EB 20(1)

Leicester and Leicestershire HMA Employment Land Study

A report prepared by

PACEC

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

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Executive Summary

X1 Introduction

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

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

X1.2 The methodology required:

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

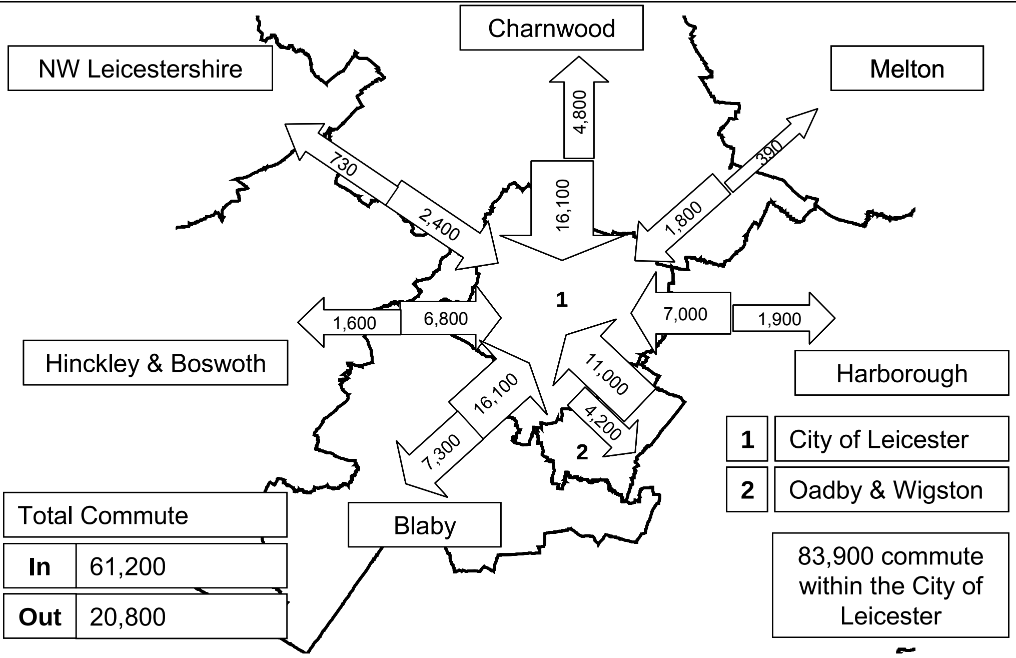
X1.3 The combination of three dominant policies pertinent to the HMA creates the policy lens through which to undertake the Employment Land Review:

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

Joint Approach to Employment Land Planning and Delivery

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

Figure X1 Commuting Flows – City and County Interdependence



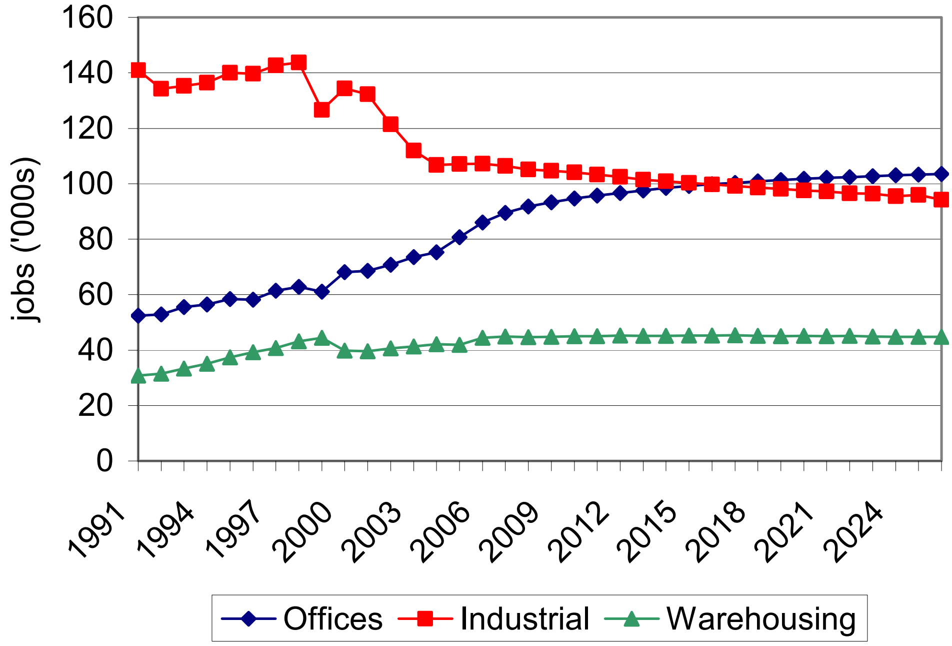
Source: Census 2001

Analysis of Employment Land Requirements

Estimating Future Needs

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

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



Source: Experian; PACEC

X1.6 Forecasts of employment change are made for each of the districts within the HMA. These are based on forecasts produced by Experian up to 2016 and extended by PACEC up to 2026 (the basis of the forecasts is explained in sections 6.3.3 and 6.3.5). The change in employment translates into an estimate of demand for land using:

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

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

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

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

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

Source: PACEC

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

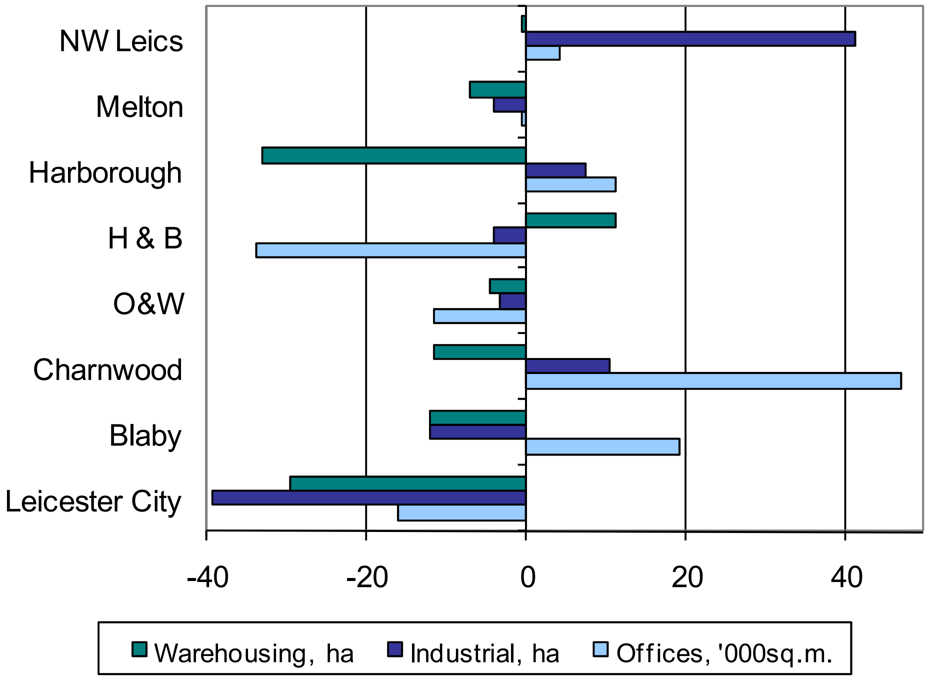
Estimating Future Supply

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

Gap Analysis

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

Table X2 Supply and Demand Gap Analysis, 2007-2026



Note: Harborough to be confirmed.
Source: PACEC

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

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

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

Table X3 Proposed New Pattern of Employment Development

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

Source: PACEC

Table X4 Recommended allocations of previously undeveloped employment land to 2026

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

-NB. May not sum due to rounding.
Harborough potential additional requirement subject to monitoring
Source: Experian; PACEC

X1.13 The supply demand gap analysis concluded with requirements of previously undeveloped employment land in the HMA to 2016 of: a minimum of 100,000 sq m of offices; a maximum of 183 hectares of land for light industrial and small scale warehousing and 50 hectares for a road rail strategic distribution centre. The local planning authorities recognise that the allocations for these requirements need to be planned on a HMA wide basis. This is because some requirements – such as science parks – need to be located near to Universities in the HMA and other requirements – such as light industrial and small scale warehousing – cannot be met on a district by district basis. For example, the demand for such land arising from Leicester and Oadby and Wigston needs to be met by provision in the neighbouring districts.

Stakeholders' Workshop

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

Draft Action Plan

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

Shared Vision and Strategic Objectives

X1.16 The stakeholders have recognised, through the Leicestershire 2020 Economic Strategy Vision that economic competitiveness and environmental sustainability will be achieved by businesses and communities acting together so: '*Leicestershire will have a prosperous, enterprising and dynamic economy, characterised by innovative businesses, creative people, sustainable communities and an attractive environment.*' To support the realisation of this vision, stakeholders could adopt three inter-related strategic objectives for economic development and related spatial planning as follows:

- Economic competitiveness: creating a prosperous, enterprising and dynamic economy
- Low carbon development: reducing the carbon emissions arising from development and transport
- New pattern of growth: delivering employment land in the New Business Quarter and the Sustainable Urban Extensions and for local requirements.

Employment Land Planning

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

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

Employment Land Priorities

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

The Intervention Areas, Leicester

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

- Lifting the user restrictions at Ashton Business Park (Bursom) to enable Leicester based businesses to acquire plots and vacate secondary space within the City.
- Making a further employment land allocation at Ashton Green.
- Selecting and investing in existing employment areas in Leicester to make them 'fit for purpose'.
- Supporting businesses relocating from the intervention areas into secondary property within 'fit for purpose' employment areas.
- Relaxing car parking standards in the New Business Quarter.
- Promoting the New Business Quarter to potential office occupiers in the region, West Midlands, London and the South East.

Sustainable Urban Extensions

X1.20 To address market and public policy failures to plan for zero carbon development and enable the employment land market in the sub-region to operate effectively, early priorities will be to link funding regimes, such as the New Growth Point, and delivery arrangements to:

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

Science Parks and Knowledge-Based Economy

X1.21 An objective of establishing one of the most attractive sites in the East Midlands for a high technology-based inward investor will require advance infrastructure to provide a ready to go site at Loughborough Science Park Phase 2 or 3, subject to the University's proposed development partnership arrangements.

X1.22 The three Universities could be encouraged to pool HEFCE HEIF grant funding to drive growth in knowledge-based technology and creative industries by commercialising 'near to market' technologies.

Road-Rail Strategic Distribution Centres

X1.23 To promote growth in rail based distribution, the Local Authorities and LSEP need to work with *emda*, the Highways Agency, Network Rail and private sector investors to identify and assess potential locations for one or more large scale road rail distribution centres in the Leicester and Leicestershire HMA (in accordance with Policy 21 of the RSS).

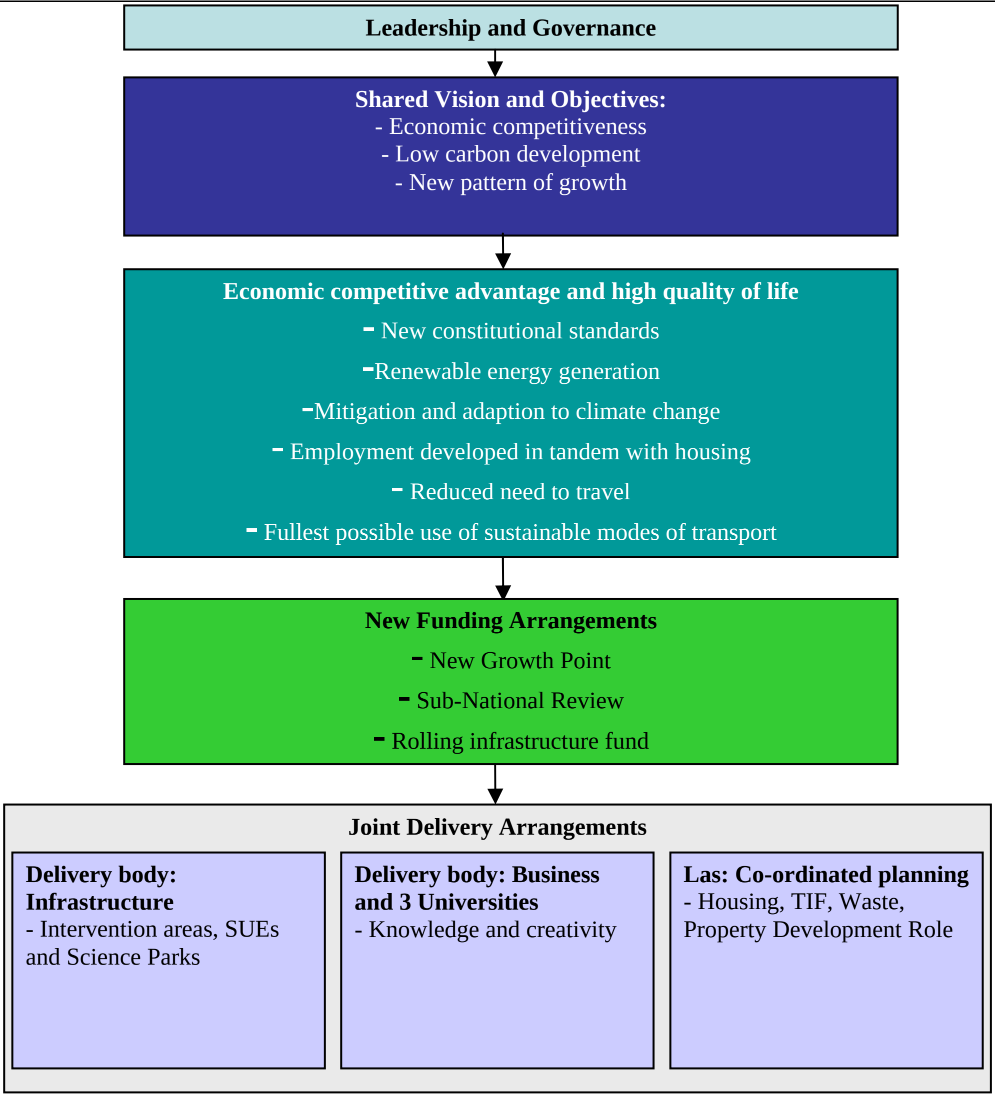
Start-Ups, Move-on Firms, Bad Neighbours and Waste

X1.24 Market gaps need to be identified in the provision of space for start-ups, move-on companies, 'bad neighbour' uses and waste recycling facilities. A priority will need to be placed on re-establishing the Local Authority developer role with a view to using resources within commercial property accounts to lever in grant and private sector capital to deliver priority schemes.

Delivery Arrangements for the HMA

X1.25 Recommended delivery arrangements are summarised in the figures below. Strong leadership and governance with a shared vision and objectives leads to competitive advantage. A strategic and joined-up approach across the HMA in terms of policy, planning, strategy and delivery will be critical to success. New funding arrangements within the HMA may be used to help fund joint delivery arrangements for infrastructure (e.g. employment and New Growth Point housing development), and growing the knowledge and creative economy.

Figure X3 Delivery Arrangements for the HMA



1 Introduction

1.1.1 PACEC, Warwick Business Management Limited and Mather Jamie were contracted by the Leicester Shire Economic Partnership in March 2008 to undertake an employment land study for Leicester and Leicestershire Housing Market Area[2].

1.1.2 The brief required the study to provide an evidence base for:

- Joint employment land planning and delivery up to 2026;
- Employment land policies and allocations in LDFs; and
- Investment priorities and targets for Local Area Agreements and the Multi Area Agreement.

