
**Leicester and Leicestershire
HMA Employment Land
Study**

Executive Summary

A report prepared by

PACEC

With Warwick Business Management Ltd
on behalf of
Leicester Shire Economic Partnership

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Executive Summary

X1 Introduction

X1.1 PACEC, Warwick Business Management Ltd and Mather Jamie were contracted by the Leicester Shire Economic Partnership in March 2008 to undertake an employment land study for Leicester and Leicestershire Housing Market Area. The brief sets out the need for:

- Joint employment land planning and delivery up to 2026;
- Employment land policies and allocations through Local Planning Authorities' Core Strategies; and
- Investment priorities and targets for Local Area Agreements and the Multi Area Agreement.

X1.2 The methodology required:

- The review of existing supply of employment land and premises through criteria-based assessments;
- The review and critique of supply and demand forecasts for employment land and premises;
- The production of alternative demand scenarios;
- An estimation of the gap between supply and demand;
- A review of potential employment land allocations; and
- Advice on delivery of employment land.

X1.3 The combination of three dominant policies pertinent to the HMA creates the policy lens through which to undertake the Employment Land Review:

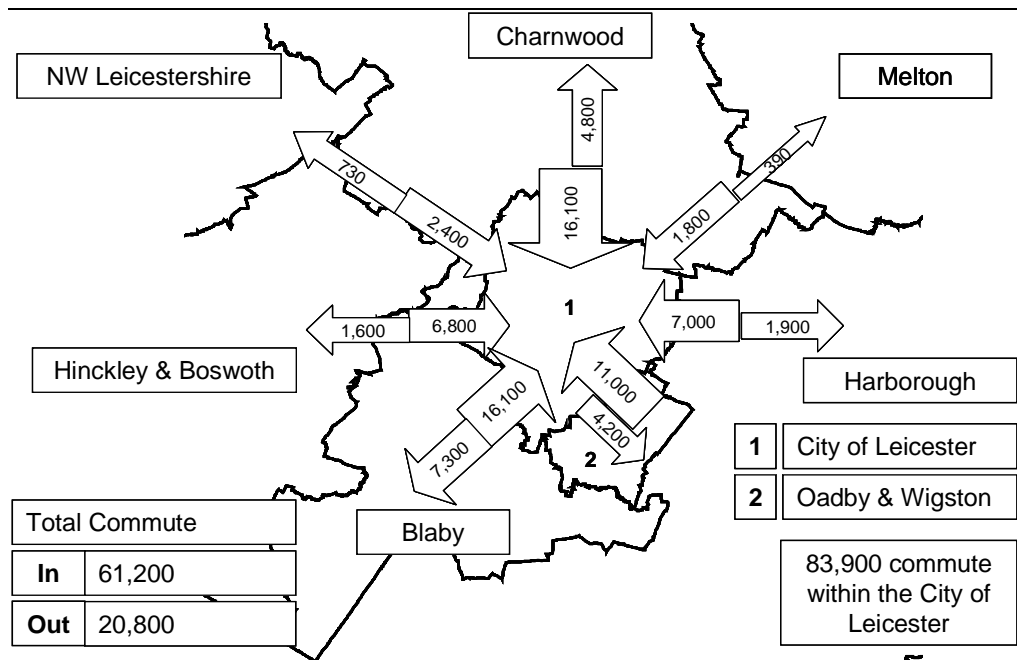
- *The market*: To identify an adequate supply of sites of the right quality and in the right places at the right time to meet employment forecasts and safeguard and protect these sites from competition from other uses, particularly housing;
- *Sustainable development and climate change*: To reduce the carbon emissions arising from development – through new construction standards and renewable energy generation – and transport – through aligning homes with jobs and services and making the fullest possible use of sustainable modes of transport; and
- *Local distinctiveness*: To create a prosperous, enterprising and dynamic economy, characterised by innovative businesses and creative people with a new pattern of growth in the New Business Quarter and Sustainable Urban Extensions creating sustainable communities in an attractive environment.

