

South Derbyshire District Council EMPLOYMENT LAND REVIEW



Final Report
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1 INTRODUCTION

The Study Brief

- 1.1 This study was commissioned by South Derbyshire District Council in November 2005 as part of the evidence base for the District's Local Development Documents. As shown in the Council's brief, the study should particularly inform the preparation of an Area Action Plan (AAP) for land between Woodville and Swadlincote town centre, advising on the redevelopment potential of the land for employment uses. More generally, the brief indicates that the study should provide guidance on employment land allocations, considering:
- Whether the Structure Plan requirement of 150 ha represents an appropriate figure for ensuring that the employment needs of the District will be met up to 2011;
 - The District's employment land needs for the period beyond 2011;
 - The suitability for employment purposes of outstanding employment allocations and commitments (ie sites with planning permission) and the suitability of any use restrictions placed upon them;
 - The likely viability of existing employment areas continuing in employment use in the event of them being vacated by current occupiers
 - Whether the existing supply of employment land will be sufficient to meet the District's employment needs;
 - Whether the South Derbyshire sites are of strategic or local significance.
- 1.2 As required by the brief, we have considered these issues from a market perspective. In deciding on its policies, the Council will also wish to take account of other considerations, including sustainability and socio-economic factors.

The Report

- 1.3 Following this Introduction:
- Chapter 2 sets out the background of current policy, showing the strategic guidance the Council needs to follow, and the existing local policy it needs to reconsider, in framing its employment land policies.
 - Chapters 3 and 4 analyse the present condition of South Derbyshire's economy and property market, establishing the baseline for future change.
 - The next two chapters consider this future change. Chapter 5 deals with the quantity of employment land, forecasting demand and comparing it with the supply currently identified by the planning system. Chapter 6 audits that supply qualitatively, considering both existing employment areas and development sites in the planning pipeline.
 - Conclusions are in Chapter 7.

2 POLICY CONTEXT

National Policy

- 2.1 Until recently, the main document providing central Government guidance on employment land was Planning Policy Guidance Note (PPG)4, Industrial and Commercial Development and Small Firms. PPG4 states that development plan policies should provide for choice, flexibility and competition. Authorities should ensure that there is sufficient land available which is readily capable of development and well served by infrastructure. They should also ensure that there is a variety of sites available to meet differing needs.
- 2.2 Although PPG4 is the natural home for government guidance relating to employment land, important further guidance is now provided in the amended PPG3, Housing. In order to help increase the supply of land for housing, a new paragraph, 42(a), was added to PPG3 in January 2005. This new text introduces a presumption in favour of applications which propose a change of use from employment to housing:
- ‘Local planning authorities should consider favourably planning applications for housing or mixed use developments which concern land allocated for industrial or commercial use.’
- 2.3 The idea behind the new guidance is that planners should not safeguard for employment use, sites which have become unattractive for such uses, and therefore would be better released for housing development. However, paragraph 42(a) does not introduce a free-for-all attack on the stock of employment land. The policy is balanced with three criteria which can justify retention.
- 2.4 First, planning authorities are reminded that not all employment land is suitable for housing. Secondly, they are cautioned that in some markets the release of employment land could trigger or exacerbate excess housing supply. The third criterion is particularly relevant: it states that planning authorities can continue to safeguard employment land and premises if:
- ‘It can be demonstrated, preferably through an up-to-date review of employment land, ([see] Employment Land Reviews: Guidance Note’ ODPM 2004) that there is a realistic prospect of the allocation being taken up for its stated use in the plan period or that its development for housing would undermine regional and local strategies for economic development and regeneration.’*
- 2.5 The present study, like the many employment land reviews commissioned by planning authorities throughout England, is largely a response to this new government policy and the ODPM Guidance Note to which it refers. The criteria used in our site assessment (Chapter 5) are designed to match the criteria in paragraph 42(a), identifying sites which the market can realistically be expected to take up and those which are critical to the delivery of economic development and regeneration strategies.
- 2.6 Although PPG3 was recently amended, the ODPM is already consulting on a proposed replacement for it. The consultation draft of this replacement, Planning Policy Statement (PPS)3, published in December 2005, omits paragraph 42(a) and contains just two references to the transfer of employment land to housing, both very brief. The first reference is indirect: it states that, when preparing housing policies in Local Development Frameworks (LDFs), authorities should have regard, among other things, to local strategies, which include local economic strategies. Secondly, when considering applications for housing where the LDF is not yet available or for sites not allocated in the LDF:
- ‘Local planning authorities should consider favourably planning applications for housing development, ‘if the site is suitable for housing development (including land*

allocated or previously used for industrial or commercial use, which is no longer needed for that use).

- 2.7 A footnote to the above sentence refers to the ODPM Guidance Note on employment land reviews.
- 2.8 Overall, the new draft PPS3 seems to mark a retreat from the previous Government position, in that it provides less specific guidance on the release of employment sites than does the current PPG3. It may be that the intended replacement for PPG4 - for which a date has yet to be announced, will fill that gap. Meanwhile, in this study we have no option but to base our site assessments and policy advice on the criteria in paragraph 42(a) of PPG3, which at the time of writing still represent current Government policy and are reflected in the more detailed ODPM Guidance Note.

Regional Policy

The Regional Spatial Strategy for the East Midlands (RSS8)

The Current RSS

- 2.9 Under the 2004 Planning and Compulsory Purchase Act, strategic policy is made regionally, in this case by the Regional Spatial Strategy for the East Midlands (RSS8), now called the Regional Plan. This was adopted in March 2005. The Plan states that the East Midlands, although enjoying high employment, is a low-value economy, with low productivity, earning and skills. There is a lack of jobs in the 'knowledge industries', and the potential of local universities and colleges in the East Midlands is not being fully exploited.
- 2.10 Policy 1 of the Regional Plan sets out core regional objectives, which include:
- To address social exclusion
 - To improve the quality of the environment in urban and rural areas
 - To promote and improve economic prosperity, employment opportunities and regional competitiveness.
 - To improve accessibility.
- 2.11 In Section 3 of the Plan, Spatial Strategy:
- Policy 2 states that land-use plans should adopt a sequential approach to the selection of land for development, prioritising previously developed land, urban areas and locations well served by public transport.
 - Policy 3 sets out sustainability criteria to be used in selecting land for development, including previously developed land, accessibility by non-car modes and the likelihood that the site can be viably developed.
 - Policy 5, Concentrating Development in Urban Areas, sets out a hierarchy whereby new development is to be concentrated in the Principal Urban Areas (PUAs), which are the built-up areas centred on Derby, Leicester, Lincoln, Northampton and Nottingham, and in the North Northamptonshire growth towns. The second layer of the hierarchy, where there should be appropriate development on a lesser scale, comprises Sub-Regional Centres, which do not include any centre in South Derbyshire. The policy advises that plans and strategies 'should take into consideration the role of settlements closely related to the PUAs' and supporting text adds that policy areas should be defined, particularly round the PUAs.
 - Policy 6, Regional Priorities for Development in Rural Areas, directs that plans and strategies should provide for employment development to strengthen the vitality and viability of market towns and encourage development opportunities related to the rural economy, including farm-based enterprises and the appropriately scaled growth of rural businesses.

- 2.12 For the Three Cities Sub-Area, which includes South Derbyshire, the Regional Plan proposes a sub-regional strategy to improve collective economic performance. Policy 15 of the Plan says that, in this Sub-Area, development plans and other plans should:
- 'Support the continued regeneration of Derby, Leicester and Nottingham, and maintain and strengthen the economic, commercial and cultural roles of all three cities'.*
- 2.13 The policy goes on to state that where development cannot be accommodated in these cities:
- 'Employment and housing development should be located within and adjoining settlements. Such development should be in scale with the size of those settlements, in locations that respect environmental constraints and the surrounding countryside, and where there are good public transport linkages.'*
- 2.14 Policy 22 of the RSS, Regional Priorities for Employment Land, advises that local authorities and Sub-Regional Strategic Partnerships should work together to ensure an adequate supply of good-quality employment land in sustainable locations, to meet inward investment requirements and to review employment land allocations, ensuring that they match market requirements and that any surplus land is considered for alternative uses.
- 2.15 The RSS does not quantify employment land requirements. Supporting text advises that planning authorities should take account of the findings of the QUELS and RELPS studies¹, whose findings for the Three Cities Sub-Area (which includes South Derbyshire) are summarised at paragraph 4.2.11 of the Plan as follows:
- 'Office supply is constrained in Derby, Nottingham and Leicester, partly due to pressure from other uses such as housing. There is a particular shortage of sites suitable for science and technology uses. The availability of good-quality industrial land is also constrained, particularly within the city [centre] boundaries. In parts of Leicestershire, pressure from the storage and distribution industry is starting to restrict other uses.'*
- The RSS Review*
- 2.16 The Regional Plan is currently under review, with final publication of the new document expected in 2008. The new Regional Plan will replace the Structure Plan and will include target employment figures and land requirements by HMA and local authority area, which may supersede the findings of this study.
- 2.17 In October, the region published the Options for Change consultation paper. This was mainly about housing and did not explore the employment land needs of the region.
- 2.18 Options for Change proposes a new planning geography based on Housing Market Areas (HMA), in which South Derbyshire is grouped with Derby City and Amber Valley. How these districts will work together is as yet undecided.
- The Regional Economic Strategy (RES)*
- 2.19 The current RES for the East Midlands, 'A Flourishing region'¹, was published by emda in July 2006. In its analysis of the regional economy, this latest RES, like its predecessors published in 1999 and 2003, stresses the combination of high employment and low value added which has long been typical of the East Midlands:

¹ East Midlands Regional Local Government Association, East Midlands Development Agency, Government Office for the East Midlands (July 2002) *Quality of Employment Land Study*, Roger Tym & Partners, Business Strategies & Innes England
East Midlands Development Agency (June 2003) *Regional Employment Land Priorities Study*, Innes England, Sinclair Knight Merz

The Productivity Gap

'The labour market in the East Midlands is characterised by the persistence of a 'low-pay, low-skill equilibrium', where high employment rates are to an extent maintained by a concentration of low pay, low skill jobs. The East Midlands is the only region of the five Northern and Midlands regions with an above average employment rate ...[and its] unemployment rate is relatively low. Despite this, average earnings are relatively low and there are a large number of people with no qualifications. In particular, the East Midlands significantly lags behind the national average in higher level qualifications, and has one of the lowest proportions of its workforce educated to degree level in the UK. This gap is reflected in earnings levels, with individuals working in the East Midlands earning 6.6% less than the national average... This is a consequence of the region's industrial and business structure, which results in a comparatively weak demand for skills due to a large number of businesses competing principally on the basis of cost.'

'The East Midlands continues to demonstrate a productivity gap. In 2003, Gross Value Added (GVA) per hour worked in the East Midlands was 96.9% of the UK average.'

Source: A Flourishing region

- 2.20 Put simply, the East Midlands has plenty of jobs, but these jobs on average are relatively less productive, and hence relatively less well-paid, than the national norm.
- 2.21 Among other distinctive features of the regional economy, the RES points to the ageing of the population, which is a national trend but particularly affects the East Midlands - which of all the English regions is forecast to experience the most growth in population of pensionable age. It notes also that the region's most deprived communities are concentrated in its major urban centres. Of the local authority areas in the East Midlands, Nottingham is the most deprived and South Northamptonshire the least.
- 2.22 The RES holds out a vision for a 'flourishing region' by 2020, in which the East Midlands will enjoy levels of sustainable economic well-being and a quality of life higher than the European average and comparable with the best in the world'. This economic well-being in turn is a function of two overarching indicators:
- Productivity, measured as GVA per hour worked
 - Access to jobs, measured by the employment rate, which is the proportion of the population of working age which is in work.
- 2.23 With regard to the first indicator, the aim is to correct the East Midlands' productivity deficit by upgrading the mix of economic activity, so that the region's people are wealthier. As regards access to jobs, there is no deficit; on average, as we have seen, the region's workers are already advantaged. But it is an objective of the RES to combat economic exclusion, 'ensuring that everyone has the opportunity to contribute to and benefit from the region's sustainable economic growth'.
- 2.24 The RES translates this broad vision into 10 'strategic priorities', or broad areas for intervention, and many 'priority actions', or specific proposal for public intervention. Priority 10, Land and Development, has as its aim:
- 'to ensure that the quality and supply of development land is the balance between competing land uses, contributes towards sustainable growth of the regional economy'.
- 2.25 More specific objectives of emda intervention in land and development are:
- Support innovative businesses, inward investment and new enterprise;

- Support the RES priority sectors - which under emda's new sector policy comprise transport equipment manufacture, food and drink manufacture, construction and health care - and industrial clusters²;
- Encourage links between business and academic institutions;
- Complement the work of Innovation East Midlands and blueprint;
- Encourage sustainable building design.

2.26 Priority actions in support of these objectives are set out at Section 7b of the RES, under three headings:

- **Secure the quality and supply of employment sites**
Support upgrading of existing employment sites, help bring forward new sites, where necessary for regeneration promote the redevelopment of commercially unattractive sites, undertake masterplanning and Environmental Impact Analyses, support the relocation of firms affected by redevelopment proposals, target public resources on priority sites;
- **Infrastructure for Employment-Related Schemes**
Assess infrastructure deficiencies and needs, use development briefs and planning decisions to ensure appropriate provision, invest public money to provide infrastructure where there is market failure, assess impacts of development through EIAs and capacity studies;
- **Previously Developed Land and Buildings**
Increase the re-use of previously developed land and vacant buildings through site remediation, reclamation and redevelopment; key actions include Brownfield Action Plans and continuing remediation of former colliery sites.

Structure and Local Plans

The Derby and Derbyshire Structure Plan

2.27 The most recent Structure Plan was adopted in January 2001 and covers the period 1991 - 2011. The document sets out its spatial approach as follows:

'The Plan's policies and proposals have been developed for fifteen Sub-Areas, based on Travel-to-Work-Areas. These Sub-Areas provide the most functional basis for strategic planning in Derbyshire, although many of them relate to centres of employment outside Derbyshire and have more interaction with those centres than with nearby parts of Derbyshire itself. Policies for district council areas are assembled on the basis of strategic policy decisions reached for each Sub-Area...

