

## Joint Evidence Base and Infrastructure Study: Study Area Discussion Note

February 2018

### a) Introduction

- 1.1 The Heathrow Strategic Planning Group (HSPG) is made up of the Boroughs around Heathrow Airport. They are working with Heathrow Airport Limited (HAL) to consider the economic impacts of the plans for airport expansion on the local economy and the implications of that for planning for business space and homes.
- 1.2 The first stage of this is to define the Study Area. This discussion note, produced by Quod and Arup, sets out an approach to defining that study area for discussion with the HSPG group.

### b) Criteria for Defining Study Areas

- 1.3 In considering the study area it is important to understand the issues that will be considered and the purpose of the work. The core is to provide a robust evidence base for future planning for the local authorities in the immediate vicinity of Heathrow. However, in order to assess this it will be important to put this in its wider context and also possibly to undertake some further more localised assessments.
- 1.4 The brief suggests that the study needs to identify:
- Current baseline conditions in the areas that will be most affected by the Airport;
  - Heathrow's own assessment of likely impacts including labour market and property demand;
  - The production of a 'Combined Scenario' bringing together the baseline and the LHR demand analysis
  - Identification of property and business, labour market and housing market impacts
  - Identification of infrastructure requirements arising from these impacts

1.5 This is essentially an ‘economic’ driven study which then considers the implications for housing markets and infrastructure and we have therefore focussed in the first instance in defining the ‘economic’ areas.

1.6 Planning Practice Guidance suggests that needs should be assessed using ‘Functional Economic Areas’ (2a-008-20140306) and that ‘Establishing the assessment area may identify smaller sub-markets with specific features.’

1.7 It goes on to state that:

*“The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply.”*

1.8 It notes that there is no standard method for assessing functional economic areas but factors could include Local Enterprise Partnerships, administrative boundaries, travel to work areas, catchments of facilities, and flows of goods, services and information. (2a-012-20140306)

1.9 Analysis of the above suggests that it is necessary to adopt a ‘Core Study Area’ and wider contextual areas to reflect the different issues to be addressed by the study. We would therefore suggest:

- A ‘Core Study Area’ defined as a specific Heathrow ‘catchment’, reflecting the immediate area where the greatest impacts will be felt and where ‘on-site’ and ‘near-site’ property will need to be located;
- A wider ‘sub-regional context area’ to be used as a basis for analysis of the Labour Market and wider property needs/impacts;
- A Heathrow ‘commuting area’ for consideration of where directly employed labour and labour around the site will be drawn;
- Bespoke assessments of property market demand (as necessary) reflecting current patterns of demand and supply.

