ACHIEVING SUSTAINABLE ECONOMIC GROWTH IN LANCASTER DISTRICT

BACKGROUND PAPER 3

FEBRUARY 2018
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1. INTRODUCTION

1.1 This background paper has been published to accompany the Publication / Submission version of the Local Plan to clarify the decisions which have been taken in the preparation of both the Strategic Policies & Land Allocations DPD and the Review of the Development Management DPD (the ‘Local Plan’). In particular this background paper addresses the matters of delivering sustainable economic growth within the district through the course of the plan period.

1.2 This document forms a suite of background papers which sets out the evidence that has been used to inform the Council’s approach to the preparation of the new Local Plan and in particular the directions and decisions which have been taken to inform the approach to economic growth within the district. It is important to note that for a comprehensive understanding of the Local Plan process that this background paper is read in the context of other papers which include:

- Assessing the Reasonable Alternatives: Spatial Approaches to meeting future development needs.
- Housing: Delivering Housing Needs in Lancaster District
- Infrastructure: Providing the Necessary Infrastructure Necessary for Growth
- Flood Risk & Climate Change: Flood Risk, the Sequential Test and Climate Change
- Environment: Addressing the Environmental and Historic Impacts of Development
- Retailing: Retailing and Town Centres

1.3 The background papers, along with all relevant evidence to support the Local Plan are available to download at http://www.lancaster.gov.uk/planning/planning-policy.

2. NATIONAL PLANNING POLICY CONTEXT

NATIONAL PLANNING POLICY FRAMEWORK (2012)

2.1 The National Planning Policy Framework (the Framework) was published by the Government in March 2012, replacing former guidance contained within Planning Policy Statements (PPS) and Planning Policy Guidance (PPG) providing a more concise and clear planning framework which sets out a presumption in favour of sustainable development and to build a strong and competitive national economy.

2.2 The Framework states that the planning system needs to perform an economic role in contributing to a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right place and at the right time to support sustainable economic growth and innovation; and by identifying and coordinating development requirements including the provision of infrastructure.

2.3 Paragraph 17 of the Framework sets out a number of core planning principles relating to economic, environmental and social matters which should underpin the planning system. In relation to the economy its states that planning should:

> Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be

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made objectively to identify and then meet the housing, business and other development needs of an area and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.’

2.4 Through the Framework the Government are very clear over planning’s role in securing economic growth, stating that planning should operate to encourage and not act as an impediment to sustainable economic growth. Therefore significant weight should be placed on the need to support economic growth through the planning system.

2.5 Paragraph 21 of the Framework is clear on local planning authority’s role to support the local economy when preparing their local plan. It states that planning policies should recognise and seek to address potential barriers to investment, services or housing. The Framework states that when drawing up Local Plans, local planning authorities should:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- Set criteria or identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow for rapid response to changes in economic circumstances.
- Policy positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
- Facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

2.6 The preparation of local plans must be consistent with the requirements of the Framework to ensure that the documents are robust and not open to challenge.

NATIONAL PLANNING PRACTICE GUIDANCE (2014)

2.7 The National Planning Practice Guidance (NPPG) only has limited advice on delivering sustainable economic growth, but does provide guidance on assessing the availability of land for economic development. The guidance provided ensures that local planning authorities are clear over how such assessments should take place and the level of information required to create a robust evidence base on this matter. The NPPG states that:

‘The assessment of land availability is an important step in the preparation of Local Plans. The National Planning Policy Framework identifies the advantage of carrying out land assessment for housing and economic development as part of the same exercise, in order that sites may be allocated for the use which is most appropriate.’

2 https://www.gov.uk/government/collections/planning-practice-guidance
2.8 The NPPG expects that an assessment should identify sites and broad locations for potential development, assess development potential and assess the suitability of development and the likelihood of development coming forward.

THE INDUSTRIAL STRATEGY (2017)

2.9 The Government published its new Industrial Strategy in January 2017 which set out a long term plan to boost productivity throughout the UK. It sets out a range of proposed interventions that will help businesses create better, higher paying jobs across the UK with investment in the skills, industries and infrastructure of the future.

2.10 The Industrial Strategy sets out 5 key foundations

- Ideas: The world’s most innovative economy.
- People: Good jobs and greater earning power for all.
- Infrastructure: A major upgrade to the UK’s infrastructure.
- Business Environment: The best place to start and grow a business.
- Places: Prosperous communities across the UK

2.11 The Industrial Strategy sets out a long term approach to the economy. It provides a policy framework against such major private and public sector investment decisions can be made in confidence. Some of the key policies within the Strategy include:

- Raise the total research and development (R&D) investment to 2.4% of GDP by 2027;
- Invest £725m in the new Industrial Strategy Challenge Fund programmes to capture the value of innovation;
- Establish a technical education system that rivals the best in the world to stand alongside our world-class education system;
- Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology engineering and maths skills;
- Create a new National Retaining Scheme that supports people to re-skill beginning with a £64m investment for digital and construction training;
- Increase the National Productivity Investment Fund to £31 billion, supporting investments in transport, housing and digital infrastructure.
- Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant;
- Boost our digital infrastructure with over £1 billion of public investment, including £176m for 5G services and £200m for local areas to encourage the roll out of full-fibre networks;
- Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities; and
- Create a new Transforming Cities Fund that will provide £1.7 billion for intra-city transport. This will fund projects that drive productivity by improving connections within city regions.

2.12 In preparing a Local Plan which seeks to achieve economic growth it is important that the approach provided in the Local Plan is complimentary to the approaches and policies set out in the Industrial Strategy.

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3 https://www.gov.uk/government/policies/industrial-strategy
3. LOCAL PLANING POLICY CONTEXT

LANCASTER DISTRICT LOCAL PLAN (SAVED POLICIES 2008)

3.1 Following the adoption of the Lancaster District Core Strategy the Council reviewed the existing local plan policies contained within the Lancaster District Local Plan (originally adopted in 2004) ‘saving’ policies which supported the strategic aims of the Core Strategy and remained in accordance with both national and regional policy of that time. This included a number of generic and site specific policies relating to employment and the economy.

3.2 The Lancaster District Local Plan set out a number of allocations for employment purposes throughout the district which were retained in 2008 until such a time that they are replaced by a new local plan. The generic planning policies on matters of employment and economy have now been replaced by the policies within the Development Management DPD, adopted in 2014, in particular Policy DM15.

LANCASTER DISTRICT CORE STRATEGY (2008)

3.3 The Council published the Lancaster District Core Strategy in July 2008 which set the strategic planning framework for the district through to 2021. The strategy set out a number of high-level strategic policies which would contribute to the delivery of sustainable development and identified the spatial distribution of future development.

3.4 In relation to economic growth, the Core Strategy set out the future requirements for employment growth via Policy ER3 which stated that the Council would seek to deliver at least 24 hectares of new B1 (office), B2 (general industrial) and B8 (storage and distribution) within the district between 2003 and 2021. The requirements set out within this policy were established through the preparation of the 2006 Lancaster Employment Land Study prepared by Regeneris.

3.5 The spatial policies contained within the Core Strategy, for example Policy ER3, remain the strategic basis for planning policy until such a time they are formally replaced by the policies within the new local plan, specifically the Strategic Policies & Land Allocations DPD.

MORECAMBE AREA ACTION PLAN DPD (2014)

3.6 The Morecambe Area Action Plan Development Plan Document (DPD) was adopted by the Council in 2014 and sets out a series of strategic interventions which will assist in addressing regeneration in Central Morecambe.

3.7 Where necessary and appropriate the Area Action Plan will identify the locations and contain policies that are specific to this area of Morecambe. Any proposals within the defined boundaries of the Area Action Plan will still be expected to have due consideration to all relevant policies within the Local Plan unless specific policies within the Area Action Plan direct otherwise.

\[4\] https://www.lancaster.gov.uk/planning/planning-policy/core-strategy
\[5\] https://www.lancaster.gov.uk/business/regeneration/morecambe-area-action-plan
DEVELOPMENT MANAGEMENT DPD (2014)

3.8 The Development Management DPD\(^6\) was adopted by the Council in December 2014 and, along with the Morecambe Area Action Plan DPD, became the first elements of the new Local Plan for the district.

3.9 The Development Management DPD provides generic planning policies on a wide range of issues which are used by the Development Management Team and Planning Committee to determine planning applications. The Development Management DPD applies to all types of planning applications across the district.

3.10 There are a number of planning policies within the Development Management DPD which relate to economic activity and sustainable economic growth in urban and rural locations, this includes:

- Policy DM7: Economic Development in Rural Areas;
- Policy DM9: Diversification of the Rural Economy;
- Policy DM15: Proposals Involving Employment Land and Premises; and
- Policy DM16: Small Business Generation.

3.11 The policies contained in the Development Management DPD seeks to support sustainable economic growth in accordance with the Framework. However, whilst this DPD sets a positive framework towards economic development it does not seek to identify land for future employment needs, this should be undertaken through the preparation of a Strategic Policies & Land Allocations DPD.

STRATEGIC POLICIES & LAND ALLOCATIONS DPD (2018)

3.12 The Council have been seeking to progress a Strategic Policies & Land Allocations DPD\(^7\) since 2010, with a Draft Preferred Options DPD published and consulted upon in late 2012. However, reviews to the evidence base which underpins its preparation, in particular relating to housing numbers have led to significant delays in the preparation process.

3.13 The Strategic Policies & Land Allocations DPD will seek to set a series of strategic and spatial policies / allocations which will direct future housing, employment and other growth within the district. It will also seek to identify land which is worthy of protection due to environmental, economic or social factors. Upon adoption, the Strategic Policies & Land Allocations DPD will replace the allocations and spatial distribution set out within both the Lancaster District Local Plan (2008 Saved Policies Version) and the Lancaster District Core Strategy.

3.14 In preparing the current version of the Land Allocations DPD the Council have made use of the evidence which has been summarised within this topic paper to make decisions on employment land and economic matters. Further detail on the conclusions reached and the actions taken can be read in Section 11 of this paper.

REVIEW OF THE DEVELOPMENT MANAGEMENT DPD (2018)

3.15 Despite only being adopted in 2014, the Council have taken the opportunity to review the content of the Development Management\(^8\) to ensure that it is fully reflective of national planning guidance, up-

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\(^7\) [https://www.lancaster.gov.uk/planning/planning-policy/land-allocations-dpd](https://www.lancaster.gov.uk/planning/planning-policy/land-allocations-dpd)

\(^8\) [http://www.lancaster.gov.uk/planning/planning-policy/land-allocations-dpd](http://www.lancaster.gov.uk/planning/planning-policy/land-allocations-dpd)
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to-date local evidence and address any gaps in policy derived from the original document. The expectation is that the DPD will continue to provide a suite of generic planning policies which can be used in the determination of planning applications. The DPD does not seek to address spatial matters which are deferred in full to the Strategic Policies and Land Allocations DPD.

3.16 The policy areas highlighted in paragraph 3.10 are retained within the reviewed Development Management DPD albeit with new policy numbers which are set out below:

- Policy DM14: Proposals involving Employment Land and Premises;
- Policy DM15: Small Business Generation;
- Policy DM27: Employment and Skills Plans
- Policy DM46: Economic Development in Rural Areas; and
- Policy DM47: Diversification of Agricultural Premises.

ARNSIDE & SILVERDALE AONB DPD (2018)

3.17 The Council are working jointly with neighbouring authority South Lakeland District Council to prepare a Development Plan Document for the Arnside & Silverdale Area of Outstanding Natural Beauty (AONB)\(^9\). The DPD is currently awaiting examination and seeks to address development opportunities in the AONB over the same plan period as the district-wide plan.

