity Scenarios takes account of changing working patterns – increasing proportions of office workers home working or hybrid working – and the effect of this on future office needs.
- Changing working patterns of office workers forms an important component of the consideration of future office land requirements. The WFH Sensitivity Scenarios have resulted in reductions to the future office requirements shown in the baseline forecasts reflecting the expected impacts of these changes. The average of these forecasts shows a need for 12.2ha of office land.
- However, we are still in a period of high change. Working practices remain unsettled and a 'new normal' is yet to settle. These changes are beginning to filter down to business decisions regarding floorspace requirements, however this process is evolving, and data on this subject is emerging and untested. Therefore, we recommend the Council take a cautious approach to any widescale rationalisation of Winchester's office stock until more evidence is available.
- This notwithstanding, the forecast based on past completions trend shows a much lower requirement for 3.3ha of office land. While the forecasts suggest that this wouldn't be sufficient to support the significant increase in office-based jobs in Winchester shown in all 3 forecasts, this could potentially be offset by a lower office demand due to increased levels

of homeworking. Therefore the completions trend forecast could be considered as a lower end of the range for office needs.

8.9.6 Overall, the forecasts based on the past completions trend and average of the three labour demand forecasts with WFH adjustments provide the most reasonable and robust estimate of future employment land needs. This shows a need for the 2022-40 period of around 24.3ha – 26.7ha for B2/B8 space, and 3.3 – 12.2ha for office space. This shows an overall total need for 27.6ha – 38.9 ha of employment land.

9.0 EMPLOYMENT LAND SUPPLY

9.1.1 The primary purpose of this report is to assess the current and future employment land needs for Winchester. This has been identified in the previous sections and a need for 27.6ha – 38.9ha of employment land has been identified of the period 2022-40.

9.1.2 The Council will need to identify sufficient sites through planning permissions and Local Plan allocations in order to meet this need in both quantitative and qualitative terms. All identified sites must be assessed as suitable, available, and achievable for economic development uses over the plan period.

9.1.3 This process does not form part of this assessment, which is primarily concerned with identifying future employment land needs. This notwithstanding, the table below provides a list of the Council's employment land supply as of March 2022. This shows an existing supply of approximately 50 ha: 20ha at sites with extant planning permission; and 30ha at allocated sites.

9.1.4 It is noted that the exact quantum and typology of employment land to come forward at the allocations is currently uncertain. However, the current identified supply suggests sufficient employment land to meet identified needs.

Table 55. Employment Land Supply (March 2022)

Site Name	Area	Type
Bottings Industrial Estate	0.88	Permission
West of Waterlooville	15.25	Permission
Selhurst Poultry Farm	0.23	Permission
New Barns Farm Drove Road Southwick	0.41	Permission
Gentian House Moorside Road	0.09	Permission
Cavendish Centre Winnall Close	0.27	Permission
Masons Meadow	0.05	Permission
Sun Lane	3.4	Permission
Bushfield Camp	20.0	Allocation
Tollgate Sawmill	2.2	Allocation
Solent Business Park	4.0	Allocation
Central Winchester Regeneration (was Silver Hill)	0.98	Allocation
Station Approach - Cattlemarket	1.42	Allocation
Station Approach - Carfax	0.68	Allocation
Total	**49.86**	-

Source: Local Authority Data

10.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

10.1.1 Lambert Smith Hampton have been appointed by Winchester City Council to undertake an Economic Needs Assessment to identify the future economic and employment needs across Winchester.

10.1.2 This report provides an assessment of Winchester's economy and investigates the economic potential of the district based on economic forecasting, and modelling scenarios for future growth. The following characteristics of Winchester's economy have been assessed:

- The Functional Economic Market Area
- Economic Baseline and review of existing studies
- Changing practices in home working
- Engagement with a range of economic stakeholders
- Patterns of employment land and premises supply and losses
- Future economic growth scenarios for Winchester

10.1.3 The analysis has been used to identify the future employment land requirements in Winchester to support the identified level of growth between 1st April 2022 and 31st March 2040.