1.1.3 The methodology required incorporated:

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

1.1.4 The conceptual framework for the study is shown in the figure below.

1.1.5 Following the inception stage, we undertook a range of consultation with:

- Regional partners and stakeholders, including EMRA, *emda* and GOEM, to ensure the methodology is compatible with other studies in the region.
- Local Authority and County Council Planning officers to establish how the study will contribute to the development of Local Development Frameworks, establish a robust baseline and learn about local issues and emerging policies.
- Developers and representatives of development agencies to establish market perspectives on the operation of the employment land market and take soundings on emerging recommendations.

1.1.6 The study has included desk-based research on the economy and property markets as well as a literature review of policy and other relevant regional, sub-regional and local studies. Mather Jamie have undertaken criteria-based

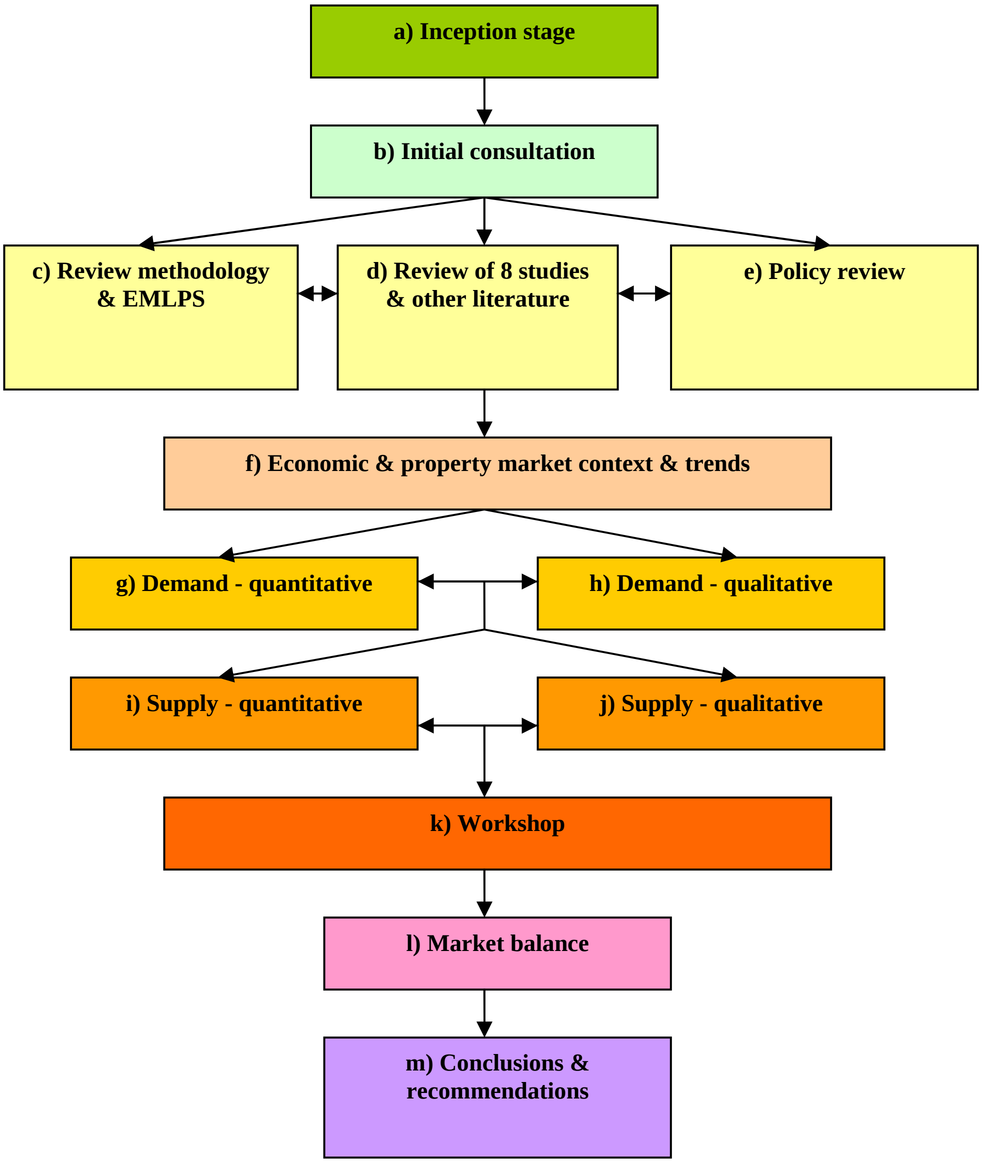
[2] This covers Blaby District Council, Charnwood Borough Council, Harborough District Council, Hinckley & Bosworth Borough Council, Melton Borough Council, North West Leicestershire District Council, Oadby & Wigston Borough Council and Leicester City Council.

site assessments of wholly and partly developed employment sites, with a view to identifying land for release and land for safeguarding. We carried out a private sector workshop to present findings to date and take soundings on emerging recommendations, particularly considering employment land delivery for the low carbon, knowledge-based economy.

1.1.7 There are a number of reasons why a joint approach to employment land planning is particularly important.

- All Local Authorities have a shared set of policy objectives, set out in national and regional policy.
- Labour markets do not adhere to Local Authority boundaries; residents of one Local Authority will commute to another to work and vice versa. All labour markets within the HMA are inter-dependent and development in one Local Authority area will impact on another Local Authority area.
- Property market areas overlap Local Authority boundaries. Firms may choose to relocate from one district to another whilst remaining in the same market area. A development in one Local Authority area may therefore impact strongly another Local Authority area.
- The delivery of employment land is key to the delivery of wider corporate objectives, including housing and transport.
- Employment land delivery is a potential joint source of Government funding.

Figure 1.1 Conceptual Framework



1.1.8 The analyses in this report do not take into account the proposal for an eco-town at Pennbury. At the time of writing this proposal is the subject of short-listing by Government.

1.1.9 The remainder of the report is set out as follows:

- Chapter 2 sets out the policy context.
- Chapter 3 considers the economic and property market context.
- Chapter 4 summarises the existing employment land studies undertaken for the Local Planning Authorities.
- Chapter 5 sets out Stage One: taking stock of the existing situation, in which the site assessments of existing supply are considered.

- Chapter 6 discusses Stage Two: creating a picture of future requirements. This estimates future demand requirements using employment forecasts, considering labour supply, past take-up of land and alternative scenarios.
- Chapter 7 covers Stage Three: identifying a new portfolio of sites.
- Chapter 8 sets out the emerging action plan and monitoring.
- Chapter 9 considers deliverability and implementation.

2 Policy

2.1 Introduction

2.1.1 This chapter sets out the policy context for the employment land study. This informs the understanding of the requirements of the individual local planning authorities, based on the requirements fed down from higher level planning policy at national, regional and sub-regional levels. It will also later help inform the context for future demand assessments.

2.2 National Policy

Employment Land Reviews: Guidance Note

2.2.1 Through its guidance, the Government introduced a robust three stage approach which reflects the underlying principles of the new planning system with its greater stress on sustainability and proactive management of development:

- **Stage One**: take stock of the existing situation, including an initial assessment of the 'fitness for purpose' of existing allocated employment sites;
- **Stage Two:** assess, by a variety of means (i.e. economic forecasting, consideration of recent trends and/ or assessment of local property market circumstances) the scale and nature of likely demand for employment land and available supply in quantitative terms;
- **Stage Three**: undertake a more detailed review of site supply and quality and identify and designate specific new employment sites in order to create a balanced local employment land portfolio.

2.2.2 The Guidance adds that "an important objective of the new development plans is to deliver an appropriate local balance between competing uses for land, particularly housing and employment. The market alone will not necessarily deliver that balance, particularly where land values for housing are substantially higher than those achievable for employment uses" (ODPM, 2004: 4).

2.2.3 In this context, the objective of the Guidance is to make sure that Local Planning Authorities review their portfolios of employment sites and apply up to date and sensible criteria in terms of sustainable development and market realism. Local Planning Authorities are encouraged to: "identify a robust and defensible portfolio of both strategic and locally important employment sites in their LDF's and, where appropriate, to safeguard both new and existing employment areas for employment rather than other uses" (ODPM, 2004: 5)

2.2.4 Elsewhere in the Employment Land Review Guidance Note, the Government refers to draft PPS 1 and states specific objectives for delivering sustainable development include the promotion of regional, sub regional and local economies through a positive planning framework and by: “bringing forward sufficient land of a suitable quality in the right locations to meet expected needs for industrial and commercial development, to provide for growth and consumer choice, taking into account accessibility and sustainable transport needs and the provision of essential infrastructure” (ODPM, 2004: 4 - 5).

2.2.5 The Guidance advised that reviews focus on those employment land uses or premises which are within the scope of PPG4, specifically:

- offices, both in town centres and elsewhere, including those for public administration;
- light and general industry;
- wholesale and freight distribution;
- high technology premises, including research, business and science parks; and
- other ‘specialised’ employment requirements including large scale employers, creative industries, transport uses related to ports, airports and other inter modal freight terminals, related specialist waste facilities, and replacement sites for ‘bad neighbour’ and ‘low value’ industrial uses which may be displaced from existing sites.

2.2.6 The Guidance notes: ‘the continuing shift from manufacturing to service employment and the emphasis on sustainable and mixed use development means that many of the sites which are most suitable for employment development are in or on the edge of town centres’ (ODPM, 2004: 10).

2.2.7 This review follows this guidance and concludes with the identification and ranking of possible employment land allocations for sustainability appraisal and community involvement in accordance with further Government guidance in Planning Policy Statement 12: Local Development Frameworks (ODPM, 2004), on the preparation of and participation on preferred options.

Planning Policy Statement 1

2.2.8 Planning Policy Statement 1 sets out the Government’s aims for sustainable development and expects that the planning system should facilitate and promote sustainable and inclusive patterns of urban and rural development by a number of means including:

- making suitable land available for development in line with economic, social and environmental objectives to improve people’s quality of life;
- contributing to sustainable economic growth;
- protecting and enhancing the natural and historic environment;
- ensuring that development supports existing communities….with good access to jobs and key services for all members of the community.

2.2.9 PPS1 sets out the Government’s commitment to promoting a strong, stable and productive economy and requires Local Planning Authorities, among other things, to:

- recognise that economic development can deliver environmental and social benefits;
- recognise the wider sub regional, regional and national benefits of economic development and consider these alongside any adverse local impacts;
- ensure that suitable locations are available for industrial, commercial, retail, public sector, tourism and leisure developments; and
- provide for improved productivity, choice and competition, particularly when technology and other requirements of modern business are changing rapidly.

Planning Policy Statement: Planning and Climate Change

2.2.10 The PPS: Planning and Climate Change supplements PPS1 by setting out how planning should contribute to reducing emissions and stabilising climate change.

2.2.11 The Government believes that climate change is the greatest long-term challenge facing the world today. Addressing climate change is therefore the Government's principal concern for sustainable development. The Government has, therefore, set a long term ambition to reduce carbon dioxide emissions by some 60% below 1990 levels by about 2050.

2.2.12 In the PPS, the Government sets out seven key planning objectives that all planning authorities should prepare and deliver spatial strategies that, among other things:

- In providing for the homes, jobs, services and infrastructure needed by communities, and in renewing and shaping the places where they live and work, secure the highest viable resource and energy efficiency and reduction in emissions;
- Deliver patterns of urban growth and sustainable rurual developments that help secure the fullest possible use of sustainable transport for moving freight, public transport, cycling and walking; and, which overall, reduce the need to travel, especially by car; and
- Respond to the concerns of business and encourage competitiveness and technological innovation in mitigating and adapting to climate change.

2.2.13 In addition, the Government states that all planning authorities should adhere to seven principles in preparing and delivering spatial strategies:

- The proposed provision for new development, its spatial distribution, location and design should be planned to limite carbon dioxide emissions;
- New development should be planned to make good use of opportunities for decentralised and renewable or low carbon energy;

- New development should be planned to minimise future vulnerability in a changing climate;
- Climate change considerations should be integrated into all spatial planning concerns;
- Mitigation and adaption should not be considered independently of each other, and new development should be planned with both in mind;
- Sustainability appraisal (incorporating strategic environmental assessment) should be applied to shape planning strategies and policites that support the Key Planning Objectives; and
- Appropriate indicators should be selected for monitoring and reporting on in regional planning bodies' and planning authorities' annual monitoring reports. Such monitoring should be the basis on which regional planning bodies and planning authorities periodically review and roll forward their planning strategies.

Planning Policy Statement 11

2.2.14 This states that the Regional Spatial Strategy (RSS) should be consistent with and supportive of other regional frameworks and strategies including the implementation of the Regional Economic Strategy (RES).

2.2.15 As a minimum the RSS should:

- identify the regional or sub regional priority areas for economic development and regeneration;
- include, where appropriate, provision for the location, expansion and promotion of clusters or networks of knowledge driven industry;
- ensure that regionally or sub regionally significant housing, transport and other infrastructure proposals support the above priorities; and
- advise on the need for simplified planning zones and on the general locations and criteria for strategic site selection.

Planning Policy Statement 12

2.2.16 PPS 12 sets out the Government's policy on the Local Development Framework. As part of the guidance PPS 12 states that Local Planning Authorities must gather evidence about their area so that the LDF can be evidence based and that it will be used in testing the soundness of the LDF.

Planning Policy Statement 4: Planning for Sustainable Economic Development Consultation

2.2.17 The consultation paper seeks comments on a draft Planning Policy Statement (PPS) on sustainable economic development. This document aims to put in place a national planning policy framework for economic development at regional, sub-regional and local levels for urban and rural areas.

2.2.18 The paper suggests that a flexible approach to the supply and use of land will be important in the future, as there is a limit to the extent local planning authorities can predict the future of their local economies. Planning policies must be flexible to respond to economic challenges and opportunities of globalisation and technological advances. Economic development also needs to be delivered in a way that is sensitive to climate change.

2.2.19 The paper suggests the following are required to achieve positive planning:

- A good range of sites identified for economic development and mixed-use development; and
- A good supply of land and buildings which offer a range of opportunities for creating new jobs in large and small businesses as well as start-up firms, and which is responsive to changing needs and demands.

2.2.20 Local planning authorities are requested to use a wide evidence base to understand existing business needs and likely changes in the market. The supply of land will need to be able to cater for differing needs of businesses and expected employment needs of the community, but flexible enough to be responsive to a changing economy. Local authorities are requested to avoid designating sites for single or restricted use classes wherever possible and avoid carrying forward existing allocations where it cannot be justified. Local authorities are requested to seek to make the most efficient and effective use of land and buildings, especially vacant or derelict buildings.

2.3 Regional Policy

Draft Regional Spatial Strategy

2.3.1 The Three Cities Sub-regional Strategy aims to provide additional direction and guidance to Local Development Frameworks on issues that cross strategic planning boundaries and other Sub-regional matters of importance in the Three Cities Sub-area.

2.3.2 Leicester, Derby, and Nottingham are three of the fifteen largest cities in England and the relationship between their Principal Urban Areas (PUAs) is complex and to an extent interdependent. There are substantial numbers of people who travel between the three cities for work, shopping, leisure, education, and healthcare needs. Together they represent half of the region's economy, and are home to almost half of the region's 4.3 million population.

2.3.3 The PUAs share common problems and opportunities in terms of restructuring and modernising their economies, the roles of their city centres, their capacity to absorb growth in a sustainable way to address their regeneration needs, and the vital role played by their hinterland in driving urban development prosperity.