3.18 The AONB DPD has sought, by a process of robust and thorough assessment, to consider all potential development opportunities in the context of the protected landscape. The Council recognise the importance of ensuring that the assessment process taken in the Arnside & Silverdale AONB is reflective and consistent with the assessments for the Forest of Bowland AONB, parts of which are located within this district.

3.19 The assessment has identified that the opportunities for future development and growth for development opportunities (including economic growth) are limited. This is due not only to the designated landscape constraints but also involve issues of infrastructure delivery, particularly in relation to utility infrastructure. A number of sites have been identified across the AONB but in combination these do not meet the future housing needs of the Arnside & Silverdale AONB nor the wider needs of the district.

BAILRIGG GARDEN VILLAGE AREA ACTION PLAN DPD

3.20 The Strategic Policies & Land Allocations DPD identifies a Broad Area of Growth in South Lancaster connected to the development of Bailrigg Garden Village. It is expect that the scale of growth in this location and the issues which surround delivery of development of this scale warrants the preparation of a specific Development Plan Document on this matter\(^10\). Work on such a DPD began in the autumn 2017 and will continue to progress through 2018 with examination anticipated in 2019.

OTHER DEVELOPMENT PLAN DOCUMENTS

3.21 The Development Management DPD (and Review of) sets out a criteria based approach to meeting accommodation needs for the gypsy, traveller and travelling showpeople community. However, evidence highlights the need to identify specific sites to meet permanent pitch and transit pitch need

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\(^10\) [https://www.lancaster.gov.uk/planning/planning-policy/bailrigg-garden-village](https://www.lancaster.gov.uk/planning/planning-policy/bailrigg-garden-village)
over the course of the plan period. As a result the Council will commence work on a specific DPD on this matter during the course of 2018.

3.22 To ensure that issues relating to infrastructure delivery are fully addressed, the Council will continue to investigate the most appropriate charging schedule for charging new development for the delivery of important strategic infrastructure. The Council are currently investigating the role of the Community Infrastructure Levy (CIL) and should be demonstrated to be viable the Council will begin the process of preparing a Charging Schedule DPD during the course of 2018.

4. REGIONAL DRIVERS FOR ECONOMIC GROWTH

THE LOCAL LANCASHIRE ECONOMIC PARTNERSHIP

4.1 Lancaster District forms part of the Lancashire Local Enterprise Partnership (LEP) area. The LEP was established in April 2011 to provide leadership for Lancashire’s economy and be a catalyst for job creation and economic growth. It is a Government endorsed partnership between private and public sectors with a board comprising representatives from some of Lancashire’s biggest employers, chamber of commerce, local councils and academic institutions.

4.2 The LEP is a focal point for directing economic development in the county and is hugely influential in the work of the councils and other agencies responsible for stimulating economic growth. It also has an important role in drawing investment into Lancaster through national government schemes such as City Deal, Growing Places and Regional Growth Funds.

4.3 The Lancashire Enterprise Partnership has adopted a ‘best business case’ model to direct available resources into investment priorities and a strategic outlook that focuses on some key areas for development:

- Raising the profile and visibility of Lancashire;
- Inward investment and strategic development;
- Business Support and Skills Development; and
- Supply chain and Sector Development.

4.4 One of the key elements is the Lancashire Growth Deal which aims to realise the growth potential for the whole of Lancashire, building on key economic assets. This is discussed in more detail within paragraphs 3.14 to 3.18 of this paper.

4.5 Another important regional document that sets out the growth ambitions of the LEP for the next 10 years is the Lancashire Strategic Economic Plan (SEP) published in March 2014, the content of the SEP is discussed in more detail within paragraphs 3.6 and 3.13 of this topic paper. The SEP has a clear focus on realising the potential of the whole of Lancashire and provide a framework to the Growth Deal with the Government and will direct the resources accordingly.

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11 [http://www.lancashirelep.co.uk/](http://www.lancashirelep.co.uk/)
THE LANCASHIRE STRATEGIC ECONOMIC PLAN (SEP)

4.6 Lancashire Strategic Economic Plan (SEP) published in March 2014 identifies priorities and programmes which command local support and funding commitments between 2015 and 2025. All programmes have the ability to deliver and benefit from Growth Deal and European funding support from 2015/2016 onwards. The LEP is also seeking a number of specific Government policy flexibilities to maximise their impact. The LEP’s key programmes are summarised as follows:

- A sector programme seeking £11m in competitive Growth Deal funding to improve the capability and capacity of Lancashire’s competitive strengths in advanced manufacturing – especially aerospace, automotive and energy.
- A major research and innovation programme seeking £57.2m in competitive Growth Deal funding to enable Lancaster University and the University of Central Lancashire (UCLAN) to expand and develop national centres of excellence linked to the delivery of local economic priorities.
- A skills for growth programme seeking £47m in competitive Growth Deal funding, underpinned by a capital investment strategy consistent with agreed economic priorities, including a new Apprentice Hub to increase SME engagement and the local take-up of apprenticeships as career pathways.
- An enhanced business growth hub requiring £12.8m in competitive Growth Deal funding to strengthen the support ‘Boost’ can deliver to high growth SME’s.
- An enhanced Growing Places investment fund seeking £30m in competitive Growth Deal funding to enable the LEP to continue unblocking stalled development opportunities critical to the economic regeneration in Lancashire.
- A strategic transport programme of £195.7m in competitive Growth Deal funding to release the economic and housing growth potential of Preston, East Lancashire, Lancaster and Skelmersdale in West Lancashire, strengthen cross-boundary connectivity with neighbouring city regions and maximise the local advantages of national infrastructure initiatives such as HS2.

4.7 The Strategic Economic Plan sets out a vision of delivering a ‘Arc of Prosperity’ in order to re-establish Lancashire as an economic powerhouse and a national centre of excellence in advanced manufacturing by maximising its clear competitive strengths and capabilities in the aerospace, automotive, energy and health science related sectors.

4.8 By realising the value of the ‘Arc of Prosperity’ which sweeps across Lancaster, the LEP will seek to harness the power and potential of our national industrial hotspots, our key strategic sites, our clusters of high value activity and our internationally recognised centres of excellence in research and innovation.

4.9 In spatial terms the ‘Arc of Prosperity’ captures the importance of Lancaster as a major location for economic and housing growth, underpinned by its world-class research intensive university, a renewed city centre, and the prospect of further growth as an energy centre and port serving Lancashire and the wider region.

4.10 The LEP will seek to establish for the first time a local innovation strategy which will be anchored by both Lancaster University and UCLan which focuses on their competitive strengths and complementarities to support growth in the wider Lancashire area.

13 [http://www.lancashirelep.co.uk/media/8856/LEP-strategic-economic-plan.pdf](http://www.lancashirelep.co.uk/media/8856/LEP-strategic-economic-plan.pdf)
4.11 The LEP recognises that whilst Lancashire has benefited in recent years from key transport and infrastructure schemes of national significance, this masks a collective failure to secure the necessary investment in critical local transport infrastructure over recent decades. The failure to deliver the transport infrastructure needed to support sustained business success, it is estimated, account for one-quarter of Lancashire’s economic performance gap with the rest of the UK.

4.12 The Growth deal is specifically designed to address this key barrier to growth and establish for the first time a transport investment programme, under the direction of TfL, commensurate with Lancashire’s economic and housing growth opportunities and challenges.

4.13 By concentrating focus on Lancashire competitive strengths and capabilities, tackling major infrastructure constraints, boosting the business base and refocusing the approach to skills, the LEP will establish new economic opportunities that can deliver:

- 50,000 new jobs;
- 40,000 new houses; and
- £3 billion additional economic activity.

THE LANCASHIRE GROWTH DEAL

4.14 The Lancashire Growth Deal\(^\text{14}\) aims to realise the growth potential of the whole of Lancaster, building on key economic assets including universities and colleges and various projects across the county. The deal will help to create up to 11,000 jobs, create 3,900 new homes and attract £1.2 billion of new private sector investment in Lancashire.

4.15 The Growth Deal identifies four key priorities which are generally pan-Lancashire, in terms of coverage, and are rooted in maximising the areas competitive economic strengths. The four key priorities area:

I. Releasing Growth Potential – through from essential transport improvements to motorway junctions and railway lines as well as building new roads which support job creation and enable the release of more land for homes and businesses.

II. Support the renewal and growth of Blackpool

III. Growing the Local Skills and Business Base – with a £10 million 2015/2016 allocation, which included £6.2 million for the development of Blackpool and Fylde College facilities in preparation for a new Energy HQ and £400k revenue to support Lancashire’s Business Growth Hub;

IV. Innovation and Manufacturing Excellence – Maximise the economic value of Lancashire’s centres of research and innovation excellence and globally competitive business clusters.

4.16 Signature projects within the Growth Deal include Lancaster University being forward major development to strengthen its core technology science-base, which is underpinned by its leading position in physics and computing sciences. This creates the opportunity to develop new quantum technologies, a key national industrial objective and the prospect of leveraging spin-out opportunities from developing major strengths in environmental technologies, medicine and healthcare sciences.

\(^{14}\) [http://www.lancashirelep.co.uk/lep-priorities/growth-deal.aspx](http://www.lancashirelep.co.uk/lep-priorities/growth-deal.aspx)
The Growth Deal will establish for the first time a ‘Innovation Excellence Programme’ which represents a comprehensive £270m investment framework involving 11 major initiatives which can deliver nearly 3,000 new employment opportunities, safeguard a further 1,500 jobs and generate almost £400 in new GVA by 2020. To achieve this the LEP have prioritised four key initiatives:

- Lancaster University Health Innovation Campus;
- Centre for Quantum Technology Innovation (at UCLan);
- Cyber Security Innovation Centre at Lancaster; and
- Engineering Innovation Centre at Preston.

These initiatives have a strong strategic fit with the delivery of the SEP priorities and maximise the applied research strengths of higher education establishments such as Lancaster University.

Lancashire Local Economic Partnership – Their Lancaster District Perspective

Lancaster is a major location for economic and housing growth with the ‘Arc of Prosperity’ and is recognised by the LEP as a priority area. Lancaster University is regarded as one of Lancashire’s key economic assets.

Independent economic forecasts suggest that Lancaster will see employment and GVA growth above the economic average; continuing a trend evidence over several years. The City boasts economic assets of national importance which, unsurprisingly, are key economic drivers – namely Lancaster University, Heysham 1 and 2 nuclear power stations and Heysham Port.

Although Lancaster is Lancashire most self-contained labour market the city acts as a key service centre and employment centre for the communities of South Lakeland, as well as rural parts of Wyre, Lune Valley and North Yorkshire.

Lancaster benefits from its historic strategic perspective which is critical to the city’s current economic growth:

- Lancaster is directly adjacent to the M6, with two junctions providing access to the city and key economic assets, such as the University via Junction 33 and Heysham Port via the newly constructed Junction 34 and Bay Gateway;
- The city’s railway station on the West Coast Mainline which provides first class access to national, regional and local centres with frequent direct services to London, Birmingham, Glasgow, Edinburgh, Manchester and Manchester Airport, as well as more local centres including Preston, Windermere (for the Lake District) and Barrow-in-Furness via the Cumbrian Coast. Electrification of the line between Preston and Liverpool brings the possibility of direct services to Liverpool should through-services between Liverpool and Scotland be reintroduced.
- Heysham Port is the third largest port in the North West and acts as a hub for Roll-on-Roll off ferry services to Ireland and the Isle of Man, and currently handles 12.7% of the total traffic between the UK and Ireland. It is also the supply base for major offshore gas fields and wind farms in the Irish Sea. The new Bay Gateway has significantly improved connectivity between the Port and the M6.
4.23 Despite these inherent advantages the area is often perceived as being a peripheral location by investors. Lancaster has much to gain from a renewed approach promoting the Lancaster offer within the broader strategic marketing of Lancashire.