Joint Approach to Employment Land Planning and Delivery

X1.4 Analysis of the 2001 Census commuting data shows that the eight districts within the HMA are closely inter-dependent in providing jobs for their residents. For example, 21,000 of Leicester City's residents out-commute to other parts of the HMA and 61,000 of the rest of the HMA's residents commute into Leicester City. These inter-dependencies highlight the importance of joint employment land planning across the

HMA as employment land in one district strongly affects commuting decisions of residents in other districts.

Figure X1 Commuting Flows – City and County Interdependence



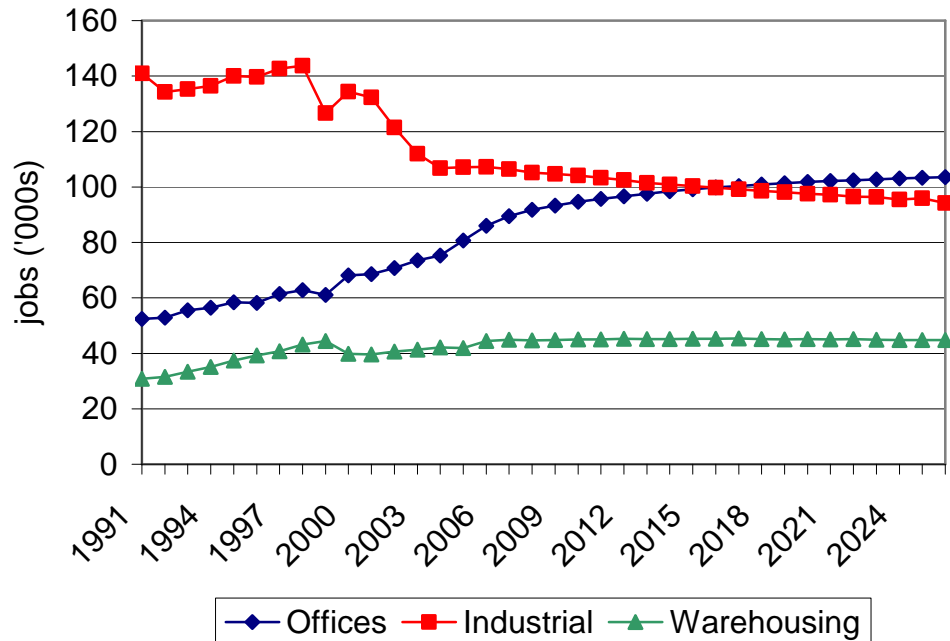
Source: Census 2001

Analysis of Employment Land Requirements

Estimating Future Needs

X1.5 In order to consider future employment change in the different sectors that take up employment land ('B-class uses'), past change in employment in these sectors is considered. Figure 2 shows the decline of industrial floorspace is forecast to continue, at a lower rate. Office employment is forecast to increase but at a lower rate than in the past. Warehousing employment is forecast to remain relatively steady, following growth in the past.

Figure X2 Employment Change in Leicester and Leicestershire HMA, 1991-2026



Source: Experian; PACEC

X1.6 Forecasts of employment change are made for each of the districts within the HMA. These are based on forecasts produced by Experian up to 2016 and extended by PACEC up to 2026 (the basis of the forecasts is explained in sections **Error! Reference source not found.** and **Error! Reference source not found.**). The change in employment translates into an estimate of demand for land using:

- Employment densities (sq.m. per worker) applied to the change in employment between 2007 and 2026 to give an estimate of the additional floorspace required in the future; and
- Plot ratios (floorspace to site area) applied to the forecast floorspace to give an estimate of the amount of additional land required in the future.

X1.7 An estimate is also included in the calculations to account for ‘renewal’¹ of existing stock. We assume an annual rate of renewal for the three types of floorspace and also assume a proportion of the renewal occurs on previously undeveloped employment land.