Having developed the preferred policies for each Sub-Area, the scale and general location elements of these policies were used to re-structure the development provision into local planning authority area format, as is required by law, and in order to provide a convenient context for the review of Local Plans by the district and City councils. Thus the Plan's provision for housing and for industrial land in each local planning authority area is in most cases composed of several elements, each relating to the Sub-Area within which they were developed. In this way, the [Structure] Plan provides Local Plans with a strategic context, developed on the basis of the journey-to-work and housing market areas which have the most influence on the pattern of people's everyday life.'

² The new sector policy replaces emda's previous focus on industrial clusters. The RES states that emda will continue to support clustering where this would contribute to the development of priority sectors; at present, only aerospace and motor sports, both part of the transport equipment sector, warrant such support.

2.28 South Derbyshire in the Structure Plan is split into two sub-areas. The north of the District is part of Derby Sub-Area, which comprises Derby City and a large surrounding area that also takes in parts of Amber Valley District, Derbyshire Dales District and Erewash District. The southern section of South Derbyshire forms the Swadlincote Sub-Area. The Plan requires that in 1991-2011 provision should be made for 50 hectares of employment land in the north of the District and 100 hectares in the Swadlincote Sub-Area.

2.29 The new Regional Plan, to be finalised in 2008, will supersede the Structure Plan.

The South Derbyshire Local Plan

2.30 The South Derbyshire Local Plan is time expired. It was adopted in May 1998, prior to the 2001 Structure Plan, and covered the period up to 2001.

2.31 The District Council started the review process, intending to produce a new Local Plan conforming to the 2001 Structure Plan. A Revised Draft Replacement Local Plan was placed on deposit in January 2003 and, following an Inquiry and Inspector's Report, formal modifications were published in January 2005. However, the document had to be withdrawn at the Proposed Modifications stage on a technical matter, which meant that it could not comply with regulations. The Local Plan review has now been abandoned and the Council is pressing ahead with a new Local Development Framework to replace the Local Plan under the 2004 planning legislation.

2.32 The draft Local Plan now withdrawn has no legal status, but is of interest as an indication of the supply position and the Council's thinking at the time. The draft showed that between 1991 and 2004 the Council had provided 63 ha of employment land in the Derby Sub-Area, exceeding the Structure Plan target. Development had started on 28 hectares of this land; the remainder was largely accounted for by Dove Valley, where further development has since taken place, as discussed later in this report. For the Swadlincote Sub-Area, the draft Local Plan indicated a slight deficit of employment land allocations against the Structure Plan target, which it aimed to correct by allocating three new sites, comprising land north of Occupation Lane, Tetron Point and a small site at Woodville Woodlands. Tetron Point is now almost complete; only land north of Occupation Lane and Woodville Woodlands remains undeveloped.

Key Themes

2.33 In planning for employment land, as for any other land use, the Council must conform to strategic policies handed down from higher tiers of government.

2.34 At national level, the recently amended PPG3 and associated Guidance Note direct that employment land which is surplus to requirements should be considered for allocation to housing, although the even more recent draft PPS3 suggests that in the near future they may be relaxed.

2.35 The Regional Plan, both existing and emerging, includes two main themes relevant to employment land. The first theme, which applies to the whole of the East Midlands and is shared with the Regional Economic Strategy, is to restructure the economy away from its current 'low-value equilibrium', towards higher-productivity, higher-skilled, more knowledge-intensive activities.

2.36 Secondly, South Derbyshire District is part of a sub-region centered on Derby City and where appropriate may be expected to provide employment land to meet the needs of that city. The current Structure Plan assigns this sub-regional function specifically to the north of the District and indicates that the bulk of the new and commercial development should be concentrated in, and closely related to, the built-up area of Derby City. This approach was reflected in the withdrawn Local Plan.

3 THE ECONOMY

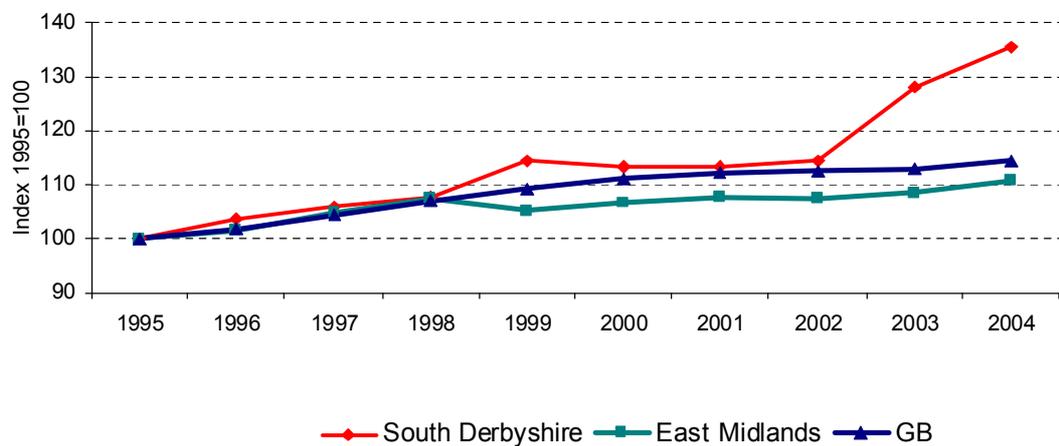
Introduction

- 3.1 In this chapter, we consider selected aspects of the local economy which bear particularly on employment land policy. We begin by looking briefly at the performance of the local economy, focusing on two features: recent employment change and the District's largest employer, Toyota. We then consider the economic well-being of the District's residents and finally patterns of travel to work.

Employment Change

- 3.2 Government statistics for 2004, the latest date available, show a total of around 30,000 employee jobs in South Derbyshire. The graph below shows the change in this figure since 1995, comparing the District with the East Midlands and Great Britain.

Figure 3.1 Employment Change 1995-2004



Source: Annual Business Inquiry and Annual Employment Survey Rescaled. Figures exclude the self-employed. We have corrected the ABI statistics for errors in the recording of jobs at Toyota and Egg; details are in Chapter 5 below.

- 3.3 Between 1995 and 2002, South Derbyshire's employment increased by around 10%. Throughout the period, the District's growth was very close to the national trend, which in turn was a little above the trend for the East Midlands. But at the end of the series, the statistics for South Derbyshire show a sudden leap, with growth of 10% in just two years from 2002 to 2004, while national and regional employment continue their previous trends. This sudden departure from the long-term trend is most likely due to the Toyota car plant.

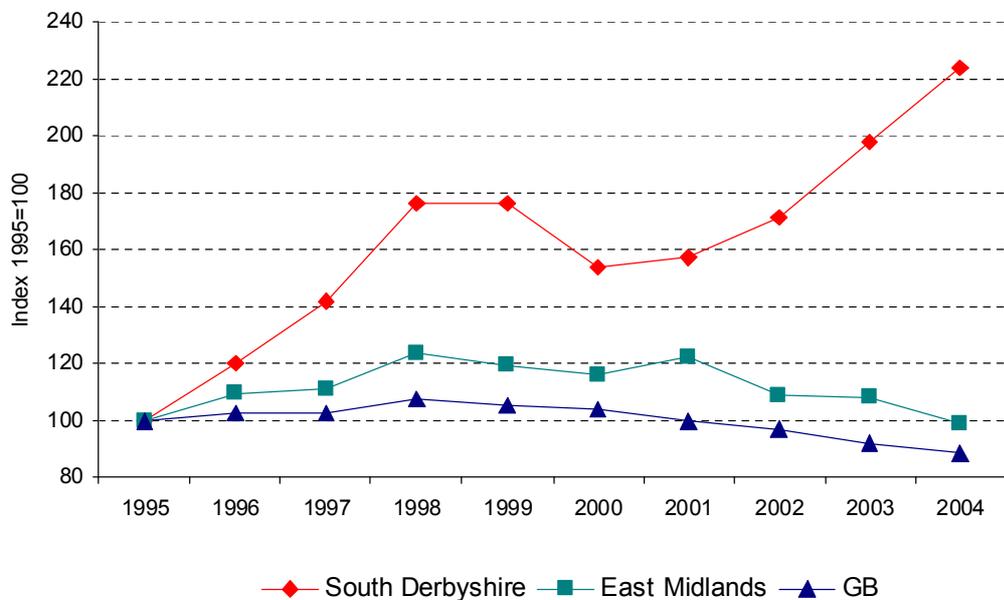
Toyota

The Plant

- 3.4 Toyota is a global car company which spans six continents, employs more than 260,000 people and produces 6.5m vehicles a year in 26 countries. In 1992, it opened its first European production centre at Burnaston, South Derbyshire. Work performed at the site includes stamping, welding and painting to plastic mouldings and assembly. The vehicles are powered by engines made on Deeside (Wales) and 80% of Toyota vehicles produced are exported.

- 3.5 From opening in the early 1990s, the plant has grown both in terms of cars produced and number of employees. In 1992, it provided 1,500 jobs. By 2006, employment had increased to nearly 5,000, providing roughly one in six of the jobs in the District.
- 3.6 The growth of the plant is contrary to national trends in motor manufacturing. In recent years, the UK has seen a number of high-profile closures of car plants, including Peugeot at Coventry, Ford at Dagenham and the collapse of MG Rover.
- 3.7 Official statistics group car production with other activities, such as manufacture of railway engines and bicycles, in a single industry called 'manufacture of transport equipment'. In South Derbyshire, we know that nearly all jobs classified to this industry relate to Toyota. But at national and regional level it is difficult to gauge employment change in car production specifically.
- 3.8 The graph below shows jobs in the sector between 1995 and 2004. The series for South Derbyshire shows the rapid growth of Toyota's employment. Nationally and regionally, the number of workers in the sector has been falling. As well as car manufacturing, the trend has been influenced by the decline of other activities included in the sector - for example the manufacture of bicycles (eg Raleigh - Nottingham) or railway engines (Derby).

Figure 3.2 Jobs in Manufacturing of Transport Equipment 1995 -2004



Source: Annual Business Inquiry

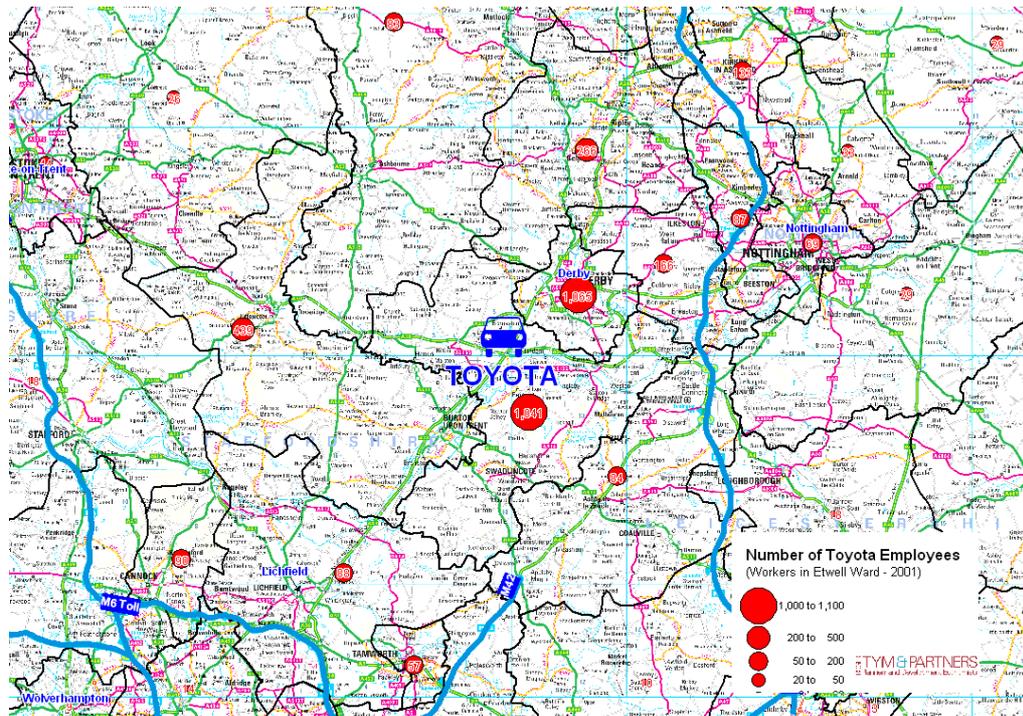
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- 3.9 Looking forward, there is no evidence to suggest that the growth of Toyota at Burnaston will not continue.

The Workers

- 3.10 Using ward-based commuting data from the 2001 Census we can estimate where Toyota workers live, because we know that almost all jobs in Etwell ward (which includes Burnaston) are at Toyota.
- 3.11 Of 4,300 jobs in the ward, just 1,000 are held by residents of South Derbyshire (Figure 3.3). Another 1,000 live in Derby City and 500 in neighbouring East Staffordshire. The remaining 1,800 workers are widely spread across many local authority areas.