Figure 2.1 3 Cities Sub-Regional Strategy Spatial Diagram

Source: Draft RSS

2.3.4 The Sub-area has been designated as a 'New Growth Point' over the period 2006 to 2021, with new development associated with this status focused on the three PUAs. The Growth Point bid includes economic development initiatives to capitalise on the sub-area's assets as economic drivers and centres of employment. There is particular focus on science and technology and knowledge intensive industries, with a move towards strengthening the role of the city centres.

2.3.5 Labour market indicators suggest significant challenges relating to acute deprivation in the Leicester Urban Area. Some areas exhibit very high and concentrated levels of deprivation, and Policy 19 of the Regional Plan prioritises these areas for regeneration.

2.3.6 The average earnings for those working in the Sub-area is higher than for those living there, implying that there must be a significant proportion of higher paid individuals commuting into the Three Cities Sub-area.

2.3.7 Over the Sub-area as a whole there is an aim that future economic success will be underpinned by the development of higher value knowledge based employment. To this effect each city has targeted the relevant economic sectors and clusters for intervention to achieve that aim. Due to the important role that high technology industries will play in the future prosperity of the Sub-area, the Draft East Midlands Regional Plan recommends the special needs of these industries be explicitly allowed for in Local Development Documents.

2.3.8 The Nottingham East Midlands Airport (NEMA) is strategically located between the Three Cities. It has a national freight hub facility, and has the potential to generate a wide range of associated jobs outside of the airport itself. In light of this the Regional Plan Policy 13 seeks to focus commercial development associated with the airport in surrounding urban areas, especially the three PUAs and Loughborough.

2.3.9 **Regional priorities for Employment Land (Policy 20):** A number of regional studies have been undertaken into employment land in recent years by the EMRA and *emda*. These include the Quality of Employment Land Supply Study (QUELS) 2002, and the Regional Employment Land Priority Study (RELPS) 2003. The Regional Employment Land Supply study (RELS) was commissioned by EMRA in 2006 to update and extend the quantitative element of the original QUELS Study.

2.3.10 At a general level all of these studies proposed that there will be a significant decline in demand for industrial floorspace, and a significant increase in demand for office floorspace over the coming 10-15 years. There is expected to be movement away from traditional employment space into retail, education, and health. Despite the overall picture appearing static there will be a dynamic pattern of gains and losses, and sectoral trends. It is likely that there will be a shortage of sites for high technology uses and a high demand for strategic ‘B8’ logistic sites.

2.3.11 Within the Three Cities Sub-area supply of office space is constrained by the needs of housing. A particular lack of suitable science and technology sites has also been observed and a lack of available industrial land is noted. This is particularly prevalent within the city boundaries.

2.3.12 In ensuring that Policy 20 is implemented, Local Planning Authorities should ensure that the needs of deprived communities are addressed along with those of the high technology uses and of the NEMA. The logistics of storage and distribution uses in terms of accessibility to the strategic transport network and sources of labour supply should also be considered.

2.3.13 **Regional Priorities for Town Centres and Retail Development (Policy 20):** There is no clear retail hierarchy in the East Midlands which could be used as a basis for regional policy. Instead it is recommended that a Sub-area approach be used to develop more localised strategies. Local Authorities, *emda* and Sub-Regional Strategic Partnerships should work together on a Sub-area basis to promote existing town centres.

2.3.14 The National guidance on retail and the roles of town centres is contained in Planning Policy Statement 6. The main aim is to promote the vitality and viability of existing centres by focussing investment within city, town, and district centres through the application of a sequential test. This has significantly restricted growth in out-of-town retail and leisure development.

2.3.15 **Regional Priorities for Employment Land (Policy 20):** With regard to the Strategic Distribution Uses, there is currently around 5 million square metres of distribution centre floor space. Over the last 10 years globalisation and the growth of ‘e-tailing’ has seen parts of Leicestershire witness a noted increase in demand for strategic distribution sites over 25,000 sq.m. Whilst this growth tends to generate a greater number of more prosperous jobs than traditional ‘B8’ uses, land supply and trunk road network capacities must be evaluated. The utilisation of rail freight would be closely linked to development of these large sites.

2.3.16 In addition to these points Local Authorities should ensure that any additional strategic distribution centres over 25,000 sq.m maximise potential for rail freight and generate a minimum of 10% of their energy requirement from on-site renewable sources. It is also the responsibility of the Local Authority to monitor gains and losses in the overall supply of good quality office and industrial sites along with assessment of the floorspace capacity of allocated sites.

2.3.17 **Implementation of the Regional Freight Strategy (Policy 53):** There are several relevant priorities. Firstly, there should be a reduced environmental impact of all freight, with improved efficiency of the road haulage industry. There should be support for the sustainable growth of airfreight at NEMA, by improving rail freight connectivity. NEMA is the leading airport for pure freight in the UK with 30% of the market. There must also be the identification of opportunities for a modal shift from air to rail. The Regional Freight Strategy must be integrated with the land-use planning, environmental, and economic strategies.

2.3.18 The Regional State of Freight Study completed in 2002 provides details of freight activity in the region. Rail carries 10% of the tonnage of land freight in the East Midlands. Rail also carries 16% of all freight that passes through the region.

2.3.19 Infrastructure enhancements alone will not secure a more sustainable and efficient distribution industry. The majority of freight will still need to be moved by road at some point in its journey. This means that even if a significant modal shift from road to rail is achieved, there will be an increase in road based freight over the coming years.

2.3.20 **Housing (Policy 14):** The development within Leicester City and Leicestershire HMA should look to strengthen the role of Leicester as a principal urban area through intensification and planned sustainable urban extensions. The housing strategy for the Leicester and Leicestershire HMA focuses on the Leicester Urban Area, initially by capitalising on its substantial urban capacity. The best opportunities for extensions are listed as west of

Leicester in Blaby (between the A47 and M69) and north of Leicester in Charnwood, east of Thurmaston. Urban extensions are ruled out in Harborough and Oadby and Wigston due to transport issues. Urban extensions are also proposed to Loughborough, Hinckley and Coalville to support their roles as sub-regional centres.

2.3.21 Housing provision in each district unitary authority area for the period between 2001 and 2026 is recommended be made at the following average annual rates. Leicester (1,180), Blaby (340), Charnwood (760), Harborough (345), Hinckley & Bosworth (460), Melton (160), NW Leicestershire (480), and Oadby & Wigston (55). Of their annual total, 1,780 are to be in extensions to the PUA. These are the draft proposals of the Draft Regional Plan and were subject to change in the Secretary of State's Proposed Changes, shown in Table 2.1 below.

2.3.22 **Regional Priorities for Waste Reduction and Waste management (Policy 37):** New development of waste facilities, housing, or office development must contribute to the minimisation of waste in its construction and operation. Research has been undertaken by EMRA on the current scale and pattern of waste treatment facilities across the region. Results indicate that waste management capacity will need to more than double by 2020 in order to meet targets set out in the Regional Waste Strategy.

2.3.23 All relevant public and private sector organisations, including manufacturing, importing, and packaging firms should work together to implement the Regional Waste Strategy, and promote policies and proposals that will result in zero growth in all forms of controlled waste by 2016.

2.3.24 All Waste Collection Authorities and Waste Disposal Authorities should achieve a minimum target for the recycling and composting of Municipal Solid Waste of 30% by 2010 and 50% by 2015.

2.3.25 **Regional Priorities of Bus and Light Rail Services (Policy 49):** In Policy 49 local bus services play a crucial role in enabling access to jobs, education and training, health and community facilities, and so make an important contribution to combating social exclusion. There are more passengers carried by bus than any other mode of public transport in the East Midlands.

2.3.26 Policy 42 regarding the Three Cities Sub-area calls for a reduction in the use of cars in and around Leicester and an increase in both the quality and quantity of public transport. There is a need to develop the transport infrastructure and services that will provide access to jobs and services within urban areas. There should also be a switch away from road based transport in manufacturing, retail, and freight distribution.

2.3.27 **Policy Three Cities SRS Policy 5: Employment Land.** This policy sets out that in reviewing employment land allocations in the Sub-area, Local Planning Authorities should have regard to Regional Plan Policy 20 and the following factors:

- The housing distribution set out in Three Cities SRS Policy 3, in particular the sustainable urban extensions;

- Supporting the regeneration of the city centres, including large scale office developments, leisure and retail;
- The need to provide for the regeneration of deprived communities;
- The needs of high technology sectors, and to support Science City proposals;
- The need to serve the airport related development requirements of East Midlands Airport
- The need to promote local employment opportunities that will reduce out commuting; and
- Opportunities to address the green infrastructure deficit in the Sub-area.

East Midlands Regional Plan, Report of the Panel, November 2007

2.3.28 The Panel Report sets out comments and recommendations following the consultation stage and examination of the Draft RSS.

2.3.29 The housing figures are amended to reflect updates in population and housing projections. It is suggested that Leicester and Leicestershire HMA aim for 79,940 dwellings between 2006 and 2026 (4,000 dwellings per annum). Local Planning Authorities are urged to agree with the Regional Assembly the distribution of dwellings between the relevant authorities. Suggested changes to housing figures to increase those of Charnwood are rejected by the Panel report on the basis of a lack of local consultation, the limitation of options for an 8,000 dwelling extension to Loughborough, as would be required, and the undue weight placed on a transport assessment that is a strong basis of the Council's rationale for increases to their housing targets. The Panel report did not support specific SUE locations, but supported the principle of a SUE 'west of Leicester'.

2.3.30 The lack of employment land guidelines in the RSS is discussed. It is noted there are usually links between new housing and jobs, and that by not linking the two there is a risk of increased levels and distances of commuting. However, this is noted mainly as a problem in Northern and Eastern sub-regions, and the Three Cities sub-region is not mentioned.

2.3.31 The Panel Report recommends the inclusion of a policy to link the RSS to supporting the Regional Economic Strategy (RES).

2.3.32 There is discussion of the region-wide *East Midlands Employment Land Provision Study* (Roger Tym & Partners, 2006) which was produced to support the Draft RSS employment land policies. There is a recommended alterative policy revision to Policy 20, recommending that local authorities, *emda* and sub-strategic partnerships work together to produce employment land reviews to inform the allocation of a range of sites at sustainable locations. The allocations are to: be flexible; meet the needs of sectors identified in the RES; to serve regeneration of urban areas; ensure high-technology and knowledge-based industries are provided for; promote diversification of the rural economy; assist development of sites in Priority Areas for Regeneration; and be of a scale consistent with the policy of concentration of development in the PUAs.

2.3.33 The Report suggests there is insufficient evidence or need to specify locations for strategic distribution centres. However, they do suggest the addition of a guiding policy to help select the location for such centres, specifying general areas of search as well as criteria for site selection. Leicester and Leicestershire HMA is listed as a potential location. Site-specific criteria include: at least 50 hectares of developable land; good rail access; good highway network access with links to appropriate points on the trunk road network; a configuration to allow large scale, high-bay warehousing, inter-modal facilities and parking; evidence of demand from the logistics industry; a location allowing 24 hour operations; and good access to labour.

2.3.34 The report suggests that Local Authorities, *emda*, and Sub-Regional Strategic Partnerships should work together in Housing Market Area groupings to undertake and keep up to date Employment Land Reviews for several reasons. Firstly to ensure that there is adequate supply of good quality land for office and industrial uses available for development (B1, B2, and B8 land) in sustainable locations allocated in Local Development Frameworks. Secondly, to bring forward good quality allocated employment sites to meet the specific requirements of potential investors. And thirdly, to review current employment land allocations to ensure that they are relevant to current and likely future requirements and that any surplus employment land is considered for beneficial alternative use.

Secretary of State's Proposed Changes

2.3.35 The changes of most relevance to employment land planning are summarised below.

2.3.36 Climate change is now widely recognised to be the most significant issue for the future of the Region, cutting across all land use sectors and affecting the East Midland's environment, economy and quality of life. Many policies in the RSS specifically deal with climate change adaption and/ or mitigation in some way. These need to be seen as part of an overall, coherent strategy to deal with a major long term problem that demands an immediate and co-ordinated response. In particular, plan users are referred to policies on:

- Promoting better design (Policy 3)
- Enhancing biodiversity (Policy 28)
- Managing and increasing woodland cover (Policy 30)
- Water resources and quality (Policy 32)
- Energy (Policies 38 and 39)
- Transport (Policies 42-55)

2.3.37 These policies reflect a commitment to implement the Climate Change Programme of Action commissioned by the East Midlands Climate Change Partnership.

2.3.38 Paragraphs 30-33 of the Climate Change PPS recognise that there will be situations where it could be appropriate for local planning authorities to anticipate levels of building sustainability, for identifying development areas or site specific opportunities, in advance of those set out nationally. The PPS makes clear that local planning authorities must be able to demonstrate local circumstances that warrant and allow this and that any local requirement must be set out in a development plan document to ensure it is properly tested. It also makes clear that local requirements should be specified in terms of achievement of nationally described sustainable building standards (the Code for Sustainable Homes in the case of housing).

2.3.39 **Policy 2: Promoting Better Design**. Care should be taken to encourage design and layouts that reduce CO_2 emissions and provide resilience to future climate change, including (among other things):

- Minimising energy use, reducing the heat impact of urban areas, using sensitive lighting, improving water efficiency, providing for sustainable drainage (SUDS) and management of flood water, reducing waste and pollution, securing energy from decentralised and renewable or low carbon energy technologies, incorporating sustainability sources and recycled materials wherever possible, and considering building orientation at the start of the design process.
- Ensuring that all urban extensions that require an Environmental Impact Assessment achieve the highest viable levels of building sustainability.
- Designing access from new development to local facilities on foot, by cycle or by public transport.
- Taking into account the need to develop carbon sinks and 'green infrastructure' networks to provide for access to open space and the enhancement of biodiversity and landscape quality.

2.3.40 To maximise the development of key elements of the economy and to build on the existing infrastructure, a policy of urban concentration has been adopted (Policy 3) and, therefore, a major proportion of the new growth requirement in the region should be concentrated in and around Derby, Leicester and Nottingham.

2.3.41 The Regional Development Strategy, in Policy 3, aims to locate new growth and regeneration in the areas which can most sustainably provide good sites for development. These need to be related to the best opportunities for maximising both the existing investment in infrastructure and the opportunity for providing the best possible access to services, facilities and jobs.

2.3.42 The Regional Transport Strategy supports the spatial strategy by providing for sustainable travel patterns through measures that will reduce the need to travel and improve public transport, where it can bring about the most benefit.

2.3.43 **Policy 13: Regional Housing Provision.** Housing provision is distributed in the Leicester and Leicestershire HMA, as indicated in the revised Policy 13 (of this provision, 47% is to be within or adjoining the Leicester PUA). References to broad locations of growth in Blaby and Charnwood have been deleted GOEM (2008):5.

