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Dear Mr Raine/Ms Spender

ADVICE RELATING TO IMPLICATIONS OF COVID-19 IMPACTS, AND SUBSEQUENT MACROECONOMIC EVENTS, ON THE EMPLOYMENT LAND EVIDENCE BASE OF BLAENAU GWENT

Introduction
BE Group provides this advice to assess the potential impacts that the Covid-19 Pandemic, and subsequent macroeconomic changes have had on the employment land and premises market in Blaenau Gwent. In 2019 BE Group produced the Employment Land Study (ELS) for Blaenau Gwent County Borough Council. The report is part of the evidence base for the preparation of Blaenau Gwent's Replacement Local Development Plan and was prepared in parallel with the Regional (Larger than Local) Employment Study (RES) for Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen (also prepared by BE Group).

In July 2020, Welsh Government issued a letter to local authority leaders and chief executives emphasising the importance of the planning system and therefore requesting that they reflect on the impact of the pandemic in their areas for local development plans. Welsh Government has asked that an assessment be undertaken of the evidence base behind planning documents, particularly surrounding viability and economic forecasts. Conclusions should then be reached on the need for new evidence before plans are progressed further.

In light of this, and the changes in the national economy which have occurred since 2020, BE Group has been commissioned by Blaenau Gwent County Borough Council to review the ELS and the Regional Study and provide comment on the on-going validity of the key findings and recommendations of those reports.

Our methodology for undertaking this review has been:

- Review the latest data available on the local employment and economy
- Review sectoral responses and exposures to the post 2020 economic issues
- Assess Blaenau Gwent's particular exposure to such economic issues
- In light of the above, review the forecasts of employment land and floorspace in Blaenau Gwent in the ELS and the wider RES
- Review the findings and recommendations of the ELS and the RES.

Macroeconomic Change Since 2019

Whilst the Covid-19 Pandemic has passed, its impacts over the longer term are less certain, most pertinently in relation to the upward curve of the recovery from the economic slowdown following the Pandemic. Evidence has been gathered to show the short-term impact of the Covid-19 Pandemic upon Blaenau Gwent and the wider areas. The medium-to-long term impacts are beginning to be realised and so these impacts on the wider economy will also be analysed.

Short-Term Impacts of the Covid-19 Pandemic

Figures from the Office for National Statistics (ONS) show that the number of people claiming out of work benefits nearly doubled over March to July 2020, from 1,750 to 3,140 in Blaenau Gwent, rising from 4.0 percent to 7.2 percent of the 16-64 year old population. In March 2020, Blaenau Gwent's claimant count was above the Welsh and Great Britain average of 3.1 percent. As of July, the proportion claiming benefits was also above the Welsh and British average of 6.2 and 6.5 percent, respectively. July 2020 represents the height of the number of claimants in the period since the pandemic began. Since then, the number of claimants has gradually fallen back to the levels observed pre-Pandemic, with latest figures showing that there were 1,740 claimants in December 2022 i.e., nearly identical to the March 2020 number.

The Coronavirus Job Retention Scheme (furlough scheme) protected some jobs during the lockdowns, including in Blaenau Gwent. Unemployment would have been higher if not for the scheme, therefore the number and proportion of benefit claimants would be higher. His Majesty's Revenue and Customs (HMRC) data on the furlough scheme shows that for July 2020 some 8,700 jobs were furloughed in Blaenau Gwent, approximately 30 percent of eligible jobs. This was in line with the Welsh average of 31 percent.

Across Wales, the employment sectors with the largest proportions of their jobs furloughed, as of July 2020, were accommodation and food services (78 percent of jobs in the sector), arts, entertainment, recreation and other services (77 percent) and construction (62 percent). As of the 2020 Business Register and Employment Survey (BRES) data, Blaenau Gwent's employment in these sectors, as a proportion of total jobs was a modest 6.9 percent for accommodation and food services, 2.8 percent for arts and 4.4 percent for construction. By comparison, the largest employment sectors in Blaenau Gwent, in 2020, were manufacturing, wholesale and retail trade and health, which accounted for 22.2 percent, 13.9 percent and 12.5 percent of employment, respectively. At the peak of the Pandemic, July 2020, Wales saw 42 percent of the manufacturing workforce furloughed, but unsurprisingly only 9.0 percent of the health workforce had claimed Coronavirus Job Retention benefits.

