1. INTRODUCTION

1.1 This document provides additional background information to be read in conjunction with the Core Strategy Issues and Options consultation.

1.2 It provides details of the following aspects of the employment land situation in North West Leicestershire:

- Definition of employment land;
- Employment land requirement;
- Employment Land Study; and
- Loss of employment land to other uses.

2. EMPLOYMENT LAND

2.1 Employment land is defined at paragraph 8.4 of the adopted North West Leicestershire Local Plan as any use that falls within the following Use Classes (as defined in the Town and Country Planning (Use Classes) Order 1987):

- Business (Class B1);
- General industrial (Class B2); and
- Storage and distribution (Class B8).

3. EMPLOYMENT LAND REQUIREMENT

3.1 The adopted Leicestershire Leicester and Rutland Structure Plan (the "Structure Plan") identifies a requirement for 326 ha of land for employment purposes in North West Leicestershire between 1996 and 2016. Of this requirement some sites will have been developed since 1996 whilst others will be under construction or have the benefit of planning permission. These "commitments" comprise:

Starts 1996-2005		148.14 ha
Sites with planning permission at 31st March 2005	+	113.95 ha
Commitments		262.09 ha

3.2 Deducting the commitments form the Structure Plan requirement gives the "residual requirement" for North West Leicestershire, thus:

Structure Plan requirement 1996-2016		326.00 ha
Commitments	-	262.09 ha
Residual requirement		63.91 ha

3.3 However, planning permission has been granted on a number of sites since 31st March 2005, as follows:

Smisby Road, Ashby		10.17 ha
Westminster, Measham	+	4.20 ha
		14.37 ha

3.4 Taking account of these consents the residual requirement would be: **49.54 ha**

3.5 There are a number of sites that were allocated for employment purposes in the adopted Local Plan but have yet to be granted planning permission. Whilst such sites cannot now be regarded as "commitments" most already form part of established employment areas.

3.6 In addition, the switching station on part of the site of the former Castle Donington Power Station lies within the area being developed for a Regional Storage and Distribution Centre. The site of this facility is expected to come forward for development in due course.

Outstanding allocations		21.36 ha
Switching station, Castle Donington	+	6.00 ha
		27.36 ha

3.7 If these allocations were to be confirmed in the LDF then the amount of "new" employment land which would need to be found would be: **22.18 ha**

4. EMPLOYMENT LAND STUDY

4.1 The Regional Spatial Strategy for the East Midlands Region (RSS8) – which covers the period 2001-2021 – does not set out a target for additional employment land, but refers to the need to maintain “an adequate supply” of such land.

4.2 In order to understand what this requirement could mean for North West Leicestershire the District Council commissioned Roger Tym & Partners together with Innes England to establish:

- Whether the Structure Plan requirement of 326 ha represents an appropriate figure for ensuring that the employment needs of the district will be met;
- The suitability for employment purposes of all outstanding employment allocations and commitments (ie sites with planning permissions) including any use restrictions placed upon them;
- The likely viability of existing employment areas continuing in an employment use in the event of them being vacated by current occupiers;
- In the light of the above findings whether the existing supply of employment land will be sufficient to meet the districts employment needs; and
- Whether the sites concerned are of local significance or of more strategic significance.