Table 2.1 Leicester and Leicestershire HMA Housing Provision 2001-2026

	2001-2006 (p.a.)	2006-2011 (p.a.)	2011-2016 (p.a.)	2016-2026 (p.a.)	Total provision	Within/ adjoining PUA
HMA	3,230	4,060	4,050	4,030	97,000	45,570
Leic	850	1,520	1,370	1,130	30,000	30,000
Blaby	210	260	340	460	8,650	5,720
Charnwood	670	810	800	790	19,00	6,780
Harborough	340	440	380	300	8,800	820
H & B	540	330	410	530	11,700	-
Melton	150	240	190	120	4,100	-
NW Leics	380	370	470	610	12,200	-
O & W	90	90	90	90	2,250	2,250

Source: East Midlands Regional Plan

Table 2.2 Policy 3 Three Cities Sub Regional Strategy

	Total provision	Comment
HMA	97,000	
Leicester	30,000	30,000 within PUA
Blaby	8,650	5,720 within/ adjoining PUA, including SUEs as necessary
Charnwood	19,300	6,780 within/ adjoining PUA, including SUEs as necessary, rest mainly at Loughbourough, including SUEs as necessary
Harborough	8,800	820 within/ adjoining PUA, including SUEs as necessary, rest mainly at Market Harborough, including SUEs as necessary
Hinckley & Bosworth	11,700	Mainly at Hinckley, including SUEs as necessary
Melton	4,100	Mainly at Melton, including SUEs as necessary
NW Leicestershire	12,200	Mainly at Coalville, including SUEs as necessary
Oadby & Wigston	2,250	2,250 within/ adjoining PUA

Source: East Midlands Regional Plan

2.3.44 Turning to the PUAs, the Secretary of State considers that there is a need for housing provision to be planned in a co-ordinated way rather than as an amalgam of individual district plans. There is an expectation, therefore, of joint plans, either as formal joint core strategies, or at the very least closely aligned strategies (Panel Recommendations R4.5) GOEM (2008) 4.

2.3.45 It should be noted that the housing provision levels in revised Policy 13 (above) are minima and should not be regarded as ceiling GOEM (2008) 6. The latest projections and further technical advice are already showing the need for even more increases in housing provision within the region if the Government's targets for house building and better affordability are to be achieved GOEM (2008) 9.

2.3.46 The proposals for eco-towns are not taken into account in this RSS review and depending on any further Government announcements relating to named sites (including Pennbury) any longer term issues will be matters for the next RSS review to test GOEM (2008) 10.

2.3.47 **Policy 20: Regional Policies for Employment Land**. Local Authorities, *emda* and sub-regional strategic partnerships should work together in housing market area groupings to undertake and keep up to date employment land reviews to inform the allocations of a range of sites at sustainable locations.

2.3.48 These allocations will:

- Be responsive to market needs and the requirements of potential investors, including the needs of small businesses;
- Encourage the development of priority sectors as identified in the Regional Economic Strategy, namely transport equipment, food and drink, healthcare and construction as well as specific sectors which have local economic significance;
- Serve to improve the regeneration of urban areas;
- Ensure that the needs of high technology and knowledge based industries are provided for;
- Promote diversification of the rural economy;
- Assist the development of sites in Priority Areas for Regeneration; and
- Be of a scale consistent with the essential policy of urban concentration as set out in Policy 3.

2.3.49 **Policy 21: Strategic Distribution.** Local Authorities, *emda*, sub-regional strategic partnerships, the Highways Agency and Network Rail should work together with private sector partners to bring forward sites for strategic distribution use in the region with preference to sites in the following broad locations:

- West Northamptonshire HMA
- Derby HMA
- Nottingham Core HMA
- North Northamptonshire HMA
- Leicester and Leicestershire HMA

2.3.50 In allocating sites in local development documents, Local Authorities should give priority to sites which can be served by rail freight and operated as inter-modal terminals. Consideration should be given to the following criteria:

- At least 50 hectares of developable land;
- Good rail access with routes capable of accommodating large maritime containers (W10 or W12 gauge), the ability to handle full length trains, available capacity and full operational flexibility;
- Good access to the highway network and to appropriate points on the trunk road network;
- A suitable configuration which allows large-scale high bay warehousing, inter-modal terminal facilities, appropriate railway wagon reception facilities and parking for all goods vehicles;
- A need for such facilities due to demand from the logistics industry;
- A location which allows 24 hour operations and which minimises environmental and community impact;
- Good access to labour;
- The need to avoid locations near to sensitive nature conservation sites that have been designated as being of international importance or that would directly increase traffic levels that would harm such sites.

2.3.51 **Policy 38: Regional Policies for Energy Reduction and Efficiency.** The planning system can contribute to reducing energy demand through measures to improve the location of development, site layout and building design. As recognised in Section 1.4, the Planning and Climate Change PPS (PPS1 Supplement) expects development plan documents (DPDs) to include policies which promote and encourage a proportion of energy supply of new development to be secured from decentralised and renewable or low carbon sources…. New development will need to secure the highest viable resources and energy efficiency in order to ensure that the Region can also make its contribution to national carbon emissions reduction targets and longer term goals. To achieve this, substantial areas of new development need to be located where there is good accessibility by means other than the private car and where energy can be gained from decentralised energy supply systems, or where there is clear potential for this to be realised. These systems will include renewable or low carbon sources. In drawing up their Local Development Frameworks, local planning authorities should take account of the provisions of the Planning and Climate Change PPS and where policies need to be developed to respond to more local issues, these should be included in DPDs.

2.3.52 **Regional Transport Strategy: Core Strategy.** The Core Strategy of the Regional Transport Strategy focuses on encouraging the development of sustainable travel patterns through:

- Reducing the need to travel, especially by car and managing traffic growth and congestion;
- Significantly improving opportunities for walking and cycling;

- Improving the reliability, capacity, quality accessibility and coverage of the public transport networks through better management; and
- Only developing additional highway capacity when all other measures have been considered.

2.3.53 **Policy 44: Regional Approach to Traffic Growth Reduction.** Three Cities Sub Regional Strategy: The consideration of constraints and opportunities has identified the need for significantly improved transport and other infrastructure, and further investigations will need to be carried out to identify specific requirements to support any urban extensions.

2.3.54 Urbanisation around the East Midlands Airport would not support a sustainable pattern of development or assist in regenerating the PUAs, would be environmentally unacceptable and could in the long term undermine the airport's operational viability. Commercial development is therefore supported in the surrounding areas, particularly the three PUAs and Loughborough.

A Flourishing Region: Regional Economic Strategy for the East Midlands 2006-2020

2.3.55 The Regional Economic Strategy (RES) sets out how the East Midlands aims to become a 'flourishing region'. Its key economic drivers are identified as:

- Skills: addressing the relatively high proportion of people with no qualifications and enabling more people who are in work to develop higher level skills;
- Innovation: helping to increase investment in research and development by businesses, particularly small and medium size enterprises – and ensuring far more good ideas are translated into new and improved products or services;
- Enterprise: improving rates of company formation and survival, and creating a culture of enterprise which begins at school; and
- Investment: improving levels of investment in the service sector, so the region is equipped to maximise the opportunities from this fast-growing part of the economy.

2.3.56 One of the strategic priorities identified concerns land and premises and aims *'to ensure that the quality and supply of development land, and balance between competing land uses, contributes towards sustainable growth of the regional economy.'* The strategy sets out that *emda* will work with local authorities to improve the rate of re-use of land and ensure provision of appropriate infrastructure. It also aims for there to be development of land, property and facilities that maximise opportunities for collaborative innovation activities and inward investment by providing quality sites and buildings which support enterprise development. Proposed developments must: be linked to RES Priority Sectors; maximise clustering benefits; improve links between academic institutions and businesses; be supported by the work of Innovation East Midlands and 'blueprint'; and encourage sustainable building design.

2.3.57 The RES aims to increase the proportion of employment in K1 high knowledge intensive sectors to within 4 percentage points of the UK average by 2009 and to reduct the share of employment in K4 low knowledge intensive sectors to level with the UK average by 2009. It also aims to increase the VAT registrations to 40 per 10,000 population head and maintain a 3 year survival rate above the UK average. It also aims for an average annual growth rate over a 5 year period of 1.5% in employment floorspace by 2009.

2.3.58 Four priority sectors are outlined as likely to make the greatest contribution to the East Midland's economy over the lifetime of the RES: transport equipment; construction; food and drink and healthcare. Some sub-sectors are also highlighted as having significance at a sub-regional level, including high-performance sport at Loughborough and industrial design in Leicestershire.

2.3.59 The RES highlights the changing structure of land requirements in the East Midlands, with restructuring towards office based and service sector focussed employment. There is also an abundance of unattractive and non-viable sites noted. Market failure in providing some infrastructure is noted. A number of priority actions are set out:

- Maintain an up to date regional picture of employment land supply and quality issues.
- Bring forward new sites, upgrade existing sites and promote redevelopment of commercially unattractive sites for other economically beneficial uses.
- Undertake master planning exercises to provide a holistic approach to the supply of employment land.
- Prepare relocation strategies for businesses affected by redevelopment proposals.
- Encourage job creation through private sector development and targeting of public sector resources for priority sites.
- Ensure appropriate levels of infrastructure through various measures, including using development briefs, assessing environmental impacts and ensuring proactive public sector investment where required.
- Increase the use of previously developed land.

2.3.60 Challenges for the Three Cities Sub-Region are set out in the RES. Derby, Leicester and Nottingham are described as 'not punching above their weight' in economic and competitiveness terms. Great wealth occurs alongside extreme relative deprivation. Key sub-regional strategic priorities include: innovation; transport and logistics; land and development; enterprise and business support; and employment, learning and skills.

East Midlands Land Provision Study, RTP, November 2006

2.3.61 This report was commissioned by the East Midlands Regional Assembly to forecast future requirements for employment (B-Use class) to 2021 and 2026 by Housing Market Area (HMA), based on economic employment forecasts commissioned by *emda* from Experian. It was also to compare the forecasts with current planned supply of employment land and then propose indicative employment land requirements by HMA and local authority area to inform the emerging Regional Spatial Strategy and LDFs[3].

2.3.62 This takes employment forecasts produced by Experian. Three sets of forecasts were initially produced: policy-on; policy-off; and housing scenarios. The housing scenario forecasts are consistent with the Draft Regional Plan and so are the 'preferred option' in the study (and the result of these forecasts is shown in the table below). The policy-on and policy-off forecasts for the East Midlands (excluding Northamptonshire) are based on population projections made by the Office for National Statistics with small modelled adjustment of job-led migration; this is a trend-based population projection. The same forecasts for Northamptonshire assume that 50% of the Milton Keynes South Midlands housing growth targets take place, but they do not adjust for this growth by reducing population growth in the rest of the region and so housing and population totals exceed totals used in the Draft Regional Plan.

2.3.63 Changes in employment in B-Space in Leicester and Leicestershire HMA between 2003 and 2016 are shown in the table below. The East Midlands figures are also shown for comparison and to show Leicester and Leicestershire HMA's share of the East Midlands total.

Table 2.3 Employment change, 2003-2016, Leicester and Leicestershire HMA

Sector	Jobs change 2003-2016	%	% per year
Offices – L&L HMA	**10,245**	**14%**	**1.0%**
Office – EM	60,418	21%	1.5%
Industrial – L&L HMA	**-21,370**	**-21%**	**-1.8%**
Industrial – EM	-49,120	-11%	-0.9%
Warehousing – L&L HMA	**1,821**	**4%**	**0.3%**
Warehousing – EM	12,558	7%	0.5%
Total B-Space – L&L HMA	***-9,304***	***-4%***	***-0.3%***
Total B-Space – EM	*23,855*	*3%*	*0.2%*

Source: RTP

2.3.64 The report considers the supply of employment land against the estimate of demand. Land is considered in total as there is insufficient data to split land by B1, B2 and B8 uses. It found that against the estimated regional supply of 3,665 hectares, the demand region-wide is for an additional 18 hectares per annum, amounting to 230 hectares up to 2016. Every HMA has an over-supply of land compared to demand. The report recommends local employment land studies reconsider the supply-demand balance, making more accurate

[3] Subsequent to preparation of the brief, *emda* requested that District-level forecasts not be used, because they are not sufficiently robust. Therefore the study forecasts demand by HMA but not by District.

assessments of potential loses, taking account of recent change, qualitative fit of supply and demand, fine-grained geography and the deliverability of sites.

2.3.65 The report compares the Experian forecasts for warehousing against conclusions from the East Midlands Strategic Distribution Study. Requirements shown by the EMSDS show a region wide need for around 480 hectares on new, Greenfield strategic warehousing land and 563 hectares of outstanding commitments. However, many of those commitments are in unsuitable locations and are not rail-connected.

2.3.66 Future warehousing demand is estimated to be 95,000 sq.m. per annum, which is one fifth of the recent growth rate of 400,000 sq.m. per annum. The EMSDS also shows forecasts at a much lower rate than recent trends. The report estimates that it is unlikely such high rates of growth will continue in the future, due to changes in the industry.

2.3.67 The EMLPS builds on the East Midlands Strategic Distribution Study (EMSDS) to estimate requirements for strategic distribution and warehousing. The EMSDS presents four growth scenarios in which the East Midlands performs better or worse than competing regions at attracting new strategic distribution. In the ‘base case’, each region’s warehousing stock and new build rates continue in line with current trends and market share. The East Midlands is estimated to require 1.03m sq.m. of additional strategic warehousing between 2006 and 2026 (net new requirement). Around 3.8m sq.m. of floorspace needs renewing. Whilst this does not require new labour or increase the stock of floorspace, it does require new land because a lot of replacement build cannot occur on existing sites. Leicester and Leicestershire HMA are estimated to require 6.2 hectares per annum on Greenfield sites and 7.7 hectares per annum on Brownfield sites. An estimated 4.8 hectares per annum could be released. A further 13.1 hectares per annum are estimated to be required for footloose build.

2.3.68 The study identifies areas that are potentially capable of accommodating new rail connected strategic distribution sites. Leicester and Leicestershire HMA (excluding Melton and Charnwood) is highlighted as suitable for accommodating additional rail freight sites subject to rail line improvements.

East Midlands Strategic Distribution Study, July 2006

2.3.69 An independent study of the land needs of the strategic distribution industry entitled *The East Midlands Strategic Distribution* Study was published in July 2006. It was commissioned by *emda* and undertaken by a team of consultants led by MDS Transmodal and supported by Roger Tym & Partners and Savills.

2.3.70 The study estimates the total (gross) warehouse new build which can be expected in the East Midlands up to 2026 with its associated land requirements. This uses an entirely different methodology to the employment land study. Four different forecasts were undertaken. In the base case, each region’s warehouse stock and new build rates continue in line with current trends and market share. The other scenarios reflect the East Midlands losing or gaining market share in terms of warehouse stock and new build rates.

2.3.71 The forecasts estimate the total (gross) warehouse new build in the region will be 4.20-5.56m sq.m. (4.88m sq.m. for the base case). If all of this new build were on new sites, the future land requirement would be 1,050-1,391 hectares[4] (1,222 hectares for the base case). However, in many cases new floorspace will not 'fit' onto existing plots at general industrial locations or on brownfield land. Policy also encourages new development at rail linked sites. Many existing sites are not located at rail links and are not suitable for rail connection and so much of the forecast requirement for strategic distribution will need to be on new sites. The study concludes that new sites will need to be found for any new strategic development that are greater than 25,000 sq.m..

2.3.72 The forecast demand for new build in units greater than 25,000 sq.m. is estimated using trends in the size of new units built in the East Midlands. This estimates a requirement for land of between 640ha and 848 hectares up to 2026 (745 in the base case).

2.3.73 Two options are then considered, to estimate the proportion of the future market that can be expected to locate at rail linked sites in the future.