¹ The renewal of ageing and obsolete industrial property, warehousing and offices provides an important source of demand for employment land even in circumstances where there is a forecast decline or stability in jobs to be accommodated in B-use class property.

Table X1 Rates of Renewal and Assumptions for Renewal on Previously Undeveloped Land

	Industrial	Warehousing	Offices
Annual rate of renewal	0.75%	1%	1%
% on previously undeveloped employment land	50%	75%	50%

Source: PACEC

X1.8 In addition, provision is made to maintain competition (between developers) and choice (for business occupiers) towards the end of the plan period and beyond. Accordingly the estimate of future needs is based on the net change in jobs together with demand for renewal and the needs for a pipeline of land required for the effective operation of the market.

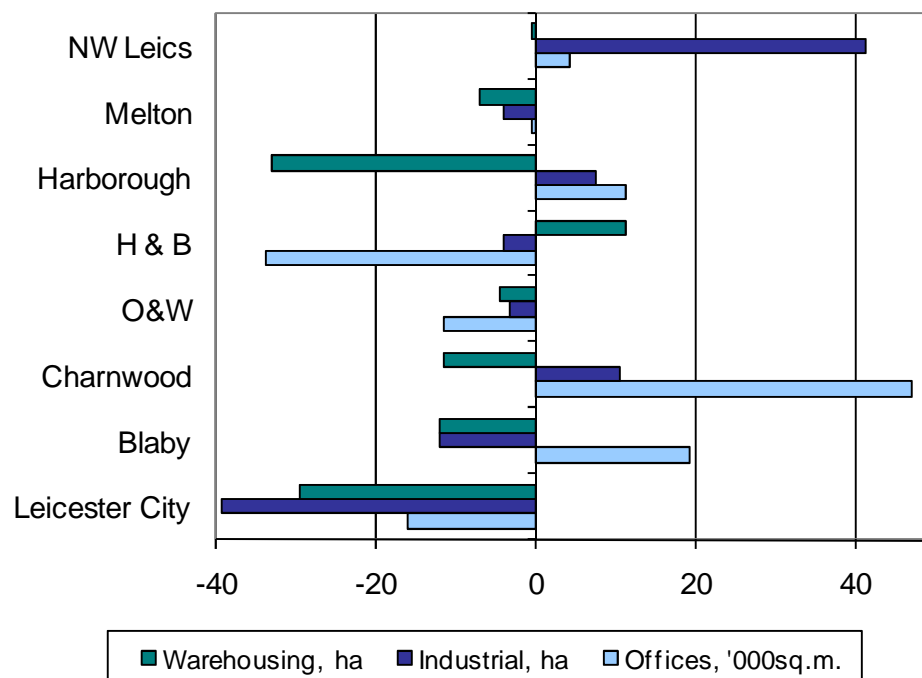
Estimating Future Supply

X1.9 The estimates of demand for floorspace and land are compared to estimates of the pipeline (or supply) of land, comprising planning permissions and outstanding allocations.

Gap Analysis

X1.10 The difference between the demand and supply form the 'gap' and indicate whether there is likely to be an under or over-supply of land in the future, where this may be and for what type of land. In Figure 3 below, a positive figure indicates an excess of supply over forecast demand; a negative figure indicates a shortfall in supply compared to forecast demand.

Table X2 Supply and Demand Gap Analysis, 2007-2026



Note: Harborough to be confirmed.
Source: PACEC

X1.11 Two scenarios are considered in setting out the alternative paths that the HMA may choose in making new employment land policy:

- *Business as Usual:* This scenario assumes supply is dictated by existing allocations. Sites which are out of town will be taken up and targets for low carbon development are not met, as dependence on car-based commuting increases. The area becomes less effective at retaining and attracting businesses as suitable employment land is not provided in the right places.
- *Low Carbon, High Knowledge:* This scenario assumes the success of the Leicestershire 2020 Economic Strategy, with reducing carbon emissions and improving the economy through innovation and creativity. Fuel security, rising prices and government regulation create demand for low/ zero carbon development. New supply in the New Business Quarter and the Sustainable Urban Extensions creates competitive advantage for the HMA.

