

HARBOROUGH EMPLOYMENT LAND STUDY: EXECUTIVE SUMMARY

1. This employment land study, prepared by Nathaniel Lichfield & Partners, has been commissioned by Harborough District Council to provide evidence on the future employment land requirements of Harborough District and how these could potentially be met in terms of quantity, quality, Use Class and geographical spread. The primary aim of the report is to provide a technical assessment that will inform the preparation of employment policies for the Residential and Employment Land Allocations Development Plan Document (R&ELADPD) that is to form part of the Council's forthcoming Local Development Framework (LDF) for the district. As such the report is evidence that will be used by the Council in preparing new planning policy. The report does not form Council policy itself.
2. The study looks at the potential of the district to provide for future employment. By assessing the existing stock of employment space, calculating future requirements and by assessing the contribution that existing allocated sites may make, the likely scale of new provision to meet identified requirements has been derived. The study identifies sites that may come forward for further consideration (either for allocation, re-allocation or de-allocation) for employment purposes, as part of the statutory LDF process. However, their inclusion in this study does not indicate that they will feature as a proposed site within either the Preferred Options, Submission, Consultation or any Adopted version of the R&ELADPD published subsequently. Nor does it indicate that planning permission for employment purposes is in any way inevitable for identified sites.
3. The study addresses the time period 2005-2016, to coincide with the scheduled end date of the LDF and the Structure Plan. However, the timetable for its production required it to be commenced in advance of the adoption of the Leicestershire & Rutland Structure Plan (Adopted March 2005) and the Regional Spatial Strategy for the East Midlands (adopted March 2005).

Approach

4. The study focuses on employment land needs for the following uses - B1 (business), B2 (industry) and B8 (warehousing/distribution). It involved extensive consultation with various organisations with an interest in the supply of employment land in the district including employers, economic development and inward investment agencies, business groups, property agents, landowners and developers. The main tasks involved in this study were:
 - an assessment of the current stock of employment space in the district, both sites and premises, in terms of uses, location, type and quality of provision;
 - estimating future employment space requirements in both quantitative and qualitative terms,
 - a review of existing employment sites and allocations in the district in terms of their quality and adequacy to meet future needs
 - an assessment of whether additional employment sites need to be allocated, and if so, identification of potential new sites as well as existing employment sites which could be re-allocated for other uses;
 - formulating policies to protect and encourage appropriate take-up of employment land in future;
 - to identify effective approaches for monitoring employment space in future.

Economic Context

5. Harborough is a predominantly rural district with two larger market towns – Market Harborough and Lutterworth. However, it lies on the edge of the sub-regional centre of Leicester, adjoins Junction 20 of the M1 motorway and contains the very large national distribution centre of Magna Park.
6. Based on various economic indicators, Harborough is a relatively prosperous area with low unemployment, strong recent job growth and a relatively tight labour market. The main strengths of the Harborough local economy, which influence its ability to support new employment space, include: being seen as an attractive area to live, close to services in Leicester; its good accessibility to the strategic road network and rail links; its base of small to medium sized firms strong in the manufacturing and distribution sectors; its relatively highly-skilled workforce; and its significant employment growth during the past 12 years.

7. However, some potential weaknesses and threats were identified. These include: low unemployment and a high economic activity rate which limit available labour supply; over-representation in sectors with limited prospects for future growth; and under-representation in private sector knowledge-based industries, which could form an important source of future growth. There are few large service sector firms, possibly related to a lack of larger scale office sites, but this must be seen in the context of this being a mainly rural district. Also, there has been a limited amount of inward investment in growth sectors in recent years, except in Magna Park. The district has strong representation in distribution despite a workforce with relatively few lower skilled workers, while there is a high and increasing level of out-commuting, particularly of higher skilled workers. The district faces competition for economic growth from large business/distribution parks beside the M1, from areas such as Kettering and Corby with greater supply of labour and land and from the major housing and employment growth planned in South Northamptonshire.