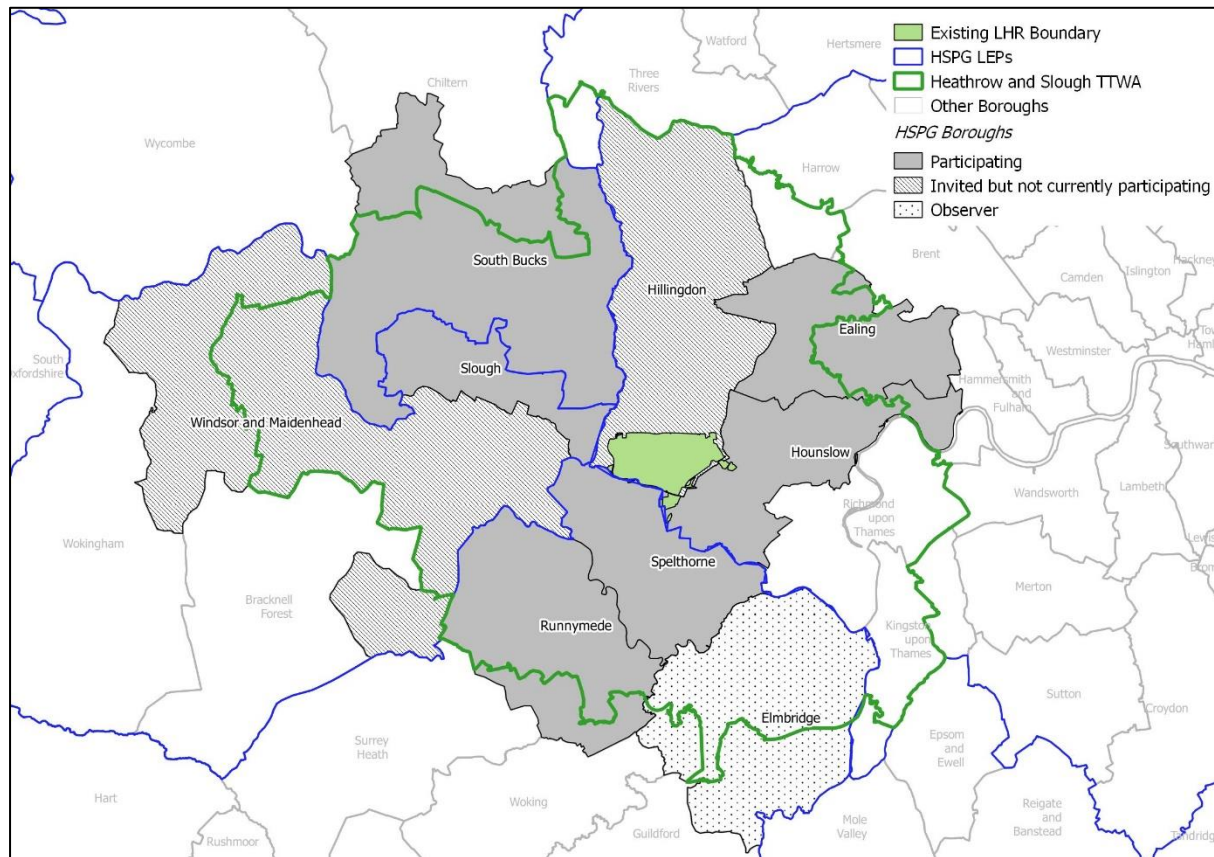
1.10 It is not proposed to set a specific new ‘Housing Market Area’ but instead consider how economic demand and labour supply in the study area described above impacts on current housing market areas and their identified housing need.

- 1.11 The table at Appendix C sets out the data and information that we intend to capture for the Core Area (and its component districts) and the sub-region respectively.

**c) The Core Study Area**

- 1.12 Figure 1 below shows the authorities to whom membership of the HSPG is open in the group's Terms of Reference, along with Heathrow and the current (2011) Heathrow and Slough Travel to Work Area. This effectively combines administrative with functional economic boundaries as defined by PPG. There is a good fit between the two. The most immediate impacts in the core area are likely to be felt in Hillingdon and the Council areas immediately adjacent to Heathrow, but the Core Study area as a whole accounts for a high proportion of Heathrow employees and the area will accommodate most, if not all 'on' or 'near site' property requirements. We also propose to include Elmbridge given its proximity, inclusion within the TTWA and being the only Surrey district in that TTWA that is not included.
- 1.13 We note that South Buckinghamshire is working with Chiltern District to produce a joint Local Plan. Although not in the proposed study area, we will ensure that the joint evidence base and emerging policy are included in baseline assessments and that relevant outputs are provided in a format that will enable the authorities to consider their relevance to their Joint Plan making.
- 1.14 The Core Area almost entirely contains the Functional Economic Market Areas (FEMAs) defined by the HSPG Councils with the only outlier being South Buckinghamshire which was part of the Central Buckinghamshire SHMA/HEDNA area (see maps at Appendix 1). This will enable the study to 'map across' to the work on labour demand and employment need carried out in Local Plan making. Parts of Richmond on Thames and Kingston Upon Thames are also within the Travel to Work area but not part of the HSPG area. On the basis of the various Councils' own studies it would appear that their main economic linkage is via the labour market but that their property market and other functional linkages to Heathrow are more limited, partly due to the physical severance of the Thames from the main commercial areas in those authorities. These authorities are not included in the proposed 'Heathrow/Elizabeth Line West' area identified in the new Draft London Plan (see below). It is therefore suggested that they are not included as part of the 'Core Area'.