X1.12 In response to the identified need to provide more employment land (to make up for identified shortfalls) and better-located employment land (to ensure the land is provided of the right quality, in the right places and at the right time), the locations in Table X3 below are recommended to provide accommodation for employment under the preferred low carbon, high knowledge scenario.

Table X3 Proposed New Pattern of Employment Development

Offices and R&D	Light industrial and small warehousing	Strategic Warehousing
In-situ renewal	In-situ renewal	Road-rail
New Business Quarter, Leicester	Strategic Urban Extensions	
Leicester Science Park	Market towns	
Loughborough Science Park		
Strategic Urban Extensions		
Market Towns		

Source: PACEC

Table X4 Recommended allocations of previously undeveloped employment land to 2026

	Offices	Light industrial and small warehousing	Strategic warehousing
PUA	46,000 sq m	100 ha	0
Leicester City	60,000 sq m	9.3 ha	0
Charnwood			
North SUEs	← 20 ha →		0
South SUEs	0	50 ha	0
Blaby			
Blaby SUEs	0	24 ha	0
Oadby & Wigston	5,800 sq m	0	0
PUA total	65,800 sq m	103.3 ha	0
Total	34,500 sq m	80 ha	50 ha
Rest of Leicestershire			
NW Leicestershire			
Coalville SUEs	← 20-25 ha →		0
Rail-linked	0	0	50 ha
Hinckley & Bosworth			
6 ha (34,000 sq m)		14 ha	0
SUEs	← 20-25 ha →		0
Harborough	← 5 ha →		0
Melton			
2 ha (500 sq m)		11 ha	0
Total	Min 100,300 sq m	Max 183.3 ha	50 ha

-NB. May not sum due to rounding.

Harborough potential additional requirement subject to monitoring

Source: Experian; PACEC

X1.13 The supply demand gap analysis concluded with requirements of previously undeveloped employment land in the HMA to 2016 of: a minimum of 100,000 sq m of offices; a maximum of 183 hectares of land for light industrial and small scale warehousing and 50 hectares for a road rail strategic distribution centre. The local

planning authorities recognise that the allocations for these requirements need to be planned on a HMA wide basis. This is because some requirements – such as science parks – need to be located near to Universities in the HMA and other requirements – such as light industrial and small scale warehousing – cannot be met on a district by district basis. For example, the demand for such land arising from Leicester and Oadby and Wigston needs to be met by provision in the neighbouring districts.

Stakeholders' Workshop

- X1.14 A key objective of the review was to learn from stakeholders in the sub regions' employment land and property markets and seek their views on the findings and emerging policy ideas. In addition to a programme of face to face interviews, the LSEP hosted a workshop on 9th June at Walkers' Stadium, Leicester. At the workshop, landowners, developers, property service companies and local authorities debated four employment land issues arising from the proposal for a new pattern of low carbon development. The main points informed the draft action plan and are summarised in Appendix J.

Draft Action Plan

- X1.15 The draft action plan sets out suggestions of how to achieve the new pattern of economic development. This considers: a shared vision and strategic objectives; employment land planning; employment land priorities; and delivery arrangements.

Shared Vision and Strategic Objectives

- X1.16 The stakeholders have recognised, through the Leicestershire 2020 Economic Strategy Vision that economic competitiveness and environmental sustainability will be achieved by businesses and communities acting together so: *'Leicestershire will have a prosperous, enterprising and dynamic economy, characterised by innovative businesses, creative people, sustainable communities and an attractive environment.'* To support the realisation of this vision, stakeholders could adopt three inter-related strategic objectives for economic development and related spatial planning as follows:
- Economic competitiveness: creating a prosperous, enterprising and dynamic economy
 - Low carbon development: reducing the carbon emissions arising from development and transport
 - New pattern of growth: delivering employment land in the New Business Quarter and the Sustainable Urban Extensions and for local requirements.