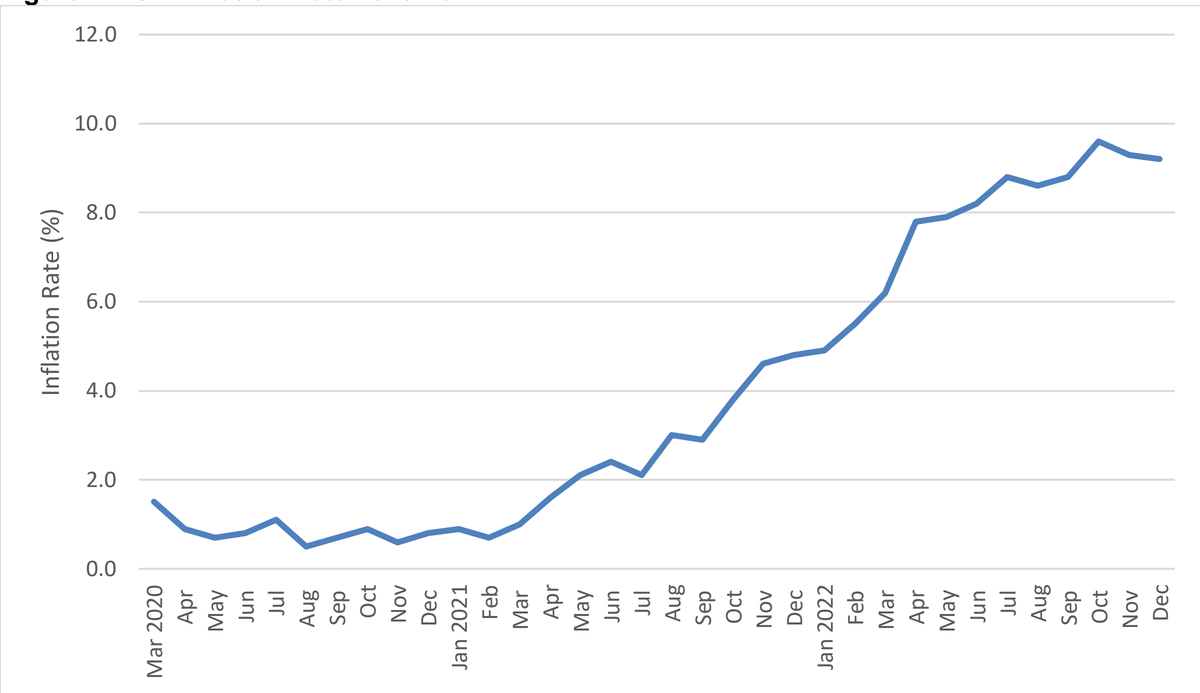
The socio-economic data suggests that Blaenau Gwent was significantly impacted by the lockdowns, with an increase in unemployment which was high in the Welsh and British context. By business sector, Blaenau Gwent is not particularly dependant on sectors such as accommodation and food services which saw most of their workforces furloughed over March-August 2020. However, manufacturing, which saw 42 percent of its workforce in Wales furloughed over spring/summer 2020, does have a strong role in the local economy.

Medium/Long-Term Impacts

The latest claimant count data shows that, although Blaenau Gwent has returned to the number of claimants observed pre-Covid, the proportion of claimants is still the second highest in the Cardiff Capital Region (CCR), after Newport, at 4.0 percent as of the end of 2022. The 2021 Census also demonstrated the higher-than-average unemployment levels in Blaenau Gwent compared to the rest of the CCR. At that time, summer 2021, the County Borough had the second highest unemployment rate, 2.9 percent, with only Newport having a higher rate at 3.0 percent. This illustrates that high unemployment levels remain a persistent issue in Blaenau Gwent even post the Covid-19 Pandemic.

In 2021, 2022, and on into 2023, increasing rates of inflation have been a national concern. A multitude of factors, including the economic measures implemented during the Covid-19 Pandemic and the Ukraine conflict, have resulted in record high rates of inflation measured in the last two and a half years. The Office of National Statistics (ONS) keeps a monthly record of the inflation rate in the UK using the Consumer Prices Index, including owner occupiers' housing costs (CPIH). Figure 1 shows the change in the inflation rate from the onset of the Covid-19 Pandemic up until December 2022, with sharp rises from around March 2021, peaking at 9.6 percent in October 2022.