**Figure 1: HSPG and Travel to Work Area**



#### **d) The Sub-Region**

- 1.15 There are no official national Government definitions of economic sub-regions’.
- 1.16 Arup undertook a technical study for the first London Plan in 2002 which sought to define the ‘Western Wedge’. This included the West London boroughs along with Basingstoke and Deane, Bracknell Forest, Chiltern, Hart, Oxford, Reading, Runnymede, Rushmoor, Slough, South Bucks, South Oxfordshire, Spelthorne, Surrey Heath, West Berkshire, Windsor and Maidenhead, Woking, Wokingham, and Wycombe.

1.17 The Mayor of London in the current London Plan identifies the following sub-regions of relevance to the proposed study:

















- The Western Wedge (para 2.16 and Policy 2.3)
- West London, covering Hammersmith and Fulham, Hounslow, Hillingdon, Ealing, Brent and Harrow

1.18 The draft New London Plan removes the 'Western Wedge' and doesn't define sub-regions. Instead it introduces:

- A 'Heathrow/Elizabeth Line West' Area, shown overleaf and incorporating eight opportunity areas. This includes substantial parts of four Boroughs (Hillingdon, Hounslow, Ealing and Hammersmith and Fulham) together with small parts of Kensington and Chelsea and Brent. This is shown in Figure 2.10, which is extracted below.;
- Policies SD2 and SD3 on collaboration with the wider South East and relevant growth locations. Growth Location 11 (Great Western mainline (London – Reading/Western Rail Access to Heathrow) is a continuation of the Heathrow/Elizabeth Line West' Area although its precise spatial coverage is not clearly defined. The link between the two areas is specifically identified in paragraph 2.1.64 of the Draft Plan.

Figure 2.10 - Elizabeth Line West



1 Heathrow OA  13,000  11,000	4 White City OA  7,000  2,000	7 Kensal Canalside OA  3,500  2,000
2 Hayes OA  4,000  1,000	5 Earls Court and West Kensington OA  6,000  5,000	8 Old Oak and Park Royal OA  25,500  65,000
3 Southall OA  9,000  3,000	6 Great West Corridor OA  7,500  14,000	

1.19 There are three Local Enterprise Partnerships outside of London which cover the HSPG authorities. These are:

- Thames Valley Berkshire (Slough and Windsor and Maidenhead)
- M3 (Spelthorne and Runnymede)
- Buckinghamshire Thames Valley (South Buckinghamshire)

1.20 The foregoing indicates several options for definition of the wider sub-region including:

1. Option 1: The previous Western Wedge – which includes all of the HSPG Boroughs and the main economic corridors (M3/M4/M40);
2. Option 2: ‘Heathrow/Elizabeth Line’ area plus Thames Valley Berkshire – Heathrow being a major focus for that LEP;
3. Option 3: ‘Heathrow/Elizabeth Line’ area plus Thames Valley Berkshire, Buckinghamshire Thames Valley and M3 (covering all three LEPs)

1.21 It should be noted that the main function of this sub-regional area will be to provide an economic baseline and to consider its capacity to meet the ‘wider’ Heathrow generated growth. It would not be intended therefore to undertake any detailed study of its component parts but provide an overview of its labour and property market. Given the recent publication of the draft New London Plan suggests a clear sub-regional direction of travel, we suggest that Option 3 is adopted.

**e) Heathrow Commuting Area**

- 1.22 As we have already noted above, the current Heathrow and Slough Travel to Work area, defined by Government covers the HSPG Boroughs plus parts of Elmbridge, Richmond upon Thames and Kingston upon Thames. This area follows the Government's statistical definition of self-containment.
- 1.23 It should not, however be confused with the commuting area for Heathrow airport which, whilst it overlaps, covers a wider area. As this study is seeking to consider primarily the impacts of the expansion of the Airport itself we would propose to use the area to be defined as part of the scoping exercise for the DCO application.
- 1.24 This will include a current catchment – based on current data and travel to work patterns, and a 'future catchment' based on gravity modelling of the increased demand for labour at Heathrow, combined with planned changes to future transport infrastructure, and spatial development in London that will affect labour supply. This will identify the extent to which likely direct labour demand will fall on the Core Study Area, and the extent to which it will fall elsewhere.