Employment Land Planning

- X1.17 Local Planning Authorities have four main roles in the delivery of employment land:
- Safeguarding and allocating land

- Allocating land and planning for delivery, including investment frameworks
- Monitoring and managing the development pipeline
- Replenishing the development pipeline

Employment Land Priorities

X1.18 The study findings highlight a number of failures in the employment land market to be addressed.

The Intervention Areas, Leicester

X1.19 A number of suggested priorities to create opportunities for firms to relocate from the intervention areas and other employment areas in and around Leicester include:

- Lifting the user restrictions at Ashton Business Park (Bursom) to enable Leicester based businesses to acquire plots, develop their own accommodation and put their existing premises on the open market.
- Making a further employment land allocation at Ashton Green.
- Selecting and investing in existing employment areas in Leicester to make them 'fit for purpose'.
- Supporting businesses relocating from the intervention areas into secondary property within 'fit for purpose' employment areas.

The New Business Quarter, Leicester

X1.20 To bring forward Grade A offices to enable Leicester to compete effectively in the national, regional and sub regional office markets by:

- Undertaking a sustainable transport assessment to plan for public transport services and car parking provision for Phase 2 of the New Business Quarter.
- Promoting the New Business Quarter to potential office occupiers in the region, West Midlands, London and the South East.

Sustainable Urban Extensions

X1.21 To address market and public policy failures to plan for zero carbon development and enable the employment land market in the sub-region to operate effectively, early priorities will be to link funding regimes, such as the New Growth Point, and delivery arrangements to:

- Research technical requirements, investment cases, funding sources and priorities for zero carbon development.
- Explore low/zero carbon Transport Innovation Fund measures.
- Create a rolling infrastructure investment fund to bring forward a programme of exemplar Sustainable Urban Extensions, starting with South Charnwood.
- Link employment land planning and delivery with wider delivery requirements, for housing and transport.

Science Parks and Knowledge-Based Economy

- X1.22 An objective of establishing one of the most attractive sites in the East Midlands for a high technology-based inward investor will require advance infrastructure to provide a ready to go site at Loughborough Science Park Phase 2 or 3, subject to the University's proposed development partnership arrangements.
- X1.23 The three Universities could be encouraged to pool HEFCE HEIF grant funding to drive growth in knowledge-based technology and creative industries by commercialising 'near to market' technologies.

Road-Rail Strategic Distribution Centres

- X1.24 To promote growth in rail based distribution, the Local Authorities and LSEP need to work with *emda*, the Highways Agency, Network Rail and private sector investors to identify and assess potential locations for one or more large scale road rail distribution centres in the Leicester and Leicestershire HMA (in accordance with Policy 21 of the RSS).

Start-Ups, Move-on Firms, Bad Neighbours and Waste

- X1.25 Market gaps need to be identified in the provision of space for start-ups, move-on companies, 'bad neighbour' uses and waste recycling facilities. A priority will need to be placed on re-establishing the Local Authority developer role with a view to using resources within commercial property accounts to lever in grant and private sector capital to deliver priority schemes.

Delivery Arrangements for the HMA

- X1.26 Recommended delivery arrangements are summarised in the figures below. Strong leadership and governance with a shared vision and objectives leads to competitive advantage. A strategic and joined-up approach across the HMA in terms of policy, planning, strategy and delivery will be critical to success. New funding arrangements within the HMA may be used to help fund joint delivery arrangements for infrastructure (e.g. employment and New Growth Point housing development), and growing the knowledge and creative economy.

Figure X3 Delivery Arrangements for the HMA