Figure 3.3 Places of Residence of Workers in Etwall Ward (Toyota), 2001



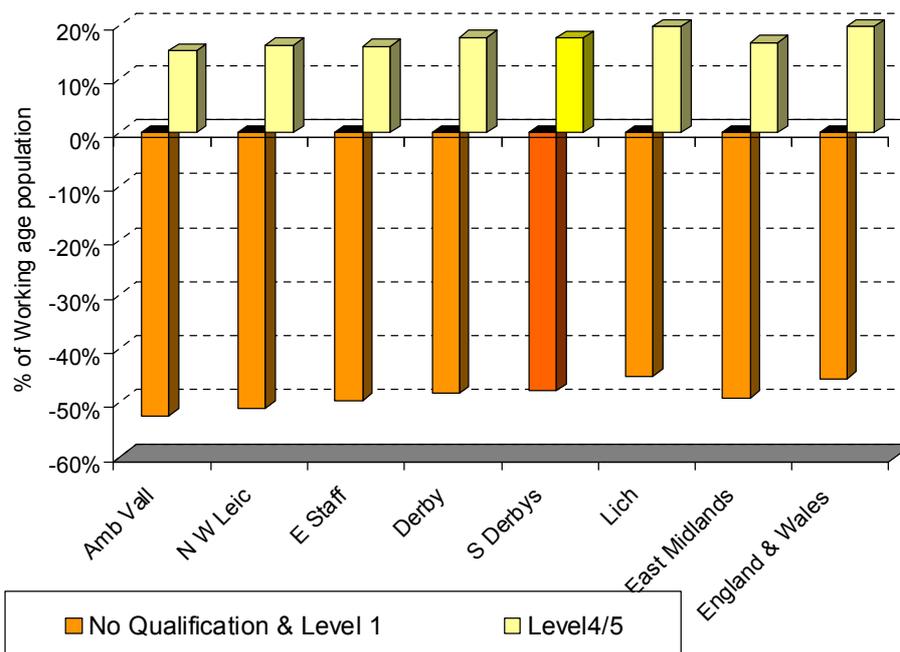
Source: Annual Business Inquiry

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The Residents

Skills

Figure 3.4 Residents' Qualifications, 2001



Source: Census 2001

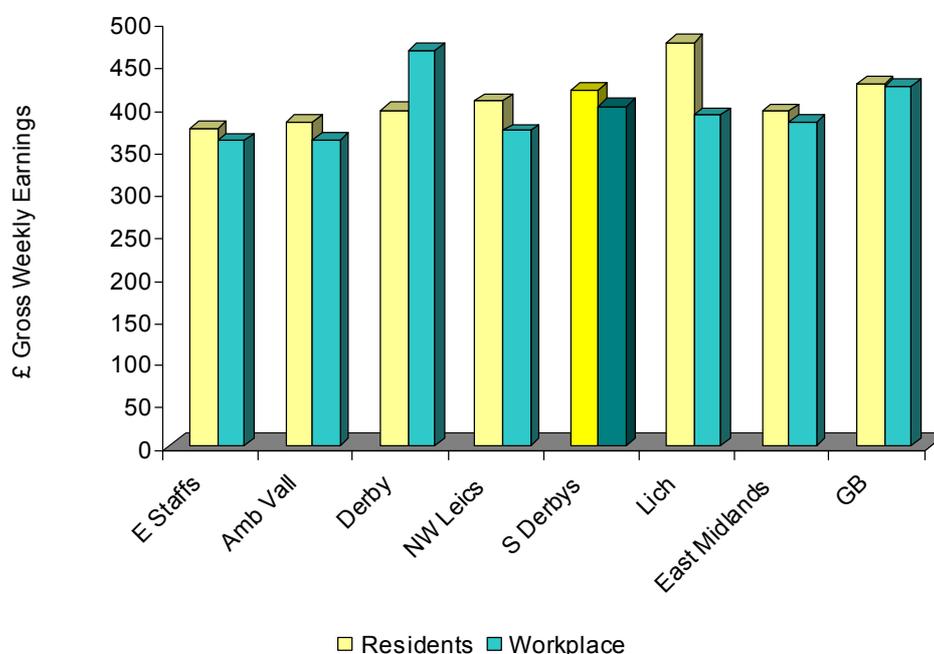
3.12 Figure 3.4 above shows the qualification levels of South Derbyshire's residents. The positive bars measure the proportion of the resident working-age population which has the highest qualifications, NVQ4 and 5³, equivalent to degree and higher level qualifications. The negative bars show the share of the least well qualified, with either the lowest qualifications, at NVQ1⁴, or no qualifications.

3.13 The qualifications profile of South Derbyshire residents is close to that of the East Midlands, which in turn is less skilled than the national profile.

Earnings

3.14 Despite having no skills advantage over neighbouring districts, South Derbyshire residents earn more. Figure 3.5 shows the average earnings of the residents and the workers who live in the District, its neighbours, the Region and Great Britain. The workers and the residents are not necessary the same because people commute between districts.

Figure 3.5 Earnings - Residents and Workplace, 2005



Source Annual Survey of Hours and Earnings 2005

3.15 South Derbyshire residents on average earn £420 per week, which is similar to the national average. It is higher than the East Midlands average, which is only £385 per week.

3.16 Workplace earnings in South Derbyshire are also close to the national average and above that for the East Midlands, but they are slightly lower than residents' earnings, probably because some South Derbyshire residents commute to better-paid jobs elsewhere, especially Derby City, which has the highest workplace wages at £455 per week.

³ NVQ4 is equivalent to a first degree, diploma in higher education, teaching or other degree, RSA higher national diploma, or HNC, HND, BTEC higher or nursing. NVQ5 is equivalent to a higher degree. (Source: Skills in England, Volume 1, LSC).

⁴ NVQ1 is equivalent to GCSE below grade C, 4 or fewer GCSEs (grades A-C), CSE below grade 1, 1 AS level, GNVQ foundation level or City and Guilds. (Source: Skills in England, Volume 1, LSC)

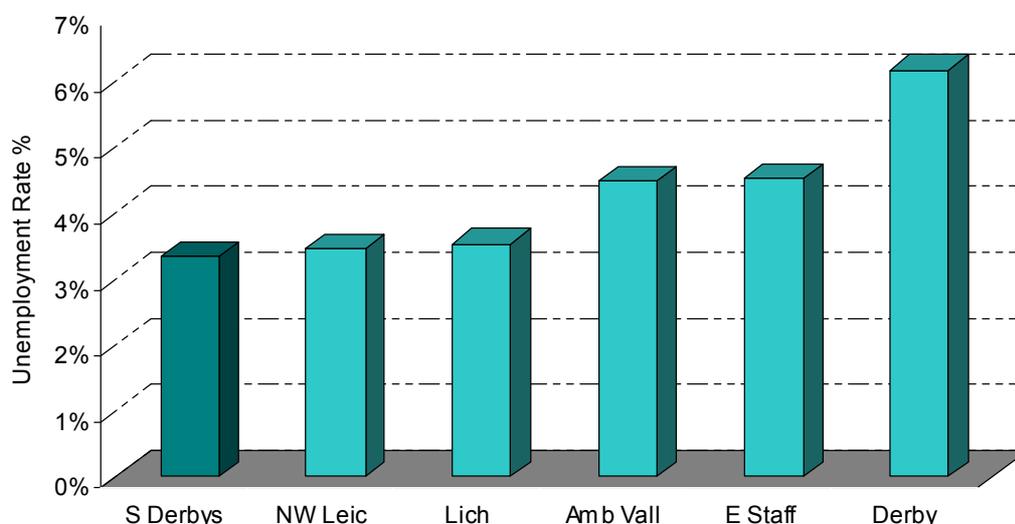
3.17 Although some South Derbyshire residents earn higher wages outside the District, the jobs located in South Derbyshire are still well paid compared to the regional average and neighbouring districts. The average workplace earnings are £400 per week, higher than the £380 regional average. The difference between South Derbyshire and its neighbours is particularly stark when compared to East Staffordshire where workplace earnings are only £350 per week.

Unemployment

3.18 In 2001, unemployment on the ILO definition⁵, in the East Midlands was 4.9%, virtually equal to the national average. In South Derbyshire, the rate was considerably lower, at 3%.

3.19 These figures are, of course, out of date (while more recent ILO unemployment rates are provided by the annual Labour Force Survey, this is statistically unreliable for small-areas). For more recent evidence we use a different measure of unemployment, the claimant count. This is less accurate, but unlike ILO unemployment, is measured reliably at monthly intervals. The latest claimant count data also shows very low unemployment in South Derbyshire. In June 2006, the claimant count rate was only 1.3% compared to 2.5% in both the East Midlands and Great Britain.

Figure 3.6 Unemployment, ILO Definition, 2001



Source Census 2001

Deprivation

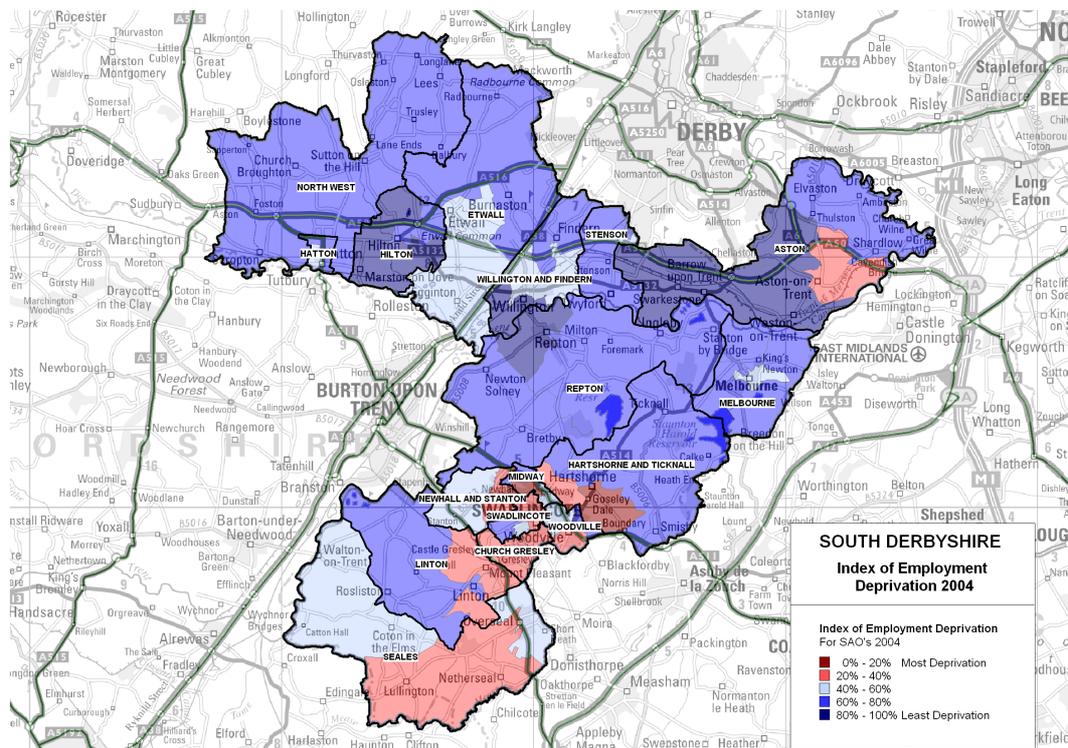
3.20 Figure 3.7 below shows the 'Index of Employment Deprivation' for 2004. This indicator is part of the Index of Multiple Deprivation and aims to measure involuntary exclusion of the working age population from work. It is a weighted average of:

- Unemployment claimant count (JUVOS) of women aged 18-59 and men aged 18-64 averaged over 4 quarters (2001).
- Incapacity Benefit claimants women aged 18-59 and men aged 18-64 (2001).

⁵Unemployment here is based on the International Labour Organisation (ILO) definition and taken from the Census 2001; it measures the numbers of people who say that they are economically active, currently not working and actively seeking work. This is the official definitions of unemployment used by the Government

- Severe Disablement Allowance claimants, women aged 18-59 and men aged 18-64 (2001).
- Participants in New Deal for the 18-24s who are not included in the claimant count (2001).
- Participants in New Deal for 25+ who are not included in the claimant count (2001).
- Participants in New Deal for Lone Parents aged 18 and over (2001)

Figure 3.7 Index of Employment Deprivation



Source Index of Multiple Deprivation and Roger Tym and Partners

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- 3.21 The northern wards of South Derbyshire show considerably less deprivation than the East Midlands average. The District's southern wards are more deprived than the average.
- 3.22 Major reasons for this contrast are likely to be the role of Derby as a regional employment centre and the jobs provided by Toyota at Burnaston. As we shall see in the analysis of travel to work in the next section, residents of the north-east and north-west sections of South Derbyshire benefit from these opportunities, while residents of Swadlincote on the whole do not.
- 3.23 The Derbyshire Structure Plan took the approach that the north of the District should be planned for separately from the south. Our analysis confirms that this is a robust approach. Accessibility to jobs, particularly those in the city of Derby and at Toyota, appears to be a major reason why residents are better off in the north than the south.