**f) Market Areas**

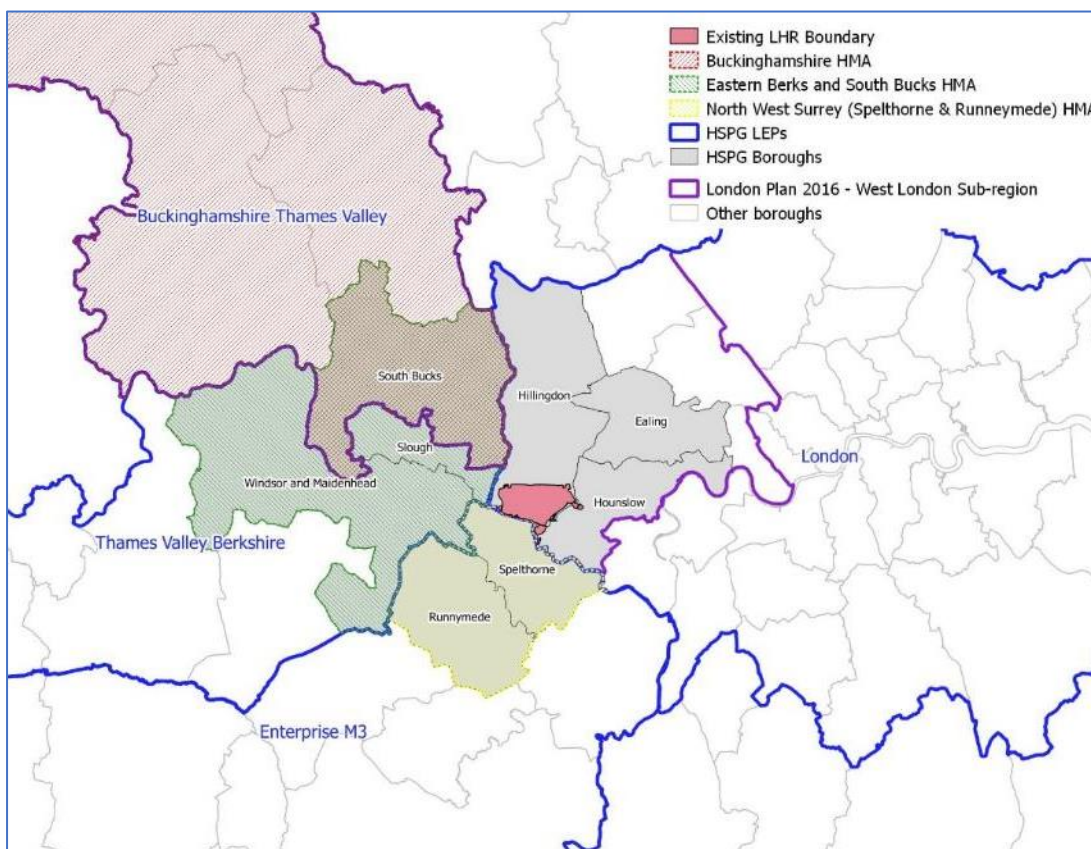
- 1.25 As well as the defined areas above, it is likely that some 'bespoke' assessment areas will be required particularly in relation to demand and supply of business space and employment land. In the first instance this will use those areas covered in the Lichfield Employment Land Forecasting study. This would therefore include the immediate Heathrow area as well as the key corridors (M4, M40, M3). These areas would be defined with the HSPG at the end of the Stage 1 assessment (ie before the demand vs. supply balance is considered), and if necessary before the Stage 5 infrastructure assessment.