4.24 Lancaster University is a world renewed academic institution, consistently ranked amongst the top 10 UK universities for research and teaching, and is ranked number 1 for physics research. The University continues to growth and how has over 11,000 students with an international profile which will see the university establish industrial links with key international markets.

4.25 The Lancaster University Health Innovation Campus is a new knowledged-based initiative on land immediately adjacent to the University Campus. The Innovation Campus will be expected to:

- Capitalise on the research profile, collaborative strengths and business linkages of the University.
- Provide research and development facilities and raise the profile of the University as an excellent partner for collaborative research
- Improve graduate retention in the area; and
- Mutually enhance the impact and reputation of the City, the region, the University and business.

4.26 Adjacent to the Innovation Campus and university in South Lancaster is a location that has been identified as one capacity of significant development, critical to meeting the future housing and employment growth needs of Lancaster which will have wider economic benefits to Lancashire and beyond. The case for such development is strong, as it is the case for developing to the south of the city in an area adjacent to the university and the M6 between the southern boundary of the city and Galgate. This includes major housing sites at Bailrigg and Whinney Carr, the University of Lancaster as well as the site of the planned Lancaster University Health Innovation Campus.

4.27 Releasing the potential of development in South Lancaster is however severely constrained by the existing highway network with the main access route (the A6) already operating close to capacity.

4.28 To support the full growth ambitions of Lancaster and Lancashire a comprehensive transport solution is required including strategic and local highway improvements necessary to unlock the area’s development potential. Such interventions would deliver additional capacity to realise both currently identified and future development opportunities in the area, with the potential added benefit of assisting with the opening up of a number of residential sites in the adjoining district of Wyre.

4.29 Lancashire County Council is working with the City Council to assess potential solutions through the Transport and Highways Masterplan which was adopted in October 2016. It is clear that to achieve the ambitions of the Masterplan that significant public resources will be need to be co-invested with local public and private contributions to ensure the final highway solutions is sustainable and genuinely unlocks the growth potential of South Lancaster and Lancashire.

4.30 Heysham is an important component of both the local Lancaster economy and Lancashire Energy offer:

- The Port is owned by Peel Ports Ltd who support the LEP’s growth aspirations and see a strong strategic fit to their ambitions with Liverpool2. With completion of the Bay Gateway, Peel Ports
have now invested in improvements to facilities in order to expand operations and also seek to invest in underused areas of the existing Port.

- Heysham is also home to two nuclear power stations and is one of 10 sites identified nationally for a new build power station – Heysham 3. Heysham 1 and 2 are programmed for decommissioning through the 2020s. Each of these events will be significant economic impacts on the local community and broader economy.

- Heysham and its surroundings is also the location for a significant amount of offshore energy and where it is connected into the National Grid.

4.31 The Bay Gateway provides a critical strategic highway link between this energy pulse and the national strategic road network.

4.32 A renewed city centre will underpin broader growth in and around Lancaster. Building upon Lancaster District’s historic status as the city plans for major commercial investments which can deliver a radical qualitative upgrade to the city’s shopping and visitor experiences. This includes the Duchy-owned Lancaster Castle (until recently a working prison) which still has aspirations to be regenerated as a major visitor attraction with commercial uses, whilst also retaining a working court function. In the immediate term city centre movement is potentially compromised by the condition of Greyhound Bridge which has now been refurbished in early 2018.

5. LOCAL DRIVERS FOR ECONOMIC GROWTH

LANCASTER UNIVERSITY & OTHER FURTHER EDUCATION ESTABLISHMENTS

5.1 Since its establishment in the 1960s Lancaster University has continued to grow both in size and reputation and is regularly identified within the top ten universities in the UK, scoring highly for its student offer, research and teaching facilities.

5.2 Lancaster University has undergone significant growth in recent years with a new south-west residential campus developed, additional teaching and research facilities and more recently a new state-of-the-art sports centre. Together these facilities have served to further improve the student offer available as well as creating additional employment opportunities both within and off campus.

5.3 Lancaster University prepared and published a 10 year masterplan in 2007 which identified future growth at the campus. The masterplan set out a number of proposals which sought to maximise the efficient use of the campus through re-modelling and re-use of buildings and land and did not seek significant expansion of the campus site. Significant elements of this masterplan have been achieved to date and the Council will continue to support sustainable growth of the university.

5.4 The University of Cumbria was established in 2007 following the merger of St Martin’s College, the Cumbria Institute of the Arts and the Cumbrian campuses of the University of Central Lancashire. The university has built up a reputation of a ‘distributed learning network’ with teaching taking place at a number of locations across the country.

15 [http://www.lancaster.ac.uk/facilities/about/masterplan/]
5.5 Since its establishment the University of Cumbria has continued to grow with significant investment in new buildings and facilities over recent years\(^\text{16}\). The further development of the site is constrained by surrounding historic environment and residential properties.

5.6 Like Lancaster University, the University of Cumbria campus (located closer to Lancaster City Centre on the former barracks site) plays a major role in providing employment and investment into the local economy. The City Council have previously recognised the importance and role of further education establishments in the district, Lancaster District Core Strategy contained Policy ER1 which sought to maximise the regeneration benefits to the district via growth at Lancaster University and the University of Cumbria.

5.7 The strong university base that the district has should not forget the more local higher education establishments such as Lancaster and Morecambe College which provides a wide variety of full and part time courses. This too has significant investment over recent years in terms of a new fitness facilities and sports pitches.

5.8 The strong educational base found in the district is significant on the local economy for three factors, firstly the employment opportunities generated through teaching is a significant, secondly the attractiveness of the educational facilities in the district draws in skilled young people who potentially can add to local workforce in the long term subject to opportunities being available to do so. Finally the accessibility to high quality education provides the opportunity for investment into the district from businesses who see opportunities from securing skilled workers.

**THE PORT OF HEYSHAM**

5.9 The Port of Heysham makes a significant contribution to the district’s economy, generating jobs and investment in the local area both within the port itself but also via associated businesses, for example haulage and energy generation. The improvements to the strategic road network, in particular the creation of the Heysham / M6 Link Road have made the Port and the wider area of South Heysham more accessible, attractive to the market and more strategically important both locally and regionally.

5.10 Peel Ports have significant plans to expand the operations of the Port, both in terms of the services from its ro-ro terminal\(^\text{17}\) or diversifying into other operations such as servicing off-shore wind turbines\(^\text{18}\). However, space for expansion of the port facility is limited due to the close proximity of Heysham Nuclear Power Station. It is important for the Local Plan to consider opportunity for this key economic resource to grow over the course of the plan period.

**HEYSHAM GATEWAY, SOUTH HEYSHAM**

5.11 The strategic importance of South Heysham, due to the improvement of access to the motorway network via the new Bay Gateway and growth at the Port has increased, and will continue to increase, the economic importance of this area through the plan period.

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\(^{16}\) https://www.cumbria.ac.uk/about/community/development/


\(^{18}\) http://www.walneyextension.co.uk/en/about-walney-extension/the-project
5.12 The Council have already recognised the economic importance of this area\(^{19}\) and have continue to refine how regeneration and economic growth will be delivered through the preparation of the Local Plan, which in itself will be used to prepare a Development Brief for this area. Building on the sizable portfolio of public sector land which is located in this area and the opportunities for both the City and County Councils to unlock funding to assist in the regeneration of this area.

**HEYSHAM NUCLEAR POWER STATION**

5.13 Heysham Nuclear Power station has been producing electricity since the 1980s and the site contains two nuclear reactors (Heysham 1 and Heysham 2) which are both expected to remain operation until the early 2020s. The operation of these reactors generates the need for a skilled workforce and such a need will remain once the decommissioning process begins.

5.14 Expansion of the power station site remains a possibility with the potential for a further reactor to be constructed (Heysham 3) still recognised by the Government\(^{20}\). The site is among 9 others across the country which have been short-listed as potential locations for new power stations. There are significant economic benefits which arise from the nuclear power station, in terms of operational and future decommissioning processes but also the potential from the construction and operation of a new reactor.

5.15 Any decisions over future expansion of the Heysham Power Station site will not be taken at a local level the impacts and implications of any Government decision will have to be managed at a local level including:

- The accommodation of workers through the construction phases of development;
- The accommodation of workers in the longer-term through the operational phase of the development; and
- Management of the economic growth that any expansion of the Heysham Power Station site may bring to the local area.

5.16 The Strategic Policies & Land Allocations DPD has safeguarded land at Heysham Power Station for the potential siting of a new power station as directed by national guidance. Should the expansion of Heysham Nuclear Power Station be taken forward by the Government it is not expected that such a facility will be operational within this plan period up to 2031 and therefore whilst the economic implications of decommissioning existing reactors and the potential construction of a new reactor should be given due consideration in preparation of the local development plan, the longer-term economic impacts of Heysham 3 will not form part of the preparation of this plan.

**IMPROVING INFRASTRUCTURE FOR LANCASTER DISTRICT**

5.17 The district has seen significant investment in infrastructure over recent years, in particular the creation of the Bay Gateway which opened in October 2016 and has improved accessibility between South Heysham and Junction 34 of the M6.

5.18 These improvements have increased the economic attractiveness of the local area by providing locations which are highly accessible to both the strategic road and port network. No other location

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in the North West can offer such accessibility. Further to access to the strategic road and port network, the district also has access to services on the West Coast Mainline, providing high speed rail services to Cumbria, Scotland, London and Birmingham.

5.19 Whilst the effects of these infrastructure improvements have yet to be fully felt, and do not address infrastructure constraints elsewhere in the district (in particular South Lancaster) there are indications that the delivery of such infrastructure will provide economic investment and uplift within that area, as shown by the recent investments at the Port of Heysham itself. Provided that sufficient opportunities are provided to allow for the economy to grow it is highly likely that the infrastructure improvements which have taken place over recent years and those planned for within this plan period will facilitate economic growth within the district.

LANCASTER & MORECAMBE BUSINESS IMPROVEMENT DISTRICTS (BID)

5.20 Both Lancaster City Centre and Morecambe Town Centre form part of two separate Business Improvement Districts (BID) which seek to raise the profile of Lancaster City Centre and Morecambe Town Centre respectively. Both BIDS seek to improve the role and function of the centres within the district and increase investment and economic growth in these areas. Further detail on the BIDs can be found in the Background Paper on town centres and retailing.

6. DEMOGRAPHIC DRIVERS FOR ECONOMIC GROWTH

6.1 As well described in Sections 4 and 5 of this topic paper, the district has a strong, self-contained economy which has a number of opportunities to encourage and support further growth through the plan period. However, it is recognised that there are significant challenges in seeking to maximise opportunities for economic growth.
6.2 Lancaster District, like many areas of the country, have an increasing aging population which is only going to become more acute through the passage of time. As Figure 6.1 highlights the proportion of the population aged over 60 will increase significantly through the course of the plan period, whilst the working-age population (i.e. those aged between 20 and 64) will continue to decrease.

6.3 The demographic changes which will be experienced in this district will be of key significance to both existing businesses and those wishing to invest in the district in the future. A lack of young workers (skilled or otherwise) will be a significant barrier for future investment and expansion. As already suggested many of the District’s main economic establishments have a strong basis here and are not likely to move (such as the Port of Heysham, Heysham Nuclear Power Station and Lancaster University). It is therefore a key responsibility of this Local Plan to positively plan for growth and opportunities in these areas and seek to address such barriers to growth.

6.4 Such solutions to this challenge include securing greater retention rates for young workers, providing opportunities for young people to live and work in this district through improving infrastructure, the cultural / leisure and retail offer in our main town centres and most importantly provide housing for young people.

7. LANCASTER DISTRICT – A STRATEGIC AND ECONOMIC CONTEXT

HISTORIC EMPLOYMENT GROWTH

7.1 Employment growth is historically variable and fluctuates depending on economic factors of the time both locally and nationally. Whilst historic trends provide useful background it’s important to distinguish between the past and the future. Past trends have been based on the economy of the time, economic (and planning) policy both locally and nationally and other local projects which result in significant variability in employment growth.