Figure 1 – UK Inflation Rate 2020-2022



Source: CPIH, 2023

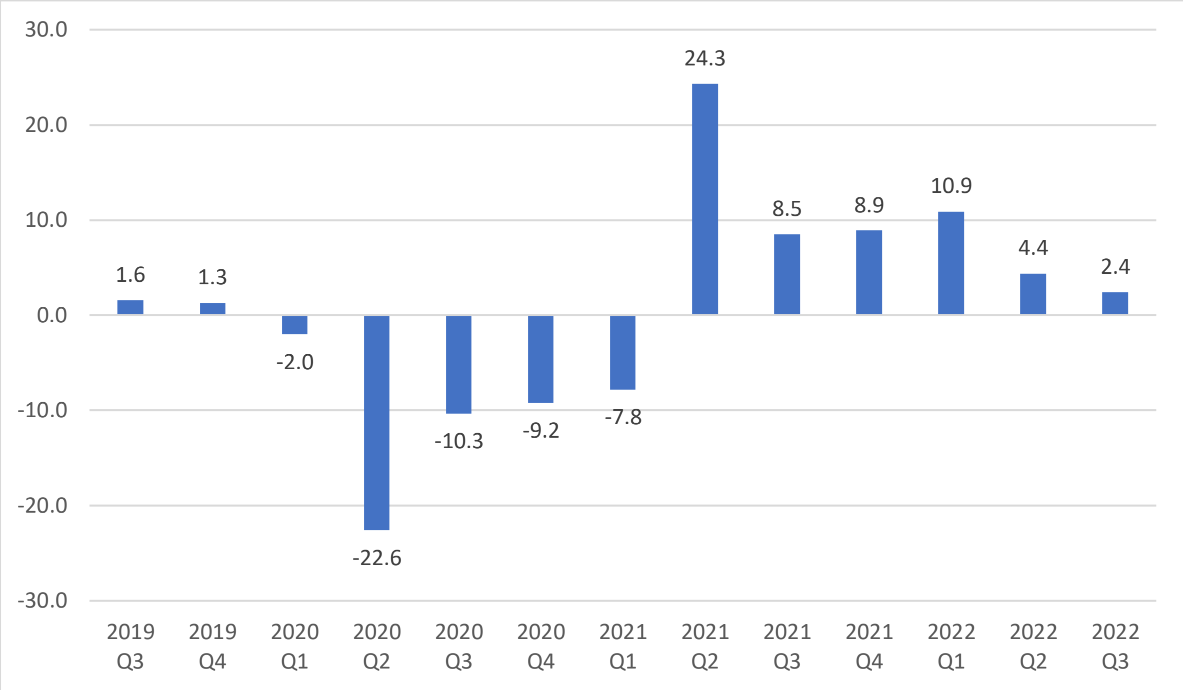
Quickly rising prices will reduce the purchasing power and disposable incomes of consumers and thus reduce saving capabilities. Relevant impacts will include reduced purchases of goods and services, impacting on the retail, leisure, wholesale and manufacturing sectors. Additionally, inflation is increasing construction costs which can impact on development viability while any growth in interest rates, undertaken to mitigate inflation, will increase the costs of commercial development finance.

All of these factors may serve to limit development in Blaenau Gwent, although only in the short term. Bank of England projections anticipate that an inflation rate of over 10 percent will continue in Quarter (Q) 1 of 2023 before a sharp decline is observed in Q2/Q3.

Another measure of the economic health of the UK is in its quarterly Gross Domestic Product (GDP) change. Figure 2 illustrates GDP change from Q 3 of 2019 to Q 3 of 2022. It shows the impacts of the Covid-19 Pandemic in 2020, with GDP in Q2 2020 being -22.6 percent as large parts of the economy locked down to control the spread of Covid-19. GDP remained suppressed until Q2 2021 when a big rebound in economic activity, to +24.3 percent was noted. GDP growth was more muted in 2022, ending at +2.4 percent in Q3 2022.

Moving forward, recent International Monetary Fund (IMF) reports on G7 growth suggest that the British economy would shrink by 0.5 percent between the final quarter of 2022 and the final quarter of 2023. The UK is the only G7 economy projected to see negative economic growth. This is a result of reduced UK household spending due to increased taxes, high energy prices and rising mortgage costs.

Figure 2 – GDP Change 2019-2022



Source: ONS, 2023

Thus, an economic downturn appears likely in 2022/2023 driven, at least in part, by inflationary pressures. However, if the impacts of inflation do reduce in the second half of 2023 it does at least allow for the possibility of a more rapid economic recovery in 2024.

B-Class Employment Uses

Specifically for the ELS, it is important to understand the likely implications for sectors and businesses that use B-Class employment land and premises – offices, factories and warehouses. These use types are likely to be impacted differently, both in the immediate term and emerging from the downturn.