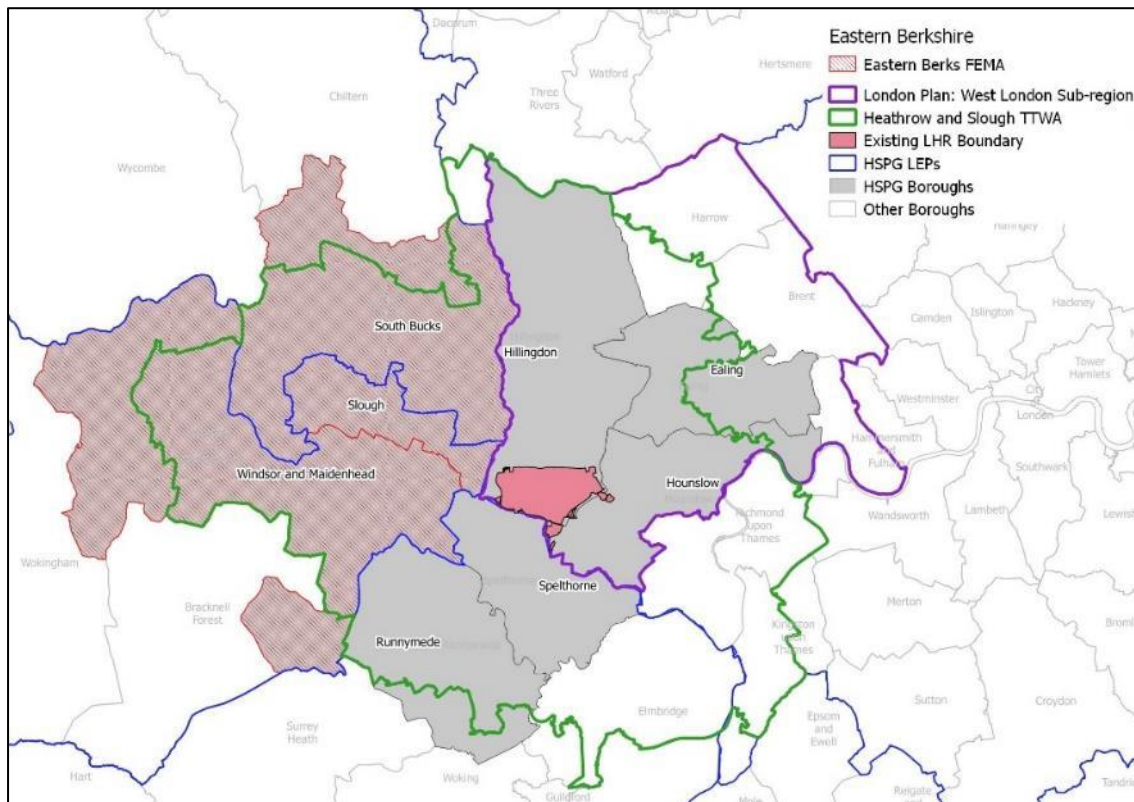
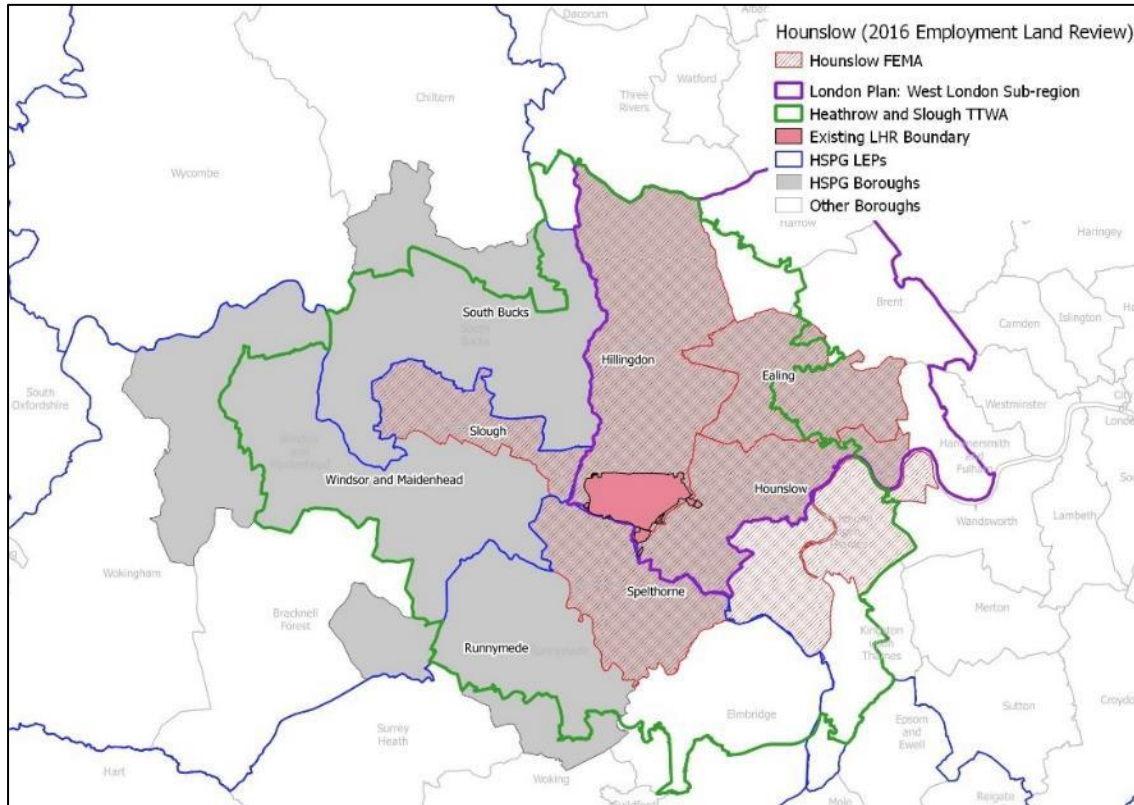
**g) Strategic Housing Market Areas**