7.2 It is important to note that the economic trends of the past are historic, in their own right they do not provide a robust or indeed a realistic guide to what will happen in the future. As a result the information on historic employment trends provided within the section simply provide useful context and background information. These are only one element when forecasting growth for the future.

7.3 Figure 7.1 sets out the changes which have occurred in Full-Time Equivalent (FTE) jobs within Lancaster District since the turn of this Century. The graph demonstrates that in times of growth and expansion (for example the period between 2002 and 2006) the district saw strong levels of growth, with total FTE job numbers rising from just under 43,000 to just under 48,000. This shows sustained growth in that 5-year period of approximately 5,000 FTE jobs.

7.4 However, in times of contraction and recession job growth can regress significantly. Through the economic recession of 2008 to 2011 FTE job numbers within the district reduced down from just over 47,000 to just over 43,000. This shows a reduction in job numbers by approximately 3,000 FTE jobs over a period of 4 years.
Since 2011 the UK has been recovering economically with growth increasing and the level of job creation improving. This wider growth has been reflected in the district with Figure 7.1 showing that FTE job growth has recovered from its low point in 2011 of 44,186 FTE jobs to a total of 49,150 FTE jobs at 2017.

In terms of the levels of economically active people in the district, statistics suggest that there have been significant increases in the number of economically active people within the district, with an increase of from 67,000 people being identified as economically active in 2015 to 78,100 in 2017 as highlighted in Figure 7.2 below.
LANCASTER DISTRICT EMPLOYMENT BASE

7.7 According to the Office of National Statistics (in particular NOMIS), the normally defined working age population (those aged between 16 and 64 years) within the district stood at 91,500\(^{21}\). This is a slightly higher proportion of the overall population (63.8\%) compared to the regional (62.8\%) and national averages (63.1\%).

7.8 The ONS have also estimated there to be 78,100\(^{22}\) economically active persons residing in the district, it is important to note that the definition of economically active is those people who are in work or those who are actively seeking employment. This represents 82.1\% of the estimated 16-64 population. This is a higher rate of economic activity compared to the regional (76\%) and national (78\%) averages. Of these economically active residents, 74,700 people were in employment. This is significantly higher than the regional (72.4\%) and national (74.4\%) average.

<table>
<thead>
<tr>
<th></th>
<th>Lancaster</th>
<th>Lancaster (%)</th>
<th>North West (%)</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically Active</td>
<td>78,100</td>
<td>82.1%</td>
<td>76%</td>
<td>78%</td>
</tr>
<tr>
<td>In Employment</td>
<td>74,700</td>
<td>78.4%</td>
<td>72.4%</td>
<td>74.4%</td>
</tr>
<tr>
<td>Employees</td>
<td>67,100</td>
<td>71%</td>
<td>63%</td>
<td>63.4%</td>
</tr>
<tr>
<td>Self Employed</td>
<td>7,600</td>
<td>7.4%</td>
<td>9.1%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>3,700</td>
<td>4.7%</td>
<td>4.7%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

*Table 7.1: Economically Active People in Lancaster District (Source: NOMIS)*

7.9 In terms of the Full Time / Part Time split in jobs within the district, Table 7.2 sets out that the majority of jobs with the district are Full-Time in nature however the level of growth in part-time employment is steadily growing.

<table>
<thead>
<tr>
<th>Year</th>
<th>Full Time Employment</th>
<th>Part Time Employment</th>
<th>Total Employee Jobs</th>
<th>Full Time Equivalent (FTE) Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>36,000</td>
<td>20,000</td>
<td>56,000</td>
<td>46,000</td>
</tr>
<tr>
<td>2016</td>
<td>37,000</td>
<td>22,000</td>
<td>59,000</td>
<td>49,000</td>
</tr>
</tbody>
</table>

*Table 7.2: Job Make-Up within the District (Source: NOMIS)*

LANCASTER DISTRICT TRAVEL TO WORK PATTERNS

7.10 In terms of travel patterns, Census data shows that Lancaster district has a relatively balanced position with regards to the ratio between the number of workers in the authority and the number of jobs. The value of this ratio (referred to as the commuting ratio) was identified in the 2001 Census to be 1.056, indicating that the authority was a small net exporter of labour. At 1.075, the ratio was slightly higher at the time of the 2011 Census, nevertheless Lancaster District continues to be a relatively small net exporter which a small surplus of workers over jobs.

7.11 Tables 7.3 summarise the main areas of work for people who live in Lancaster District and the main areas of residence for workers in the district. This shows that the district is relatively well self-contained with over 77\% of working residents employed within the district. Collectively, about 11,763 people travel to work elsewhere to work, with the main destinations listed. There is a relatively strong connection with South Lakeland to the north (3,046 residents) and Preston is also an important employment destination for around 1,650 residents. Approximately 2,000 residents (or

\(^{21}\) https://www.nomisweb.co.uk/reports/lmp/la/1946157095/report.aspx?town=lancas#tabrespop

\(^{22}\) https://www.nomisweb.co.uk/reports/lmp/la/1946157095/report.aspx?town=lancas#tabrespop
4% of all workers) travel to work in the Fylde Coast, with Wyre a particularly prominent destination. There are also (albeit relatively weak) links with South Ribble and Craven.

<table>
<thead>
<tr>
<th>PLACE OF RESIDENCE</th>
<th>PLACE OF WORK</th>
<th>FLOW</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>LANCASTER</td>
<td>LANCASTER</td>
<td>39,800</td>
<td>77.2%</td>
</tr>
<tr>
<td></td>
<td>SOUTH LAKELAND</td>
<td>3,046</td>
<td>5.9%</td>
</tr>
<tr>
<td></td>
<td>PRESTON</td>
<td>1,657</td>
<td>3.2%</td>
</tr>
<tr>
<td></td>
<td>WYRE</td>
<td>1,040</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>FYLDE</td>
<td>536</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>BLACKPOOL</td>
<td>500</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>SOUTH RIBBLE</td>
<td>457</td>
<td>0.9%</td>
</tr>
<tr>
<td></td>
<td>CRAVEN</td>
<td>340</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td>RIBBLE VALLEY</td>
<td>275</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td>MANCHESTER</td>
<td>259</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td>BLACKBURN</td>
<td>242</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td>BARROW</td>
<td>198</td>
<td>0.4%</td>
</tr>
<tr>
<td></td>
<td>CHORLEY</td>
<td>173</td>
<td>0.3%</td>
</tr>
<tr>
<td></td>
<td>EDEN</td>
<td>169</td>
<td>0.3%</td>
</tr>
<tr>
<td></td>
<td>WIGAN</td>
<td>153</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Table 7.3: Place of Work for Residents in Lancaster District (Source: Census 2011)

7.12 Considering where people who work in Lancaster District live, again making use of the 2011 Census, there is evidence of strong levels of containment, with around 83% of jobs in Lancaster District by people who live in the district. South Lakeland is again prominent, with around 2,000 people travelling from South Lakeland to work in Lancaster and there is evidence of a relatively strong link with Wyre.

7.13 There are also inflows of over 500 residents from Craven and Preston, with smaller flows from the other Fylde Coast authorities (Blackpool and Fylde), the Ribble Valley, the Central Lancashire authorities of South Ribble and Chorley as well as Barrow-in-Furness.

<table>
<thead>
<tr>
<th>PLACE OF WORK</th>
<th>PLACE OF RESIDENCE</th>
<th>FLOW</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>LANCASTER</td>
<td>LANCASTER</td>
<td>39,800</td>
<td>83%</td>
</tr>
<tr>
<td></td>
<td>SOUTH LAKELAND</td>
<td>2,007</td>
<td>4.2%</td>
</tr>
<tr>
<td></td>
<td>WYRE</td>
<td>1,452</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>PRESTON</td>
<td>542</td>
<td>1.1%</td>
</tr>
<tr>
<td></td>
<td>CRAVEN</td>
<td>516</td>
<td>1.1%</td>
</tr>
<tr>
<td></td>
<td>BLACKPOOL</td>
<td>354</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td>FYLDE</td>
<td>343</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td>RIBBLE VALLEY</td>
<td>261</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td>SOUTH RIBBLE</td>
<td>250</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td>CHORLEY</td>
<td>213</td>
<td>0.4%</td>
</tr>
<tr>
<td></td>
<td>BARROW</td>
<td>177</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Table 7.4: Place of Residence for Workers in Lancaster District (Source: Census 2011)

7.14 As highlighted in Table 7.4, the functional relationships with South Cumbria are the most pronounced, attributable in part due to the presence of major employers such as Glaxosmithkline (GSK) and Siemens in Ulverston. Extensive employment opportunities are also provided by BAE Systems in Barrow-in-Furness.
7.15 It is important to note that the above trends represent a point in time and will be sensitive to planned job creation in both within and outside of the district. Of particular note are the number of strategic projects which are currently within the pipeline across the district including the Lancaster University Health Innovation Campus, Lancaster Canal Corridor and growth at Heysham Gateway associated with the Port of Heysham.

**THE BUSINESS MAKE-UP OF LANCASTER DISTRICT**

7.16 According NOMIS, the levels of small businesses registered within the district has been steadily rising since 2010, from 4,130 businesses to 4,580 in 2015. However, the levels of small business start-ups remain comparatively low when compared regionally and nationally and suggests there is a lack of private sector businesses within the district. This is a potential concern as the private sector is likely to be the main source of new employment creation in the UK for at least the short to medium term and public sector employment is likely to be relatively static over the same time frame.

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Lancaster</th>
<th>Lancaster (%)</th>
<th>North West</th>
<th>North West (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro (0 to 9)</td>
<td>4,065</td>
<td>88.8%</td>
<td>230,660</td>
<td>88.7%</td>
</tr>
<tr>
<td>Small (10 to 49)</td>
<td>430</td>
<td>9.4%</td>
<td>24,155</td>
<td>9.3%</td>
</tr>
<tr>
<td>Medium (50 to 249)</td>
<td>70</td>
<td>1.5%</td>
<td>4,265</td>
<td>1.6%</td>
</tr>
<tr>
<td>Large (250+)</td>
<td>15</td>
<td>0.3%</td>
<td>975</td>
<td>0.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,580</td>
<td>-</td>
<td>260,060</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Units</th>
<th>Lancaster</th>
<th>Lancaster (%)</th>
<th>North West</th>
<th>North West (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro (0 to 9)</td>
<td>4,580</td>
<td>82.6%</td>
<td>257,395</td>
<td>83.3%</td>
</tr>
<tr>
<td>Small (10 to 49)</td>
<td>800</td>
<td>14.4%</td>
<td>41,610</td>
<td>13.5%</td>
</tr>
<tr>
<td>Medium (50 to 249)</td>
<td>145</td>
<td>2.6%</td>
<td>8,695</td>
<td>2.8%</td>
</tr>
<tr>
<td>Large (250+)</td>
<td>20</td>
<td>0.4%</td>
<td>1,355</td>
<td>0.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,545</td>
<td>-</td>
<td>309,060</td>
<td>-</td>
</tr>
</tbody>
</table>

*Table 7.5: UK Business Counts (Business Enterprises and Employment Units) within Lancaster District (Source: NOMIS 2017)*

7.17 An equally important measure of economic competitiveness is entrepreneurship which is the rate at which new businesses are formed. The Government’s preferred method of measuring entrepreneurship is the number of VAT registrations per 10,000 adult population. According to the UK Competitiveness Index (2016)\(^{23}\), Lancaster performs poorly in relation to business formation. This suggests a distinct lack of opportunities for new business formation within the district with the lack of people, skills and accommodation being the potential factors and barriers to such growth.