Current Supply of Employment Space

8. In 2004, Harborough district contained some 1.3 million m² of employment floorspace, predominantly industrial (22%) and distribution uses (74%), with relatively little office space (4%). The Magna Park distribution park (0.65 M m²) takes up almost half of all employment space and two thirds of all warehousing space. Almost two thirds of all other employment space is located in the two main towns, Market Harborough and Lutterworth.

Current stock of Employment Space in Harborough District

Offices (m ²)	Factories (m ²)	Warehouses (m ²)	Total (m ²)
53,000	292,000	955,000	1,300,000

Source: VOA, Business Rates, 2005

9. The district has a range of types of space, from urban industrial estates to secondary space at former airfield sites, small office parks and small converted units in rural locations. Excluding Bruntingthorpe Airfield, the 37 main existing employment locations contain almost 300 ha of the district's employment land; the majority of these main employment areas are predominantly in industrial and distribution/warehousing uses. Excluding Magna Park, few of these employment areas are particularly large.
10. About 70% of industrial space is in relatively older premises, built before 1970, with relatively little modern space developed in recent years. The overall condition of the main employment sites is fairly good, with few sites in poor condition. Even secondary areas, such as the Riverside Estate, with poorer environments and access, still meet local needs for specific types of lower cost space, and are fully occupied. Apart from two recently built, small office parks, and a few individual developments in Market Harborough, there is relatively little modern purpose-built office space and very few office buildings of any size.
11. Property vacancy levels are generally very low (under 5%) and there is very little industrial space available to let, or development space on any existing industrial area. Many firms occupy unsuitable premises and are constrained from expanding and turnover of premises is low. This largely reflects the very short supply of employment space, particularly industrial space. The main gap identified in the property portfolio is for industrial space of different sizes, followed by starter units, for which strong demand exists. While market views were that some additional office space may also be needed, it was also felt several current proposals may meet some of this requirement. Overall, employment space in the district is in very short supply generally, with a need for significant amounts of additional space - particularly industrial premises, starter/incubation units for small firms, and some additional general office space - if existing firms and jobs are to be retained.

Changes in Employment Space

12. Over the last 3 years, significant amounts of employment space (42,600 m²) have been lost to other uses, including retail and housing, but most of this is was on one large site, the 6.8 ha. former Tungsten Batteries site in Market Harborough. This site alone is equivalent to an average loss of 1.8.ha. of employment land annually but this rate may not continue over the next 10 years.
13. Although a sizable amount of new employment space has been permitted recently, averaging 68,000 m² annually in Magna Park and 23,000 m² elsewhere, much of the latter (10-15%) involves conversion of rural buildings and a few large office schemes, with little new industrial space in the main towns.

Economic Potential of Harborough

14. The most realistic future economic role of Harborough is seen as one which builds on its current strengths, particularly its base of small to medium manufacturing firms, particularly at the higher quality end, and in expanding its small IT and business services firms. With competing areas nearby perceived as more attractive, the district was not seen as a location able to attract many large office or manufacturing activities. Failure to provide adequate employment land appears likely to result in loss of firms. The general view was that the most realistic approach would be for the district to facilitate higher skilled job growth through expansion of local firms rather than seek to attract large businesses from outside. At the same time, its service sector, comprising small IT, business and design firms, should be encouraged to expand. A recent separate study identified demand for incubation space in the district focusing on knowledge-based activities.