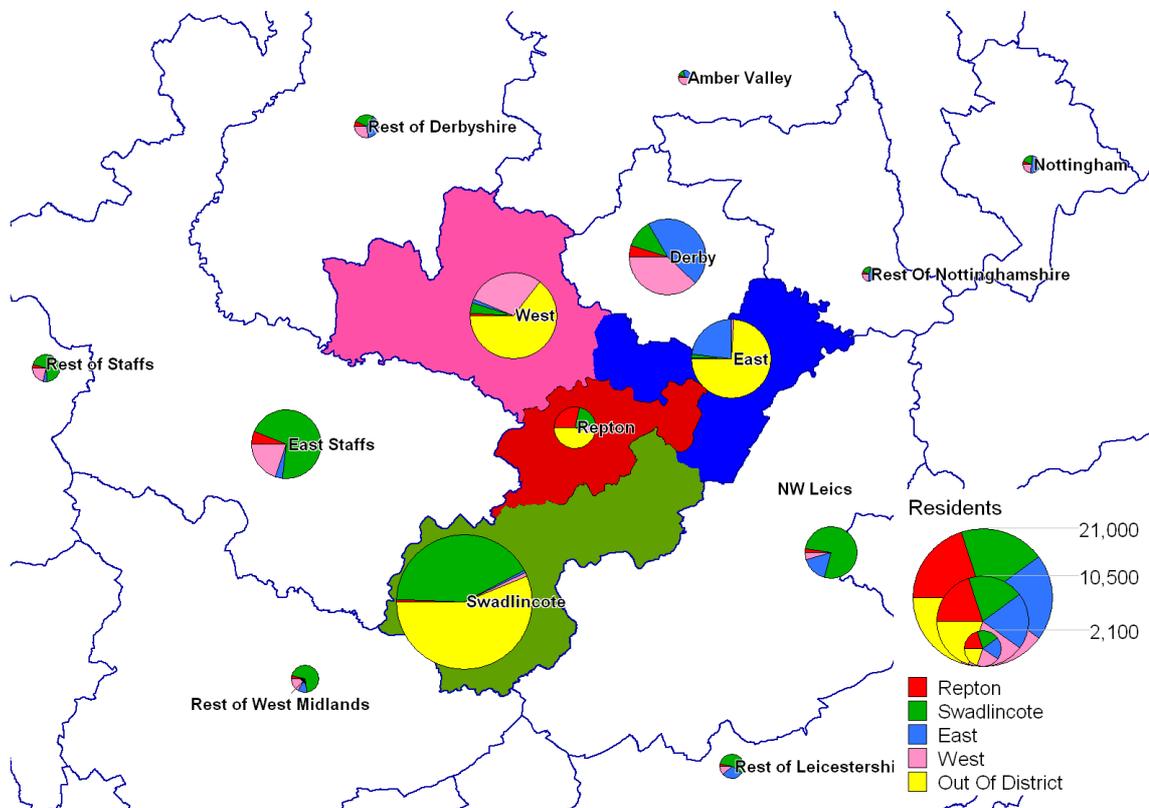
Travel to Work

- 3.24 The 2001 Census (there is no more recent information) shows that, of South Derbyshire's 41,500 working residents, just 16,500 (40%) work in the District and 25,000 (60%) commute out to jobs elsewhere. Only 12,500 residents of other areas

commute into the District. On balance, South Derbyshire is a net exporter of labour; its resident workers exceed the jobs located in the District by 12,500.

- 3.25 Figure 3.8 below shows where the working South Derbyshire residents work. For this analysis, we have split the District into four local areas, 'the West' (pink), the 'East' (blue), 'Swadlincote' (green) and Repton Ward (red), which is at the District's centre. The colour yellow represents places outside South Derbyshire.
- 3.26 Within South Derbyshire, there is a circle on each of these local areas. The size of the circle represents the total number of working residents in that area. The coloured segments show where these residents work. Yellow denotes out-commuters, who work outside South Derbyshire.
- 3.27 Outside Derbyshire, the map divides the world into areas of varying size, of which some are individual districts and others are groups of districts, such as the 'rest of Derbyshire'. The size of the circle measures the number of South Derbyshire residents who work in each area and the coloured segments shows which local area within South Derbyshire they live in.

Figure 3.8 Workplaces of South Derbyshire Residents, 2001



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The East, West and Swadlincote local areas of South Derbyshire are similar:

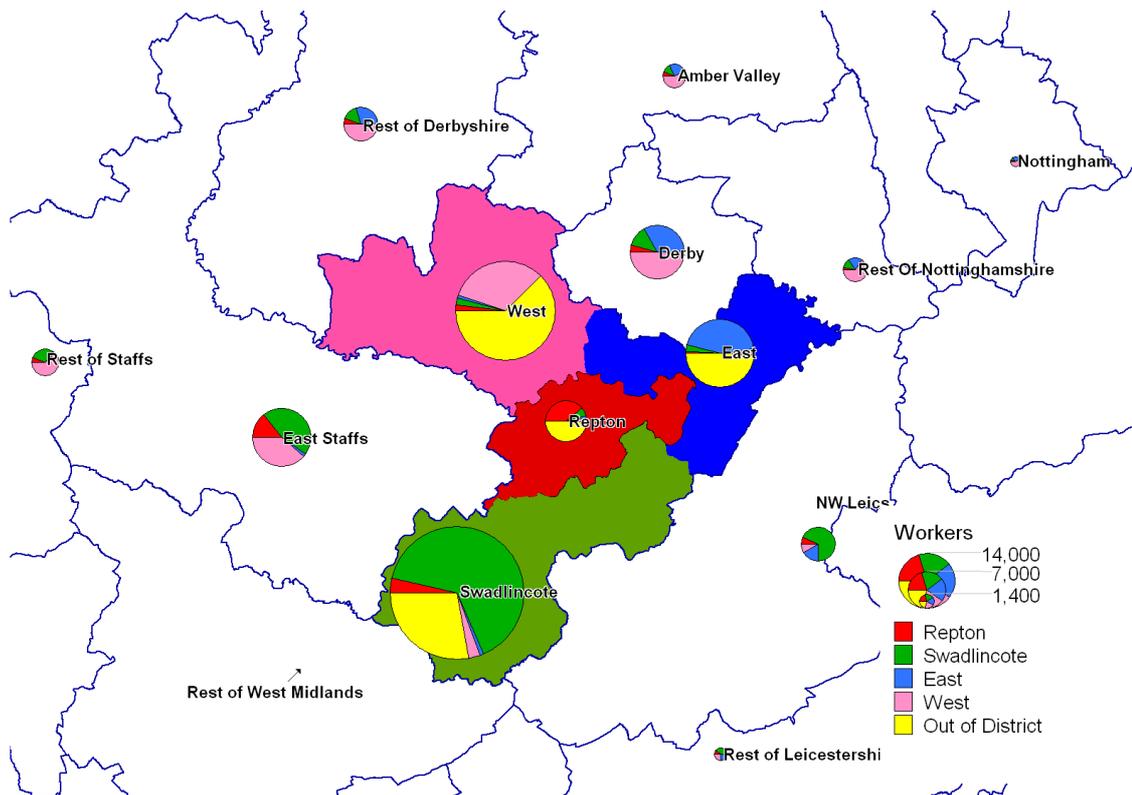
- In all three, a substantial minority of residents work within the local area and nearly all the rest commute to workplaces outside the District.
- For residents of the East area, this means commuting mostly to Derby, and for residents of the West area, mostly to Derby and East Staffs.

- Swadlincote's out-commuters go mostly to East Staffs and North West Leicestershire. Less than 900 residents of Swadlincote commute to Derby City, which is a regional employment centre and as we have seen offers much higher workplace earnings.
- The Swadlincote local area is also unusual in its high level of self-containment: some 40% of its working residents work in the local area itself, against some 25% in the East and West local areas.
- None of the three areas exports a significant number of its residents to other parts of South Derbyshire. For all three, numbers travelling to work in other local areas within the District are tiny.

3.28 The Repton local area, at the centre of South Derbyshire and with many fewer residents than the other three, is different. While one quarter of Repton's residents work in the local area itself and half work outside South Derbyshire, mostly in East Staffs and Derby, as many as a quarter work in the Swadlincote local area.

3.29 Figure 3.9 shows where people who work in South Derbyshire live. The colour scheme is as before (paragraph 3.25). Within South Derbyshire, the size of circles represents the numbers of jobs located in each local area (workplace jobs); the coloured segments show the place of residence of these workers. Outside the District, the size of circles represents the number of residents of each area who work in South Derbyshire and the coloured segments splits these residents according to where in South Derbyshire they work.

Figure 3.9 Places of Residence of People who Work in South Derbyshire, 2001



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3.30 The proportion of workplace workers who live in the same sub-area is around one third in the East and Repton, 45% in the West, and rises to nearly 70% in the Swadlincote local area.

- 3.31 In each sub-area, nearly all the remaining workers live outside South Derbyshire. Yet again, the map shows that there is very little travel to work between different local areas within the District. Residents of Swadlincote do not appear to have benefited from jobs created at Toyota and other developments on the A50: less than 400 of them work in the West area, while 2,800 people commute to the West area from Derby. Furthermore, very few residents commute from the East to the West, which is surprising, given that the areas are linked by the A50.

Economic Performance and Well-Being

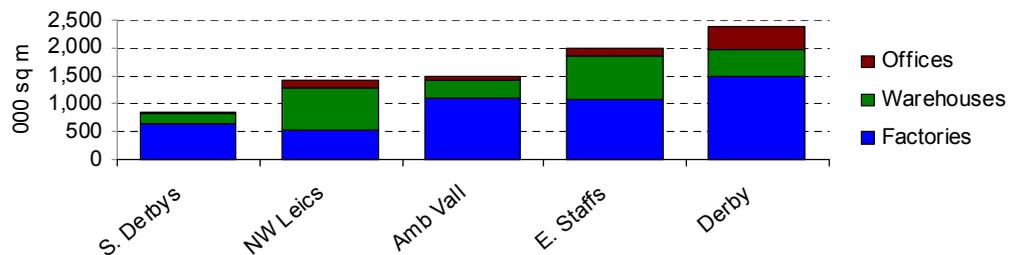
- 3.32 Considered as a whole, South Derbyshire's workplace economy has performed relatively well in recent years, generating rapid employment growth, especially since 2001, and earnings close to the national average. South Derbyshire's residents on average are relatively well off, enjoying above-average earnings - although they appear no more than averagely skilled - and very low unemployment. This well-being is due in large part to two factors: the Toyota plant and the proximity of nearby employment centres, including Burton on Trent, North West Leicestershire and especially Derby City, on which the District's residents are highly dependent for their jobs and earnings.
- 3.33 The District-wide average hides a major disparity between north and south. The northern part of South Derbyshire looks towards Derby, where many residents work, shop and spend leisure time. The south of the District looks towards Swadlincote and nearby larger towns, including Burton on Trent. Residents of the south are physically cut off from job opportunities at Toyota and in Derby City; an unusually high proportion work within the local area and most of the remainder in the relatively lower-paid areas of East Staffs and north-West Leicestershire; and an unusually high proportion are excluded from the labour market.

4 THE PROPERTY MARKET

The Floorspace Stock

- 4.1 Government statistics for 2004, the latest date available, show that South Derbyshire has 855,000 sq m of employment floorspace (Figure 4.1), some three times less than Derby City and considerably less than the neighbouring Districts of North West Leicestershire, Amber Valley and East Staffordshire. Most of this floorspace is in factories and just 3% in offices.

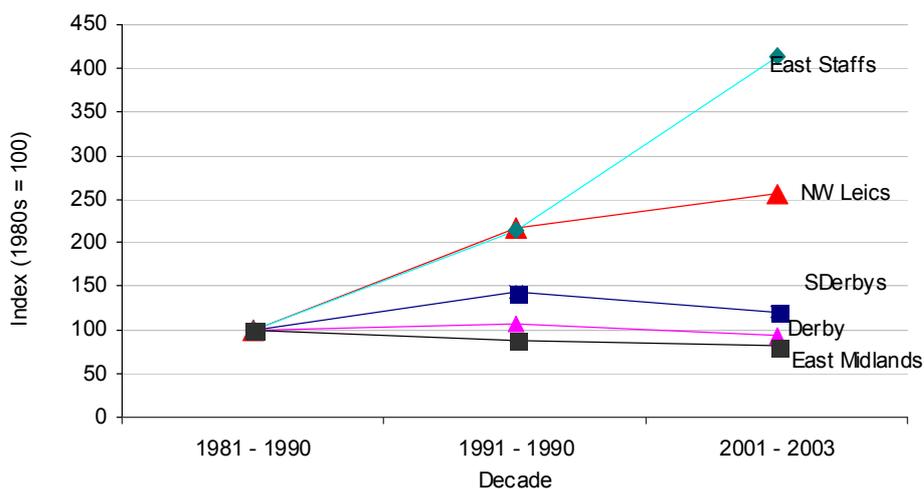
Figure 4.1 Employment Floorspace 2004



Source: ODPM Floorspace Statistics

- 4.2 Figure 4.2 shows the annual average new floorspace built in South Derbyshire and neighbouring Districts for three periods, roughly corresponding to the 1980s, the 1990s and the present decade so far. (Since there are no statistics on long-term floorspace change, we have estimated this from recently released ODPM/VOA statistics that show the age of the current stock in 2004.) The chart is indexed, with the floorspace built in 1981-1990 equal to 100.

Figure 4.2 New Employment Floorspace Built per Year, 1981-2003



Source: Valuation Office, ODPM

- 4.3 In the East Midlands as a whole, new development has slowed down since the 1980s: In the early years of the current decade, the annual floorspace built was 20% below its

level in 1981-90. The trend for Derby City is close to that for the region, while South Derbyshire has done a little better, with annual average new build in the present decade 10% above the 1980s. But in North West Leicestershire the annual new build rate has more than doubled and in East Staffs it more than quadrupled. South Derbyshire has experienced significantly less development than its neighbours.

South Derbyshire as a Business Location

- 4.4 South Derbyshire benefits from excellent transport links, with access to the A38, A50, M1 and the M42. The area has been successful in attracting a number of inward investing companies including Nestle, Toyota, JCB and Bison Concrete. Toyota chose South Derbyshire for its British assembly plant, JCB recently spent £72 m constructing its diesel engine factory in the District, and new factories are under construction for Futaba and Bison which will create thousands of jobs. Futaba is one of a number of Toyota suppliers that have relocated to the area following Toyota's opening.
- 4.5 The District also benefits from the proximity of Nottingham East Midlands Airport. In terms of the distribution/freight industry, the benefits are relatively limited, because airfreight concerns mostly parcels rather than bulky freight, which is transported predominantly by road. Therefore, whilst the airport itself has witnessed major investment from the likes of UPS, DHL and Royal Mail, few benefits from the growth of air freight have spread into South Derbyshire. The key benefit of airport growth for South Derbyshire relates to passenger transport, which for business as well as social travellers provides improved access to European cities more cheaply than ever before due to the opening of routes by budget airlines Easyjet, Ryanair and BMI Baby.
- 4.6 Swadlincote is the District 'capital' of South Derbyshire with a population of approximately 33,000. The District is bordered by Ashby-de-la-Zouch (North West Leicestershire), Burton-upon-Trent (East Staffordshire) and, most importantly, Derby City, all of which are larger commercial centres than Swadlincote, thereby reducing the town's, and in turn the District's, ability to grow as a business location.
- 4.7 The A50, built in 1997, has considerably improved access to South Derbyshire from its neighbouring Districts. This has had some negative impacts on the economy, because companies seeking to associate with Toyota or other businesses no longer have to locate in South Derbyshire itself; Tsubaki-Tsusho, located in Castle Donington, is one example of this. However, it has also brought benefits, for example JCB who are mostly based in Uttoxeter have taken premises on Dove Valley as the link between Uttoxeter and Dove Valley is excellent.