7.18 However, when considering trends in VAT registrations and de-registrations for the District between 1994 to 2007 it indicates that the number of businesses has risen steadily. Such trends suggest that the District does provide a positive environment for business once new start-ups have been initially established.

**LABOUR FORCE CHARACTERISTICS**

7.19 NOMIS data indicates that there is an above-average representation of professional occupations in Lancaster, compared to the regional average. There is also above average representation of skilled trades, caring and leisure related occupations. Table 7.6 below sets out the occupational structure of the district.

Table 7.6: Occupational Structure of Lancaster District 2016 – 2017 (Source: NOMIS 2017)

Green denotes above-average representation and Red denotes below-average representation

<table>
<thead>
<tr>
<th>Occupational Category</th>
<th>Lancaster</th>
<th>Lancaster (%)</th>
<th>North West (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers, Directors and Senior Officials</td>
<td>6,000</td>
<td>8%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Professional Occupations</td>
<td>15,200</td>
<td>20.3%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Associate Professional and Technical</td>
<td>7,500</td>
<td>10.1%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Administrative and Secretarial</td>
<td>5,900</td>
<td>7.9%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Skilled Trades Occupations</td>
<td>9,300</td>
<td>12.5%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Caring, Leisure and other Service Occupations</td>
<td>10,000</td>
<td>13.4%</td>
<td>10%</td>
</tr>
<tr>
<td>Sales and Customer Service Occupations</td>
<td>6,000</td>
<td>8.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Process Plant and Machine Operatives</td>
<td>4,400</td>
<td>7.5%</td>
<td>7%</td>
</tr>
<tr>
<td>Elementary Occupations</td>
<td>10,400</td>
<td>13.9%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

Table 7.7: Qualification Levels in Lancaster District for the Working Age Population (Source: NOMIS 2017)

<table>
<thead>
<tr>
<th>Individual Levels</th>
<th>Lancaster</th>
<th>Lancaster (%)</th>
<th>North West (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NVQ4 and Above</td>
<td>31,300</td>
<td>35.4%</td>
<td>34%</td>
</tr>
<tr>
<td>NVQ3 and Above</td>
<td>48,300</td>
<td>54.6%</td>
<td>53.7%</td>
</tr>
<tr>
<td>NVQ2 and Above</td>
<td>64,800</td>
<td>73.2%</td>
<td>73%</td>
</tr>
<tr>
<td>NVQ1 and Above</td>
<td>76,800</td>
<td>86.8%</td>
<td>84.8%</td>
</tr>
<tr>
<td>No Qualifications</td>
<td>7,100</td>
<td>8.1%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

Table 7.8: Earnings by Place of Residence in Lancaster District (Source: NOMIS 2017)

<table>
<thead>
<tr>
<th>Gross Weekly Pay</th>
<th>Lancaster (£)</th>
<th>North West (£)</th>
<th>Great Britain (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time Workers</td>
<td>512.3</td>
<td>514.5</td>
<td>552.7</td>
</tr>
<tr>
<td>Male Full-Time Workers</td>
<td>535.5</td>
<td>550.9</td>
<td>594.2</td>
</tr>
<tr>
<td>Female Full-Time Workers</td>
<td>463.3</td>
<td>464.6</td>
<td>494.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hourly Pay (Excluding Overtime)</th>
<th>Lancaster (£)</th>
<th>North West (£)</th>
<th>Great Britain (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time Workers</td>
<td>12.95</td>
<td>12.99</td>
<td>14.00</td>
</tr>
<tr>
<td>Male Full-Time Workers</td>
<td>13.28</td>
<td>13.45</td>
<td>14.56</td>
</tr>
<tr>
<td>Female Full-Time Workers</td>
<td>12.61</td>
<td>12.38</td>
<td>13.18</td>
</tr>
</tbody>
</table>

7.23 The ONS data also indicates that Lancaster District’s workforce is well qualified, as highlighted in Table 7.7 just over 35% are educated to degree level or higher, which is slightly higher than the regional average. The ONS also indicate that the proportion with no qualifications is well below the regional average.

7.24 With regard to earnings, workers whether they be in full-time or part time employment earn less than their regional counterparts, as highlighted in Table 7.8 below. This gap in earning becomes greater when compared against the national averages. This gap in earning power is reflective for both male and female workers.

7.25 The normally defined working age population (16-64 years) of the district was approximately 91,500 persons at mid-year 2016. This is a slightly higher proportion of the overall population (63.8%) compared to the regional (62.8%) and national (63.1%) averages.

7.26 The trend for the first decade of this Century was for the working age population to increase, for example in 2002 the mid-year estimate of the 16-64 population was 85,300 (63.8%) but by 2010 this had increased to 89,100 (65% of the overall population). However, since 2010 there has been a

24 https://www.nomisweb.co.uk/reports/lmp/la/1946157095/subreports/wapop_time_series/report.aspx
steep decline in the overall proportion of the population which is classed as working age. By 2016, whilst 91,500 people are defined at the

8. EVIDENCE BASE FOR ECONOMIC GROWTH

8.1 The Framework states in paragraph 160 that local planning authorities should have a clear understanding of business needs within the economic markets which are operating in and across the district. To achieve this the Framework expects local authorities to:

- Work together with County and Neighbouring Authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand both existing business needs and the likely changes in the market; and
- Work closely with the business community to understand their changing needs and identify and address barriers to investment, including the lack of housing, infrastructure or viability.

8.2 National Planning Policy is clear, that local planning authorities should be planning positively and proactively for sustainable economic growth based on locally sourced evidence of future economic changes and needs.

EMPLOYMENT LAND REVIEW (2015)

8.3 The Council commissioned Turley Economics to undertake an Employment Land Review (ELR) to review the economic and employment position within Lancaster District. This follows previous economic studies which took place in 2006 (via Regeneris) and 2008 (via Atkins). The key elements of the Employment Land Review included:

- A review of the existing employment land portfolio to assess their suitability for retention for employment purposes or whether they should be considered for alternative uses (described in more detail within Section 9 of this Paper);
BACKGROUND PAPER 3 – ACHIEVING SUSTAINABLE ECONOMIC GROWTH IN LANCASTER DISTRICT

- An assessment of the quantitative future employment requirements for the district in terms of the potential growth expected in specific economic sectors and the land requirements

8.4 The content of the Review is described in more detail throughout this paper, in particular Sections 8 and 9.

ACHIEVING ECONOMIC POTENTIAL IN LANCASTER DISTRICT (2017)

8.5 In 2014, the Council also commissioned Turley Economics to provide advice on the district’s economic potential and the range of actions that needed to be taken to fully realise this. The findings of this report were published in 2015 under the title of ‘Lancaster District: Prospects and Recommendations for Achieving Economic Potential’.

8.6 The study found that Lancaster District was in a good position economically with good prospects for economic growth setting out a range of strengths, weaknesses, opportunities and threats to the local economy which should be considered through plan-making process.

8.7 In advance of the Publication Stage of the Local Plan, the Council re-engaged Turley to update and refresh their findings on the economy to understand what changes have occurred over the intervening years. The 2017 work involved further engagement with a range of business and employers in the district providing an understanding of the strengths, weaknesses, opportunities and threats to the local economy over the coming years.

8.8 The expectation of this work will be that it informs a future Economic Strategy for the district which will be prepared during the course of 2018.

8.9 In demographic terms, the district’s population in 2016 was 143,000 people\(^{25}\) which indicates a continuation of recent demographic trends which if they continue would result in population growth of 9.3% by 2039\(^{26}\). The district, like many areas of the country, has an ageing population which is highlighted in Figure 6.1 of this paper. By 2031 a continuation of this demographic trend would result in 24% of the population being 65 or over, whereas those aged under 15 would account for 17% of the population. What is significant is the scale of change in the working age population of the district – those aged between 16 and 64 years. Between 2016 and 2031 the working age population is projected to fall by 0.3%\(^{27}\) unless there is some form of intervention.

8.10 In economic terms, 80.3% of the residents within the district aged 16-64 are currently in employment. This exceeds the average rate for both Lancashire and the UK and shows notable growth since the effects of the 2008 financial crisis took hold, with a significant upswing since 2013 when compared to Lancashire and the wider UK.

8.11 The changes experienced in employment rates within the district are not attributable to one event or the attraction of a single large scale employers to the district. They are, rather, likely to be the result of the economy growing strongly providing more opportunities for work. The availability of employment opportunities locally are likely to have encouraged more people into employment in recent years. These trends are highlighted in Figure 8.1 of this paper.

\(^{25}\) ONS Population Estimates

\(^{26}\) ONS, Sub-National Population Projections to 2039, Lancaster and North West

\(^{27}\) ONS, Sub-National Population Projections to 2039, Lancaster and North West
8.12 The trends highlighted in Figure 8.1 are corroborated by using the Job Seekers Allowance (JSA) data which shows that the number of people claiming JSA has also fallen at a higher rate in Lancaster district compared to the rest of Lancashire and the UK. In July 2005, 1,624 people were claiming JSA in the district, however by July 2017 this figure has fallen to 308 people (an 81% reduction). Over the same period, these rates fell by 52% in Lancashire and 55.4% in the rest of the UK.

8.13 Analysis of the Annual Population Survey (which is prepared by the Office of National Statistics) show that it has been full-time employment which has been driving economic growth in Lancaster District. Between 2004/5 and 2016/17 there has been a 31% growth in full-time employment as compared with 3% growth in part-time employment.

8.14 The latest data from the annual Business Register and Employment Survey (BRES) provides an insight into trends in employee jobs between 2009 and 2015. In Lancaster District the number of employee jobs has grown from 52,000 in 2009 to 55,000 in 2015, representing 5.8% growth. This compares to 2.3% growth for Lancashire and 7.8% in England over the same period. The economic sectors which have witnessed the greatest levels of growth include Education (18%), Health (18%), Retail (10%), Accommodation and Food Services (9%) and Business Administration and Support Services (7%). These have been counter-balanced to some degree by reductions in the Finance and Insurance Sector, Construction Sector and the areas of the Public Sector.

Figure 8.1: Employment Rate (%) of the Working Age Population in Lancaster District (Source: NOMIS / Turley 2017)

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29 ONS Annual Population Survey, Workplace Analysis, April 2004/05 – April 2016/17
30 BRES (2015), via NOMIS. Employee jobs refer to those employed and does not include self-employment. BRES data is released on an annual basis, the latest release was 2016 reflecting data from 2015.
8.15 In 2016, full time workers in the district earned a gross weekly pay of £534 compared to £502 in Lancashire and £541 for the rest of the UK. Resident-based earning remain higher than workplace-based earning which reflect commuting patterns to jobs outside of the district\(^1\).

8.16 The 2017 update also provided a range of key strengths, weaknesses, opportunities and threats which are set out in more detail via Section 10 of this paper.

**EXPERIAN MODELLING FOR LANCASTER DISTRICT**

8.17 To forecast job growth the Local Plan has made use of Experian Modelling and forecasts. Experian are a very well established economic forecasting company who provide economic information and evidence from a national to individual level. They are recognised as one of the few economic forecasting companies in the UK (the others being Oxford Economics and Cambridge Economics).

8.18 To deliver economic forecasts at a local level, Experian make use of their ‘Integrated Regional Sectoral Model’ (IRSM) for the UK. The IRSM is constructed on the basis that each UK region and each sector of the economy is treated as an economic entity in its own right, for which forecasts can be made using historic relationships between the separate variables.

8.19 These relationships will differ between regions and sectors on the basis of their differing economic structures, historical performances and so on. At the same time the UK as a whole is also modelled on the basis of identifying relationships at a national level. By addressing both levels simultaneously the models provide forecasts which are consistent on a national, regional and local basis.

8.20 To understand opportunities for future economic growth in the local economy the role of economic forecasting is a vital element. Whilst it is purely an economic model it provides a clear barometer of whether opportunities for economic growth exist and to the broad scale the level of growth which could be achieved.