4.3 The Employment Land Study report may be viewed at ***www.nwleics.go.uk***.

The Local Economy

4.4 The Employment Land Study produced the following findings in relation to the local economy:

- More people are employed in manufacturing (22%) and transport and communications (18%) than the county, region and national averages, but there is under-representation in banking and finance (12%). North West Leicestershire is over-represented in manufacturing and warehousing sectors.
- The largest employers tend to be in manufacturing and distribution.
- There is a lower percentage employed in knowledge-based industries (10%) than county, region and national averages. Only in the “Hi-tech” manufacturing sector is the District comparable to regional and national figures.
- In terms of jobs specifically within the B Class Uses, the District is over-represented in the manufacturing and warehouse sectors and substantially under-represented in the office sector. Within these sectors there is very strong over-representation in courier activities and manufacturing of non-metallic products. In the case of the former this is presumed to be associated with East Midlands Airport.
- In terms of size of employment units the District has fewer small units (1-10 employees) but more large units (50-200 or more) than county, region and national averages.
- There are more VAT registered firms per 10,000 working age population than county, region and national averages and a substantially greater growth in numbers since 1994.
- The District has considerable potential to attract inward investment from beyond the county.
- Analysis of recent business relocations (actual and potential) to the District suggests that good communications, including airport, are an important factor.

There is also some suggestion that favourable prices had a role to play.

- Locally there is concern that local businesses find it difficult to move to larger premises due to competition.
- Overall employment has grown since 1991 but has declined in the industrial sector between 1995 and 2003. There has been greater growth than nationally in both office sector and warehousing sector.
- There is a lower than average level of qualifications in the District.
- The housing affordability ratio of 3.3 is higher than rest of Leicestershire and the region. This has implications for attracting employees, especially low paid employees.
- Both resident and workplace based earnings are above those for the region and about the same as the county and national average.
- The District is a net importer of labour with very close links with Charnwood and South Derbyshire and has a high self-containment rate coupled with high number of in-commuters.
- In terms of travel to work the average distance travelled by residents is above the national and county figure and there is a very strong reliance upon cars and vans as the mode of travel with very little use of public transport.

The Local Property Markets

4.5 The Employment Land Study produced the following findings in relation to the local property markets:

Offices

- Offices are concentrated in Coalville, Ashby-de-la-Zouch and around M1 Junction 23a/24. The Study estimated there to be about 135,000 sq metres of office space in the district – about same as Charnwood and less than Blaby.
- Since 2000 there has been growth in office space of about 15%, the same as Charnwood and Blaby and better than Hinckley.
- The greatest demand has been for smaller units (under 5,000sq ft/465sq metres).
- Most new development has taken place at Whitwick Business Park, Ashby Business Park and Pegasus Business Park. Development at the last two sites has trailed off for a variety of reasons including increased competition.
- There is little depth to local office market, it being dependent upon inward investment.

General industrial

- The existing stock comprises a mixture of new and old buildings, including purpose-built estates, with varying degrees of environmental quality.
- The total stock of about 530,000 sq metres is less than Charnwood, Hinckley & Bosworth and Leicester.
- There has been stock growth of 6% since 2000, greater than other districts except Hinckley & Bosworth.
- Take-up has been robust across most sizes and locations with strong demand for small freehold units.
- Most take-up has been for distribution/warehouse activities, although widespread interest from manufacturing uses covering wide range of activity. The area attractive for relocations from Nottingham and Leicester.
- There is limited availability of stock.
- Most stock readily re-lets but some poor quality early twentieth century stock with limited appeal.

- Current rental values of £5 per sq ft are sufficient to justify speculative development.

Strategic distribution

- Modern stock of about 752,000 sq metres (including those of less than 100,000 sq ft/9,290 sq metres).
- There has been growth since 2000 of about 62%.
- The take-up has been for both regional and national operations.
- The market for *land* is tight with limited availability of serviced land, although redevelopment of the former Castle Donington Power Station as a regional storage and distribution centre will help redress this.
- The District is attractive to such operators and predicted that demand will remain high.

The Quantity of Employment Land

4.6 The Employment Land Study provided estimates of the quantity of employment land that could be required in North West Leicestershire. These estimates made use of employment forecasts produced by Experian Business Strategies to forecast *market requirements* and compare to *planned supply* (ie as identified through the planning system) up to 2016 and 2021. The forecasts are based upon net change rather than gross change.

4.7 Two scenarios were considered – a **baseline** (ie “business as usual”) and a **high growth** scenario, the latter reflecting development associated with East Midlands Airport.