- Option 1 considers a continuation of market trends where 11% of new units are developed on rail linked sites. 82 hectares of land are assumed to cater for rail linked sites in this option.
- Option 2 considers the amount of floorspace required to deliver the Regional Freight Strategy policy target of an additional 30 freight trains per day (1.64m sq.m. up to 2026). 410ha of land are assumed to cater for rail linked sites in this option.

2.3.74 The study considers existing sites suitable for strategic distribution development in the sub-region, which comprises 359 hectares in appropriate broad sub-regional areas, of which 102 hectares is on rail linked sites (DIRFT Phase 2 and Castle Donington).

2.3.75 The table below summarises the gross requirements for units in the East Midlands.

Table 2.4 Gross Land Requirements for Units >25,000 sq.m. and Land Supply in Appropriate Sub-Regions

Base case to 2026	Hectares		
	Rail linked	Non-rail linked	Total
Gross requirement to 2026	410	335	745
Current land supply	102	257	359
Land required	308	78	386
Additional rail linked sites required			
Mean size – 50 ha	6		
Mean size – 75 ha	4		
Mean size – 100 ha	3		

Source: East Midlands Strategic Distribution Study

[4] Assuming a 40% plot ratio.

2.3.76 The report considers a two stage process for selecting new sites which are suitable for hosting competitive logistics facilities: identifying broad locations; and identifying individual sites within the broad locations.

2.3.77 The report sets out that a commercially attractive strategic logistics site must:

a Have at least 50 hectares of development land available;

b Have good rail access. Good quality access is defined in terms of a generous loading gauge, which is capable of accommodating intermodal units on standard platform wagons, the ability to handle full length trains, available capacity to run freight train services and permits full operational flexibility.

c Have good quality access to the highway network. Good quality access is defined as being served by the national motorway network or major non-motorway routes.

d Have a suitable configuration which allows large scale high bay warehousing, intermodal terminal facilities, appropriate railway wagon reception facilities and parking facilities for all goods vehicles, both those based on the site and visiting the site.

e Have a need for such facilities due to demand from the logistics market which cannot be met in the medium to long term by existing capacity.

f Be located away from incompatible neighbours, thereby allowing 24 hour operations and no restrictions on vehicle movements, and minimising the impact on the local environment.

g Have good access to labour.

2.3.78 Sub-regions are considered for their suitability for new strategic distribution sites. Four criteria are considered:

1 Market demand and central location to markets;

2 Good quality rail access;

3 Good quality road access; and

4 Access to labour.

2.3.79 North and South Leicestershire meet all criteria well, except for good quality rail access. This would be ‘good’ if the proposed upgrade of Nuneaton-Leicester-Peterborough route to W10 proceeds and is extended north of Syston. Melton/Rutland scores poorly or moderately on all criteria. North and South Leicestershire are considered to be two of the three ‘best sub-regions’ for delivering sites from 2015 onwards (or following gauge/capacity enhancements to the Nuneaton-Leicester-Peterborough line.

East Midlands Regional Freight Strategy, July 2005

2.3.80 The East Midlands Regional Freight Strategy was prepared and published by the East Midlands Regional Assembly. It builds on the ‘State of Freight in the East Midlands’, the Regional Freight Study, published by consultants in 2002.

2.3.81 The document affirms the importance of freight transport to the region and its economy. Whilst it supports road freight efficiencies, it strongly promotes modal shift to other more sustainable modes, including rail, pipeline and water. Rail is considered to be the key opportunity, with potential for up to 20 new freight trains per day by 2015. This would be an increase of 4.5 million tonnes over 2005 levels. To enable this, the Strategy includes proposals to improve the provision of intermodal freight terminals, particularly in the Three Cities area. The strategy suggests commercial development at sites with the potential to be rail-connected would generally need a mix of industries to give the best chance for viability of such connections. It recommends safe-guarding land adjacent to active or disused railway alignments where industrial development is being promoted. In particular, food distribution is targeted as a sector that could unlock modal shift to rail freight. The strategy also notes the greatest opportunities for modal shift from road to rail in the Region are from *through* traffic, suggesting inter-regional working would be required to encourage appropriate specific and general infrastructure enhancements are made to the rail network.

2.3.82 Air freight is also considered to be important, particularly given the location of Nottingham East Midlands Airport (NEMA) in the region, but the Strategy seeks to minimise the environmental impacts of airfreight, promoting modal shift from air freight to rail where this could be viable and deliver environmental benefits. The Strategy recommends promoting provision through the RSS for the use of sites suitable for logistics and other inward investor developments that can benefit from good transport links with the airfreight opportunities at NEMA.

2.4 Sub-regional Policy

Leicestershire Economic Strategy Vision 2020

2.4.1 The Leicestershire Economic Strategy Vision sets the vision for Leicestershire's economy by 2020. It will be underpinned by a more detailed implementation plan available in October 2008.

2.4.2 The Economic Strategy aims to improve the economy and generate wealth through innovation and creativity. The first step is to produce the climate for innovation and creativity to take place across the whole economy.

2.4.3 The priorities for Leicestershire include: improved knowledge transfer between Universities and business; business support; the development of local innovative and creative talent; and also the promotion of enterprise, innovation, and creativity throughout the education system.

Business and Enterprise

2.4.4 The Leicester economy aims to move from a traditional manufacturing base to one where "high tech" manufacturing prospers. This aim is helping to create growing employment in knowledge intensive business services and creative industries.

2.4.5 Priorities for Leicestershire focus on the promotion of an innovative culture in all organisations within which entrepreneurship can flourish. The expansion and development of science, research, and technology parks along with the provision of support and supply chains will be key factors in this area of economic development.

2.4.6 Sector structure improvement must continue along with local supply chains. This will mean more employment in high skill, high wage sectors and less employment in low skill, low wage sectors. These measures aim to drive up demand for skills and create clusters of opportunity in key sectors that will help attract new investment.

People, Employment, Skills and sustainable communities

2.4.7 In order to build this vision, and keep the wealth created, Leicestershire needs to raise its economic aspirations across communities, whilst promoting the utilisation of local products and services. This will begin at junior and secondary school levels and lead on through to higher level qualifications for young people in the area in order to supply the shortfall in skilled labour that is seen throughout local business.

2.4.8 The ambition for Leicestershire 2020 is to develop a culture where the working population have high aspirations. In order for Leicestershire to increase its employment rate to 80% by 2020 it is aiming for 30% of the working age population to have level 4 qualifications and for 80% to have level 2 qualifications along with an increased completion of apprenticeships.

Infrastructure

2.4.9 Having the right infrastructure is vital to improving economic prosperity in Leicestershire. Leicestershire is in the geographical centre of the UK, at the heart of the motorway network with particularly good north/south links. The East Midlands Airport is the second largest freight airport in the UK. Passenger rail accessibility is also good, with regular high-speed services to London St Pancras and Sheffield along with fast links connecting people with destinations such as Paris and Brussels within 4 hours.

2.4.10 In order to cope with the significant housing growth across the sub region and the re-allocation of employment land to accommodate the growth of the knowledge and high-tech industries, there will be considerable investment in improvements towards the public road transport infrastructure.

Environmental sustainability

2.4.11 Leicester was the first Environment City and aspires to be the most sustainable city in Britain over the next 25 years. It engages in innovative environmental practices, such as the National Forest, along with the Energy Technologies Institute at Loughborough University, and is proud of its attractive rural environment.

2.4.12 The priorities identified look to lessen the environmental impact of businesses. This is to be achieved through an increased level of recycling and reduced waste production, a lowering of carbon emissions, and by promoting the use of renewable energy sources. The development of the road transport infrastructure aims to reduce the growth of traffic levels and impact positively on carbon emissions.

2.4.13 These priorities will be backed up by the encouragement of start up companies in the environmental field and increased engagement with Universities in terms of bringing environmental technology to the market.

2.5 Local

Local Development Schemes

2.5.1 The seven Local Authorities and City Council are at different stages in preparation of their Local Development Frameworks. The table below details timing of Core Strategy and Site Allocation DPDs using Local Development Schemes and information with meetings from Local Authority planning officers.

Table 2.5 Core Strategy and Site Allocation Time Lines

	Core Strategy			Site Allocations
	Issues & Options	Preferred Options	Submission	
Blaby	Mar-Apr 2008	Jul-Aug 2008 Now likely Nov 2008 (tcb)	Summer 2009 Now likely Spring 2009 (tbc)	Within Core Strategy
Charnwood	Oct 2004-Feb 2005	Feb 2006 Oct 2008	Summer 2009	Tbc
Harborough	Apr-Aug 2005	Jun 2006 Expected Autumn 2008	2009	I&O Jun 2006
H&B	Jun-Sep 2005	Sep-Oct 2007	Sep-Oct 2008	PO Dec 2008-Feb 2009
Melton	Apr 2006	Jan 2008	Aug 2008	I&O Apr 2008
NW Leics	Nov 2005 Jun 2007	Nov-Dec 2008 (further consultation)	Dec 2009	I&O tbc
O&W	Jul-Aug 2005	Oct-Nov 2008	Jun-Jul 2009	PO Jun-Jul 2009
Leicester City	Sept 2007	Sept 2008	Mar 2009	I&O Jan 2009

Source: PACEC

City Regeneration, Leicester

2.5.2 The Strategy chapter of the Adopted Local Plan in policies PS01-PS08 takes forward the five Intervention Area Projects that were originally set out in the Leiecster Regeneration Company's Masterplan. The five major projects are:

2.5.3 **New Business Quarter**: There is market potential for almost 4,000 new office jobs up to 2016, provided an appealing property offer can be delivered to attract them. The plan proposes a 50,000 sq.m. office core, focusing on a re-modelled Leicester Railway Station, to provide an accessible, high quality office environment at the heart of the city.

2.5.4 **Science and Technology:** The world class scientific output of key university departments, combined with the National Space Centre, creates the potential for a science and technology park of up to 45,000 sq.m.. Located in an attractive riverside setting, the scheme will encourage graduate retention and high income jobs in inner Leicester.

2.5.5 **New Retail Circuit:** The aim of this is to develop a wider retail circuit to spread footfall and create new opportunities to strengthen and diversify Leicester's retail offer including the recently opened Highcross extension to Shires. A study of the Market Place has been commissioned to explore this further.

2.5.6 **A New Community**: The aspiration is for a substantial provision of new homes with a wider variety of house types plus employment, shops and leisure facilities to support and develop a sustainable and diverse community.

2.5.7 **Waterside:** Proposals aim to exploit the potential of the waterfront area, which is currently severed from the city centre by the multi-lane inner ring road. The Masterplan proposes to downgrade the ring road near to the city centre and create a major mixed-use development opportunity. This will be linked with the waterfront and include a new canal basin and an extension of New Walk.

2.5.8 Leicester City Issues and Options Paper assesses five options for addressing the employment issues of structural adjustment towards office employment and away from manufacturing employment and the future location of these different types of employment. Options include increasing employment land within the City; joint working with surrounding districts to provide more employment land outside the City boundaries and less in the City; providing all employment land outside the City; losing only worst quality employment land; and encouraging large offices anywhere in the City.

Science and Business Parks

Leicester Science Park

2.5.9 A Science Park is in the process of being developed in Leicester at Abbey Meadows. The Science Park is located at the former John Ellis school site west of the River Soar and North of Corporation Road, and at land to the north and west of the National Space Centre, boarded by the River Soar to the East and A6 to the West.

2.5.10 The aim is to harness the Universities' strengths in bio technology, medicine, space science, design and engineering for the benefit of the City's economy. A

Supplementary Planning Document was published for Leicester Abbey Meadows in April 2007.

2.5.11 The SPD sets out that the Science Park is to provide 45,000 sq.m. of Science and Technology floorspace in a phased delivery programme.

Loughborough Science Park

2.5.12 Two studies – the Quality of Employment Land Study (QUELS)[5], which was commissioned by the East Midlands Regional Local Government Association, and the Regional Employment Land Priorities Study (RELPS)[6], which was commissioned by *emda*, – identified a particular shortage of sites suitable for science and technology users in the Three Cities sub area. RELPS sought to identify key activities that need to be pursued at the sub-regional level to achieve the objectives of the RES. For Leicestershire one of the identified priorities was to assess the need for a science and technology park(s) and provide support as necessary. The study identified one of the possibilities as sites adjacent to the former British Gas Research Centre at Loughborough close to Junction 23 of the M1. RELPS notes that *emda* and its partners have a key role to play in supporting Science Park development as land use restrictions tend to deter the private sector from majority involvement in Science Park development. The findings of these studies are reflected in the Regional Plan which encourages local planning authorities to bring forward employment sites to the specific requirements of potential investors.

2.5.13 The now expired Leicestershire Structure Plan Employment Policy 4 required that land for one substantial science park, up to a maximum of 50 hectares, should be allocated in Loughborough close to the University. It recognises that the provision of a Science Park of up to 50 hectares is likely to continue beyond 2016.

2.5.14 In accordance with the Regional and Structure Plan policy context (now expired), Charnwood Borough Council published a Science Park Development Plan Document Preferred Options Report. This proposed that the Loughborough Science Park and University allocation should include:

- Provision for space to meet the requirements for the incubation of firms, Small Medium Enterprises needing close proximity with the University and inward investment with at least:
  - 5 hectares reserved for incubation units of less than 400 sq.m.;
  - 18 hectares reserved for Small Medium Enterprises in units of less than 1,500 sq.m.; and
  - 26 hectares reserved for potential inward investment opportunities.

[5] Roger Tym & Partners, Business Strategies, Innes England, (July 2002): *Quality of Employment Land Supply*

[6] Innes England and Sinclair Knight Mertz (2003): *Regional Employment Land Priorities Study*

2.5.15 It adds buildings and other structures will be constructed to a high standard of external appearance, incorporating energy design solutions with extensive landscaping.

- Planning permission will be granted for, among other things:
    - Any use falling within Class B1(b); and
    - Any use falling within Class B1(a) or B1(c) which has either:
        - A special need to be located close to the University or other research facilities on the site or elsewhere in Loughborough; or
        - Is otherwise directly or functionally related to the university or other research facilities on the site or elsewhere in Loughborough.

2.5.16 In January 2007, following advice from the Planning Inspectorate, Charnwood Borough Council Cabinet resolved to include the matters covered in the Science Park DPD within the Allocations DPD. This resolution may be reviewed in light of publication of Planning Policy Statement 12 which introduces the opportunity to include strategic allocations within the Core Strategy.

Sustainable Urban Extensions (SUEs)

2.5.17 The proposed changes to the RSS continue to support the principle of sustainable urban extensions. It suggests the best locations for development include west of Leicester in Blaby and north of Leicester in Charnwood. It suggests that urban extensions in Harborough and Oadby and Wigston would require sustained and significant investment in transport and other infrastructure. Further sustainable urban extensions are proposed to Loughborough, Hinckley and Coalville, to support their designations as Sub-Regional Centres.

2.5.18 Table 2.2 sets out the housing provision targets, including where SUEs may be required.

Adjoining Leicester – Charnwood

2.5.19 The options for locating a SUE North of Leicester within Charnwood are to be examined through the Charnwood LDF process. Charnwood Borough Council's Core Strategy Preferred Options Report, published before the Draft RSS in February 2006, identifies a range of potential options for urban extensions to the Principal Urban Area of Leicester. A second Preferred Options Report is due for consultation later this year to revisit these options. The Proposed Changes to the RSS recommend 6,780 dwellings within or adjoining the PUA, including SUEs as necessary.