**ANALYSIS OF THE EXPERIAN DATA**

8.21 The table set out below provides, in some detail, the variety of economic sectors which are included within the Experian Forecasting Model alongside the expected decline or growth in each sector.

<table>
<thead>
<tr>
<th>Broad Sector</th>
<th>Jobs in 2011</th>
<th>Forecast Jobs in 2031</th>
<th>Change (No. of Jobs)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LAND INDUSTRIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>315</td>
<td>232</td>
<td>-83</td>
<td>-26.3%</td>
</tr>
<tr>
<td>Extraction and Mining</td>
<td>260</td>
<td>111</td>
<td>-149</td>
<td>-57.3%</td>
</tr>
<tr>
<td><strong>MANUFACTURING (GENERAL)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food, Drink &amp; Tobacco</td>
<td>329</td>
<td>238</td>
<td>-91</td>
<td>-27.7%</td>
</tr>
<tr>
<td>Textiles &amp; Clothing</td>
<td>238</td>
<td>103</td>
<td>-135</td>
<td>-56.7%</td>
</tr>
<tr>
<td>Wood &amp; Paper</td>
<td>207</td>
<td>141</td>
<td>-66</td>
<td>-31.9%</td>
</tr>
<tr>
<td>Printing &amp; Recorded Media</td>
<td>65</td>
<td>30</td>
<td>-35</td>
<td>-53.8%</td>
</tr>
<tr>
<td>Fuel Refining</td>
<td>3</td>
<td>4</td>
<td>+1</td>
<td>+33.3%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>155</td>
<td>81</td>
<td>-74</td>
<td>-47.7%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>52</td>
<td>27</td>
<td>-25</td>
<td>-48.8%</td>
</tr>
<tr>
<td>Non-Metallic Products</td>
<td>276</td>
<td>130</td>
<td>-146</td>
<td>-52.9%</td>
</tr>
<tr>
<td>Metal Products</td>
<td>555</td>
<td>395</td>
<td>-160</td>
<td>-28.8%</td>
</tr>
<tr>
<td>Computer &amp; Electronic Products</td>
<td>229</td>
<td>180</td>
<td>-49</td>
<td>-21.4%</td>
</tr>
</tbody>
</table>

\(^{1}\) ONS, Annual Survey of Hours and Earnings 2016
The data provided by Experian suggests that there will be a continuing decline in land-based industries and manufacturing. Within the plan period it is anticipated that 232 jobs will be lost in land-based industries such as agricultural and forestry and 840 jobs in manufacturing. These represent (along with 447 jobs in the public administration sector) the greatest decline.

These losses however are not reflective of the wider economy, which is expected to experience much more buoyant growth through the plan period with the following sectors expected to experience growth:

- Construction of Building (467 jobs);
- Civil Engineering (667 jobs);
- Wholesale (851 jobs);
- Retail (805 jobs);
- Land Transport, Storage and Post (1,421 jobs);
- Accommodation and Food Services (751 jobs);
BACKGROUND PAPER 3 – ACHIEVING SUSTAINABLE ECONOMIC GROWTH IN LANCASTER DISTRICT

• Professional Services (911 jobs);
• Administration and Support Services (1,472 jobs); and
• Education (1,692 jobs).

8.24 Whilst the above highlights the sectors which are expected to experience the greatest levels of growth this is not the entire picture. There are a number of other sectors which are set out in Table 8.1 which will also experience modest growth with the plan period up to 2031. Cumulatively these will also have a significant positive effect on the job market within the district.

8.25 Overall the number of FTE (Full-Time Equivalent) jobs within the district stood at 44,192 jobs with an expected growth rate of 9,595 jobs through the plan period with an expected job number by the end of the plan period of 53,787 jobs. This is considered to be the baseline level of economic growth which can be achieved through the course of the plan period.

IMPACTS OF MAJOR PROJECTS ON FUTURE JOB GROWTH

8.26 The Experian data provides the Council with a strategic position on modelling future job growth within the District but does not (and cannot) fully consider the impacts of job growth resulting from specific policies, plans, programmes and initiatives within both the private and public sector. This could include interventions from the City Council, Lancashire Economic Partnership, Port of Heysham or Lancaster University. This would be best described as a ‘policy on’ approach. There are a number of examples within the District of these circumstances:

• The delivery of the Lancaster University Innovation Campus;
• The development and expansion of facilities at the Port of Heysham;
• Lancaster City Centre regeneration at Lancaster Canal Corridor North and Lancaster Castle;
• Expansion at existing employment areas within the District, particularly those in South Heysham which will benefit from greater accessibility to the Motorway from the M6 / Heysham Link Road.

8.27 Consideration was given to the whether the potential impacts on jobs for the decommissioning of reactors at Heysham 1 & 2 and the creation of a new reactor at Heysham 3 but, given the long term nature of this project, it would be unrealistic to anticipate what the level of impacts would be as they are unlikely to be addressed through this plan period up to 2031.

8.28 With this ‘policy on’ approach, which seeks to look at local projects and their impacts on the local job market, will provide a further level of detail on job growth which the Experian forecasting would not be able to achieve. In calculating the impact of job growth from such projects, information has been used to identify the gross number of jobs which could be created from each project using knowledge obtained from consultation, discussions with key stakeholders or through document review).

8.29 The Employment Land Review assessed the levels of impact from this ‘policy on’ approach and outlined a number of projects which will deliver further employment which is over and above the levels of employment growth which is expected via the Experian Forecasts. Sources of further job growth include:

• Elements of the Lancaster University Innovation Park, for example the proposed Later Life Innovation Hub and the SME Hotel;
Opportunities to attract new investment in support of energy production;
Additional jobs at the Port of Heysham in support of the additional freight services operating across the Irish Sea; and
Some elements of the Lancaster Canal Corridor Scheme, in particular the delivery of new business (office) facilities within the scheme.

<table>
<thead>
<tr>
<th>Land-Use Type</th>
<th>Gross Jobs</th>
<th>Net Jobs Including Multipliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>883</td>
<td>707</td>
</tr>
<tr>
<td>B2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B8</td>
<td>70</td>
<td>90</td>
</tr>
<tr>
<td>TOTAL</td>
<td>953</td>
<td>797</td>
</tr>
</tbody>
</table>

Table 8.2: Gross and Net Employment Potential of Projects / Sites
(Source: Development Economics, based on project information obtained by Turley)

8.30 As a totality, the schemes set out in paragraph 6.11 have the potential to introduce an additional number of 797 FTE jobs into the District as a result of this ‘policy on’ approach, these jobs will be above and beyond that set out through the Experian Forecasting. This ‘policy on’ approach, coupled with the baseline forecasts provided by Experian, are considered to be the baseline+ level of economic growth would could be achieved through the course of the plan period.

REFRESHING THE UNDERSTANDING OF THE EXPERIAN MODELLING

8.31 In updating understanding of future housing and economic needs, the Council sought to reappoint Turleys in autumn 2017. As set out in paragraph 8.25 it was concluded in the original Employment Land Review that 9,595 FTE jobs could be created through the course of the plan period, these Experian Forecasts anticipated strong job growth over the initial years of the plan period, but also growth to continue throughout.

8.32 A review of the latest available data from the Business Register and Employment Survey (BRES) confirms that Lancaster district has seen strong levels of job growth since the start of the plan period, as reflected in Figure 8.1 of this paper. Since 2011, this indicates that the district has seen 4,850 jobs created over the period to 2016. This accords relatively closely with:

8.33 This data suggests that job growth has also been an important driver of population growth within the district and has contributed to the notable improvement in economic indicators including the significant reduction in levels of unemployment.

8.34 In order to test the continued appropriate of the Experian Forecasts presented in the Employment Land Review, the 2017 update has made reference to the latest Experian forecasts released in December 2017. This suggests that 5,600 FTE jobs could be created over the period 2016 to 2031. This suggests that while the baseline level of economic growth may now be viewed as comparatively modest in terms of the forecast level of growth over the remainder of the plan period, the range represented by both the baseline and baseline+ approach remain reasonable forecasts for economic growth through the course of the plan period.
9. **EXISTING EMPLOYMENT LAND PORTFOLIO**

**THE NEED TO REVIEW AND ASSESS EXISTING ALLOCATED EMPLOYMENT SITES**

9.1 The Framework is very clear in paragraph 22 where it states that ‘planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land Allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses should be treated on their merits having particular regard to market signals and the relative need for different land uses to support sustainable communities.’

9.2 In line with National Planning Practice Guidance (NPPG) it is important that local planning authorities identify a future supply of land which is suitable, available and deliverable for economic development uses over the plan period. Identifying such a supply will enable the district to respond to business requirements and meet its objectively assessed development need for employment growth.

9.3 In determining this supply, the 2015 Employment Land Review considered the quality of all currently allocated employment sites within the district and the potential supply of suitable, available and deliverable sites over the plan period.

**METHODOLOGY FOR ASSESSMENT**

9.4 The assessment of existing allocated sites comprised two stages. Firstly it focused on assessing the suitability of existing employment areas and allocations. Whilst many of these sites continue to be featured within the Strategic Policies & Land Allocations DPD and are generally considered to be suitable locations for employment uses, the focus of the assessment is where circumstances have changed which would alter their suitability.

9.5 Having determined the overall suitability of the existing supply, Stage 2 considered in more detail those sites (or broad locations) with development potential and concludes with a detailed assessment of each respective site’s suitability, availability and achievability for economic development use over the plan-period.

9.6 A total of 24 existing allocated employment areas were identified by the Council and included within the assessment. A number of these areas were subsequently sub-divided to allow for a more comprehensive assessment. These sites are set out in Table 9.1 below:

<table>
<thead>
<tr>
<th>Site Name</th>
<th>Size (ha)</th>
<th>Site Name</th>
<th>Size (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancaster Science Park</td>
<td>9.7ha</td>
<td>White Lund Employment Area</td>
<td>87.2ha</td>
</tr>
<tr>
<td>White Cross Business Park</td>
<td>5.75ha</td>
<td>Mellishaw Lane North</td>
<td>7.4ha</td>
</tr>
<tr>
<td>Lancaster Business Park</td>
<td>10.7ha</td>
<td>Vickers Industrial Estate</td>
<td>6ha</td>
</tr>
<tr>
<td>Caton Road North</td>
<td>11ha</td>
<td>Lancaster West Business Park</td>
<td>28.3ha</td>
</tr>
<tr>
<td>Caton Road South</td>
<td>21.8ha</td>
<td>Major Industrial Estate</td>
<td>17.5ha</td>
</tr>
<tr>
<td>Lake Enterprise Park</td>
<td>1.1ha</td>
<td>Heysham Industrial Estate</td>
<td>19.5ha</td>
</tr>
<tr>
<td>Lune Industrial Estate</td>
<td>20.9ha</td>
<td>Royd Mill</td>
<td>2.1ha</td>
</tr>
<tr>
<td>Carnforth Business Park</td>
<td>8.25ha</td>
<td>Port of Heysham Employment Area</td>
<td>46.2ha</td>
</tr>
<tr>
<td>Kellet Road Employment Area</td>
<td>1.5ha</td>
<td>Galgate Mill</td>
<td>0.7ha</td>
</tr>
<tr>
<td>Scotland Road Employment Area</td>
<td>2.95ha</td>
<td>Glasson Dock Employment Area</td>
<td>2.8ha</td>
</tr>
<tr>
<td>Millhead, Carnforth</td>
<td>2.2ha</td>
<td>Cowan Bridge Employment Area</td>
<td>1.3ha</td>
</tr>
<tr>
<td>Carnforth Levels</td>
<td>2.6ha</td>
<td>Claufton Brickworks</td>
<td>7.3ha</td>
</tr>
<tr>
<td>Warton Road Employment Area</td>
<td>6ha</td>
<td>Hornby Industrial Estate</td>
<td>0.9ha</td>
</tr>
</tbody>
</table>

31
9.7 Each of the sites identified in Table 9.1 where assessed using the following factors:

- Location and proximity to urban areas, labour and services;
- Quality of surrounding building and external environment;
- Strategic access;
- Physical limitations and constraints that would act as a barrier to development;
- The impact of the site and potential future development on land uses and the character of the surrounding area;
- Contribution to regeneration priority areas;
- Appropriateness and attractiveness of the site for employment use;
- Site availability and ownership; and
- Planning Status.