10.2 Employment Land Scenarios for Winchester

10.2.1 Seven employment land scenarios have been developed and these are assessed in the context of the wider economic factors, economic baseline, and stakeholder feedback. Taken together, these various analyses inform the overall conclusions on employment land needs for Winchester.

10.2.2 The outputs of the scenarios along with the outputs of the scenario based on the completions trend forecast is set out in a comparison table below. Here, the industrial land figure has been combined for ease of comparison with the completions trend figures.

Table 56. Employment Land Needs (ha) – Scenario Comparison

	B1a/b/c	B2/B8	Total
Baseline Scenarios			
CE Baseline	14.1	17.6	31.7
OE Baseline	16.2	10.1	26.2
Experian Baseline	17.5	52.4	69.9
Average Baseline	15.9	26.7	42.6
WFH Sensitivity Scenarios			
CE WFH	10.5	17.6	28.1
OE WFH	12.6	10.1	22.6
Experian WFH	13.6	52.4	66.0
Average WFH	12.2	26.7	38.9
Past Completions Trend Scenario			
Past Completions Trends	3.3	24.3	27.6

10.3 Needs for Industrial Land

10.3.1 For industrial land (B2/B8), the forecast based on the average of the three forecasts is considered to provide the most robust labour demand forecast for forecasting future needs. The WFH Sensitivity Scenarios makes no impact on the need for industrial land.

10.3.2 The completions trend is also considered to provide a robust basis for future industrial land requirements in Winchester. It falls within the range of the labour demand scenarios and aligns very closely with the average forecast. Assessment of the completions and applications data suggests a strong and steady development of mid-sized flexible industrial units being advertised and taken-up by a mix of B2 and B8 occupiers. Stakeholder discussions indicate strong demand for this type of development in Winchester.

10.4 Needs for Office Land

10.4.1 For the office sector, all of the labour demand scenarios show a need for more land than the forecast based on past completions. This is due to all of the forecasts showing considerable jobs growth in sectors typically requiring office space.

10.4.2 The WFH Sensitivity Scenarios takes account of changing working patterns – increasing proportions of office workers home working or hybrid working – and the effect of this on future office needs. Changing working patterns of office workers forms an important component of the consideration of future office land requirements. The WFH Sensitivity Scenarios have resulted in reductions to the future office requirements shown in the baseline forecasts reflecting the expected impacts of these changes. The average of these forecasts shows a need for 12.2ha of office land.

10.4.3 However, we are still in a period of high change. Working practices remain unsettled and a 'new normal' is yet to settle. These changes are beginning to filter down to business decisions regarding floorspace requirements, however this process is evolving, and data on this subject is emerging and untested. Therefore, we recommend the Council take a cautious approach to any widescale rationalisation of Winchester's office stock until more evidence is available.

10.4.4 This notwithstanding, the forecast based on past completions trend shows a much lower requirement for 3.3ha of office land. While the forecasts suggest that this wouldn't be sufficient to support the significant increase in office-based jobs in Winchester shown in all 3 forecasts, this could potentially be offset by a lower office demand due to increased levels of homeworking. Therefore, the completions trend forecast could be considered as a lower end of the range for office needs.

10.5 Overall Conclusions on Employment Land Needs

10.5.1 Overall, the forecasts based on the past completions trend and average of the three labour demand forecasts with WFH adjustments provide the most reasonable and robust estimate of future employment land needs. This shows a need for the 2022-40 period of around 24.3ha – 26.7ha for B2/B8 space, and 3.3 – 12.2ha for office space. This shows an overall total need for 27.6ha – 38.9 ha of employment land.

10.6 Future land supply

10.6.1 The primary purpose of this report is to assess the current and future employment land needs for Winchester. The Council will need to identify sufficient sites through planning permissions and Local Plan allocations in order to meet this need in both quantitative and qualitative terms. All identified sites must be assessed as suitable, available, and achievable for economic development uses over the plan period.

The Council's current employment land supply (as of March 2022) shows an existing supply of approximately 50 ha: 20ha at sites with extant planning permission; and 30ha at allocated sites. It is noted that the exact quantum and typology of employment land to come forward at the allocations is currently uncertain. However, the current identified supply suggests sufficient employment land to meet identified needs.