- 1.26 Figure 2, below shows the Strategic Housing Market Areas which cover the HSPG boroughs. For the authorities outside London, the FEMAs the SHMAs are largely self-contained within the HSPG area. South Buckinghamshire is in the unique position of being in two SHMA areas – Central Buckinghamshire and Eastern Berks and South Bucks.
- 1.27 The London authorities have carried out their own SHMAs although all are also covered by the London SHMA. An updated London SHMA is expected to be published imminently. Details of the SHMAs and their Methodology are attached at appendix 2.

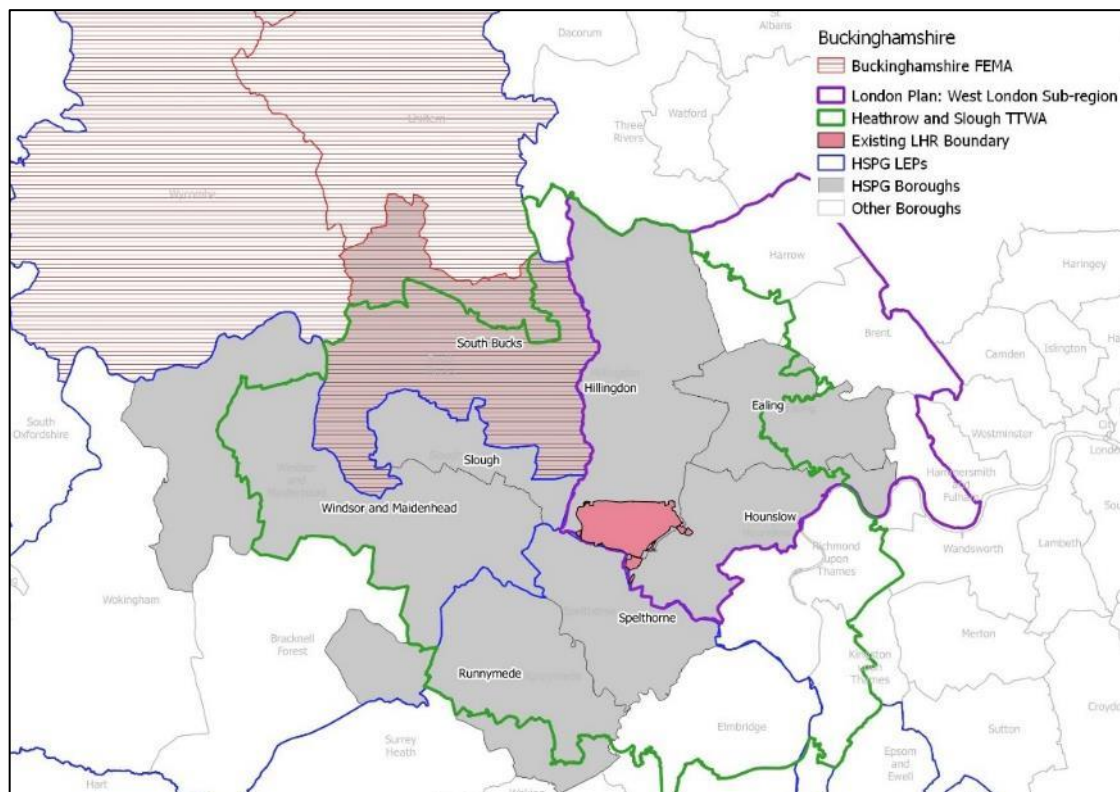
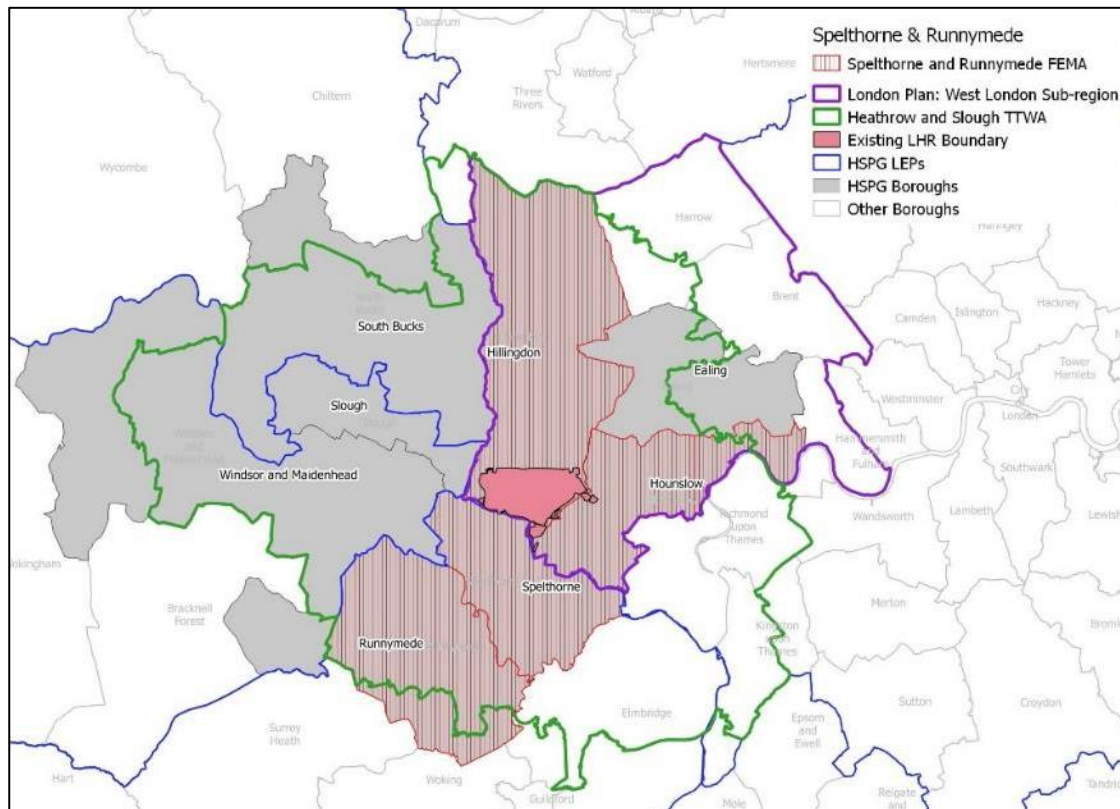
**Figure 2: SHMA Areas**