B1 Offices

During the 2020-2021 lockdowns, office-based firms adjusted to being able to work remotely. Since restrictions ended in early 2022, evidence is that the majority of office based businesses continue to offer at least hybrid working options to some of their staff, i.e., allowing them to spend some of the working week at home, some in the office. Indeed, the Welsh Government's new ambition is to encourage 30 percent homeworking across Wales to help preserve some of the sustainability benefits seen during the Pandemic with reduced travel to work patterns.

Reflecting this trend towards hybrid working, businesses are increasingly seeking flexibility in their office accommodation, i.e., the ability to increase or decrease the amount of floorspace they occupy with relatively short notice, to meet changing staffing requirements. This new way of working favours serviced offices, co-working spaces and similar models over unserviced options. Serviced business facilities have been one area of growth in 2022, frequently delivered with public sector support, and this is likely to continue into the future.

For larger floorplate offices, the picture is mixed. In the light of changing working practices, established businesses have reviewed their long-term accommodation needs leading to a rationalisation of space with poorer quality accommodation returning to the market, while more modern offices are taken up.

During, and immediately after the Covid-19 Pandemic, there was a view that ongoing expectations in regard to safety and social distancing would encourage established businesses to seek space outside of dense city and town centres. This would benefit business parks in peripheral locations like Blaenau Gwent where larger floorplate space could be offered closer to where workers live, minimising the need to use urban public transport. Property agents report that while some such relocations, from Cardiff and Newport, have occurred, Cardiff remains a major draw for office based businesses. Investors and developers continue to show faith in the city and new development continues to push on with L&G completing Central Square in 2022 and JR Smart advancing further plans for mixed-use development at Brains Brewery site on the back of their past successes. Thus, the benefits to Blaenau Gwent from such decentralising trends are likely to be modest, particularly with other nearby settlements such as Cwmbran, Caerphilly and Merthyr Tydfil competing for the requirements which do emerge.

Outside of prime city centre plots viability constraints make the delivery of new build office schemes challenging, without a pre-let/pre-sale to an occupier or public sector support. Viability became even more of an issue in 2022 as inflation has pushed up construction costs against rents. Large scale, private sector office development is thus unlikely in Blaenau Gwent in 2023 and for the foreseeable future.

However, as mentioned, there is still a market for smaller and particularly serviced offices, to meet micro business needs. The County Borough saw good growth in office sectors both before and during, the Covid-19 Pandemic. According to BRES data, over 2015-2021 Blaenau Gwent gained 1,105 jobs in private office based sectors, nearly three quarters of which (800) were in Business administration and support services. Overall, the number of people employed in private office sectors increased from 1,520 in 2015 to 2,525 in 2021, a net increase of two thirds or 1,005 jobs (net of losses in Property and Professional services).

The County Borough also gained 20 private office based businesses, in a number of sectors, over the same period. This represented 8.5 percent growth on the 2015 number of private office sector businesses, 235.

B2 General Industry

In spite of some interruptions to operations, from lockdown restrictions, manufacturing businesses boomed over 2020-2021 driven by growing e-commerce. Despite economic uncertainties, the industrial market remained strong in 2022. In its *'LOGC: Wales Q3 2022 (October 2022)'* report, Knight Frank noted that in the third quarter of 2022, Wales saw 1.3 million sqft (121,000 sqm) taken up, in units of more than 5,000 sqm. This was 3.5 times higher than the take up rate in the first two quarters of 2022 combined.

Most large industrial transactions in 2022 were for second hand space, with a shortage of new build accommodation reported across Wales. That was expected to change somewhat in 2023 with large new developments commencing in Newport and at Pencoed Technology Park, Bridgend.

Across Wales, availability of units greater than 5,000 sqm in size totalled 4.2 million sqft (390,000 sqm) at the end of Q 3 2022, although 38 percent of this comprised the vacant former Ford facility at Bridgend. The national vacancy rate stood at 9.9 percent, reduced from 13.8 percent in the third quarter of 2021.

At the local scale, agents report good demand, across the Cardiff Capital Region, for industrial units of up to 2,000 sqm each. Small flexible workshop units up to 150 sqm each are particularly needed. Over 2015-2021, Blaenau Gwent gained 20 manufacturing businesses and 55 construction businesses, giving 2021 business totals of 135 and 210 respectively. This growth in business numbers occurred despite recorded employment reductions of 500 jobs in manufacturing, to a total of 4,000 in 2021, and 350 jobs in Construction, to a total of 450 in 2021, according to BRES.