4.8 A number of assumptions were made: plot ratios of 40% (4,000 sq metres per hectare); employment densities for offices of 18 sq metres per worker (sqmpw); general industrial 21sqmpw and strategic distribution of 88sqmpw. Also build in safety margin to allow for frictional vacancy (ie land identified for development but is not yet built) equal to annual gross take-up times the number of years from allocating a site to completing building. This gives 2.6 ha for offices and 27.9 ha for industry and warehousing.

Baseline scenario

4.7 The baseline scenario gives the following:

- An annual growth in employment up to 2021 of 0.66% compared to 0.415% in Leicestershire and 0.44% regionally.
- For 2004-2016 the total number of jobs grow by 9% with growth in office jobs of 10% (or 700 jobs), industry unchanged and distribution/warehousing increases by 28% (1,900 jobs).
- This equates to a need for 5.9 ha for offices, 11 ha for industry and 57 ha for warehousing.
- For 2004-2021 total jobs grow by 12% (5,650 jobs) of which office increases by 12% (881), industry declines by 1%(-56) and warehousing by 37% (2,477 jobs) (Table 5.2). These equate to additional 6.5 ha for offices, 11.6 ha industrial and 70.3 ha for warehousing.
- Having regard to planned supply there is an oversupply in respect of offices to both 2016 and 2021 of about 21 ha and an oversupply of industrial and warehousing land of 30 ha to 2016 and 16 ha to 2021.

- The supply figures are gross and the forecasts requirements are net. Therefore, it is necessary to consider the potential implications arising from land lost to other uses. For offices this is considered to be negligible. Whilst it is anticipated that there will be some loss of industrial and warehousing land it is considered that this will merely offset the forecast oversupply.

High growth scenario

4.8 The high growth scenario includes the following assumptions:

- Growth at East Midlands Airport in line with the York Aviation report which forecast growth in freight from 0.23 million tons to 2.6 million tons (2001-2030) and annual passenger numbers of 3.2 million to 15.3 million.
- A number of other broad assumptions, including that all predicted jobs in Leicestershire associated with airport growth will be in North West Leicestershire.

4.9 In terms of growth in jobs, that for total jobs is 3,802 (15%) to 2016, that for offices is 1,121 (15%) to 2016 and 1,410 to 2021, that for industry of 464 to 2016 (4%) and 741 to 2021 and for warehousing of 3,802 to 2016 (15%) and 5,105 to 2021.

4.10 Having regard to supply there is little impact upon offices due to the large oversupply. For industry and warehousing there is similarly little impact. However, this assumes no loss of industrial/warehousing space. If some of this floorspace is lost then there would be an undersupply.

The Quality of Employment Land

4.11 The assessment of the quality of existing employment land in North West Leicestershire covered the following:

- Existing and planned sites subject to qualitative assessment based on four factors – accessibility by road, accessibility by public transport, external environment and internal environment; and
- Sites are then assigned to one of three categories – sites which should be safeguarded; sites that remain relevant and merit retention and poor quality sites and which could potentially be released.

Overall Conclusions

4.12 The Consultants arrived at the following conclusions concerning employment land provision in North West Leicestershire.

Offices

- There is a large oversupply of office development land with limited growth forecast in terms of jobs;
- The oversupply could disappear it land at Pegasus is reassigned to airport use;
- If adopt figure of about 6 ha then Council could encourage reassignment of Pegasus and would probably need to be more flexible in respect of uses at Ashby Business Park so that some of land developed for other employment uses; and
- If Council wished to develop the strategic role of area in terms of office provision this would require substantial land provision around M1 Junction 24/East Midlands Airport.
- Such an approach would be contrary to RSS8.

- In addition, the supply of office floorspace in the three cities of Derby, Nottingham and Leicester is now healthier and therefore less likely to overspill to North West Leicestershire.

