



# Employment Land Assessment Update

Rutland County Council



Executive Summary

January 2016

## EXECUTIVE SUMMARY

### Introduction

- i) This report assesses the supply, need and demand for employment land and premises (use class B) in Rutland. It has been carried out to “*assess the supply, need and demand for employment land and premises in Rutland over the 21-year period to 2036 and to make recommendations as to the Council as to the future approach to employment land provision in its Local Plan.*” The study updates and provides an addendum to the previous employment land evidence base document, the Employment Land Assessment (2013). There are five main elements to this study:
- To assess the latest Government Planning Practice Guidance
  - To update the 2013 report, bringing it into line where necessary with the latest Government Planning Practice Guidance and taking into account the latest information and data available
  - To extend the period of the study to 2036 in order to provide a basis for policies in the Council’s Local Plan Review
  - To carry out any other additional survey work or consultation that may be required to bring the evidence base up to date
  - To provide clear recommendations to the Council as to any policies on employment land that may be needed in its Local Plan Review and the amount and type of new employment land that may need to be allocated in the period to 2036.

### Methodology

- ii) A number of research methods have been used, including site visits and interviews with property market stakeholders such as developers, investors and their agents. Major employers in the Rutland have been individually consulted, as have the 58 parish/town councils/meetings of the County and key public sector agencies. The property market in the local authority areas adjacent to Rutland has been reviewed through desktop analysis of employment and planning strategies, and consultations with officers from those local authorities. Finally, the land supply has been assessed against forecast data to understand future land need. The methodology follows Planning Practice Guidance on employment land reviews.

### Findings

- iii) One of the least deprived local authority areas in England, Rutland is affluent with a

highly skilled population and a low employment rate.

- iv) Despite recent national cuts to public spending, the public sector continues to be very important to Rutland's economy. It generates around 31 percent of all the jobs. However, this is driven by high levels of employment in the education sector which will include employment in Rutland's several large privately owned schools.
- v) Rutland also retains a strong local manufacturing sector, with 14.2 percent of the working population in manufacturing jobs, well above wider averages. In terms of service sectors, professional, scientific and technical followed by business administration and support services have the strongest roles.
- vi) Market commentary suggests that major development on Rutland's employment sites may still be several years away. However, there are also a strong desire for growth amongst the County's large businesses, which is generating land requirements of up to 7.5 ha and property requirements of up to 10,000 sqm. Needs of this size will be challenging to meet within Rutland.
- vii) Industrial need is for light industrial units of 0-100 sqm and basic terraced workshops. Demand is from local firms and rents of £55-65/sqm are being achieved. The first phase of Oakham Enterprise Park has been successful and is now nearing capacity.
- viii) The office market generally meets the needs of local service sector businesses. Demand is reasonable from such firms and improved on the 2013 picture. Office rents vary from £65-130/sqm.
- ix) A market for start-up accommodation exists, driven by need in Rutland's broad rural hinterland. Incubation space already exists at The Rural Business Community at Seaton, while smaller workshop/storage (and office) options are available at Oakham Enterprise Park and several other locations. Across the broader sub-region there is a reasonable supply of office start-up space but a lack of affordable, smaller industrial and storage options. This is likely to be particularly acute in Rutland now that Oakham Enterprise Park is approaching capacity.
- x) The defined functional economic market area for Rutland includes its immediate neighbours of South Kesteven, Harborough, Melton and Corby. Rutland also has good links with the nearby urban centres of Peterborough and Leicester.

- xi) Within that functional economic market area most of the local authorities feel they are able to meet their employment land needs on land within their own local authority area boundaries. In terms of competition, Rutland sits between two sub-regional office centres in Leicester and Peterborough. Along the A1 Corridor there are large scale industrial and logistics land allocations at Grantham and Stamford, as well as the existing stock of premises in these towns. Corby is a sub-regional focus for inward investment due to its links to London, rail freight provision and high quality industrial parks. However, Rutland has also successfully drawn some businesses away from Corby in the past.

#### **Employment Land Supply and Need**

- xii) At 31st March 2015 there was a headline supply of 20.87 ha of available employment land, made up of nine sites. This is not a significant change on 2013, when a baseline supply of 19.98 ha, in ten sites was identified. Almost half of this (9.71 ha) comprises Local Plan Employment Site 1, Land North of Pillings Road, Oakham (Oakham North).
- xiii) Of this supply, 1.94 ha comprises sites unlikely to be brought forward for development or already developed. Excluding these gives a realistic land supply of 18.93 ha.
- xiv) To assess need three recognised methods of forecasting have been used:
- Forward projection of historic land take up trends – Short term (9-year)/Long term (19-year). Data has been recalculated for the period 2007/08-2011/12, on the 2013 Study, reflecting the latest monitoring information
  - Labour demand – jobs growth, as identified in East of England (2014) forecast modelling
  - Resident workforce forecast – examining growth in the local labour force.
- xv) This Study has also used a forward projection of 2011 Census figures on home based employment to estimate that some 498 (17.8 percent) of the 2,800 new jobs which are forecast in the East of England (2014) modelling to 2036, will be home based and not require B-Class accommodation. This finding allows a calculation of the impact of homeworking on floorspace and land needs over the next 21 years, specifically that a deduction of 3.20 ha in the land need should be made to allow for homeworking.
- xvi) This deduction is applied to the Long or Short Term Take-Up projections only. It is not applied to the Employment Based or Resident Workforce models which incorporate

their own assumptions about what proportions of jobs, in each sector, will be based in B1/B2/B8 accommodation and what proportions will be housed elsewhere, including home based employment.

xvii) The outputs from all the models are outlined in Table ES1.