2020 Valuation Office data on total County Borough stock ("Non-domestic rating: stock of properties including business floorspace, 2022") indicated that, as of March 2022, there was 520,000 sqm of industrial floorspace in Blaenau Gwent, comprising 810 individual units. As of February 2023, there was 8,636 sqm of industrial floorspace vacant and on the market in the County Borough, in nine units according to EGi Radius data. This gave an occupancy rate, for Blaenau Gwent, of 98.3 percent by floorspace and 98.9 percent by units. High occupancy rates (above 90-95 percent) are an indicator of supply shortfall, and businesses having difficulty in finding premises and make it important to protect existing stock, particularly in high demand locations.

Demand for premises thus remains strong, both nationally and locally, while the stock of property available to meet needs is limited. If a prolonged national downturn does occur in the UK from 2023 onwards it will inevitably reduce market demand somewhat, although this will not affect all business sectors equally. Vulnerable sectors are likely to include aerospace and particularly automotive, which has already been impacted by the loss of the Tier 1 Ford production plant at Bridgend in 2020 and the closure of the Honda factory in Swindon in 2021. Blaenau Gwent and neighbouring Torfaen are home to an established cluster of automotive suppliers including Continental Teves and Freudenberg Performance Materials at Ebbw Vale. Other sectors, such as energy, recycling, food production and medical, producing more 'essential' goods will likely prove more durable, offsetting losses elsewhere and maintaining reasonable rates of demand and occupancy. Blaenau Gwent is home to businesses in all these sectors, focused along the A465 Head of the Valleys Road Corridor.

B8 Warehousing
Demand for logistics premises increased significantly in 2020-2021 in response to the substantial changes in consumer behaviour leading up to and during the lockdowns, including spikes in demand for certain consumer items and increasing use of online retailing. Demand remained strong in 2022. In its 'Big Shed Briefing (July 2022)' Savills recorded 3.49 million sqft (324,000 sqm) of take up in the first half of 2022, in South Wales and the South West, comprising 15 logistics units of more than 10,000 sqm each. This was 37 percent above the long term annual average in the region with transactions focused on higher grade and 'build to suit' space, of 10,000-20,000 sqm each. The majority of demand came from retailers.

Against this demand, just 10,500 sqm was under construction as of summer 2022, across South Wales and the South West, although several other schemes were seeking planning at that time. Supply had fallen to the lowest level since 2019, reflecting an occupancy rate of 94.11 percent.

In the Cardiff Capital Region, the focus for the strategic logistics market remains on the M4 corridor around Chepstow and Newport and east of the congested Brynglas Tunnels more generally. In Blaenau Gwent, larger units are most frequently in B2 uses, albeit often with an element of B8 distribution allowing for self-distribution of completed products and goods. The A465 remains a significant route for accessing the Midlands for such businesses and has benefited from a number of highways investments in recent years. An improving Heads of the Valleys route could encourage logistics businesses to invest into the established industrial estates of this route, moving forward.

As of 2021, there were 135 transport and storage businesses in Blaenau Gwent, increased by 60, or an 80 percent gain on 2015. This suggests a strongly growing local market in the transport and storge sector, in recent years. Perhaps surprisingly given this growth, BRES recorded a drop of 100 jobs in this sector, over the same period, to 400 in 2021.

Overview of the Blaenau Gwent Employment Land Study

The ELS was prepared in 2019, with the final report presented in October 2019. The planning timeframe for the ELS was 2018-2033. The report was prepared in line with Welsh Government guidelines, specifically *Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan.* In preparing this report, BE Group undertook the following:

- Reviewed the Welsh Government, regional and local policies of relevance to the demand and need for employment land in Blaenau Gwent over the forecasting period
- Assessed the socio-economic characteristics of the County Borough, with a particular focus on the characteristics of the local workforce
- Reviewed the local and regional commercial property market, identifying areas of demand
- Assessed the existing employment allocations, including their potential and likelihood for development for employment uses.
- Reviewed Blaenau Gwent's 21 main Employment Areas to provide guidance as to their continued viability and options for growth/redevelopment.
- Employment land and premises need was forecasted over the planning period, using past employment land take-up rates and labour demand (Oxford Economics forecasts). To allow for the impact of the Ebbw Vale Enterprise Zone, a 'policy on' version of the labour demand model was also provided
- Recommendations for the quantity, types and delivery of employment land and premises were prepared as inputs to the Replacement LDP.

For the forecasts of employment land and premises (see Chapter 7.0 of the ELS), two methodologies were used – past employment take-up rates (Practice Guidance Method One: Past Building Completions) and employment (Practice Guidance Method Two: Labour Demand Forecasting Policy On and Policy Off). The results of these three approaches were critiqued in the report.