The Office Market

- 4.8 As noted earlier see (Figure 2.1), South Derbyshire's office market is small compared to neighbouring districts. Its stock of office space (2004) is just 26,000 sq m, much below those of Derby, Chesterfield and Amber Valley (which have 440,000 sq m, 160,000 sq m and 100,000 sq m respectively). The District does not possess good quality office employment sites; its stock is of middling to poor quality. Office rental values currently stand at around £86 per sq m in Swadlincote. This compares with prime headline rents of £129 per sq m in Burton Upon Trent and £156 per sq m in Derby.
- 4.9 The District as an office location is overshadowed by Derby, which is the main office centre for this part of the East Midlands and has more demand from occupiers. In Derby over the past few years Pride Park and its smaller neighbour, Wyvern Business Park, both on the outskirts of the city, have attracted most of the demand, with the city's take up totalling around 9,290 sq m per annum. The limited supply of modern Grade A accommodation available in Derby City centre and a lack of new development has pushed companies looking for good quality space to these two business parks.

- 4.10 The £200 million extension of the Eagle Centre in Derby is expected to upgrade the city's retail offer significantly by providing 83,610 sq m of retail space and making it one of the largest shopping centres in the region. The scheme is expected to prove a catalyst to further regeneration of the city centre and help to increase Derby's attraction as a business location. This is likely to create significant competition with the smaller centres within the county.
- 4.11 Given the proximity of Derby, we expect that the office market in South Derbyshire, and Swadlincote in particular, will continue to be principally driven by small, local occupiers requiring space of up to 500 sq m. We further envisage that demand will be mainly for freehold accommodation with owner-occupiers looking to take advantage of new Self-Invested Personal Pension (SIPP) regulations allowing commercial property to form part of an individual's pension arrangements.
- 4.12 South Derbyshire has very little office supply in the pipeline, which reflects the weak market. Oak Tree Business Park is currently under construction and will provide accommodation for small businesses in Swadlincote. The Park is situated to the west of the town centre, fronting the A515 Cadley Hill Road and William Nadin Way, close to the A444 trunk road. Small office suites ranging between 190 sq m and 220 sq m are available.
- 4.13 Larger office space could be developed at Dove Valley, Tetron and Hilton Business Park if demand emerged. Although South Derbyshire is unlikely to generate this demand for large office units, if Derby City fails to provide sites then South Derbyshire would be a natural alternative. We think that the influx of major manufacturing investors such as Toyota and JCB should help to enhance the image of the area as a business location and potentially draw larger office requirements to these parks.

The Industrial/Warehousing Market

The Current Market

- 4.14 The industrial/warehousing market in South Derbyshire is more dynamic than the office market. The District has an industrial/warehousing stock of 820,000 sq m, of which the majority (650,000 sq m) is factory space (Figure 2.1). The District is the fourth largest in Derbyshire in terms of its total industrial/warehousing stock after Derby City, Amber Valley and Erewash (1.96m sq m, 1.41m sq m and 1.15m sq m respectively).
- 4.15 The industrial stock is focused on business parks and industrial estates, including Cadley Hill Industrial Estate, Astron Business Park, Lilypool Industrial Estate, and Bretby Business Park. Some of these are former coalmines and are occupied by engineering firms that grew from the coal-mining heritage.
- 4.16 We have identified three main sources of demand in South Derbyshire: firstly demand related to Toyota, secondly demand for small freehold units and lastly 'large shed' demand for regional and national distribution centres.
- 4.17 Toyota is a major attraction for businesses because the company prefers that its suppliers locate near to the plant they serve. Futaba, a Toyota, supplier has recently taken space at Dove Valley Park. But South Derbyshire has failed to fully capitalise on Toyota, because good quality manufacturing sites have been very limited in the north of the District. Instead, suppliers such as Tsubaki-Tsusho have recently taken accommodation across the District boundary in Castle Donington at Willow Farm. The East Midlands Development Agency receives many confidential enquiries from overseas companies, many associated with the automotive industry trying to locate close to Toyota. Should sites be available, the District may be able to attract more of these suppliers.
- 4.18 Demand for small units has been fuelled by the freehold market, which has been very strong in the past 2-3 years and is likely to remain so. As with the office market, low

interest rates and strong investor demand have helped to make freehold an attractive option for Self-Invested Pension Plans. This is particularly attractive to the many small engineering firms in South Derbyshire. But developers, especially those controlling large sites, are reluctant to release plots for freehold development and so supply has been limited.

- 4.19 Outside of the freehold market, the District is a 'value-driven' location. For smaller companies interested in the leasehold market, rental values are lower in South Derbyshire than competing markets. South Derbyshire rents are £43 per sq m compared with £50 per sq m in Derby. Further afield, they are £67 per sq m in Northampton and £150 per sq m in Heathrow.
- 4.20 Demand for larger warehouse units is fuelled by large regional and national distribution centre operators. This is a national demand driven mainly by retailers seeking to rationalise their operation in one large centre and by third party logistics operators who serve these retailers.
- 4.21 Nottinghamshire and Derbyshire have historically been considered a little too far north to attract such large warehousing requirements, but now that is changing. Rising land prices and tight labour markets in the South East, South Midlands and the 'Golden Triangle' are encouraging occupiers to consider other locations, where land values are lower. Land values in South Derbyshire at up to £495,000 per hectare compared for example with £740,000 per hectare in Derby and £1.2m per hectare in Northampton.
- 4.22 As strategic distribution operations are pushed out of their first-choice locations by either lack of sites or rising costs South Derbyshire is well located to attract this demand being well served by rail, road and air. East Midland's airport is the second largest cargo airport in the UK and the M1 Corridor will continue to attract distribution operators.
- 4.23 This particularly applies to the north of the District, along the A50. The south of the District is less attractive to large distribution units, because it lacks the strategic road access the sector requires. While there has been recent take-up of large units in the south, for example at Tetron Point, this has been fuelled by the low cost of land and their availability in a market where outside of the District the supply for large sites is limited.
- 4.24 Within South Derbyshire, Dove Valley Park on the A50 shows the strongest demand. Logistics company ACR (formerly Hays) took 32,515 sq m for distribution a few years ago and more recently the Park has been able to attract large manufacturers, with JCB taking 14,864 sq m. In addition, the first phase of a 20,902 sq m unit is being developed for the Japanese car body part maker Futuba. The location of companies like Futuba and Toyota should help to generate demand for office and industrial space from second-tier suppliers.
- 4.25 South Derbyshire could potentially become a two-tier market for industrial/warehousing space, catering successfully both to local demand and to national/regional demand, comprising both strategic distribution and large manufacturers with their suppliers.

Future Opportunities

- 4.26 For the future, we expect market demand to remain high in the north of the District, where demand has been strongest but land has been in short supply. This is particularly the case for occupiers who require ready-made buildings, because both Dove Valley and Hilton Depot have been reluctant to provide speculative build units. If more floorspace had been provided speculatively at these sites, we believe that take-up in the north of the District could have been much higher.

- 4.27 We also believe that there is unmet market demand for sites further east along the A50, closer to the A38, Derby and the M1. This part of the A50 corridor is the most attractive business location in South Derbyshire, because of its superior accessibility.
- 4.28 Although most of the demand for additional employment land is in the north of the District, in the abandoned draft Local Plan there was no provision to provide additional large-scale supply in this area, because the Structure Plan requirements had already been met. But in our opinion there is market demand for new land in the north of the District, to meet requirements both from Derby City and wider sub-regional markets. This would mostly be for larger warehousing or manufacturing units but dependent on what is supplied in Derby City larger scale offices could demand additional space.
- 4.29 There may also be some merit in providing land suitable for Toyota suppliers who would prefer to be close to Burnaston but have been forced by the lack of land to take space outside of the District but along the A50. We believe these suppliers require readily available sites close to Burnaston but neither Dove Valley nor Hilton have provided speculative units - instead preferring a 'design and build' approach which means that buildings are not available quick enough or on flexible enough terms to meet the suppliers contacts with Toyota. Further discussion may be warranted with Toyota to better assess the future scale and nature of their suppliers' requirements.
- 4.30 In the south of the District there has been rapid take-up of some of the better quality sites for large occupiers, including Tetron Point, although part of this take-up can be explained by occupiers seeking 'value' premises - occupiers who would ideally be in more accessible locations but are willing to compromise. This type of demand may be vulnerable to supply coming forward elsewhere, for example in Burton on Trent, where direct access to the trunk road network is available, or neighbouring North West Leicestershire which is more accessible than Swadlincote. If substantial amounts of new land similar to Tetron Point could be provided it may be taken up, but should better quality and competitively priced sites be made available elsewhere it would not be able to compete. The sites we have listed as either 'poor' or 'average' quality may be particularly vulnerable and difficult to bring forward.
- 4.31 Outside of the large sites, there is unmet demand for smaller freehold properties. This type of property is not being provided on the large sites which make up most of the District's supply.

5 THE QUANTITY OF EMPLOYMENT LAND

Introduction

- 5.1 In this chapter, we forecast the *market requirement* for industrial/warehousing and office space, based on employment forecasts, and compare it with *planned supply* - comprising the land currently identified by the planning system for the changing space requirements of industrial, warehousing and office occupiers. The analysis runs to 2016 and at this stage is purely quantitative; Chapter 6 below will consider qualitative issues.
- 5.2 The analysis is in three stages. First, we forecast the demand for employment land, based on employment forecasts. Second, we calculate planned supply, and finally we assess market balance - the relationship between forecast demand and planned supply.
- 5.3 It is important to note that our employment forecasts and hence our calculations on future demand, relate to net change. Net change in employment (the stock of jobs) is the difference between jobs lost and jobs gained. The corresponding net change in the floorspace stock is the difference between floorspace gained, mostly from new development, and floorspace lost, for example where industrial sites are cleared and redeveloped for housing and other uses. Unfortunately, the available data on planned land supply show only gross gains which makes the analysis more difficult and more uncertain, as we shall see.

Demand

Forecasting Method

- 5.4 As our starting point, we use economic forecasts produced by Experian Business Strategies for emda, which show employment by sector and local authority areas. These forecasts provide a policy-off scenario, which represent an independent view of the area's economic prospects, based on macroeconomic factors, the District's past performance, local characteristics such as education and skills levels and the future population of the District and its labour catchment as forecast by the ONS.
- 5.5 Experian has recently produced an alternative set of forecasts for emda, showing a policy-on scenario, which takes account of key objectives of the Regional Economic Strategy. This policy-on scenario is the basis of the region-wide Employment Land Provision (ELP) study, commissioned by the Regional Assembly and currently in progress. This study is intended to provide guideline figures on employment land requirements which are consistent across the region, to be included in the new Regional Plan. As noted earlier, these figures in due course are likely to supersede the demand calculations in this report.
- 5.6 Having forecast jobs by sector in South Derbyshire, the next step is to translate these jobs into demand for employment space. To this end:
- i) We first translate jobs by sector into jobs by type of space.
 - ii) For each type of space, we then translate jobs into floorspace using assumed employment densities (sq m of built floorspace per head) and plot ratios (sq m of built floorspace per hectare of site area) to arrive at forecast *market demand for land*.
 - iii) To this market demand, we add a margin, or buffer, to produce a forecast *planning requirement* for employment land.
- 5.7 At the first step, we need to bear in mind that this study relates solely to industrial, warehousing and office space, comprising the B classes of the Use Classes order and

physically similar sui generis uses. To identify these 'B-space jobs', we use a mapping of sectors into land uses, based on the Standard Industrial Classification (SIC (2003)) which is set out at Appendix 1 below. Broadly, industrial space is occupied by Manufacturing, plus certain parts of the Construction, Motor Repairs/Maintenance and Sewage and Refuse Disposal. Warehousing is occupied by a variety of transport and distribution activities which are widely spread across the Standard Industrial Classification. Office sectors are as defined by the ODPM in 2004 as part of research on town centres⁶, plus selected parts of Public Administration and Defence and an adjustment for Labour Recruitment and Provision of Personnel⁷.

- 5.2 The correspondence between sectors and types of space is not perfect, and hence our definitions of office and industrial/warehousing jobs are no more than approximations. But they are the best possible approximations in our opinion, which we have developed through a series of employment space studies, most recently other studies in Hertfordshire and the East Midlands.
- 5.8 At the second step, we assume plot ratios of 40% (4,000 sq m per hectare) for all land uses and employment densities as follows:
- Offices: 18 square metres per worker
 - General industrial (all factories and many warehouses): 31 square metres per worker.
- 5.9 For offices and general industry, these densities are taken from a 1997 study by Roger Tym & Partners for SERPLAN⁸, as is the assumed plot ratio. The government's recent Guidance Note on Employment Studies quotes these figures⁹, noting that the RTP study 'remains one of the most comprehensive data sources for London and the South East'; there are no such studies for other regions. For the very large units defined here as strategic distribution, no comprehensive statistics are available; our assumed density is taken from unpublished surveys of individual developments by Roger Tym & Partners.
- 5.10 At the third step, we add a safety margin to translate market demand into a planning requirement - the amount of land which the planning system should make available if demand is to be fully met in a smoothly functioning market. The main function of this margin is to allow for frictional vacancy - the land which at any one time is identified in planning terms for B Class development or redevelopment, but in practice is not yet capable of producing built floorspace because it is in the process of gaining permission or undergoing site preparation, or under construction.
- 5.11 Logically, this 'sterilised' supply equals annual gross take-up (the amount of land developed in any one year) times the number of years required from allocation of a site to building completion on that site. In the case of Derbyshire, we do not have enough historical data to enable us to estimate likely gross take-up in the future. Therefore, as a broad estimate of the margin, we use an area equivalent to 10% of the current floorspace stock. For industry/warehousing, this produces a margin of some 83,000 sq m, equivalent to around 21 hectares. For offices, the margin is insignificant at 2,600 sq

⁶ ODPM, *Producing Boundaries and Statistics for Town Centres England and Wales 2000*, Interim Report, April 2004

⁷ This industry (SIC 74.5) covers people employed in temporary jobs via agencies. It is excluded from the ODPM definition of town centre offices. In our definitions, we distribute the industry's jobs across all types of space in proportion to the shares of each type of space in the economy as a whole (excluding SIC 74.5 itself). Thus, we assume that some of the industry's jobs are based in offices, factories and warehouses while others are in non-B space including shops, hospitals and so forth.