Future Employment Land Needs

15. To assess the quantitative need for employment land, two scenarios of economic growth in the district were considered. The first was based on a broad continuation of current economic trends but taking account of the effects of past land supply constraints and other factors. A higher growth situation was also considered, based either on better economic performance in the main sectors or aspirations to create more jobs that would reduce current high levels of out-commuting to work.
16. While employment forecasts indicated decline in manufacturing and warehousing jobs, combined with strong growth on office based jobs, the consultation exercise indicated strong need for more industrial land to meet the growth needs of local firms and others from adjoining districts. A number of other economic and property market indicators were therefore examined, such as past take-up rates, labour supply growth, new firm formation rates, rental levels and vacancy rates. These indicators were broadly consistent with consultation views that significantly more industrial land is needed.
17. This analysis resulted in the estimates of gross employment land requirements over the next 11 years shown in the Table below. These figures include allowances made to enable choice and flexibility, replacement of space lost to other uses and to improve property availability levels to more normal levels. The lower growth figures are recommended as the basis for allocating employment land up to 2016. However, the higher growth figures would allow some leeway for the LDF to carry forward to 2021 in line with the RSS time period and could inform any identification of reserve sites for potential release subject to monitoring of take-up over the first 5 years, under a 'plan, monitor and manage' approach.

Gross Employment Land Requirements by Economic Scenario

	Lower Growth Scenario (ha.)	Higher Growth Scenario (ha.)
Industrial Space	40	49.0
Office space	7.5	10.0
Total B Space	47.5	59.0

Source: NLP

18. Provision for these land needs should be concentrated in the two larger towns with, subject to suitable sites being found, smaller amounts in the larger villages, such as Fleckney, Broughton Astley and possibly Kibworth. Qualitatively, the indicated level of provision for industrial space could be accommodated through two new industrial areas/estates in Market Harborough and one or two in Lutterworth, along with modest extension of the existing industrial estates in larger villages, such as Fleckney and Broughton Astley.

Current Allocations

19. A significant amount of the estimated future employment land requirements could be met by current allocations and commitment sites not yet taken up. Assessment of these sites found that most of are suitable for some type of employment development. The lowest performers on this measure are the Railway Goods Yard, and Bruntingthorpe Airfield, but even these could meet some needs. There is not a strong argument for re-allocating any of the current sites purely on suitability grounds.
20. However, not all of these sites are realistically available for development. The amount of allocated/committed employment land with a high probability of coming forward in the next 11 years is estimated at 8.2 ha., although there is good potential for a further 19.8 ha. to be developed and some space in the development pipeline. Compared with the estimated amount of future employment land

required, this would equate to a shortfall in the order of 38 ha under the lower growth scenario, or 18 ha. if less certain sites are included. If all allocated sites come forward, this would meet the entire office space requirement, but still require additional industrial land.

21. The main factors found to have delayed or prevented take up of these sites include: some sites being held back by owners due to long term residential hope value; delays in developing some larger sites due to high infrastructure costs combined with uncertain market demand; and the restriction to B1 uses on some sites when demand is for a mix of B1, B2 and B8 uses.

Re-Allocation of Sites

22. There is a case for de-allocating some sites that appear unlikely to come forward in the plan period, mainly because of owners' aspirations and pressures for higher value uses, and several candidate sites have been identified for this. However, before doing so, it is important to ensure that other suitable replacement employment sites can be found that are more likely to be developed, and to consider whether other approaches could help bring forward some of the current allocations. Options would include:
- a more flexible approach to mixed use development such as including a small element of housing where the major part of the site is developed for employment purposes;
 - use by the Council of CPO powers to acquire allocated sites, which are being held back for higher residential hope value, and make them available for employment development through a joint venture or sale to developers;
 - allocation of public funds to support infrastructure and servicing costs of allocated employment sites and make them more attractive to developers.
 - de-allocating any allocated employment site that is unlikely to come forward for this use even using one or more of the above approaches and is considered by the Council not to be needed for residential purposes.

Potential New Allocations

23. Further sites were identified with potential to provide new employment land allocations. Appraisal of these sites against the same criteria as existing allocations identified nine sites which offer high potential for employment development, all at the two main towns. All but one is greenfield land outside existing settlement limits and together they comprise some 50 ha. In suitability terms, these nine potential new sites compare favourably against some of the current allocations and could help replace any current allocations unlikely to come forward quickly. Further investigation of these sites is needed before allocation, given that ownership and the sites' availability for employment development could not be fully investigated at this stage.
24. Overall, the estimated future land requirements for the preferred scenario could be met by a combination of allocated/committed sites and new allocations as follows, drawing on the assessment of the most suitable sites.