Adjoining Leicester – Blaby

2.5.20 The Proposed Changes to the RSS proposes 5,720 dwellings within or adjoining the PUA, including SUEs as necessary. The potential to achieve this proposal is being researched.

2.5.21 Initial work has identified a potential site West of the M1. Research is being undertaken into the possibility of re-opening the Ivanhoe/National Forest line to passenger traffic, with a station at Meynell's Gorse. There may be a constraint on development until the M1 widening works are completed by the Highways Agency.

2.5.22 In the Blaby District Council Core Strategy Issues and Options Further Consultations paper requests views on options for the proposed SUE. For example, it considers options of one large SUE or development on several smaller sites. The Issues and Options Papers questions whether it would be possible to include the 25 hectare strategic employment development site within a SUE.

2.5.23 It is unlikely that all of the new houses up to 2026 can be accommodated in the SUE(s). Houses and other development may have to be accommodated in some of the 25 settlements within the District of Blaby.

Coalville

2.5.24 The Proposed Changes to the RSS recommend 12,200 dwellings in North West Leicestershire, with these to be mainly at Coalville, including SUEs as necessary. The selection of sites for development is to be undertaken through the LDF process. It is recommended that there is a focus on creating employment land in the early years of development (2008-2011) to bring more jobs to Coalville. Public transport will need to be improved, including the possibility of reopening the National Forest line to passenger traffic. It is also hoped there will be employment incubation units and affordable workspace included as part of the development in later years (2011-2014) [7].

Loughborough

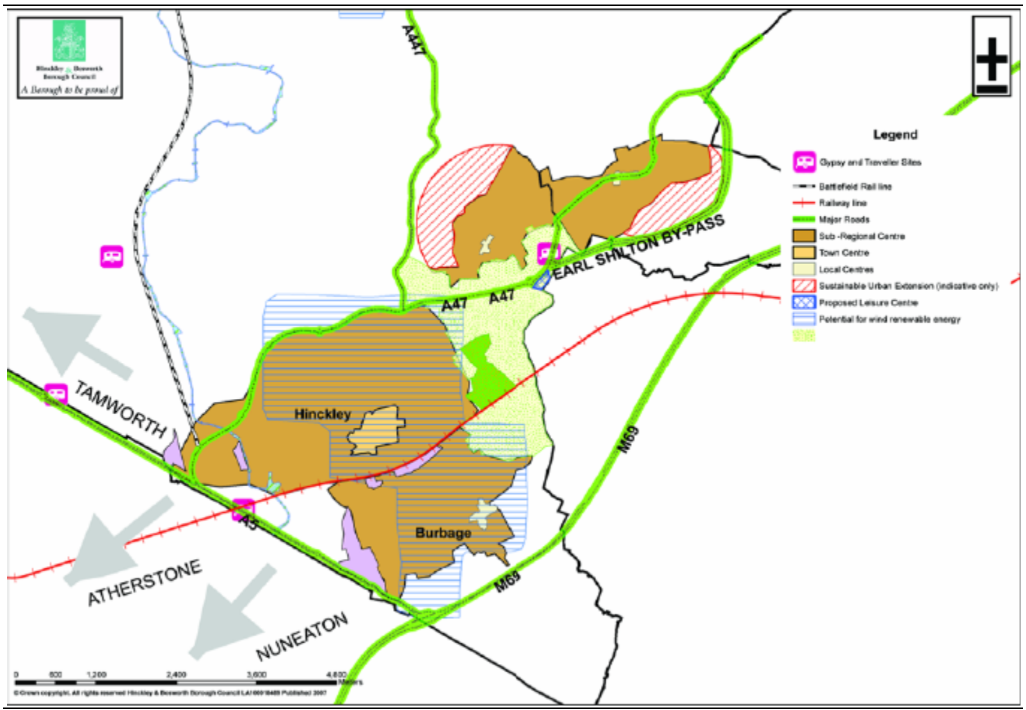
2.5.25 The Proposed Changes to the RSS recommend the remaining non-PUA dwellings (12,520) be located mainly at Loughborough, including SUEs as necessary. The options for locating this SUE are to be examined through the Charnwood LDF process. Charnwood Borough Council's Core Strategy Preferred Options Report published before the Draft RSS in Febraury 2006 identifies a range of potential options for urban extensions to Loughborough. A second Preferred Options Report is due for consultation later this year to revisit these options in light of the emerging RSS and the significantly increased scale of development proposed.

[7] Source: New Growth Point: Draft Partnerships for Growth Programme of Development 2006-2026

Hinckley

2.5.26 The Proposed Changes to the RSS recommend the 11,700 dwellings to be ‘mainly at Hinckley’, including SUEs as necessary. The Council’s preferred Core Strategy proposes 2,500 homes to the west of Barwell (1,700 to be delivered post 2026) and 2,000 homes south of Earl Shilton with associated employment provision. This is to support regeneration and reinvigoration of Hinckley, Barwell and Earl Shilton (a preferred options policy). It is likely the development would commence post 2013. In order to bring this development forward, the Council suggest there should be consideration of the possibility of reopening Elmesthorpe Railway Station with a park and ride site.

Figure 2.2 Spatial Strategy Preferred Option: Urban Areas



Source: Hinckley & Bosworth (2007)

Melton

2.5.27 The Proposed Changes to the RSS suggest the 4,100 dwellings be developed mainly at Melton, incorporating SUEs as necessary.

2.5.28 Four options for housing development are discussed in the Core Strategy Preferred Options paper (January 2008): South with one extension of around 1,000 dwellings; East with one extension of around 1,000 dwellings; North with around 1,000 dwellings; or on two or more sites dotted around the edge of Melton Mowbray’s urban area. The Council is currently consulting on these options.

Ashton Green

2.5.29 Ashton Green is estimated to have the potential to deliver 3,500 to 4,000 new homes from 2009. The City Council, as landowner, would like to see it developed as a zero carbon exemplar community.

Freight and Distribution

2.5.30 The East Midlands Distribution Centre at Castle Donington is on a 40 hectare site with no potential for expansion and hence is too small to support a strategic road/ rail freight and distribution centre (which require a minimum site area of 50 hectares).

Local and Rural Issues

Blaby

2.5.31 Blaby Core Strategy Issues and Options Further Consultations asks for views on the need for and location of a strategic employment site. It also asks for views on preferred locations for remaining development (including employment and housing) not to be accommodated in a SUE.

2.5.32 The paper asks for responses on the type of employment residents think Blaby should be accommodating e.g. whether new employment sites should only cater for the type of jobs that cannot be accommodated in town centres. It also questions whether the district should have a site allocated for strategic distribution.

Charnwood

2.5.33 Charnwood 2021: Preferred Options was published in February 2006, ahead of the Draft RSS. This proposed that the majority of development should be focussed on areas within or adjoining Loughborough/Shepshed, Birstall and Thurmaston. The preferred option of direction of growth in North Charnwood was westwards between Loughborough and Shepshed, which the report suggests would allow provision for the new Science Park and employment opportunities. Further employment opportunities could be incorporated in a southern expansion between Loughborough and Quorn to balance the distribution of homes and jobs in the town. In South Charnwood, development preferences were on land within and adjoining Birstall and Thurmaston, and land within Charnwood adjoining Leicester. This would effectively be a northern expansion of Hamilton and eastern expansion of Thurmaston. Further employment development could be directed to the A6 corridor at Birstall.

2.5.34 Employment land of up to 79 hectares is estimated to be required, based on Structure Plan requirements, plus up to 50 hectares at Loughborough Science Park. The preferred policy for North Charnwood suggests providing for the development of 124ha of additional employment land: 32 hectares already permitted or allocated; 50 hectares for the second Science Park; and 42 hectares of general employment land as part of urban extensions west and south of Loughborough. In South Charnwood, 53ha of additional employment land is advocated, including 16.5ha already permitted or allocated, around 20ha on land north of Birstall and 17ha east of Thurmaston.

2.5.35 Loughborough Town Centre Masterplan sets out broad development plans for three major development sites:

- Devonshire Square and Granby Street car park, which is mainly to have retail and cultural development;
- General Hospital and Aumberry Gap for mixed use development, including first floor office space above; and
- Loughborough Eastern Gateway, which will need to be physically integrated with Sidings Park and the Ark Business Centre.

2.5.36 A second Preferred Options Report is due for consultation later this year to revisit these options in light of the emerging RSS and the significantly increased scale of development proposed.

Harborough

2.5.37 Harborough's Core Strategy Preferred Options (2006) sets out that the recent trend of residential development on employment land needs to be monitored as stronger policies to protect employment land may be required.

2.5.38 Development priority areas in Harborough are Market Harborough and Lutterworth, and the areas in Leicester and Leicestershire Urban Area, followed by sites adjoining these areas. Rural areas and then sites adjacent to local centres are the next in the hierarchy of development areas. The Council plans to adopt directions for growth, but at present they are in the early stages of considering areas of search.

2.5.39 A Masterplan for Lutterworth was produced in August 2006. This sets out plans for rejuvenating the town centre, which includes some office development and office building refurbishment (e.g. at the George Square redevelopment).

Hinckley & Bosworth

2.5.40 Hinckley and Bosworth's Core Strategy Preferred Options document suggests the two SUEs adjacent to Barwell and Earl Shilton should incorporate high quality employment provision to give residents the option of working close to home.

2.5.41 The Core Strategy Preferred Options Paper advocates that employment should be encouraged around the urban areas of Hinckley, Earl Shilton and Barwell. In particular, a 25 hectare strategic employment site is encouraged either along the A5 corridor for the national distribution market or adjacent to the Earl Shilton Bypass as part of the SUE. If the 25 hectare site is not part of the Earl Shilton SUE, the Core Strategy Preferred Options recommends a 10 hectare site as part of the SUE. Local employment is also to be encouraged through:

- Earl Shilton: an additional 2 hectare site, plus small business space for start ups and social enterprises;
- Barwell SUE: 15 hectare (again, to be confirmed following this updated Employment Land Study);
- Hinckley: 10 hectares for SMEs; 2.5 hectare site split into 0.1- 0.4 hectare plots for freehold sale and campus office park of 900-1,800 sq.m. accessible to the railway station and Hinckley Town Centre;
- Middleton Lane: quality managed industrial workspace (900-1,800 sq.m.); and
- Druid Quarter: Atkins building regeneration scheme (460-900 sq.m.) and incubator space and quality serviced offices.

2.5.42 These preferred options will be reviewed through an Employment Land Study for the Borough of Hinckley and Bosworth and the findings will be considered through the Site Allocations DPD Submission Document. The Preferred Options documents build on Masterplans produced for the Druid Quarter in June 2002. With the decline of the hosiery industry in the area, many plots have been vacated and the Masterplan aims to encourage and retain high quality mixed-use activity within this area. In particular, the Masterplan advocates the renovation and retention of historic builds to preserve the history of the area.

2.5.43 The Hinckley Town Centre Area Action Plan Submission Document (which will be published for public consultation on 31st October 2008) sets out four particular sites for redevelopment:

- Atkins Factory Site: this is set out to be retained for mixed use including a creative enterprise centre, the relocation of North Warwickshire & Hinckley College to the site and some limited residential development.
- Land adjacent to Rugby Road and Hawley Road: this has potential for a mixed-use development, including offices, small managed workspace and potentially live-work units fronting Hawley Road, as well as residential development.
- Railway station on Southfield Road: this also is identified with potential for mixed-use redevelopment.
- Jarvis Porter site: this has planning permission for mixed-use development, comprising warehousing and storage units, retail warehousing, a restaurant and car park.

Melton

2.5.44 In their Core Strategy Preferred Options paper (January 2008), Melton estimate an additional 5 hectares of land at least is required for office employment and an additional 30 hectares are required for industrial and warehousing employment up to 2026. 80% of new development in the Borough is to be focussed in Melton Mowbray. Most new business land will be focussed in Melton Mowbray, whilst rural centres may also have new developments to support local regeneration. The paper suggests new employment opportunities need to be on the edge of town close to existing and planned housing to reduce commuting.

2.5.45 Melton are seeking to upgrade their mix of businesses to provide higher value jobs. Two locations for employment growth are discussed: to the East of Melton Mowbray up to Saxby Road; or to the West of Melton Mowbray. The Council is currently consulting on these options.

North West Leicestershire

2.5.46 The Core Strategy Additional Consultations (July 2007) consulted on options for directions for growth. In line with the Draft RSS, Coalville is identified as a "sub-regional centre". The consultation questions whether Ashby-de-la-Zouch, Castle Donington, Ibstock, Kegworth and Measham should be identified as rural towns and whether higher priority should be placed on any of these individual "rural towns" for development. Alternatively, the consultation asks for views on an option of a new settlement to accommodate the vast majority of new development.

2.5.47 The consultation sets out four broad locations for a SUE around Coalville: South East; South West; West of the A477; or North of Coalville relief road. It considers incorporating some employment with the SUE. Three other locations are also considered as broad employment locations: East of Ashby related to Junction 13 of the A42; North of Castle Donington related to the A50; and South East of Measham, possibly as a mixed-use development. The possibility of the Core Strategy addressing the need for small units is also considered.

Oadby & Wigston

2.5.48 The Oadby & Wigston Supplemental Issues and Options Paper (June 2007) explores the potential options for location of development in the Borough. These cover: a free-standing new greenfield development; redevelopment of brownfield sites and one large SUE; redevelopment of brownfield sites and several small SUEs; brownfield sites only; and SUEs only. Five urban areas of search are identified: south of South Wigston; south east of Wigston; south of Oadby; south east of Oadby; and north east of Oadby. A SUE in Oadby & Wigston has been ruled out by publication of the Draft RSS.

2.5.49 An earlier Preferred Options report (2006) rejects any development of a Strategic Employment Area on the basis of a lack of proven need. It suggests the allocation of 4.7 hectares employment land up to 2016 with further developments after this time following developments in the RSS development.

2.5.50 Oadby Town Centre Area Action Plan Preferred Options aims to improve the retail, residential and leisure offer of the town. It is proposed that the industrial quarter is redeveloped for retail-led mixed-use development. Some office use might also be incorporated here. Commercial office development is proposed to form the gateway marker on the Harborough Road Island, alongside retail development.

2.5.51 Wigston Town Centre Area Action Plan Preferred Options seeks to strengthen the office provision in the town (without competing with Oadby). New commercial and retail development is suggested for the redevelopment of the precinct on Leicester Road, with adjoining land. Further office opportunities may be presented at the Junction Road/Burgess Road site and the Library area.

2.5.52 Oadby & Wigston also produced an Allocations DPD Issues and Options Paper (June 2007). This deals with locations not included in the Oadby and Wigston Town Centre Masterplans.

Leicester City

2.5.53 Leicester City produced Issues and Options for consultation in September 2007. It considers the amount of employment land that should be provided in the City in the future, and how the City is going to accommodate structural adjustment away from ‘traditional’ employment and towards offices, including science and technology sectors. Leicester City Council will be testing the Core Strategy Preferred Policies in September 2008.

2.5.54 Leicester City also produced a Supplementary Planning Document for the Employment Land Review in December 2007. This builds on the Employment Land Study undertaken in 2006. The SPD sets out locations for: major office development; primarily office areas; business parks; and key employment areas. It also lists sites that are no longer needed for employment use. A number of sites identified by the Employment Land Review may be re-developed for mixed use. A Restricted Zone has been defined where planning permission will not be granted for storage and distribution industries; this restricts development in the town centre and its environs.