⁸ Roger Tym & Partners for SERPLAN, *The Use of Business Space: Employment Densities and Working Practices in South East England*, 1997

⁹ Office of the Deputy prime Minister, *Employment Land Reviews: Guidance Note*, ODPM Publications, December 2004

m, requiring less than a hectare of land. This reflects the tiny size of the District's existing office stock.

- 5.12 It is important to note that the frictional margin is always positive, regardless of any net growth in the stock, and even if demand overall is for a falling stock of employment space. This is because, even in a slow-growing, stable or declining market, the stock of business property needs to renew itself through 'churn' - the replacement of old buildings by new. If the planning system does not provide land to allow for this, the quality of the stock will decline as building age and the competitiveness of the area will suffer.

The Employment Forecasts

- 5.13 The Experian employment figures are affected by two large apparent errors, which we have attempted to correct before estimating the demand for space. Both errors relate to the time interval before the base date of 2001 and the present time and are inherited from the Government's Annual Business Inquiry (ABI), from which Experian's historical data are taken. The errors have a large impact on change over the planning period 2001-16.
- 5.14 Firstly, ABI and Experian's historical series both show a large jump in Financial and Business Services (FBS), which between 2002 and 2004 abruptly lifts the sector's employment in South Derbyshire by around 70%, from some 3,100 to 5,200 jobs. In earlier and later years, the sector's annual growth is never more than 1.8%, and in most years considerably less. No known new opening or inward investment accounts for this anomaly. The County Council planning department believes that it is due to around 1,800 jobs in the Egg financial services complex at Pride Park, Derby, which is part of Derby City, being inadvertently transferred to the South Derbyshire statistics. We have adjusted the statistics, removing 1,800 jobs from the FBS total in two stages, in 2003 and 2004.
- 5.15 The second error is that the Toyota car plant was removed from the statistics for South Derbyshire in the early years of the century and inadvertently transferred to those for Derby City. We have put Toyota's employment back into South Derbyshire District, so that historical totals are roughly correct.
- 5.16 We have made a further change to the Experian forecasts, which relates to the future rather than the past. In the forecast, the District sees continuing job losses in Manufacture of Transport Equipment, which in effect means the Toyota Plant at Burnaston¹⁰. This falling employment reflects Experian's view on the sector's prospects nationally and regionally, but it seems misleading in relation to South Derbyshire, because, as discussed earlier, the Burnaston plant seems a healthy establishment with good growth prospects. Therefore, we have amended the forecast to assume that South Derbyshire's employment in Manufacture of Transport Equipment remains unchanged over the plan period to 2016. In practice, Toyota's employment seems more likely to increase than remain stable, but in the present context stable employment seems a better assumption, for two reasons:
- We have no way of estimating any future increases.
 - If the Toyota plant does expand, it will most likely do so on its existing site, which is known to have surplus land. In estimating employment land requirements, therefore, we may ignore any future job growth at the plant.
- 5.17 Both our corrections are crude. As we corrected the figures manually, without use of the forecasting model, we cannot take account of the indirect and induced impacts of

¹⁰ In our calculations, we equate Manufacture of Transport Equipment with Toyota. This is not quite correct in practice, because Toyota's suppliers will also be classified to this sector.

the amended figures on other employment in other businesses - which may include, among others, suppliers to Toyota.

- 5.18 The Experian employment forecasts, as amended by RTP, are in the table below.

Table 5.1 Total Employment Forecasts, South Derbyshire, 2001-2016

	2001	2016	Change 01-16	Change %	Change % pa
South Derbyshire	28,900	36,600	7,700	27%	2%
East Midlands	1,992,400	2,156,209	163,809	8%	1%

Source: Source Experian, RTP. Figures are rounded to the nearest hundred. Percentage change was calculated before rounding.

- 5.19 South Derbyshire's employment in 2001-16 increases by 7,700 jobs (27%). This is far above the forecast regional increase of 8%. But growth is concentrated in non-B sectors such as health, education, retail and leisure. B-space jobs - the jobs that occupy factories, warehouses and offices - increase by only 2,300, (17%).

Table 5.2 Forecast Business Space Employment, South Derbyshire, 2001-2016

Jobs	2001	2016	Change	% Change
Manufacturing	7,667	7,932	265	3%
Other Industrial	626	885	259	41%
Total Industrial	8,293	8,817	524	6%
Warehousing	2,472	3,079	607	25%
Offices	3,074	4,280	1,207	39%
Total B Space	13,839	16,176	2,337	17%
Non B Space	15,033	20,438	5,405	36%
All Jobs	28,872	36,615	7,743	27%

Source Experian, RTP

Limitations

- 5.20 It is important to note that the above forecasts are a business-as-usual scenario. The model on which they are based takes account of expected macroeconomic changes, South Derbyshire's mix of economic sectors (industrial structure), the past performance of each sector against national and regional trends, and certain supply-side features of the District including expected changes in the resident population, catchment workforce, skills structure and proximity to an international airport. But there are other important factors which are not part of the model.
- 5.21 Thus, the Experian forecast does not 'know' if the District may be expected to receive overspill activity from Derby City because the City does not have the space to meet its indigenous demand, while South Derbyshire offers a large supply of good-quality sites close to the City Boundary. Nor can it assess the prospects of inward investment from further afield, whether by Toyota suppliers or other companies attracted by the new-found accessibility that follows the completion of the A50.
- 5.22 In summary, the forecast on its own cannot show the potential impacts on development on South Derbyshire of land availability and infrastructure, combined with the demand-supply balance in neighbouring areas. To assess this demand-side potential, we need to make judgments, outside the forecasts, about the activity and investment that is likely to be footloose across local authority boundaries and may be attracted to South Derbyshire. To determine how far the potential is to be fulfilled in reality, planning authorities, both in the 'donor' and 'recipient' areas, need to make decisions about employment sites.

- 5.23 In saying that we need to think outside the macroeconomic forecasts, we are not suggesting that the District can or should ignore the forecasts. On the contrary, they remain the only available method for exploring the long-term future, beyond the market trends that are currently visible. But the forecasts are more reliable for labour market or housing market areas than for individual districts, for two reasons. Firstly, much demand is footloose across local authority boundaries within these areas, but not beyond them, because they approximate the distance that a business can move without losing its labour force and its local customer base. Secondly, the statistics on which the forecasts are based are more reliable for larger geographies. For example, the errors discussed earlier, relating to the Toyota plant and Egg financial services centre, affect the distribution of jobs across the Derby Housing Market Area (HMA) but not the HMA totals.
- 5.24 In sum, the employment and demand forecasts in this report should be considered a first draft. They should be reviewed by the local authorities in the HMA working together to determine the distribution of economic activity and jobs between districts across the area, taking account of both market realities and policy priorities.
- 5.25 We will return to these issues in our conclusions, with the benefit of the qualitative discussion in the next chapter. But for the moment we stay with the business-as-usual scenario, to assess the planned land supply and compare it with the demand estimated from the Experian forecast.

The Demand for Land

- 5.26 Table 5.3 translates the employment forecasts above into forecast demand for land and floorspace and adds a frictional margin, as explained earlier, to arrive at an estimated land requirement for 2001-16.

Table 5.3 Employment Land Demand and Requirement, South Derbyshire, 2001-16

Net Change	Industry & Warehousing		Offices	
	Sq m	Ha	Sq m	Ha
Forecast Demand	35,054	8.8	21,720	5.4
Margin	82,900	20.7	2,600	0.7
Requirement	117,954	29.5	24,320	6.1

Source Experian, RTP

- 5.27 The requirement for industry and warehousing is estimated at some 29.5 hectares, comprising insignificant net growth of 9 hectares and a large margin of 21 hectares, reflecting the large size of the existing stock. For offices, demand and requirement are insignificant at 5 and 6 hectares respectively.

Planned Supply

- 5.28 In this section, we calculate South Derbyshire's *planned supply* - the land identified by the planning system to accommodate change in employment space. Planned supply at 2001, the base year for our demand-supply calculation, is the sum of:

Past floorspace change, from the 2001 base date to the present (2006);

Outstanding net *planning commitments* (planning allocations and permissions) at 2005.

- 5.29 Either of these components can be positive or negative, indicating either an increase or a fall in the stock.
- 5.30 Ideally we would add surplus vacant floorspace at the base date, but we have omitted this component of supply because we lack reliable data, and furthermore we think that

it would not substantially affect the results, because the District has not had large areas of vacant floorspace.

- 5.31 The figures do not include windfalls, either positive or negative, and therefore they do not take account any future losses of employment land which may occur over and above the existing planning commitments. If there are any such losses, then the land required to replace the sites lost needs to be added to the requirement.
- 5.32 In the industrial/warehousing sector, South Derbyshire since 2001 has seen large-scale development of industrial/warehousing property, providing 162,000 sq m of new floorspace. These gains were partially offset by the loss of 92,000 sq m in existing buildings. The total allocated and committed amounts to some 64 hectares, which would produce an estimated 250,000 sq m of floorspace, and yet again there are no negative commitments that would imply loss of existing space. This is not surprising, because loss of existing space historically has occurred through windfalls rather than planned change (though we would argue that a plan-led approach to the release of surplus employment land would make for healthier economies and more efficient use of land). Overall, planned supply amounts to a net gain of 81 hectares.
- 5.33 In the office sector, there has been no new development at all and the District has lost 11,000 sq m of existing space - not a large loss in absolute terms, but almost half of the District's tiny office stock. The table shows no planning allocations or permissions for office development, so that the resulting planned supply is an insignificant minus one hectare - suggesting that the planning system in effect is providing for nil change in office space. But these figures are somewhat misleading, because several of the planning commitments which we have classed as industrial, especially at the Dove Valley, Hilton and Tetron Business Parks, could be taken up for offices if demand and values were sufficient to support office development.

Table 5.4 Planned Supply, South Derbyshire, 2001

	Industry & Warehousing			Offices		
	Gains	Losses	Net Change	Gains	Losses	Net Change
Floorspace	Sq m	Sq m	Sq m	Sq m	Sq m	Sq m
Change 2001-06	161,840	-90,800	71,040	0	-10,928	-10,928
Outstanding Commitments	254,440	0	254,440	7,600	0	7,600
Total	416,280	-90,800	325,480	7,600	-10,928	-3,328
Land Area	Ha	Ha	Ha	Ha	Ha	Ha
Change 2001-06	40	-23	18		-3	-3
Outstanding Commitments	64	0	64	2		2
Total	104	-23	81	2	-3	-1

Source: LSH, South Derbyshire District Council, RTP

Market Balance

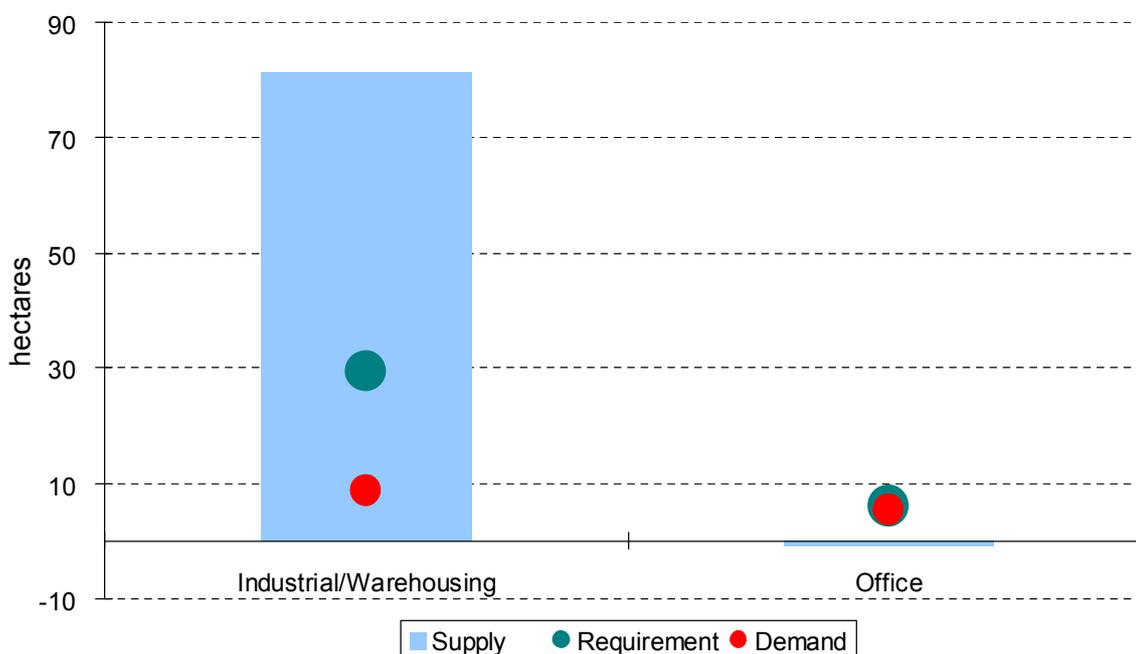
- 5.34 Table 5.5 and Figure 5.1 below show the balance of supply against demand. As before, floorspace is translated into land using the assumed 40% plot ratio.
- 5.35 In interpreting the demand-supply balance, it is important to bear in mind that our forecast demand and requirement relate to net change, which is land gained less land lost; whereas future supply arising from outstanding planning commitments shows gains only, ignoring any employment land that may be lost to other uses through future windfalls. To estimate gross land requirements - the total land that should be provided for development if market demand is to be met - we need to add to the net requirement shown in the table the replacement for any land that is lost.