9.8 The performance of each site (broad location) were assessed against the above criteria with a score applied ranging from 5 (very good) to 1 (very poor). The scoring was provided for illustrative purposes only to highlight the qualitative differences in each site (broad location). The headline results from this assessment are summarised in the table below.
Table 9.2: Summary of Assessment for Allocated Employment Areas within the Employment Land Review (2015)

<table>
<thead>
<tr>
<th>Location</th>
<th>Employment Area</th>
<th>Size (ha)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancaster</td>
<td>Lune Industrial Estate</td>
<td>20.9</td>
<td>28</td>
</tr>
<tr>
<td>Carnforth</td>
<td>Millhead, Warton Road</td>
<td>2.2</td>
<td>29</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>335.4</td>
<td></td>
</tr>
</tbody>
</table>

9.9 Table 9.2 identifies that the district (in general terms) exhibits a supply of good quality allocations and existing employment areas with the spatial distribution evenly spread across the main urban area and the key settlements within the district.

9.10 The district also exhibits a large number of average quality site. Whilst these site are generally responsive to local need and demand and, by their implication appropriate for future development use, they are scored less favourably against criteria relating to their overall quality, location and strategic access. A number of sites also exhibited physical limitations and constraints which limited their appeal when compared to other employment locations across the district.

9.11 Of the 29 employment areas assessed, three were considered to be lower quality and in need of investment. Employment areas which fell into this category included the Heysham Industrial Estate, Lune Industrial Estate and Millhead in Carnforth.

9.12 Further detail on the assessment of each site can be found within the Employment Land Review available at http://www.lancaster.gov.uk/planning/planning-policy/employment-studies.

MAINTAINING A REALISTIC EMPLOYMENT PORTFOLIO

9.13 In light of the assessment work, the Council are comfortable to retain a significant majority of the already established employment areas within the district and consider them to be reasonable to meet future employment need and demand. However, there are a number of sites which have now been omitted from employment allocation, or have been identified for a more diverse / flexible use which includes:

- **Land at Lodge Quarry, Lancaster Road, Carnforth (Rank 19):** A large portion of this site has been developed as a Tesco Foodstore with only a small number of employment units remaining to the rear of the site. The Council will continue to support their role for employment purposes but given the significant reduction in the overall employment footprint on the site it is no longer considered appropriate to retain a formal employment allocation for the site.

- **Former TDG Site, Warton Road, Carnforth (Rank 21):** Whilst an extant permission for employment uses remains the site has been identified as a ‘Development Opportunity Site’ under the Strategic Policies & Land Allocations DPD. This new allocation provides a greater flexibility over future uses of the site, retaining support for employment use but also providing scope for more commercial uses (linked to the adjacent town centre) and residential development.

- **Galgate Mill (Rank 25):** The eastern part of the Galgate Mill site has been re-designated as a ‘Development Opportunity Site’ to reflect the recent planning history for the site where a permission for student accommodation was granted on appeal. The new allocation reflects the recent permission and provides a greater flexibility over future uses for the site, including a wider range of residential uses and a retention of employment.

- **Heysham Industrial Estate (Rank 27):** Despite the recognition in the Employment Land Review of its poor quality, the Industrial Estate has been retained in the Strategic Policies & Land
Allocations DPD for employment purposes. The decision to retain this site is based on the fact that this area now forms part of the Heysham Gateway, an area of future strategic growth, due to improved access provided by the Bay Gateway.

- **Lune Industrial Estate (Rank 28)**: The conclusions of the Review have been reflected in the Strategic Policies & Land Allocations DPD where the site has been allocated as a ‘Development Opportunity Site’ which provides a more flexible approach towards the regeneration of the site for a range of uses which should be based on a comprehensive masterplan which seeks to address some of the long-standing issues which affect the site both directly and in-directly. The allocation continues to seek to promote opportunities for economic uses as the site is still home to a range of employment uses which viably trade from the site and provide economic value in the locality.

- **Millhead, Warton Road, Carnforth (Rank 29)**: The conclusions of the Review have been reflected in the Strategic Policies & Land Allocations DPD where the site has been removed from the historic employment designation. Whilst it is accepted that it is no longer reasonable to retain the site for employment uses, the significant flood risks associated with large portions of the site mean that designation for other types of development cannot be achieved easily. The Strategic Policies & Land Allocations DPD has therefore designated the site as a ‘Development Opportunity Site’ which has an emphasis on improvements for recreational purposes and to enhance the local natural environment. To achieve this the Council will support small levels of enabling development on areas which are not at significant risk of flooding.

9.14 The removal of these sites from the employment land portfolio (assuming that all sites which have been identified as ‘Development Opportunity Sites’ including no elements of employment use in the future) would lead to the loss of 32.2 hectares of employment land from the wider Employment Portfolio of 335.4 hectares, as highlighted by Table 9.3 below. This represents a loss of 10% from the wider supply.

<table>
<thead>
<tr>
<th>SITE NAME</th>
<th>SITE AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land at Lodge Quarry, Lancaster Road, Carnforth</td>
<td>2.6ha</td>
</tr>
<tr>
<td>Former TDG Site, Warton Road, Carnforth</td>
<td>6ha</td>
</tr>
<tr>
<td>Galgate Mill</td>
<td>0.5ha</td>
</tr>
<tr>
<td>Lune Industrial Estate</td>
<td>20.9ha</td>
</tr>
<tr>
<td>Millhead, Warton Road, Carnforth</td>
<td>2.2ha</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>32.2ha</strong></td>
</tr>
</tbody>
</table>

*Table 9.3: The Potential loss of Employment Land within the Strategic Policies & Land Allocations DPD*

9.15 The majority of sites where a more flexible approach has been advocated relate to sites which have historically been used for B2 General Industrial purposes of which the Employment Land considers there to be an over-supply of within the district, these matters are discussed in greater detail via Section 7 of this paper.
10. STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS TO THE LOCAL ECONOMY

10.1 The 2017 ‘Achieving Economic Potential’ report, which is discussed in more detail via Section 8 of this paper, sets out a SWOT analysis for the local economy for Lancaster District.

**STRENGTHS**

10.2 Lancaster is a well-known historic city which has historically been regarded as a centre for commerce, education and cultural activity. Today, Lancaster is known for its cultural assets, world-class university and a leading centre for energy. This district is also well positioned on the strategic highway network, strategic rail network and access to the Port of Heysham.

10.3 The district has a high-employment rate (highlighted in Figure 8.1) with 80.3% of the working age population in employment which is higher than the regional and national averages. The local population is well-skilled with average attainment levels. Gross weekly pay is higher in district than the regional average.

10.4 The district has a range of unique cultural and natural assets that attract visitors and provide a good quality environment for its residents. Lancaster Castle is a key focus for the heritage of Lancaster which is current part of ongoing regeneration to boost its cultural heritage offer. Regeneration of Central Morecambe and Central Lancaster also provide opportunities to enhance the cultural offer of the major centres of the district.

10.5 The district includes two Areas of Outstanding Natural Beauty (Arnside & Silverdale and Forest of Bowland) and is on the doorstep of two National Parks (Lake District and the Yorkshire Dales). The district is also located on the shores of Morecambe Bay which is a significant visitor attraction. Lancaster University is particularly well-regarded and is regularly in the top ten universities within the UK. Together these institutions attract in the region of 21,000 students from across the world. There has been significant investment from Lancaster University to improve education facilities on campus and work is expected to imminently commence on the Lancaster University Health Innovation Campus.

10.6 The Heysham-M6 Link Road (the Bay Gateway) opened in October 2016 which provides direct access between Junction 34 of the M6 and the Port of Heysham. The new road has improved journey times onto the Heysham Peninsula and improved traffic congestion on routes between the motorway and the Morecambe / Heysham area. It is anticipated that such improvements will trigger further growth of port operations and associated businesses.

**WEAKNESSES**

10.7 Within Lancashire, the district is recognised as an ‘economic hotspot’\(^{32}\). However, in a wider North West perspective the district is not yet well recognised with the Northern Powerhouse narrative which focuses on the core northern cities of Manchester, Liverpool, Leeds, Sheffield and Newcastle.

\(^{32}\) Lancashire Local Enterprise Partnership, Strategic Economic Plan 2014
10.8 The 2015 ‘Achieving Economic Potential’ Report noted low levels of entrepreneurship and new business formation as a weakness. Lancaster district’s business base is growth, with 9.1% growth in small and micro businesses between 2010 and 2016, however this still lags behind Lancashire (9.9%) and significantly behind the rest of the UK (22.3%). The consequence of low business start-ups is a lack of diversity in the economy, a large concentration of employment in large firms could present a resilience problem in that if large employers were to leave the area the consequences to the local economy could be magnified.

10.9 Specifically the need for more high-quality office space has been highlighted through consultation with stakeholders. In the context of Brexit negotiations stakeholders have raised concerns that offers from European competitors of free short-term office space and housing opportunities could tempt local businesses to relocate outside of the area. This highlights the increasingly competitive nature of cities to attract new business investment.

10.10 As highlighted in Section 6 of this paper, Lancaster District has an aging population. By 2031, a continuation of demographic trends would result in 24% of the population being 65 or over, whereas those under 15 will account for 17% of the population. This could result in the district facing a constrained labour market with particular importance on retaining young people in the district and seeking to attract economically active people to the district.

10.11 Despite numerous assets and strengths, the district remains relatively little known in terms of prospective businesses, residents and visitors. Enhancing the districts ‘narrative’ in an increasingly competitive environment will be essential in order to attract business, residents, visitors and investment. In relation to tourism, the district is still missing out on capturing large numbers of tourists that already travel to nearby areas – such as the Lake District. The latest data from Visit England shows hat in 2015 the County of Lancashire attracted 64 million visitors, who contributed £3.8 billion to the local economy and help support 56,551 jobs\(^33\). In comparison, in 2010, 6.5 million visitors came to the district (specifically Lancaster) creating £3.3 million in visitor expenditure and supporting 5,000 full time jobs\(^34\). Considering the proximity to other popular visitor attractions, specifically the Lake District, the proportion of tourists that could visit this area could be significantly higher.

**OPPORTUNITIES**

10.12 The district has already established a reputation as a leading centre for energy production, in particular via the Heysham Nuclear Power Station. The area is in close proximity to the Nuclear Decommissioning Authority Sites and Britain’s Energy Coast. There could be opportunities in the future to plan a greater role in the Energy Coast particularly in relation to the offshore wind sector. The UK Government are increasingly supportive of a move towards a low-carbon economy and renewable sources of energy production which may increase the district’s opportunity to develop in this sector.

10.13 Advanced manufacturing is also projected to grow in Lancashire, following consultation with the Lancashire Economic Partnership, their forthcoming Strategic Economic Plan will place an increased emphasis on this sector. Lancaster University are currently establishing links with Sheffield University on a joint proposal for a ‘Northern Advanced Manufacturing Corridor’ with Sheffield taking a lead on

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\(^{33}\) Marketing Lancashire  
\(^{34}\) Lancaster City Council
engineering and manufacturing and Lancaster leading on the roles of leadership and management with specialisms relating to advanced manufacturing industries.