2.6 Conclusions - The Policy Lens

2.6.1 The combination of three dominant policies creates the policy lens through which to undertake the Employment Land Review:

a *the market:* to identify an adequate supply of sites of the right quality, in the right places, at the right time to meet employment forecasts and safeguard and protect these sites from competition from other uses particularly housing;

b *sustainable development and climate change:* to reduce the carbon emissions arising from development - through new construction standards and renewable energy generation - and transport – through aligning homes with jobs and services and making the fullest possible use of sustainable modes transport;

c *local distinctiveness:* to create a prosperous, enterprising and dynamic economy, characterised by innovative businesses and creative people with a new pattern of growth in the New Business Quarter and Sustainable Urban Extensions creating sustainable communities in an attractive environment.

3 Economic and Property Market Context

3.1 Introduction

3.1.1 This chapter sets out the economic and property market contexts for the Leicester and Leicestershire HMA.

3.1.2 On the economic side we set out changes in employment[8] in business space (defined as office, industrial and warehousing property) between 1991 and 2006 (the latest year for which data is available). We also consider commuting flows, showing the extent to which the districts and city within the HMA are inter-dependent for employment.

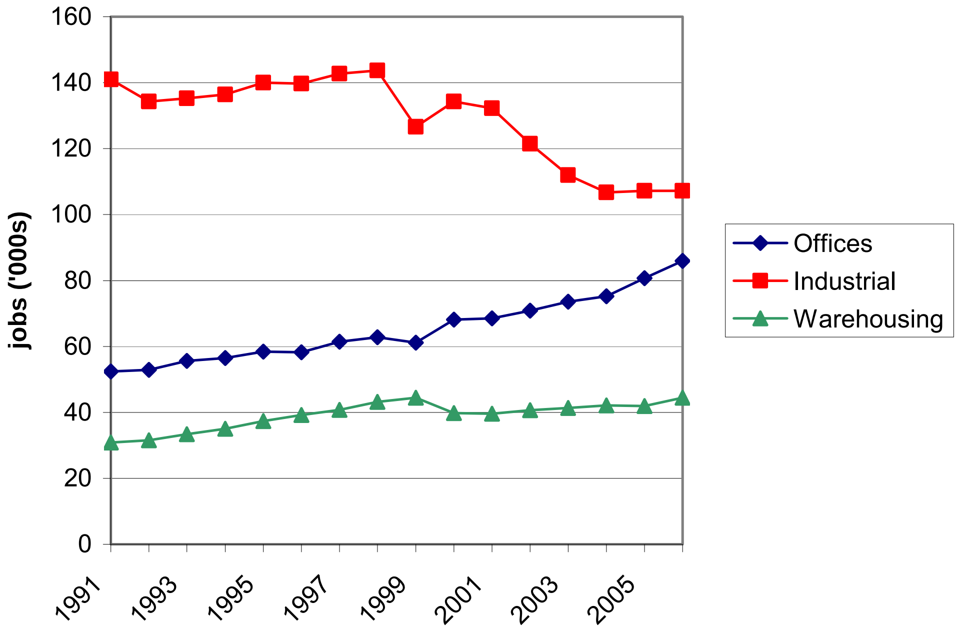
3.1.3 On the property market side, we set out the stock of employment floorspace for offices, factories and warehousing[9] for the districts and City within the HMA and the change in stock since 2000. We also set out the age of floorspace within the districts (i.e. what proportion of the stock was built in which decade) which illustrates the relative rates of development in the different districts.

[8] The Standard Industrial Classification (SIC) employment sectors assumed to be included in office, industrial and warehousing employment are set out in Appendix B.
[9] Floorspace assumed to be contained within these categories are set out in Appendix C.

3.2 Economic Context

Employment in B-Space

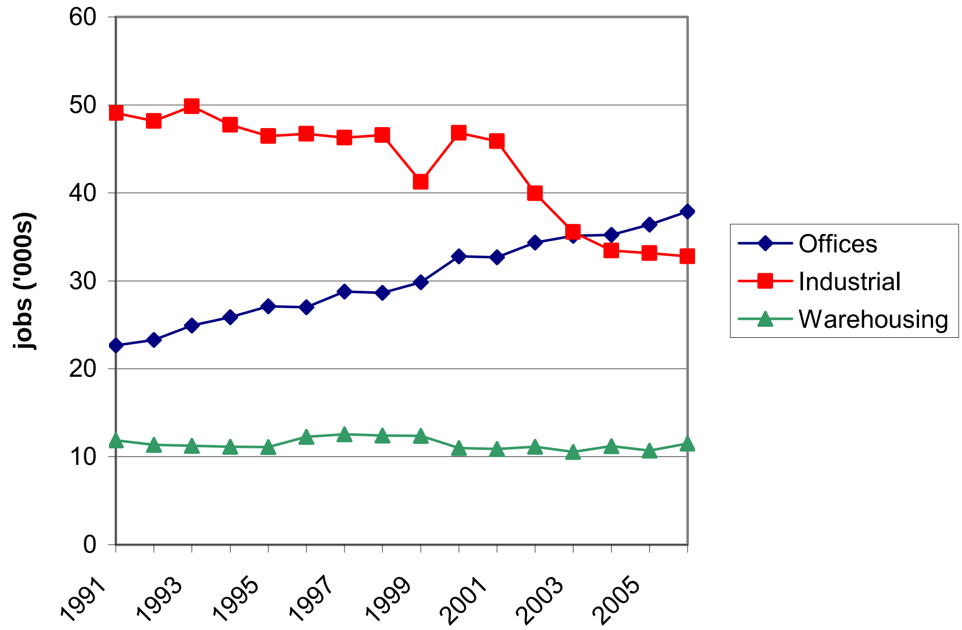
Figure 3.1 Office, Industrial and Warehouse jobs in Leicestershire



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.2 In Leicestershire as a whole, the number of industrial jobs was reasonably constant in the 1990s but fell sharply in the early years of the current decade. About a quarter of the industrial jobs in 1997 have now been lost. Office and warehouse jobs have both shown upward trends over this period.

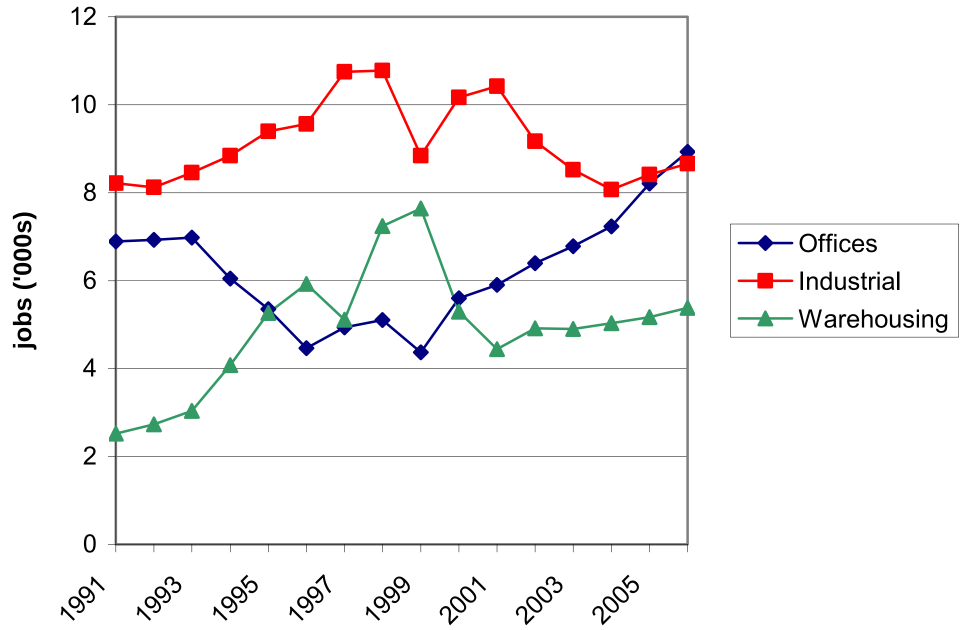
Figure 3.2 Office, Industrial and Warehouse employment in Leicester City



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.3 In Leicester, the decline in industrial employment accelerated in the early years of the current decade but has since slowed. This decline has been partially offset by a rise in office employment. Warehousing jobs in Leicester City have remained fairly constant since 1991.

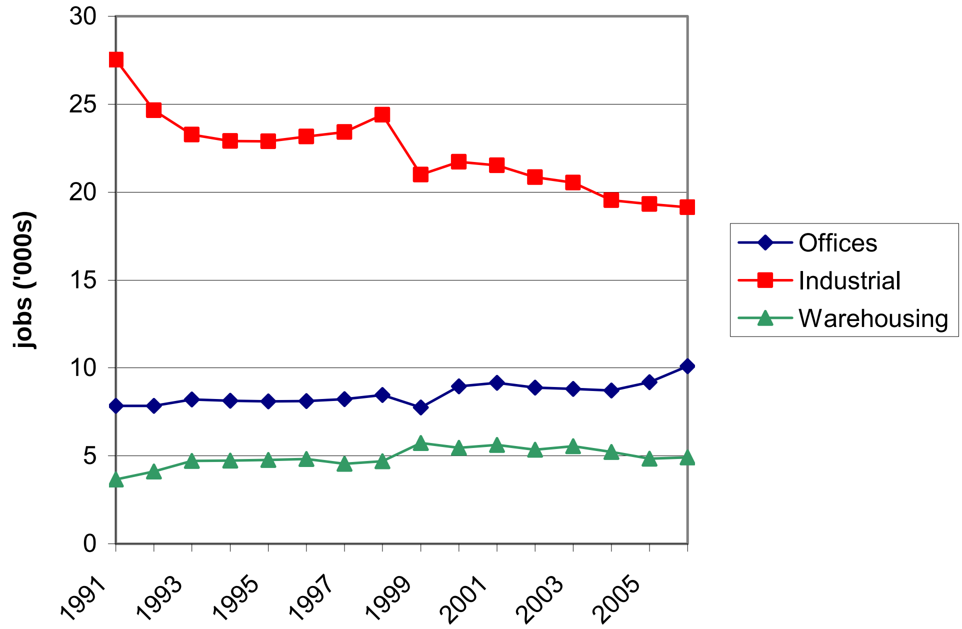
Figure 3.3 Office, Industrial and Warehouse employment in Blaby



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.4 The trends in Blaby have been noticeably more erratic than elsewhere in the county. Office employment decreased in the late nineties but has now recovered and increased. Warehousing employment showed a sustained increase in the early 1990s, then declined and has held constant since. Industrial employment shows the same overall decline as elsewhere in the county, but less steeply and with a recent recovery.

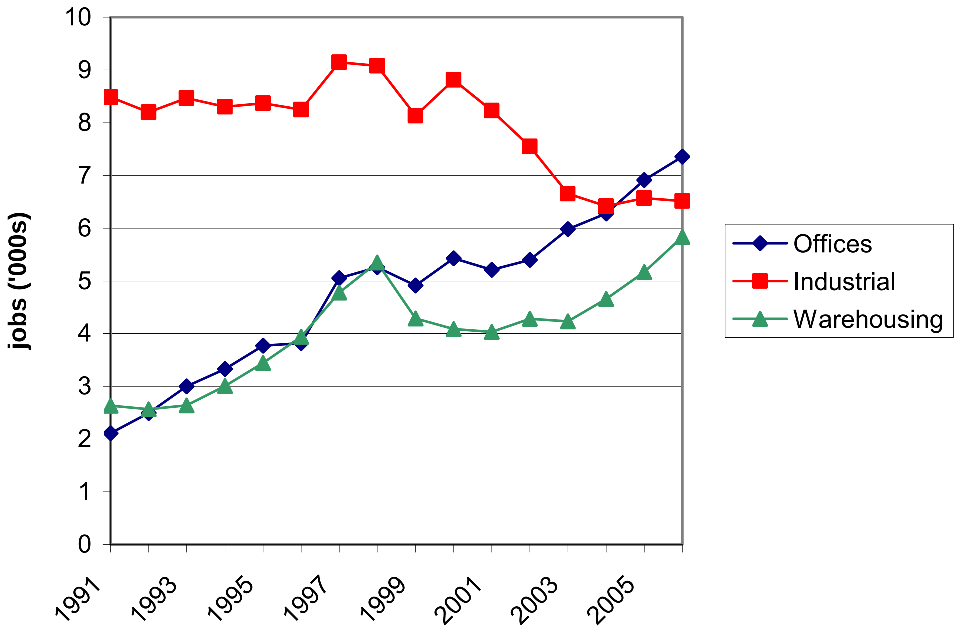
Figure 3.4 Office, Industrial and Warehouse employment in Charnwood



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.5 Warehousing employment in Charnwood has grown slightly since 1991. Office employment has shown a mild increase in recent years and industry shows the same marked decline around 2000 which has subsequently tailed off, as is seen elsewhere in the county.

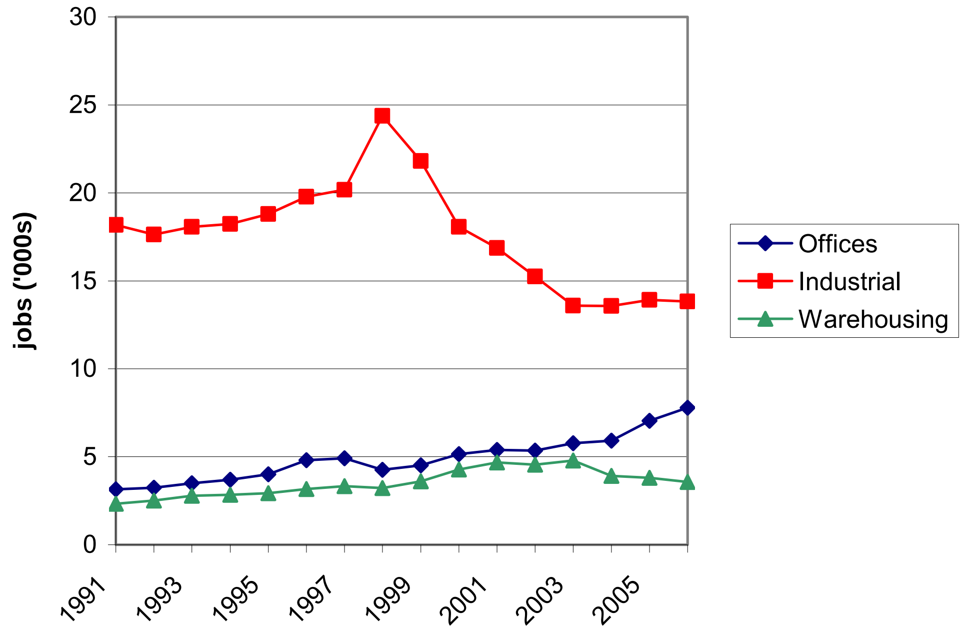
Figure 3.5 Office, Industrial and Warehouse employment in Harborough



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.6 Office and warehousing employment have grown strongly in Harborough since 1991 and the trend is still upward. Unusually, the increase in office employment is greater than the decrease in industrial employment over the same period.