Industry and distribution

- Generally existing commitments are likely to meet forecast needs. However, this assumes no loss of such land to other uses. If land is lost then additional land would need to be made available;
- Suggested that need to retain those sites assessed as ‘good’ and to monitor take up of such sites to ensure supply is meeting demand. By 2010 it is possible that supply of such sites will be exhausted, although average sites are likely to remain available. If this happens then additional land required. Due to high demand from logistics uses priority should be given to most accessible sites;
- There is some scope for attracting overspill from the three cities that would require provision of good quality sites above forecast requirements; and
- There is also scope for attracting additional strategic distribution to the District.

5. LOSS OF EMPLOYMENT LAND TO OTHER USES

5.1 Concerns have been raised about the loss of sites formerly used for employment purposes to other uses (in particular housing) in North West Leicestershire. This is in part a result of the impact of the national emphasis on the re-use of previously development land for new housing, but also reflects the higher market values that can now be achieved for residential development compared with those for employment development.

Assessment Period

5.2 The period covered in this assessment was from 1st April 1996 to 31st March 2005. The start date of the assessment period corresponds with that of the adopted Structure Plan.

5.3 The assessment period was then split into two parts; ie: 1st April 1996-31st March 2000 and 1st April 2000-31st March 2005. This sub-division enables any impact of the policy changes contained in the Government's Planning Policy Guidance Note 3 *Housing* (PPG3) to be charted.

Assessment Findings

5.4 Appendix 1 identifies all those sites that were previously in employment use and which have been redeveloped for housing over the period of assessment. From this it can be seen that:

- 16 ha of employment land has been lost to housing development over the period 1996-2005;
- 10.41 ha has been developed since 2000 of which some 8.95 ha obtained planning permission after the publication of PPG3 in March 2000, suggesting that the policy changes contained in PPG3 have had an impact upon the loss of employment land generally in North West Leicestershire;
- The impact of PPG3 is less on those sites that may be B8 or Sui Generis. Of the 2.25 ha of such land developed since 1996, the overwhelming majority (1.86 ha) obtained planning permission prior to 2000;
- The average size of site lost was1.07 ha but higher average (1.53 ha) for those sites which fall clearly within the B Use Classes (ie could not be defined as Sui Generis);
- Of all the land developed none was subject to Policy J10;
- 11.77 ha of the land lost was within Coalville and Ashby-de-la-Zouch (defined as "Main Towns" in the Structure Plan).

5.5 Of the sites redeveloped to date, the overwhelming majority were already vacant prior to planning permission being granted. This was due to a variety of reasons, such as:

- The former occupier had already moved (or were committed to relocating) (eg former Clutsom & Kemp, Belvoir Road, Coalville; Elizabeth Adams, Station Road, Castle Donington); or
- Because the previous occupier had ceased trading (eg Eatoughs, Belvoir Road, Coalville); or
- The site was no longer required for operational purposes (eg former gas depots at Derby Road, Ashby-de-la-Zouch and Hermitage Road, Whitwick).

5.6 There are some exceptions to the situation where sites were previously vacated. In particular, land off Cropston Drive, Coalville was in active employment use (and indeed part has been retained in such use).

Implications

5.7 As noted above the adopted Structure Plan identifies a requirement for North West Leicestershire for 326 ha of employment land over the period 1996-2016. The 16 ha of employment land lost to date equates to 5% of this overall requirement and is thus clearly a significant amount.

5.8 In respect of the future it is almost inevitable that additional land will be lost. What is less certain is how much. As at 31st March 2005 sites totalling some 2.17 ha of employment land had the benefit of planning permission (or a resolution to grant planning permission) for residential development (Appendix 2). In addition, there are a number of other employment sites which are the subject of planning applications for housing development. Whilst it would not be appropriate to speculate as to which (if any) of these might obtain planning permission it is worth noting that these sites total in excess of 2 ha.