Practice Guidance Method One: Past Building Completions used on the ground data but was a simple extrapolation of this past data, a forward projection of the previous 11 years of employment land take up in the County Borough. It thus showed what land need would look like if local growth patterns continued unchanged to 2033, including periods of economic growth and recession, as had occurred in the previous 11 years. Accordingly, it was considered to be the minimum land requirement for Blaenau Gwent, a need of **9.54 ha** with a buffer for flexibility and choice for businesses, and to allow for future land loss.

Practice Guidance Method Two: Labour Demand Forecasting (Policy Off) showed how forecast jobs change in different sectors will influence demand but assumed that employment densities will be constant within a sector over the forecast period. In practice, employment levels can change substantially within a business without a change in the floorspace demand, as businesses adapt their operations within their existing premises to the requirements of social distancing, hybrid working and other recent changes in working practice.

However, the County Borough is seeking to achieve economic growth above its norm. Although some of the criticisms of the Policy Off Method can also be applied to Practice Guidance Method Two: Labour Demand Forecasting (Policy On), this Model does provide an illustration of what land need might look like if the economic growth aspirations of policy, as of 2019, were met in full and the County Borough gained 3,375 jobs to 2033 via a successful implementation of the Ebbw Vale Enterprise Zone. Thus, Labour Demand Forecasting (Policy

On) identifies the maximum (aspirational) land requirement for Blaenau Gwent – Up to **41.85 ha** with a buffer for flexibility/land loss, etc.

The ELS thus identified a minimum land target of 9.54 ha (from Practice Guidance Method One: Past Building Completions) and a maximum target of 41.85 ha (from Guidance Method Two: Labour Demand Forecasting (Policy On)). It highlighted that real world land take up, to 2033, will likely fall between these two targets. With an available land supply of 45.81ha (discussed further below), Blaenau Gwent had enough land to meet its needs whether the minimum or maximum targets are achieved.

If a particularly deep economic slowdown occurs over the next few years, then real world land take up may be closer to the 9.54 ha minimum than the 41.85 ha maximum, with some surplus of employment land remaining by 2033. However, the analysis of past take up in the ELS noted that, since 2007 at least, 69.1 percent of completions have been for B1/B2 industrial premises. As noted, the local and regional industrial sector is performing well, overall, in 2022-2023 which strong demand for premises and high occupancy rates. In this regard it is noted that the Welsh Government is investing in a large 4,885 sqm industrial unit at MU1: Rhyd y Blew to meet the strong reported demand. Additionally, even a prolonged and deep recession moving forward will not affect all industrial sectors equally.

The remaining third of local take up since 2007 is completely comprised of B8 development and this sector is likely to continue to be buoyant, at least in the short and medium term. Thus, Blaenau Gwent will still need a diverse portfolio of land to meet its requirements to 2033, even if the detailed nature of those requirements changes over the next few years.

The ELS provided eight recommendations for employment land and premises (see Chapter 9.0). The validity of these recommendations in light of recent issues are reviewed in Table 1.

Table 1 – Commentary on Recommendations in the ELS in Light of Macroeconomic Change

Recommendation	Comments
1. Use the roll forward of historic take-up as the minimum land target and Labour Demand Forecasting (Policy On) as the maximum land target. Allocate a land supply of not less than 41-42 ha to meet emerging policy commitments and support the best level of jobs growth forecast. Even under the worst future economic conditions the supply should not be allowed to drop below 9-10 ha to allow the County Borough to maintain its current rate of economic growth.	The recommendation provides flexibility to allow for strong or weak levels of economic growth to 2033. While a lower level of growth is a possibility, Blaenau Gwent has strengths in B2 industry where the market remains buoyant as of early 2023. In order to plan positively for the future, the Council still needs to allocate sufficient land to allow for a high growth scenario, particularly for the industrial and warehouse sectors. Also, to allow for public sector growth projects which could be important to driving forward growth, especially in periods of economic downturn.
2. Employment Land Provision Definition	The ELS identified a baseline employment land supply of 50.1 ha across 13 sites. Analysis suggested that 45.81 ha, 91.4