**Table ES1 – Land Forecast Models – Summary**

Model	Land Stock 2015, ha*	Land Need 2015-2036, ha	Buffer (five years take-up rate) ha	Deduction for Homeworking	Surplus (Shortfall), ha	Assumptions
Long Term Land Take-up	18.93	44.73	10.65	-3.20	(33.25)	Based on historic (19 years) take-up of 2.13 ha/pa. Exclusive of take-up at Oakham Enterprise Park
Short Term Land Take-up	18.93	41.37	9.85	-3.20	(29.09)	Based on last nine years take-up of 1.97 ha/pa. Exclusive of take-up at Oakham Enterprise Park
Employment based on adjusted stock	18.93	+8.11 Growth +6.84 Change	+9.85 +9.85	N/A	1) 0.97 2) 2.24	Based on 1) projected growth sectors 2) projected employment change across sectors
Resident Workforce based on adjusted stock	18.93	+2.22 Growth -5.70 Change	+9.85 +9.85	N/A	1) 6.86 2) 14.78	Based on 1) projected growth sectors 2) projected employment change across sectors

Source: BE Group 2015

\*Realistic land supply at 31<sup>st</sup> March 2015

xviii) With regards the take up scenarios, it should also be noted that the average annual rates of take up exclude 29,000 sqm or 7.56 ha of completions at Oakham Enterprise Park recorded in Council monitoring for the year 2013/14. This is due to the inclusion within that figure that figure the entire former prison complex, including properties that were refurbished and premises now in D1 or D2 leisure, education or medical uses. It

may also include some new build development which has yet to be completed. Its inclusion is felt to provide an unrealistic picture of past development in Rutland and accordingly, exclusive of Oakham Enterprise Park the long term, 19-year, average take up rate is 2.13 ha/year while the short term, nine year, rate is 1.97 ha/year. It is these amended average take up figures which are projected forward in subsequent calculations of need.

- xix) If long term (19 year) take-up rates are used, then Rutland needs another 33.25 ha of land (see Table ES1). However, this scenario includes older take up data (pre 2006) which is derived from secondary data sources and cannot be independently verified as accurate.
- xx) The two jobs based forecast models (employment and resident workforce) suggest the County either has an oversupply of employment land. This indicates that some of the current land supply may be surplus to requirements and could be used for other activities. However, the market assessment and a review of the historic trends in employment change and land take up (see Section 8.0) suggest that these forecasts underestimate land needs significantly
- xxi) The preferred forecasting method is therefore a projection forward of short term (nine year) past take-up rates. An additional **29.09 ha** is required based on this model. The calculation by which this need figure was reached is summarised below:

**Short Term (Nine Year) Take Up Model**

1. Nine years of recorded take up 2006/07-2014/15, excluding take up at Oakham Enterprise Park = 17.72 ha
2. Average annual take up rate:  $17.72 \div 9 = 1.97$  ha/year
3. Forward projection of average annual take up rate 2015-2036 (21 years):  $1.97$  ha/year x 21 = 41.37 ha
4. Additional buffer, five years of further take up at 1.97 ha/year:  $1.97$  ha/year x 5 = 9.85 ha
5. Total need, inclusive of buffer:  $41.37$  ha +  $9.85$  = 51.22 ha
6. Less realistic land supply (18.93 ha) = 32.29 ha
7. Less an allowance of 3.20 ha for homeworkers, who will not need B-Class premises = **29.09 ha (remaining need)**.

- xxii) This measure of need is considerably higher than that recorded to 2031 in the 2013 Employment Land Assessment, when a need of only 4.74 ha (after the realistic supply was excluded) was identified under the Short-Term Take Up model and 23.46 ha under

the Long Term Model. The reasons for this substantial change are discussed in Section 8.0, but can be summarised as:

- Revised (increased) Take Up figures provided from 2007 onwards
- An additional three years take up analysed – 2012/13-2014/15
- A longer period of forecasting – 21 years to 3036, compared to 14-19 years
- No accounting for homeworking in 2013.

### **Recommendations**

xxiii) This report has had full regard to the requirements of the NPPF and the PPGs to encourage and deliver growth through the planning system. The key recommendations are:

- That the Council should adopt the short term land take-up scenario. This suggests that the County needs an additional 29.09 ha of land to 2036.
- Rutland County Council needs to protect its employment sites from non-employment uses, such as housing or retail
- The Council should designate seven key employment sites and areas to be safeguarded for B Class Uses and other employment uses which achieve economic enhancement. These were defined in the 2013 Employment Land Assessment and associated recommendations remain unchanged
- There is an identified need for further start-up and micro business accommodation, particularly to meet workshop and storage needs. Such provision should be considered at key locations, particularly for further phases of development at Oakham Enterprise Park
- The Council should work with neighbouring authorities on issues in which interests will overlap.
- Review and monitor the employment land and premises position and undertake the study again in about three years, as 2036 is a long time in the future and much will happen before then.