Conclusions

5.9 From the above assessment it is clear that, in the context of current strategic requirements, there has been already a quite significant loss of employment land to housing. Current indications suggest that further land will be lost to other uses.

5.10 If the total area of employment land lost to other uses (16 ha) is to be replaced by "new" employment land then the residual requirements identified in Section 3 of this document would increase as follows:

Residual employment land requirement (excluding "lost" sites)		49.54 ha
Employment land lost to other uses	+	16.00 ha
Resulting residual employment land requirement		**65.54 ha**

5.11 If existing employment land allocations (including the switching station site at the former Castle Donington Power Station) are taken into account the situation would be as follows:

Residual employment land requirement (including "lost" sites)		65.54 ha
Outstanding allocations	-	27.36 ha
Resulting residual employment land requirement		**38.54 ha**

5.12 The residual employment land requirements would then continue to increase by the amount of existing employment land lost to other uses. Such losses will be monitored on an annual basis.

APPENDIX 1

SUMMARY OF EMPLOYMENT LAND LOST TO HOUSING 1996-2005

			Period in which permission granted				**Period in which developed**		
site	**Site Area**	**Use Class**	**Pre 1996**	**1996-2000**	**2000-05**	**1996-2005**	**1996-2000**	**2000-05**	**1996-2005**
Former gas depot Derby Road Ashby	0.24	B2	0.24			0	0.24		0.24
Former Clutsom & kemp, Belvoir Road Coalville	2.44	B2		2.44		2.44	2.44		2.44
Former Eatoughs Belvoir Road Coalvile	1.1	B2		1.1		1.1	1.1		1.1
Former Towles Factory Bakewell Street Coalville	0.5	B2			0.5	0.5		0.5	0.5
Cropston Drive Coalville	6.41	B2/8			6.41	6.41		6.41	6.41
Former gas depot Green Lane/Hermitage Road Whitwick	0.89	B2			0.89	0.89		0.89	0.89
Former coachworks Ashby Road Long Whatton	1.46	B2		1.46		1.46		1.46	1.46
Former Elizabeth Adams Station Road Castle Donington	0.68	B1/2			0.68	0.68		0.68	0.68
Former Bonnington Rubber factory The Green Long Whatton	0.08	B2			0.08			0.08	0.08
Total	**13.8**		**0.24**	**5.00**	**8.56**	**13.5**	**3.78**	**10**	**13.8**
Average size of site	**1.53**								
Former haulage yard Hermitage Road Whitwick	0.19	B8/Sui generis		0.19		0.19	0.19		0.19
Transport depot Acresford	0.62	B8/Sui generis	0.62			0	0.62		0.62
Former haulage yard Top Street Appleby Magna	0.73	B8/Sui generis	0.73			0	0.73		0.73
Former Depot Leicester Road Measham	0.28	B8/Sui generis			0.28			0.28	0.28
Former depot High Street Measham	0.11	B8/Sui generis			0.11			0.11	0.11
Former Garage The Green Diseworth	0.32	B8/Sui generis		0.32			0.32		0.32
Total	**2.25**		**1.35**	**0.51**	**0.39**	**0.19**	**1.86**	**0.39**	**2.25**
Average size of site	**0.38**								
Total all sites	**16.1**		**1.59**	**5.51**	**8.95**	**13.7**	**5.64**	**10.4**	**16.05**
Average size of all sites	**1.07**								

APPENDIX 2

EMPLOYMENT SITES WITH PLANNING PERMISSION FOR HOUSING AS AT 31ST MARCH 2005.

site	site area	Use Class
Mines Rescue Centre Lower Packington Road Ashby	0.54	B2
Lakeside Hermitage Road Whitwick	0.89	B2
Former haulage Yard Main Street Long Whatton	0.25	B8/sui generis
Former transport garage Moira Road Donisthorpe	0.35	B8/sui generis
Adj to 9 Cademan Street Whitwick	0.14	B8/sui generis
Total	**2.17**	