Recommendation	Comments
	percent, of that supply remained available as of mid-2019. This was a point in time analysis of the local employment land supply which will inevitably be subject to change under any economic circumstances. The Council will monitor that supply for change over the LDP period and respond to changes as per LDP policy.
3. Existing employment areas to be protected	The recommendations for the existing employment areas, in particular the employment areas that scored poorly in the ELS (see Table 30), remain unchanged. Even if a prolonged downturn occurs there is no justification for large scale losses of stock which may be needed again once growth returns and restrictions on business operation are removed. Additionally, it was noted that *"we* [BE Group] *would generally not recommend the Council allocate any of the existing Employment Areas for B1 Business Park uses only, although in the future The Works will likely merit this designation because of its micro business focus. The County Borough's Areas all appear to offer some mix of B1/B2/B8 options and demand is strongly for B2/B8 uses over B1 offices. Limiting locations ability to meet the full range of needs is, from a market perspective at least, not desirable although other planning factors may still encourage limitations on occupancy."* Given the ongoing strengths of the local B2/B8 property markets, against the office economy, and wider economic uncertainties, it is still the view of BE Group that the Council should not try to limit occupancy in its Employment Areas through LDP Policy, where possible.
4. Existing Employment Area Protection	This recommendation set out the levels of protection which should be applied to different Employment Areas, in line with Policy DM10: 'Use Class Restrictions – Employment' of the adopted LDP. In particular it recommended flexibility in allowing relevant non B Use Classes in Secondary/Key Local/Neighbourhood Sites. Such flexibility will remain important if a prolonged economic downturn significantly increases vacancy rates in local industrial and office schemes.
5. Existing employment allocation sites to be retained for employment uses	The employment allocation sites that are recommended to be retained in the ELS remain valid at this time, with the exception of EMP1.2 Land at Tredegar Business Park, which is discussed further below. Sites that provide logistics opportunities may see increased market interest in the near term as businesses and landholders look to respond to the buoyancy of this market. Sites that are more likely for offices or small scale industrial uses may not come forward in the near term as landholders wait for confidence to return to the market, although B1 offices have always had a modest role in the Blaenau Gwent economy. In a prolonged economic downturn, sites with constraints on them may take longer to deliver than would have otherwise been the case, but taking the longer term view to 2033, and reflecting the advice on delivery provided in the ELS, there is no reason which land cannot ultimately be brought forward for development.
6. Prioritise delivery of employment sites	Consideration of the delivery of employment sites is vital at all times, but especially in times of economic uncertainty. Council may wish to take a more active role than previously envisaged, in working with landholders to try to bring sites forward, as a means of stimulating the local economy and improving confidence. Unlocking the sites through the funding of key infrastructure, in partnership with Welsh Government, may be means of delivering some of the larger sites more quickly (e.g.

Recommendation	Comments
	Rhyd y Blew) and would be a means of providing broader economic stimulus to the area.
7. Future reviews of employment land need	The crises of 2020-2023 highlight that planning and forecasting is subject to changing circumstances and shows the importance of this recommendation, either through higher level reviews, such as this statement, or full revisions.
8. Maintain awareness of external influences	This recommendation remains valid, with the need for understanding of neighbouring areas and working with neighbouring local authorities increasingly important in uncertain times.

Source: BE Group, 2023

Employment Site: EMP1.2 Land at Tredegar Business Park

Updated Flood Mapping indicates that allocated employment site EMP1.2 Land at Tredegar Business Park (2.1 ha) falls into Flood Zone 3. Amendments to Technical Advice Note 15: Development, Flooding and Coastal Erosion, are being consulted on by Welsh Government, however, under present regulations sites which fall into Flood Zone 3 are not developable for general B-Class employment uses. Thus, it remains likely that EMP1.2 cannot be allocated in the Replacement Blaenau Gwent LDP for employment purposes.

Assuming this is the case and Site EMP1.2 is not available to meet employment needs the realistic employment land supply in the County Borough reduces from 45.81 ha as identified in Table 13, Page 93 of the ELS, to 43.71 ha. This supply level remains well above the 9.54 ha minimum supply level the County Borough needs to 2033. It is also above the 41-42 ha maximum requirement Blaenau Gwent needs to meet emerging policy commitments and support the best level of jobs growth forecast. Thus, the employment land supply in the County Borough is high enough to meet the highest projected needs even with this deduction.

One issue raised by this potential loss is that it would remove the largest employment development site of Tredegar. The other remaining sites in the settlement are the two allocated plots at Crown Business Park – EMP1.8 and 1.9, Platforms A and B – of 0.7 ha and 1.6 ha respectively or 2.3 ha in total. This is against 39.1 ha in Ebbow Vale, while the remaining land is found at Upper and Lower Ebbw Fach.

The modest employment land supply in Tredegar might be a point for further consideration in the LDP and in economic policy. However, the loss of EMP1.2 Land at Tredegar Business Park does not change the wider trend that the County Borough's employment land supply has been, and remains, concentrated in Ebbow Vale which is home to Blaenau Gwent's largest employment areas, including Rassau Industrial Estate, Rhyd Y Blew and Festival Park. Residents of Tredegar have good access to all these locations, through routes such as the A4047 and A465, as well as more locally based employment areas such as Tafarnaubach Industrial Estate.