Meeting Future Employment Land Requirements (Lower Growth Scenario)

	Industry (B1(c)/B2/B8)	Offices (B1(a)/B1(b))
Future Employment Land Requirement	40 ha.	7.5
Allocated/Committed sites (high probability)	2.2 ha.	6.0 ha.
Allocated/Committed sites (medium probability)	17.8 ha.	2.0 ha.
Allocated/Committed sites (low probability) *	7.2 ha.	Not needed (7.6 ha.)
Issues Paper Sites (comparable to allocated)	9.3 ha.	Not needed
Other Identified Sites (comparable to allocated)	37.0 ha.	Not needed

Source: NLP

Strategic Employment Sites

25. No clear need was found for allocating a 25 ha. high quality Strategic Employment Site in Harborough close to the Oadby & Wigston border, as sought in the district by the Structure Plan. This would not meet demand from the district's indigenous firms and residents, and in any event no suitable sites which meet the criteria for such an allocation were identified.
26. There is an argument for allowing significant expansion of Magna Park on the basis that national/regional economic considerations outweigh potential local adverse impacts, particularly if these can be mitigated by appropriate infrastructure and other measures. This study has only been able to examine limited available evidence on future demand and need for strategic distribution in the region. A final decision on expansion would need to be informed by further independent investigation at the regional/national level, including demand and supply for such space, potential alternative locations, additional infrastructure requirements and costs and availability of suitable labour supply. This needs to be fully considered in the context of regional economic strategies, the Regional Spatial Strategy and a wider sustainability appraisal. If such expansion was considered acceptable in policy terms, the 35 ha. site proposed to the south of Coventry Road appears the most suitable of the three sites within the district considered by this study.

Policies for Employment Land

27. Appropriate forms of policies should be provided in the emerging Local Development Framework (LDF) in order to:
 - protect key existing employment areas from development pressures for other uses by giving protected sites a specific designation and policy resisting loss of B class uses;
 - for other employment sites, a criteria based policy would apply to allowing loss of employment space including where employment sites can be modernised through allowing some higher value uses, where sites are not capable of being re-used or redeveloped for other employment uses and where shortages of employment land would not arise.
 - clarify the acceptable forms of employment development on employment allocation sites, with consideration given in some cases to more flexibility on the range of B uses acceptable on a site.
 - encourage renewal of older industrial stock through a general supporting policy and consideration of public sector intervention where appropriate.
 - encourage development of starter units, including as part of larger employment developments or mixed use developments and secured through S106 legal agreements where appropriate.

Monitoring of Employment Land

28. Careful monitoring of employment land needs and change will be particularly important in future in order to check whether allocations are being taken up and to facilitate a plan, monitor and manage approach to release of employment land. It will also be important for ensuring LDF policies on employment land remain relevant and up-to-date, that reliable information is available to support review of policies where needed, and in providing a robust and up-to-date basis for decisions on proposals for non-employment uses on employment land.
29. Upgrading of the current monitoring system is recommended. For quantitative data, this would require monitoring: floorspace for new employment developments by type of employment use including permissions, completions; floorspace lost to other uses by existing/proposed uses and location; and more detailed categories of employment uses. In addition, consideration should be given to updating the VOA premises database every few years.
30. Factors affecting or reflecting changes in employment land need should also be monitored, such as rents of employment space in Harborough and competing locations; vacancies/property availability; and levels and types of property enquiries. Other changes to provide more qualitative information would include holding an annual forum of employment land stakeholders to exchange views on market conditions and issues.
31. All this information could feed into an expanded Annual Employment Land Monitoring Report which summarises the above indicators and draws fuller conclusions on employment space issues in the district and actions needed to address them.