10.14 The creation of a Health Innovation Campus in South Lancaster will provide an opportunity for a transformational role for the district by establishing Lancaster as a centre for health-related research and innovation. The district will need to position itself to take advantage of these forthcoming opportunities as these sectors are likely to generate high-value employment in the district.

10.15 The digital sector has been growing steadily over recent years, stakeholder consultation associated with the 2017 'Achieving Economic Potential’ report revealed that there are four main employers in the district which collectively employ 400 people as well as 27 smaller digital firms. These businesses tend to specialise in development particularly in relation to commerce and e-marketing. Collaboration between partners is also emerging, for example digital Lancashire and Lancaster University are working on opportunities to link existing tech and digital firms in relation to the forthcoming Health Innovation Campus.

10.16 The recently completed Bay Gateway has delivered improved accessibility to the port, enabling operational certainty for port-related logistics and associated business (such as haulage). Consultation with stakeholders in 2017 indicated that this will enhance the attractiveness of Heysham as a business location. Furthermore, trade links with the Republic of Ireland and Northern Ireland could be strengthened which could provide advantageous in a post Brexit UK.

10.17 The demographic challenges that the district faces are well documented in this paper. However, this can be addressed by planning positively for growth and expansion of the workforce. The district has opportunities to do this through attempting to maximise opportunities for housing delivery through the local plan process. Furthermore improving the cultural, leisure and commercial offer within the district’s main urban centres will also increase the attractiveness of the district for younger people.

10.18 Lancaster City Centre is an under-invested asset. Since 2015 report there have been several important investments in the city centre which are tangibly affecting and contributing to increased footfall (for example the new Primark). However, more could be done – particularly around the regeneration of the Lancaster Canal Corridor which has the opportunity to introduce further commercial, cultural and business opportunities for the City Centre.

10.19 The visitor economy is already an important part of the district’s economy and has the potential to make an even more significant contribution. There are opportunities to package and promote cultural and tourism assets within the district as well as tapping into a greater share of the visitor market within Lancashire and Cumbria. There is also an opportunity to work more closely with stakeholders to improve the visitor offer within the district.

THREATS

10.20 As negotiations of the UK’s withdrawal from the European Union continue, it is not clear what the likely outcome will be for the district. Therefore the impact on the country’s economy as well as the local impact on the district’s economy is, at this time, unknown. The impacts of ‘Brexit’ were discussed with stakeholders in 2017 to inform the ‘Achieving Economic Potential’ report and a range of concerns were expressed relating to matters such as workforce, supply chain relationship and investment. Although acknowledging these uncertainties, some stakeholders did not the potential
opportunities arising from Brexit, particularly the relation to the gateway role that the district could potentially plan to the UK through the Port of Heysham.

10.21 As previously noted, the district has a significant reliance on large employers and there is a relatively low business start-up rate compared to the wider region and the UK as a whole. There is a need to consider how further diversification can be supported for employment across all sectors. The provision of suitable and affordable office space has been noted to be a particular concern for small businesses in the area which could potentially hinder small business growth in the future.

10.22 Ensuring the resilience of the district’s power and utilities infrastructure to events such as flooding is critical to business continuity. This highlights the importance of investment in projects such as the Caton Road Flood Protection Works which are designated to protect the district’s power supplies for businesses and residents.

11. IMPLICATIONS ON THE LOCAL PLAN FOR LANCASTER DISTRICT 2011 – 2031

11.1 In preparing the Strategic Policies & Land Allocations DPD and the Development Management DPD the Council have sought to prepare planning policy and allocations which are in accordance with paragraph 21 of the Framework.

11.2 The Local Plan seeks to plan positively with regard to the promotion of economic growth, seeking to provide opportunities for job creation and investment within the district to the benefit of the local economy through the plan period. The Council have made a series of allocations, through the retention of existing employment areas and the expansion or creation of new areas, to facilitate evidenced opportunities for economic growth to take place. The policies of the Development Management DPD will seek to manage future economic development in terms of both the creation and the potential loss of, employment land and premises.

MAINTAINING AN APPROPRIATE EMPLOYMENT LAND PORTFOLIO

11.3 It is important that the Council seek to maintain a balanced employment land portfolio which provides economic opportunities across the district for a variety of different economic sectors, from high quality business parks through to general industrial areas. It is important that employment land identified within the portfolio currently being used for employment purposes or is vacant with a reasonable expectation that it can be used for employment purposes in the future, in accordance with paragraph 22 of the Framework.

11.4 The 2015 Employment Land Review involved an assessment of all allocated employment areas within the district which assessed all sites against a number of sustainability criteria which is discussed in more detail in section 9 of this paper. In preparing the Strategic Policies & Land Allocations DPD the Council have been mindful of the results of this assessment and the allocations made have reflected its outcomes.

11.5 As a result the Council have sought to de-allocate or diversify the uses permitted on a number of sites identified to be of a lower quality. This has included the de-allocation of land a Millhead, Warton Road, Carnforth and taking a more flexible approach to the regeneration of land at Lune Industrial Estate. Despite being scored poorly, the Council have sought to retain the employment allocation at Heysham Industrial Estate due to its position within the Heysham Gateway area and
the expectation that following the opening of the Bay Gateway this area will become economically more attractive.

11.6 The Council are therefore confident that the employment land portfolio identified in Policy EC1 of the Strategic Policies & Land Allocations DPD provides sufficient opportunity for economic growth in accordance with national planning policy.

**TAKING ADVANTAGE OF LANCASTER’S STRATEGIC POSITION**

11.7 As described, Lancaster holds a strategic position on the UK’s strategic transport network – the M6, West Coast Mainline and Port of Heysham. The linkages between these connections have been enhanced further through the completion of the Bay Gateway.

11.8 The new road has presented significant opportunities for economic growth arising from improved connectivity and accessibility along the Gateway. This has been reflected in recent investment s in the area, none more significant than the investment made by Peel Ports to up infrastructure in place to increase the number of services which can operate in and out of Heysham Port.

11.9 Through the Local Plan the Council see significant opportunities in the regeneration and investment in the South Heysham area. This location already as a range of employment sites including Lancaster West Business Park, Major Industrial Estate, Heysham Industrial Estate, Royd Mill and a range of other sites which are associated with electrical infrastructure. The Council consider this already established area now has the opportunity for economic growth, renewal and expansion to take advantage of its improved accessibility.

11.10 The strategic direction for economic growth, as described in Policies SP4 and SP5 of the Strategic Policies & Land Allocations DPD, highlight the importance of this area for economic growth providing opportunities for expansion of port related facilities and generate opportunities for growth in B1, B2 and B8 uses, particularly targeting opportunities to deliver economic growth I the energy related sectors which are also beginning to establish themselves in this area.

11.11 Whilst some of the existing employment sites require significant regeneration and investment, as highlighted in the findings of the Employment Land Review (and summaries in Section XX of this paper), the Council are working in partnership with private land owners to ensure that opportunities for regeneration are taken. It is important to note that both the City Council and Lancashire County Council are significant landowners in this area and therefore availability of land and deliverability issues can be reasonably addressed. The ownership of the land in this area also provides the opportunity for the Council to investigation the development of their own units to assist with small business start-ups.

11.12 In order to deliver new economic growth the Council recognise that key issues must be addressed to achieve sustainable development. With regard to infrastructure, new infrastructure will be expected to improve the road network in the Gateway area, specifically completing the link of Imperial Road to link with Middleton Road and provide appropriate junction arrangements.

11.13 Given the nature of the uses in this area it is also important that environment considerations are at the fore. Middleton Nature Reserve is already recognised for its environmental value and opportunities to enhance these facilities further should be investigated through new development proposals. The location of the Bay Gateway in close proximity to Morecambe Bay means that new
development must consider any direct and/or indirect impacts on this Internationally Designated area. Particular focus will be given to the local impacts on air quality with mitigation measures potentially required for some uses.

11.14 Beyond proposals at Heysham Gateway, the Local Plan seeks to maximise other opportunities for economic growth along the Bay Gateway including the provision of land at the North Lancashire Strategic Site for growth B1 uses at a new business park and an expansion of bulky goods retail provision at the Sunnyciffe Retail Park. Further growth along the route is significantly restricted due to the presence of important Green Belt to the north of Lancaster and flood risk on land to the east of Heysham.

ADDRESSING KEY GROWTH SECTORS

11.15 As identified in both the Strategic Economic Plan for Lancashire and the ‘Achieving Economic Growth Potential’ update of 2017, there are clear economic sectors which Lancaster District should seek to take advantage of through the course of the plan period. In particular, focus should be on the opportunities for expansion in the health, energy, digital and advanced manufacturing sectors.

11.16 Maintaining a strong employment land portfolio is accessible locations which have good links to centres of higher education will be important to ensure that the linkages between business and centres of learning are maximised and local skills match the types of jobs created in the district.

11.17 Whilst Heysham Gateway provides opportunities in some of the sectors described above, in particular energy and advanced manufacturing, the local plan must identify opportunities for the health and digital sectors to grow. As described in this background paper the development of a Health Innovation Campus on land adjacent to Lancaster University will have significant economic benefits not just locally but regionally. The creation of a high quality campus business park will provide opportunities not merely for growth in the health / medical sector but also other linked knowledge-based sectors such as the digital sectors.

SUPPORTING THE RURAL ECONOMY

11.18 A large portion of the district is rural in nature, with large areas of land to the east of the M6 motorway contained within the Forest of Bowland Area of Outstanding Beauty. The economy in this area is predominantly land-based with a number of agricultural, forestry and mineral operations being located in this area.

11.19 The Council have sought to retain a number of small-scale employment sites being located in the rural settlements of the district, including Caton, Galgate, Halton, Hornby, Glasson and Cowan Bridge. As identified in the 2015 Employment Land Review, the Council believe that these sites still represent viable employment sites which can play a significant role in the rural economy through the life of the plan.

11.20 To supplement these existing sites, which are scattered across the district, the Council have identified land at Junction 33 for a new Agri-Business Centre which is expected to act as a hub for the rural economy. The core elements of the new Business Centre will be the re-location of the Lancaster Auction Mart from its existing location on Wyresdale Road, Lancaster (which in turn will be available for new housing). The re-location of the Auction Mart to this location will provide the catalyst for a rural business part, which offers good access to the M6 via Junction 33, to become a wider focus for rural business growth.
11.21 The Agri-Business Centre will be reserved for business and industry which is specially related to the rural economy and rural enterprise. The Local Plan seeks to provide clear restrictions on the types of use which should be avoided on the site, including leisure uses or retail unless such uses are clearly ancillary to the wider business uses on the site.

11.22 It is hoped that via the retention of existing rural business sites and the creation of a new hub for the rural economy in very accessible location, that opportunities for growth and support within the rural economy can be achieved through the plan period.

**LANCASTER CITY CENTRE**

11.23 A key commercial hub for the district, Lancaster has a range of economic opportunities which will seek re-enforce Lancaster’s role as centre of sub-regional importance. Regeneration of Lancaster Canal Corridor will seek to improve the district’s commercial offer (in retail, leisure and cultural terms) and also seek to improve wider employment opportunities within the town. The regeneration of this area which seek a flexible approach to ensure that job growth opportunities are maximised and the range of uses which will be delivered will be diverse and appear to a wide range of the local community.

11.24 Wider growth in the city centre has a range of interlinkages and relationships, the Council are committed to working with the County Council in delivering improvements and a step-change in traffic movements through the City Centre to improve the wider environment and amenity of the area and provide a high quality environment for users of the city centre, with a particular focus on reducing air pollution levels (Lancaster City Centre is currently an AQMA).

11.25 The Council are committed to working with the Duchy of Lancaster in the sensitive regeneration and re-use of Lancaster Castle to maximise its potential as a visitor assets and raise the profile of the city as a major tourist destination. In order to achieve this the Council are working closely on improving the marketing of city and improving the tourism potential of the wider city centre, for example improving the museum and arts of offer in the city.