In summary, it is considered that the recommendations of the ELS remain appropriate, bar the issue of EMP1.2 noted above, most critically in the overall forecast for employment land need to 2033. The uncertainty in the market at present highlights the need for any planning for employment land to provide flexibility to adapt to change, whether through incorporating a buffer of additional land in the forecast calculations or enabling a range of employment uses to be provided on the allocated sites.

Overview of the Regional (Larger than Local) Employment Land Study

The RES was prepared in 2019/20, alongside the Blaenau Gwent ELS, in line with Welsh Government guidance. The planning timeframe for the RES was 2018-2040. In preparing this report, BE Group undertook the following:

- Reviewed the Welsh Government, regional and local policies of relevance to the demand and need for employment land in the Larger Than Local Area (LTLA)
- Assessed the socio-economic characteristics of the LTLA
- Reviewed the LTLA commercial property market, identifying areas of demand
- Assessed the existing employment allocations of the LTLA with a particular emphasis on defining and reviewing strategic sites
- Employment land and premises need was forecasted to 2040, using past employment land take-up rates and labour demand forecasts (Oxford Economics forecasts)
- Recommendations for larger than local working, employment land needs and strategic sites.

As in the Blaenau Gwent ELS, it was advised that the past take-up approach, was the preferred approach upon which to plan for joint employment land needs for the LTLA. A combined employment land need of 275 ha was identified, with a buffer, against a realistic LTLA supply of 330 ha. As was noted above, it is considered that this remains the case even allowing for macroeconomic impacts, with the policy off employment forecasts likely to be subject to more volatility and uncertainty in the near term.

The RES provided five recommendations for employment land and premises (see Chapter 8.0). The validity of these recommendations in light of the economic slowdown are reviewed in Table 2.

Table 2 – Commentary on Recommendations in the RES in Light of Macroeconomic Impacts

Recommendation	Comments
1: Continue to plan at the larger than local level	This recommendation remains valid, with the need for understanding of neighbouring areas and working with neighbouring local authorities increasingly important in uncertain times.
2. Future employment land need of 275.4 ha to 2040, including buffer	As outlined above, it is recommended that the past take-up rate represents the preferred growth trajectory and that the overall employment land need for the LTLA is 275.4 ha. However, this may end up being an upper level if the economic downturn proves to be projected. Within the RES, an indicative estimate of the likely breakdown of this land need, between B1 and B2/B8 uses was provided, with 88 percent of the need being for B2 or B8 options. As has been noted, B8 warehousing may end up taking a higher proportion of the overall employment land than was envisaged in 2019 but otherwise B2/B8 uses are still likely to predominate over B1 uses. However, as was discussed for the Local ELS, the breakdown was provided as an indicative mix and it was recommended that sites be planned for in a flexible manner that would enable a range of employment uses as appropriate.
3: Strategic employment sites	The definition of Strategic Employment Sites and the sites recommended as Strategic Sites are not affected by the Covid-19 pandemic or economic downturn, even if the delivery prospects of some of the sites may change.
4: Allocation of further employment sites	The take up based forecasting methodology is identified as being the most reliable and least volatile in the uncertain

Recommendation	Comments
	economic climate. This forecasting identified shortages of land in Caerphilly (-20.4 ha), Monmouthshire (-14.4 ha) and Torfaen (-4.3 ha) to 2040. Blaenau Gwent by comparison has a supply surplus of 10.81 ha to 2040.Thus, the broad recommendation that more land is needed in these local authority areas is valid. Again, it is noted that changing market conditions may increase the demand for B8 warehousing over other uses, but the broad criteria set out for how new local and strategic sites should be identified, in terms of accessibility, location, etc. remain valid.
5: Primacy of the Newport City Centre	Newport City Centre is identified as the most significant centre in the LTLA and a particular focus for high grade, corporate offices. As noted, changing working practices may encourage office-based businesses to look outside of urban areas for office space, to out of centre business parks. However, the clustering of businesses and workers in well serviced urban settings still has its attractions and it is unlikely that conditions will change to the point where Newport ceases altogether to be the focus for B1 office activity in the LTLA. The changing preferences for office locations may mean that Newport City Centre requires a higher level of support in the short to medium terms, with targeted interventions to stimulate activity in the City Centre.

Source: BE Group, 2023

Again, the RES recommendations remain valid and appropriate in the changing economic circumstances of 2020-2023.

I trust this is sufficient for your purposes at this stage. Please contact me if you have any questions.

Yours sincerely

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