Table 5.5 Market Balance, South Derbyshire, 2001-16

	Offices	Ind/ W/housing	Offices	Ind/ W/housing
	Sq m	Sq m	Ha	Ha
Supply	-3,328	325,480	-1	81
Forecast Demand	21,720	35,054	5	9
Requirement	24,320	117,954	6	29
Over(under) supply	-27,648	207,526	-7	52

Source: RTP

Figure 5.1 Market Balance, South Derbyshire, 2001-16



Source: RTP

- 5.36 For offices, as noted earlier the quantified supply is an insignificant -1 hectare against a small forecast market requirement of 6 hectares, resulting in a theoretical undersupply of 7 hectares. But this small ‘on-paper’ deficit could be readily rectified by some of the land at the three business parks, Dove Valley, Hilton and Tetron, which we have classed as industrial, being developed for offices instead. As shown in the next chapter, if and when demand for office materialises this will be a realistic proposition.
- 5.37 For industrial/warehousing property, planned supply exceeds the estimated requirement by 52 hectares. If our estimates are correct, in strictly quantitative terms 52 hectares of land occupied by industry and warehousing, or committed to these uses, could be released over the plan period while still meeting the business-as-usual market requirement. Of this land area, 7 hectares could be developed for offices instead of industry, as indicated earlier, reducing the theoretical oversupply to 45 hectares - a mere 5% of the District’s current industrial/warehousing stock. If the 17 hectares of existing industrial/warehousing sites, and the 11 hectares of committed sites which we class in the next chapter as average or poor were released for other uses over the plan period, the oversupply would reduce further, to 17 hectares, an insignificant 2% of the current stock.
- 5.38 Bearing in mind the margins of error that inevitably affect a 10-year forecast, it would be pointless to pursue these detailed calculations any further. The broad conclusion

from our analysis is that in the business-as-usual demand scenario, there is a small planned oversupply of employment land above the forecast requirement, but this could easily be offset by managed release of the least attractive sites.

- 5.39 As noted earlier, one possible option for South Derbyshire is to aim for growth significantly above the business-as-usual scenario. In this option, the District would seize some or all of the opportunities described at the end of Chapter 4 above - to make room for overspill demand from Derby City or national/regional inward investors, including further Toyota suppliers, other industrial projects or strategic warehousing. This high-growth option would require additional good-quality sites to be identified for employment. Retention of the average and poor sites which we have recommended for possible release would not provide the necessary land, because the opportunities we have identified require large, attractive and highly accessible sites, generally in the north of the District.
- 5.40 Before we draw the policy implications from this analysis, we need to look more closely at the quality of the District's existing and committed employment sites. This is the subject of the next chapter.

6 THE QUALITY OF EMPLOYMENT LAND

Introduction

- 6.1 In this section, we provide a qualitative assessment firstly of South Derbyshire's *existing, occupied employment areas*, and secondly of the *development sites* identified for employment uses, from a market perspective.
- 6.2 Both for existing areas and development sites, the list of sites for assessment was provided by the District Council. The purpose is to assess sites' market potential, or attractiveness, for employment uses. The key question for the assessment is:
- If the site is offered for employment uses, and assuming that the wider market is reasonably in balance, is the site likely to be brought into employment use within the planning period?*
- 6.3 In relation to existing sites, we aim to judge if, in the event of the site falling vacant, it would be likely to be reused for employment, either through re-occupation of existing buildings or redevelopment to provide new buildings. With regard to new sites, the question is whether, if offered to the market for employment uses, the sites is likely to be developed and occupied over the plan period.
- 6.4 In assessing *quality (market potential)*, we have had regard to the following criteria;
- **Accessibility by road**
A site assessed as good for this criterion will have easy access to the principal road network and in addition, the secondary roads that provide linkage from the site to the primary network will be in good condition. Connectivity by road is an important (but not sole) consideration when assessing a site's accessibility to labour markets and the ease with which goods can be distributed to and from manufacturing and distribution facilities. In office markets, sites which are readily accessible to labour will have greater appeal than more isolated opportunities.
 - **Accessibility by public transport**
A site assessed as good for this criterion will have a train station or bus stop in easy walking distance, with frequent services throughout the day. The range and frequency of services are important factors particularly in relation to activities that employ a high level of labour.
 - **External environment**
A site assessed as good for this criterion will have activities similar to the potential use of the site as neighbours. Generally, the quality of the external environment has a more significant bearing in office than industrial markets. Attractive outlooks and freedom from noise and other disturbances are pre-requisites of a good quality office scheme. Proximity to facilities - shopping, restaurants, banks etc - is also important as is connectivity to broadband.
 - **Internal environment**
A site assessed as good under this criterion will be flat and regular-shaped. The site will have sufficient circulation space and servicing areas for its current use, and adequate parking. Also, it will not be at risk of flooding or ground contamination/movement.
 - **Local market conditions**
 - Any particular features of the sites micro-location that bear on its chances of being taken up for employment use.
- 6.5 In assessing quality, or market potential, we assume normal market conditions, in which the wider market is in reasonable balance (in an oversupplied market, even very

- good sites would remain vacant). Our qualitative judgments are based on comparison with other sites in Derbyshire.
- 6.6 To be rated positively, an existing site needs to be suitable not only for its present users, but also for other users in the same land-use category (general industrial, strategic distribution or offices). With regard to development sites, allocations and permissions are often for general employment uses (B1/B2/B8); before assessing each site, LSH assigned it to a land-use category, based on their professional judgment about the site's most likely future use.
- 6.7 In assessing development sites, as well as quality we also assess the *availability* of sites for development, taking account both of physical constraints such as infrastructure and non-physical constraints such as ownership. We classify as 'available' those sites which are either immediately available for development or likely to come forward in a reasonable timescale (say three years) through ordinary market mechanisms, without any need for public intervention.
- 6.8 A more detailed version of our site assessments is in Appendix 2

Existing Employment Areas

The Assessment

- 6.9 For existing employment areas, we have assessed the quality of location and also the condition and fitness for purpose of the buildings on the site. If a site covered by good-quality buildings becomes vacant, it can be brought into use simply by re-letting the buildings. Conversely, a site with average or poor buildings may need to be redeveloped first, adding to the cost of bringing the site back into employment use.
- 6.10 In assessing existing employment areas, our main purpose is to identify areas which are no longer attractive to the market, so that if they fell vacant they would be unlikely to be re-used for employment. We divide the areas into three categories:
- Good - these are employment areas, which under any reasonably likely market conditions would meet the test;
 - Average - these are employment areas, which may or may not be taken up depending on market conditions and the availability of competing sites, and should be considered for release
 - Poor - these are employment areas with little or no relevance to the market, which regardless of market balance and competing supply are unlikely to be taken up for employment.
- 6.11 For areas in the intermediate, consider for release group, planning policy and decisions should depend on overall market balance. Release would be unlikely for these sites unless superior sites could be made available and any releases should take place gradually and be closely monitored.

Good Employment Areas

- 6.12 Most of the District's existing employment sites are of good quality. These are shown in the table below.
- 6.13 These good sites comprise approximately 445 hectares in total. Most of this is industrial and over half consists of the 239 hectare Toyota site, a modern, purpose built factory with direct access onto the A50. Other recent new build sites such as JCB and Bullivant are also recommended for retention.
- 6.14 There are some good quality warehouse sites, including the 32-hectare Hilton Depot, which also has good access onto the A50. For accessibility and quality of location the key determining factor in South Derbyshire is access to the A50 / A38.

Table 6.1 Existing Employment Areas - Good

Site	Use	Size (ha)
Montracon	General Ind.	4.8
Dyson	General Ind.	1.7
Occupation Lane	General Ind.	0.8
Swadlincote Road	Mixed - Mainly Warehousing	8.5
Kiln Way/Pool Street	Mixed - Mainly Gen. Ind.	17.7
Woodhouse	Office	0.4
Bridge Street	Mixed - Mainly Gen. Ind.	2.1
Rose Hill	Mixed - Mainly Gen. Ind.	1.1
Viking Business Centre	General Ind.	0.5
Rink Drive	Mixed - Mainly Gen. Ind.	0.7
Alexandra Road	Mixed - Mainly Gen. Ind.	1.0
Midland Road	Mixed - Mainly Gen. Ind.	1.9
Wentworth	Mixed - Mainly Gen. Ind.	1.5
Queens Drive	Mixed - Mainly Gen. Ind.	0.9
Hearthcote Road	General Ind.	34.3
Cadley Hill	Mixed - Mainly Gen. Ind.	16.8
Bretby Business Park	Mixed - Mainly Gen. Ind.	11.2
Wrekin	Mixed - Mainly Gen. Ind.	0.6
Dolamore	General Ind.	1.0
Park Road	General Ind.	1.3
Pozament	General Ind.	1.1
Bullivant	General Ind.	7.1
Lilypool	General Ind.	4.3
Toons	General Ind.	1.3
Shardlow Wharf	Mixed - Mainly Gen. Ind.	0.6
London Road	Mixed - Mainly Gen. Ind.	0.2
Manor Farm	Mixed - Mainly Gen. Ind.	2.4
Zytek	Mixed - Mainly Gen. Ind.	0.8
Toyota	General Ind.	239.4
FB Atkins	Warehousing	6.7
Nestle	General Ind.	5.7
Station Yard	General Ind.	3.2
Woodyard Lane	General Ind.	1.3
Bentley	Mixed - Mainly Warehousing	2.5
Hangar 5	Warehousing	2.7
Rosliston Forestry Centre	Mixed - Mainly Office	1.1
Hilton Industrial Estate	General Ind.	4.7
Park Road	General Ind.	0.9
Autoclenz	General Ind.	0.1
Blackenhall	Mixed - Mainly Office	0.6

Site	Use	Size (ha)
Breach Farm	Mixed - Mainly Gen. Ind.	0.3
Royle Farm	General Ind.	1.9
Hayes	Warehousing	7.4
JCB	General Ind.	3.8
Starcross Foods	General Ind.	2.9
Bridge Farm	General Ind.	0.6
Hilton Depot	Mixed - Mainly Warehousing	31.9
Thom St	General Ind.	0.2
Main Street	Office	0.7

Source: South Derbyshire District Council, Lambert Smith Hampton

- 6.15 There are some small office sites rated as good, but these only comprise 2.8 hectares in total.

Average Employment Areas

- 6.16 Sites which we consider average, and which we recommend that the Council consider for release, comprise approximately 12 hectares and are shown in the table below.
- 6.17 In our opinion, these sites are less viable for continued employment use but should not be lost to the employment land supply without careful consideration. Some sites house viable businesses which may benefit from occupying cheaper 'secondary' stock. Other sites have some potential for reuse. For each site the reasons why we have reached our verdict is given in Appendix 2.

Table 6.2 Existing Employment Areas - Average

Site	Use	Size (ha)
Scomark	Mixed - Mainly Gen. Ind.	0.8
R B Hall	Mixed - Mainly Gen. Ind.	0.1
Church Gresley	General Ind.	4.1
Dovesite	Warehousing	1.3
Shardlow Hall	Office	1.2
Calder Industries	General Ind.	1.6
Acres	Warehousing	0.1
Brandon	General Ind.	0.8
Barton Fields	Mixed - Mainly Gen. Ind.	0.4
Commerce Street	Mixed - Mainly Gen. Ind.	0.2
South St	General Ind.	0.2
Creamery	General Ind.	0.6

Source: South Derbyshire District Council, Lambert Smith Hampton

- 6.18 The most frequent reason we have given is that the site's location is potentially inappropriate for continued employment use because of either the residential nature of the area or poor accessibility.
- 6.19 The proximity of sites to residential properties limits the activity which can be undertaken on site as occupiers seek to respect residential amenity. It also raises 'hope value' where landowners cease to invest in employment uses and instead try to get a residential planning permission - which results in a more profitable use.

- 6.20 Accessibility is a major problem throughout the District. Many of the older employment units are located off narrow and often inappropriate access roads. They also lack room to manoeuvre large heavy goods vehicles on site.
- 6.21 Most of the sites we class as average are industrial sites. Only one (comprising 1.2 hectares) is in office use. They are mostly small employment areas which serve local needs.

Poor Employment Areas

- 6.22 There are few employment sites in the District that we class as poor. These total only approximately seven hectares, as shown in the table below. Most are industrial, with only one site occupied solely by offices. The sites recommended for release either have very poor access, or are located in predominantly residential areas, or both. If they became vacant, it is unlikely that they would be reoccupied.
- 6.23 They are mostly located around Swadlincote, with some sites in the north of the District and some rural sites. Swadlincote sites do not benefit from the A50 and can only access the A38 through Burton on Trent, although this may change in the future.

Table 6.3 Existing Employment Sites - Poor

Site	Use	Size (ha)
Osbourne	General Ind.	0.4
Wraggs	General Ind.	3.9
High Street	Office	0.1
Bretby Stoneware	General Ind.	2.3
Dominion Rd	Mixed - Mainly Gen. Ind.	0.1
Sapperton Manor	Mixed - Mainly Gen. Ind.	0.2

Source: South Derbyshire District Council, Lambert Smith Hampton

Rural Employment Sites

- 6.24 Many of the District's employment sites are in rural locations. Somewhat surprisingly occupancy levels at these rural sites are reasonably good. The quality of the buildings in these rural locations is at both extremes of the scale. Some are brand new refurbished former agricultural buildings or new developments; others are old premises in a very poor state of repair. It would appear that both have their place in the market, however, it is clear that the smaller schemes are more successful.
- 6.25 Office space in rural areas attracts businesses that do not rely on contact with the public, such as web-based companies, design agencies etc. These companies can exchange information electronically (providing the facilities are there) while avoiding the congestion of larger urban centres. Industrial occupiers find rural locations less attractive.
- 6.26 Generally rural occupiers are small businesses, 'one-man-bands', who rely on cheap accommodation to operate at a profit. The provision of employment sites in rural areas is important, as without them certain businesses could not afford to operate.