- 1.28 We do not intend to define new housing market areas or seek to re-run the analysis already undertaken, but instead review the SHMAs to ensure consistency with methodology and study area so that the results of this study can be considered alongside current SHMAs and inform future ones. The proposed approach to using the HSPG districts as the 'Core Area' is consistent with this, although we will need to consider with South Bucks Council how their dual SHMA is reflected in any outputs.

**Appendix 1:****Functional Economic Areas**





## Appendix 2: SHMA Details

Council	SHMA	Year written	Authors/Models
Spelthorne	Spelthorne and Runnymede	2015	GL Hearn – uses Experian forecasts
Runnymede	Spelthorne and Runnymede	2015	GL Hearn – uses Experian forecasts
Slough	Berkshire SHMA	2015	GL Hearn – uses Experian, Oxford Economics, Cambridge Econometrics forecasts
Windsor & Maidenhead	Berkshire SHMA	2015	GL Hearn – uses Experian, Oxford Economics, Cambridge Econometrics forecasts
South Bucks	Buckinghamshire HEDNA	2015/16 (with 2017 updates)	ORS and Atkins – uses Oxford Economics forecasts
Ealing	Ealing SHMA	2013	DCA – uses public/ONS data
Hounslow	Hounslow HMA	2015	Cobweb – uses public/ONS data
Hillingdon	Hillingdon SHMA	2009	Fordham – uses public/ONS data
London	GLA SHMA	2013	GLA, using bespoke forecasts

### Appendix 3: Outputs at Main Spatial Levels

	Data	Policy and Capacity	Infrastructure
Core Study Area	<p>Employment Projections (by Sector) with and without Heathrow – District and Area-Wide – Oxford Economics Dataset</p> <p>Demographic Projections – Population and Households with and without Heathrow scenarios – District and Area-Wide – Oxford Economics Dataset</p> <p>Summary of current projections/assessments (SHMA/Economic Projections, ONS, GLA) and comparison to OE projections</p> <p>Identification of likely spatial levels of LHR impacts – on and immediate to airport, sector needs and travel to work</p>	<p>Review of Local Plan Policy and evidence base including targets site allocations and pipeline for all authorities</p> <p>Indicative comparison of ‘with Heathrow’ projections to planned targets and capacity</p> <p>Review of strategic policy and evidence base – London Plan, LEPs, strategic assessments (eg. county-wide) etc.</p> <p>Comparison of baseline and ‘with Heathrow’ to current plans</p> <p>Assessment of businesses, labour and housing market impacts</p>	<p>Research and articulate the level of current and planned future infrastructure provision in each of the sectors to 2040</p> <p>Determine the “gap” between what is currently available / planned, and what is necessary in order to serve the future growth scenarios.</p>
Sub-Regional Context Area	<p>ONS Population and Household Projections</p> <p>Employment Projections by District where available eg. London Boroughs or where strategic projections have been made</p>	<p>High level assessment of Local Plans – spatial strategy and strategic allocations</p> <p>Potential capacity to contribute to meeting LHR growth requirements for growth sectors/types</p>	<p>Identification of items/types of strategic infrastructure that will impact on and/or require investment/re-enforcement to support the growth in the Core Study area.</p>

The Study will need to consider timing of projections, and particularly of any ‘airport impacts’ in order to understand interaction with Local and Strategic Planning timescales, and of infrastructure delivery. This may involve scenario testing of implications of differing timings of impacts. Specific impacts of the construction programme will be within the scope of the Impact Assessments being undertaken for the DCO application proposals and not this study.