Development Sites

- 6.27 There are 11 development sites in South Derbyshire's planning pipeline, providing approximately 66 hectares of employment land.
- 6.28 We assess most of this land (55 hectares) as good quality. This comprises two large industrial sites (Tetron Point and South of Cadley Hill), one smaller industrial site (Swadlincote Colliery) and a large warehouse site (Dove Valley Business Park).

6.29 There are currently three major business parks under development which have the infrastructure, planning permissions and capability to accommodate all sizes and types of businesses. These are Dove Valley Park, Hilton Business Park and Tetron Point.

Table 6.4 Outstanding Planning Commitments, 2006

Site	Use	Size (ha)	Planning status	Availability	Assessment
Dove Valley Business Park	Mixed - Mainly Warehousing	16.7	Permission	Available	Good
Tetron Point	Mixed - Mainly Gen. Ind.	23.7	Permission	Available	Good
Swadlincote Colliery	Mixed - Mainly Gen. Ind.	1.6	Permission	Available	Good
South of Cadley Hill	Mixed - Mainly Gen. Ind.	13.0	Allocation	Available	Good
Drakelow	Mixed - Mainly Gen. Ind.	3.0	Permission	Constrained	Average
Uttoxeter Road	Office	1.9	Permission	Available	Average
West View	Mixed - Mainly Gen. Ind.	0.3	Permission	Constrained	Poor
Riding Bank Farm	Mixed - Mainly Gen. Ind.	0.3	Permission	Available	Poor
Station Rd	Mixed - Mainly Gen. Ind.	4.8	Permission	Available	Poor
Two Hoots	Mixed - Mainly Gen. Ind.	0.3	Permission	Constrained	Poor
Woodville Woodlands	Mixed - Mainly Gen. Ind.	-	Permission	Available	Poor

Source: South Derbyshire District Council, Lambert Smith Hampton

6.30 In the north of the District most of the supply is located on Dove Valley Park, a former airfield which is being developed by Condor Developments. Phase 1 comprises 80 hectares and has planning consent for 140,000 sq m of business space. Individual plots can satisfy requirements of around 2,787 - 4,645 sq m. The Park has immediate access to the A50. JCB Power Systems, Futaba, Dairy Crest, Truma (UK) and ACR Logistics are among the companies that have recently located to the Park.

6.31 Also in the north is Hilton Business Park. This is a former Ministry of Defence storage depot which is being (re) developed by St Modwen Development. It is a 32-hectare site and can accommodate buildings of between 1,950 to 41,805 sq m. The site has outline planning consent for B1 (office & light industrial), B2 and B8 uses. A recent deal on this estate is Daher Sawley signing up to 6,503 sq m by way of a design and build contract. Access is via a new road linking directly to the A50. As this is a redevelopment site it does not provide additional land but represents an opportunity to improve the stock.

6.32 Tetron Point is the major site remaining in the south of the District. This is a former coal site which is being developed partly by owner-occupiers and partly by local developers including Sladen Estates and William Davis. The site is 40 hectares (24 ha remaining) and has potential for office, industrial and distribution development. 32,515 sq m is to be developed speculatively with units ranging between 930 -13,935 sq m. A new road provides access to the A444. An additional 80 hectares is available on an

adjacent site for leisure uses with potential for a hotel. Bison Concrete Products, TNT and Perrigo are among the occupiers on the Park.

- 6.33 Two of the sites are assessed as average, including the District's only office development site, at Uttoxeter Road. These sites both have planning permission.
- 6.34 The remaining five sites are assessed as poor, and in our opinion are unlikely to be taken up. They are smaller sites in less accessible locations.

Key Points

- 6.35 We assess the great majority of South Derbyshire's existing stock of employment land as good, suggesting that under normal market conditions it remains attractive and viable for employment uses. Similarly, the development sites currently identified for employment are mostly assessed as good.
- 6.36 Within existing employment areas, just 12 hectares of currently occupied employment land are rated as average, suggesting that if they fell vacant they might not be viable for continued re-use as employment sites, and 7 hectares are rated as poor, suggesting that such re-use would be unlikely. Of the 66 hectares allocated or permitted for B-class development, only 5 hectares are average and 6 hectares are poor, so that in our opinion they are unlikely to be taken up for employment.

7 CONCLUSIONS

The Requirement for Employment Land

- 7.1 The first key decision that the Council needs to take is how much employment floorspace and land will be required in the LDF period, 2001-16.
- 7.2 In Chapter 5, we provided an initial estimate of a business-as-usual market requirement for South Derbyshire, which equals around 30 hectares for industry/warehousing and a barely significant 6 hectares for offices. These figures will change, though perhaps not very much, when the regional Employment Land Provision (ELP) study produces revised forecasts compatible with the Preferred Housing Option in the emerging Regional Plan.
- 7.3 More important, the ELP study prepared for the new Regional Plan should produce estimated employment land requirements for the Derby HMA, which brings together South Derbyshire with Derby City and Amber Valley District. The three Councils will wish to work together to see how this requirement should be distributed between them, bearing in mind the quantity and quality of supply that each can offer, including not only current planned supply but emerging sites that are being proposed for employment use but have no planning status as yet. If, as expected, Derby's land supply falls short of its requirement, South Derbyshire may provide land to meet some or all of the surplus demand.
- 7.4 As well as overspill from Derby City, our analysis suggests that the District has the potential to attract regional and national inward investment, over and above the forecasts, in two categories: suppliers to Toyota and strategic warehousing. It is difficult at this stage to quantify this potential footloose demand. To estimate potential demand from Toyota suppliers, one would need more detailed market research. With regard to strategic warehousing, demand in the short term is extremely high, fuelled by the restructuring of retailers' distribution networks and the lack of land in more traditional locations in the south of the region; emda's Strategic Distribution Study, currently in progress, aims to provide a state-of-the-art demand forecast for the region as a whole and a two-tier system of criteria to help select locations for strategic sites.
- 7.5 More generally, how much employment growth can and should realistically be accommodated in South Derbyshire will largely depend on the balance of the labour market. As we have seen, unemployment in the area is already very low; there will be stringent limits on the number of additional jobs that can be attracted without overheating the labour market and putting pressure on agreed housing provision figures.

Identifying New Sites

- 7.6 Under our initial business-as-usual demand scenario, South Derbyshire has enough identified employment land to meet forecast market requirements, which are modest. Indeed, in this scenario there is a small surplus of planned supply, though this would largely disappear if those existing and committed sites which we have assessed as poor or average quality were re-allocated to other uses. In this scenario, there is no quantitative need for new sites to be identified for employment.
- 7.7 Conversely, if as part of HMA-wide planning South Derbyshire agrees to provide space for footloose demand, then new sites will be needed, over and above the modest supply currently identified. To be attractive to the market, such additional sites should be in the north of the District, in the A50/A38 corridors, and particularly in the eastern sector of the A50, closest to the A38, Derby City and the M1. Sites being put forward in the LDF process could be assessed on the criteria we used in Chapter 6 above,

perhaps supplemented by specialist criteria to reflect the specific requirements of different market sectors.

- 7.8 In the 'additional growth' scenario, there will be a need to examine particularly the requirements for office sites. The first step will be to compare prospective demand and identified supply in Derby, to see if there is any shortfall in the city that South Derbyshire can help to correct. Furthermore, as we have seen, there is very little development land that is specifically intended for offices, but the District's three business park sites are all available for office as well as industrial development. The Council should consider whether these sites match the qualitative requirements of potential office occupiers, or alternatively whether special sites should be identified for offices.

Safeguarding Existing Sites

- 7.9 As well as new sites, the LDF will include policies for existing employment sites. Depending on the quantitative balance of demand and supply, which in turn will depend on the demand scenario chosen as well as the ever-changing supply position, we suggest that the Council consider safeguarding those areas we have classed a 'good'. This would deflect any competition from alternative uses and the resulting hope value, which can endanger the viability of redevelopment for employment uses.

Swadlincote

- 7.10 As we have seen, the Swadlincote area in the south of the District suffers serious economic disadvantage. It is a largely self-contained local economy, poorly linked to the rest of South Derbyshire. Local residents have limited access to jobs, especially better-paid jobs. Due to its poor strategic accessibility, the area is less attractive as a business location than some of its neighbours and it is vulnerable to competition for employment land releases in adjacent areas which are better served by the strategic road network.
- 7.11 Employment land policy on its own cannot solve these problems. In quantitative terms, our analysis suggests that there is no need to release additional employment land. But the District Council could work incrementally over the Plan period to improve the quality of Swadlincote's offer, both in relation to development sites and existing employment areas. Depending on individual circumstances, sites which we have classified as poor or average could be either upgraded through local environmental and access improvements, or reallocated to other uses and replaced by better sites. Depending on future market conditions, which in turn will depend on land releases in neighbouring districts, there may be a need for proactive intervention to support the development or redevelopment of employment sites which would not otherwise be viable.

Plan, Monitor and Manage

- 7.12 Forecasts are uncertain. However, it is important to use them as they are the only tool available to help plan for the long term. Furthermore, planning for the long term is especially difficult as good planning should really take account of the long *and* the short term; time obviously does not finish at the end date of the Plan period.
- 7.13 The best way to avoid difficulties is to Plan, Monitor and Manage. This means that that both demand forecasts are reviewed periodically and supply is continuously monitored, so that, if there are changes in circumstance, planning policy can be amended accordingly.
- 7.14 The Council therefore, should consider:

- Frequent reviews of the employment forecasts and the resulting land demand at 3-5 year intervals, and when there are major step changes in the economy or strategic guidance.
 - Continuously monitoring planned land supply, including:
 - Actual development (completions) and commitments (the planning pipeline);
 - Both gains and losses of floorspace and land;
 - Vacant floorspace; and
 - B1 floorspace, if possible, split into offices and light industrial sites.
 - Based on the data, continuous monitoring of the demand-supply balance, using the method set out in Chapter 5 above.
- 7.15 This information on the supply demand balance should help to provide a robust evidence base for individual planning decisions as well as reviewing LDF policies.
- 7.16 Other useful monitoring data includes:
- Employment change by sector against national and regional trends;
 - Business relocations and expansions into and out of the local authority area, as well as enquiries for business space; and
 - Floorspace vacancy rates, rental and land values in the local authority compared to competing areas.

APPENDIX 1

B-SPACE SECTORS

Industrial Sectors	SIC (1992)	Activities
Manufacturing	15.11-37.20 (ex publishing, 22.11-22.15)	<ul style="list-style-type: none"> ▪ Includes all manufacturing, including recycling, but excludes publishing)
Some construction	45.3-45.4	<ul style="list-style-type: none"> ▪ Electricians ▪ Plumbing ▪ Other building installation ▪ Plastering ▪ Joinery installation ▪ Floor and wall covering ▪ Painting and glazing ▪ Other building completion
Motor vehicle activities	50.20, 50.40	<ul style="list-style-type: none"> ▪ Maintenance and repair of motor vehicles ▪ Sale, maintenance and repair of motor cycles and related parts and accessories
Sewage and refuse disposal	90.00	<ul style="list-style-type: none"> ▪ Sewage and refuse disposal, ▪ Sanitation and similar activities.
Labour recruitment (% share)	74.5	<ul style="list-style-type: none"> ▪ Labour recruitment and provision of personnel
Warehousing Sectors	SIC (1992)	Activities
Wholesale	51.11-51.70	<ul style="list-style-type: none"> ▪ Wholesale on a fee contract basis ▪ Wholesale of goods
Freight transport by road	60.24	
Cargo handling	63.11	
Storage and Warehousing	63.12	
Other supporting land transport activities	63.21	
Post and courier activities	64.11-64.12	
Packaging activities	74.82	<ul style="list-style-type: none"> ▪ Packaging activities
Labour recruitment (% share)	74.5	<ul style="list-style-type: none"> ▪ Labour recruitment and provision of personnel
Office Sectors (including R&D)	SIC (1992)	Activities
Some other business activities	74.60, 74.83, 74.84, 74.1, 74.2, 74.3, 74.4	<ul style="list-style-type: none"> ▪ Investigation and security activities ▪ Secretarial and translation activities ▪ Other business activities nec ▪ Accounting/bookkeeping activities etc ▪ Architectural/engineering activities etc ▪ Technical testing and analysis ▪ Advertising
Some social and personal services activities	91.11, 91.12, 91.20, 91.32, 91.33, 92.11, 92.12, 91.20, 91.32, 91.33, 92.11, 92.12, 92.20, 92.40	<ul style="list-style-type: none"> ▪ Activities: business/employers orgs ▪ Activities of professional orgs ▪ Activities of trade unions ▪ Activities of political orgs ▪ Activities other membership orgs ▪ Motion picture and video production ▪ Motion picture and video distribution ▪ Radio and television activities ▪ News agency activities
Administration of the State	75.1, 75.3	<ul style="list-style-type: none"> ▪ Administration of the State and the economic and social policy of the community

		<ul style="list-style-type: none"> ▪ Compulsory social services activities
Publishing	22.1	▪
Financial intermediation	65, 66, 67	<ul style="list-style-type: none"> ▪ Financial intermediation, except insurance and pension funding ▪ Insurance and pension funding, except compulsory social security ▪ Activities auxiliary to financial intermediation
Real estate and business activities	70, 72, 73	<ul style="list-style-type: none"> ▪ Real estate activities ▪ Computer and related activities ▪ Research and development
Labour recruitment (% share)	74.5	<ul style="list-style-type: none"> ▪ Labour recruitment and provision of personnel

APPENDIX 2

SITE APPRAISALS

ⁱ emda, A Flourishing region, Regional Economic Strategy for East Midlands 2006-2020