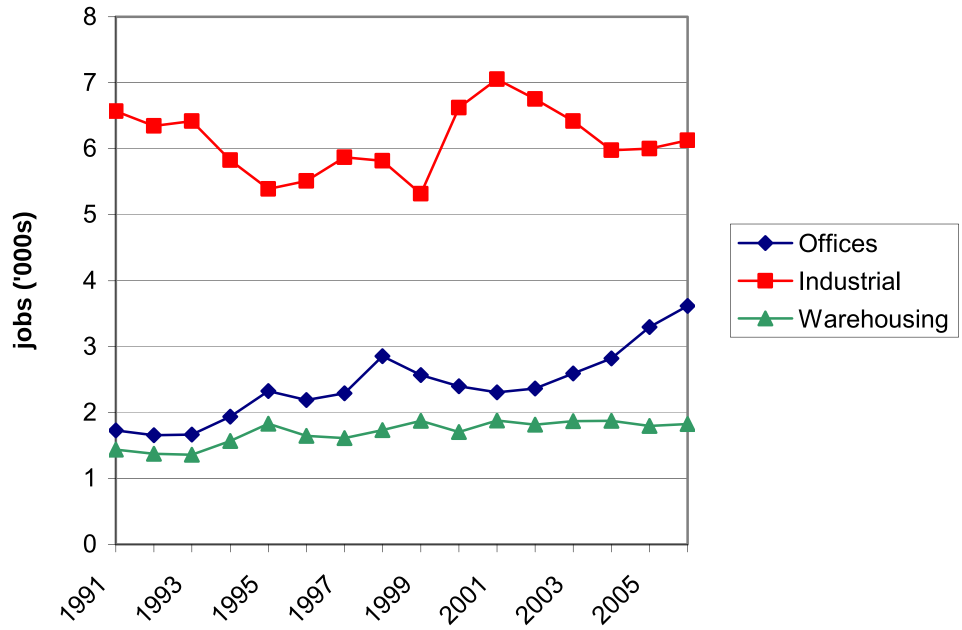
Figure 3.6 Office, Industrial and Warehouse employment in Hinckley and Bosworth



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.7 Industrial employment in Hinckley and Bosworth peaked sharply in 1998 and then declined steeply; it has stabilised in recent years. Office employment has expanded modestly, and warehousing has shown a slight increase which may have reversed since 2003.

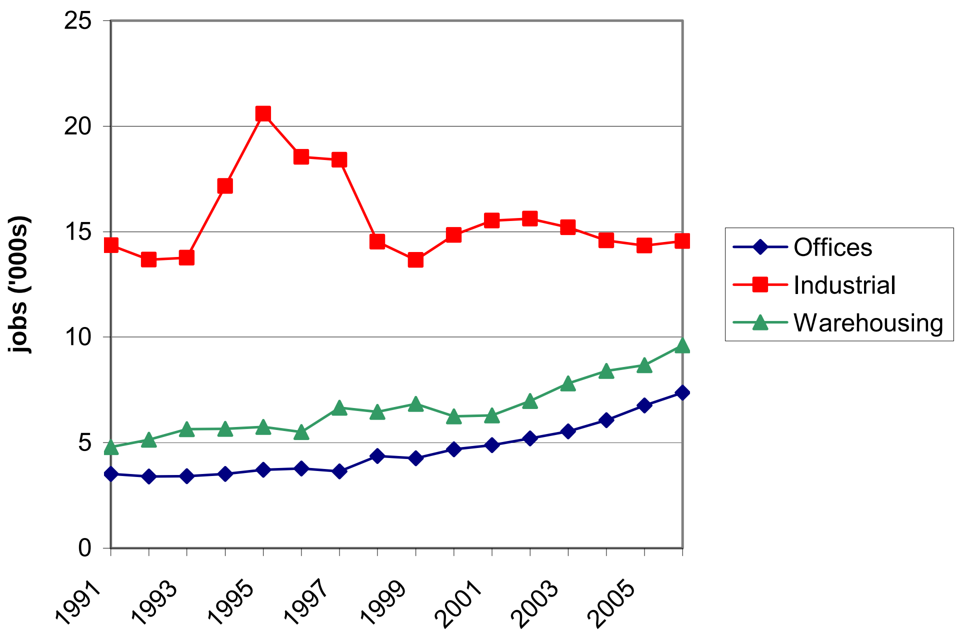
Figure 3.7 Office, Industrial and Warehouse employment in Melton



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.8 Melton shows sustained growth in offices and warehousing employment. Industrial employment has been somewhat volatile with declines in the 1990s, strong increases in 2000 and 2001 followed by decline and subsequent recovery.

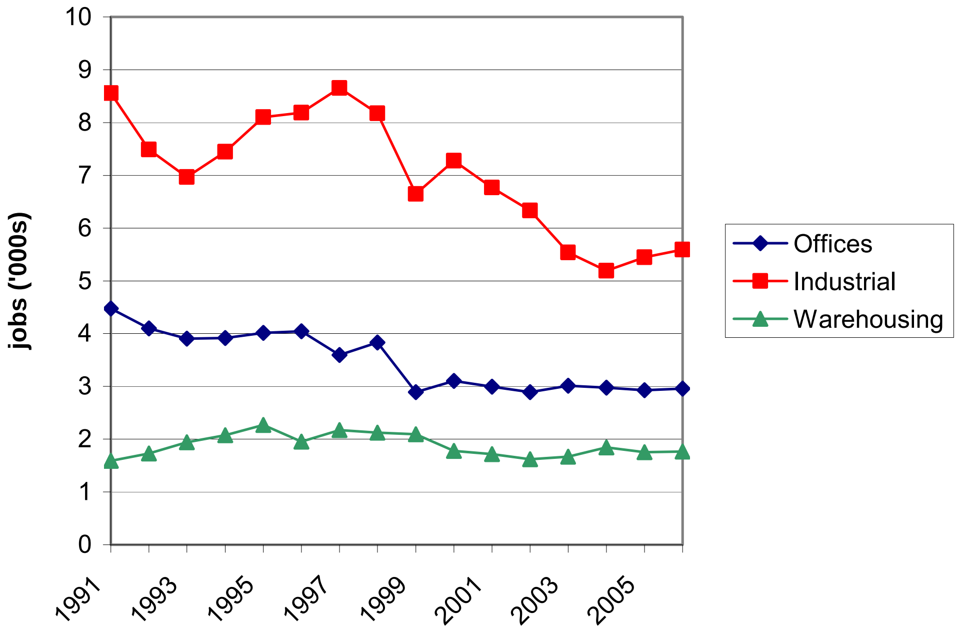
Figure 3.8 Office, Industrial and Warehouse employment in North West Leicestershire



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.9 North West Leicestershire shows a sustained mild reduction in industrial employment since 1991, punctuated by a temporary significant increase in the mid-1990s. Office and warehouse employment remained constant over the first half of the 1990s and have since been expanding. North West Leicestershire is the only district where there are more warehousing jobs than office jobs. This results from the large stock of warehousing in the district, some of which is linked to East Midlands Airport.

Figure 3.9 Office, Industrial and Warehouse employment in Oadby and Wigston



Source: Annual Business Inquiry; Census of Population; Annual Population Survey; PACEC

3.2.10 Oadby and Wigston have lost office employment since 1991. Warehousing employment has remained largely constant and industrial employment has shown some volatility but overall steep decline.

Commuting

3.2.11 Commuting flows provide a useful way of identifying the interdependencies of the districts and City on labour supply and demand, with flows in both directions over administrative boundaries. The table below summarises commuting flows for the districts in 2001 (the most recent year for which this data is available).

Table 3.1 Commuting Flows, 2001

	Out-commuters	In-commuters	Live and work in district	Net balance	% live and work in district as % of total jobs in district	% live and work in district as % of total working residents
Leicester City	27,600	70,800	83,900	43,200	54%	75%
NW Leics	17,500	20,600	24,400	3,000	54%	58%
Melton	9,100	4,300	15,000	-4,300	78%	62%
Blaby	29,100	23,000	18,000	-6,100	44%	38%
Harborough	20,300	13,100	18,500	-7,200	59%	48%
O & W	17,500	9,900	9,100	-7,600	48%	34%
H & B	23,900	15,400	27,400	-8,600	64%	53%
Charnwood	31,700	20,200	41,700	-11,500	67%	57%

Source: Census 2001

3.2.12 Appendix A shows maps of commuting flows between all of the districts in the HMA.

3.2.13 Leicester City is obviously a strong draw for many residents in the HMA who commute to the City, particularly from Charnwood, Blaby and Oadby & Wigston. There are 70,800 in-commuters to Leicester City, compared to just 27,600 out-commuters, giving a net balance of 43,200 in-commuters. North West Leicestershire is the only other district to have a positive (3,000) net in-commuting balance (i.e. more in-commuters than out-commuters). In all of the other districts in the HMA, more people out-commute than in-commute. Charnwood has the largest out-commuting net balance, with 11,500 more residents commuting out than workers travelling in.

3.2.14 However, it is not the case that net out-commuting is always the best indicator of sustainable commuting patterns. Some people may travel only a short distance over a district boundary and count as an out-commuter, whilst other people may travel a much longer distance within a district and count as a ‘live and work in the same district’. This is the case in Charnwood, where many people live in Birstall (in Charnwood) and commute a short distance into Leicester, but count as out-commuters.

3.2.15 From consultation with Local Authority officers and Members, the message is clear that many districts have the aspiration to provide more – and better quality – jobs for the residents within their own boundaries. However, it is important to recognise that more highly skilled and better paid jobs tend to be located in large urban areas. For example, Harborough has many out-commuters who travel to London, making use of the excellent rail links to the capital.

3.3 Property Market Context

Floorspace Stock

3.3.1 In 2007 there were 1.33m sq.m. of office floorspace in the Leicestershire and Leicester HMA, 5.75m sq.m. of factory floorspace and 4.48m sq.m. of warehousing. 44% of this was in Leicester. Blaby, Charnwood and North West Leicestershire accounted for a further 38%.

Offices

3.3.2 Office floorspace grew across the HMA by around 171,000 sq.m. between 2000 and 2007. In the Districts with large stocks of offices, growth was fastest in Blaby (60,000 sq.m.) and North West Leicestershire (39,000 sq.m.) In the Districts with smaller stocks of offices, growth was also rapid in Harborough (18,000 sq.m.) and Melton (11,000 sq.m.). The office stock did not grow particularly in Leicester City, growing by just 7,000 sq.m. between 2000 and 2007, a rise of less than 1%.

3.3.3 These patterns of change reflect the prominence of out-of-town office development and period and schemes in the market towns. They also show the stagnation in Leicester City centre office market prior to the major development now being undertaken with the implementation of the Masterplan and development of the New Business Quarter.

Factories

3.3.4 Factory floorspace declined marginally across the HMA by 0.6%, or 57,000 sq.m. between 2000 and 2007. Leicester City experienced the largest decline, with a reduction of 221,000 sq.m. floorspace. Harborough and Oadby and Wigston experienced marginal declines in their factory stock, whilst Blaby's stock did not change. Charnwood experienced a drop in its stock between 2000 and 2004, followed by an increase up to 2007. The stock of factory floorspace has increased in Melton, Hinckley and Bosworth and North West Leicestershire (60,000 ,95,000 and 97,000 sq.m. respectively).

Warehousing

3.3.5 The stock of warehousing floorspace has increased by over 1.05m sq.m. since 2000. Over 40% of this growth has been in Harborough (434,000 sq.m., fuelled by development of Magna Park) and a further 31% has been in North West Leicestershire (329,000 sq.m., including the development at Bardon and Castle Donington). Growth in warehousing in these areas has been driven by their proximity to motorways.

3.3.6 The rate of growth has been strong in Melton (6.6% 2000-2004 and 13.0% 2005-2007), with growth of 99,000 sq.m. and in Oadby & Wigston, with growth of 65,000 sq.m. increasing the amount of floorspace by over 50%.

Table 3.2 Floorspace stock, 2007, and change 2000-2004, 2005-2007

	Stock, 2007, '000 sq.m.	2000-2004, total change, '000 sq.m.	2000-2004, p.a. change, %	2005-2007 total change, '000 sq.m.	2005-2007, p.a. change, %
Blaby					
Offices	217	47	7.0%	13	3.1%
Factories	315	19	1.3%	-21	-3.2%
Warehousing	422	22	1.6%	30	3.8%
Charnwood					
Offices	138	8	1.6%	10	3.8%
Factories	1,081	-59	-1.3%	39	1.9%
Warehousing	404	14	0.8%	-16	-1.9%
Harborough					
Offices	75	10	4.0%	8	5.8%
Factories	237	-16	-1.4%	-9	-1.8%
Warehousing	1,077	302	10.2%	132	6.8%
Hinckley & Bosworth					
Offices	77	14	4.6%	0	0.0%
Factories	949	116	3.2%	-21	-1.1%
Warehousing	329	-30	-2.5%	56	9.8%
Melton					
Offices	60	3	1.4%	8	7.4%
Factories	312	51	5.0%	9	1.5%
Warehousing	245	46	6.6%	53	13.0%
NW Leicestershire					
Offices	146	25	5.1%	14	5.2%
Factories	588	68	3.3%	29	2.6%
Warehousing	819	260	11.4%	69	4.5%
Oadby & Wigston					
Offices	37	4	2.7%	0	0.0%
Factories	268	-31	-2.6%	-11	-2.0%
Warehousing	155	54	10.0%	11	3.7%
Leicester City					
Offices	580	3	0.1%	4	0.3%
Factories	1,999	-142	-1.6%	-79	-1.9%
Warehousing	1,031	33	0.8%	16	0.8%
HMA					
Offices	1,330	114	2.3%	57	2.2%
Factories	5,749	6	0.0%	-64	-0.6%
Warehousing	4,482	33	4.7%	16	4.2%

Note: Time series between 2000-2004 and 2005-2007 are not directly comparable due to changes in definition of floorspace. See Appendix C for definitions.
Source: PACEC

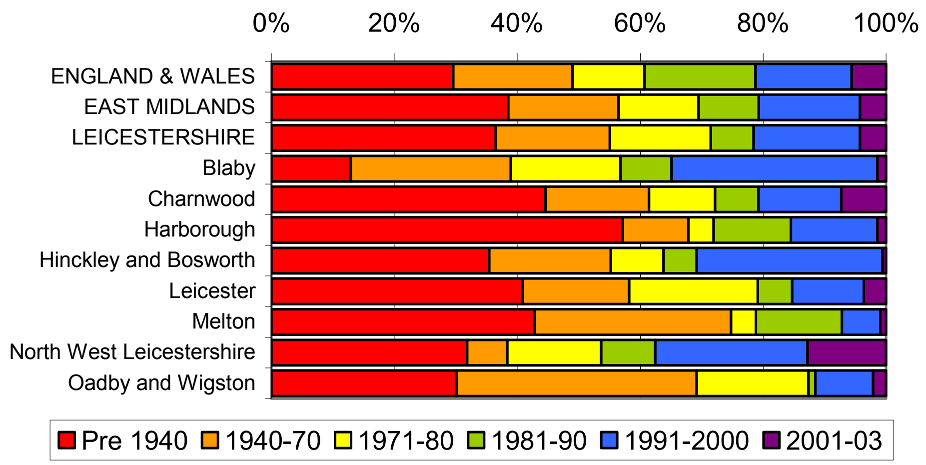
Age of Stock

3.3.7 Figure 3.10 shows the age of office buildings in Leicestershire, compared with the East Midlands and England and Wales.

3.3.8 New office building since 1991 at above national rates is apparent in Blaby, Hinckley and Bosworth and North West Leicestershire. Blaby in particular has a very low level of pre-1940 office space.

3.3.9 There has been little office space built in Melton and Oadby and Wigston in recent years.

Figure 3.10 Age of offices by total floorspace in the districts of Leicestershire, 2004



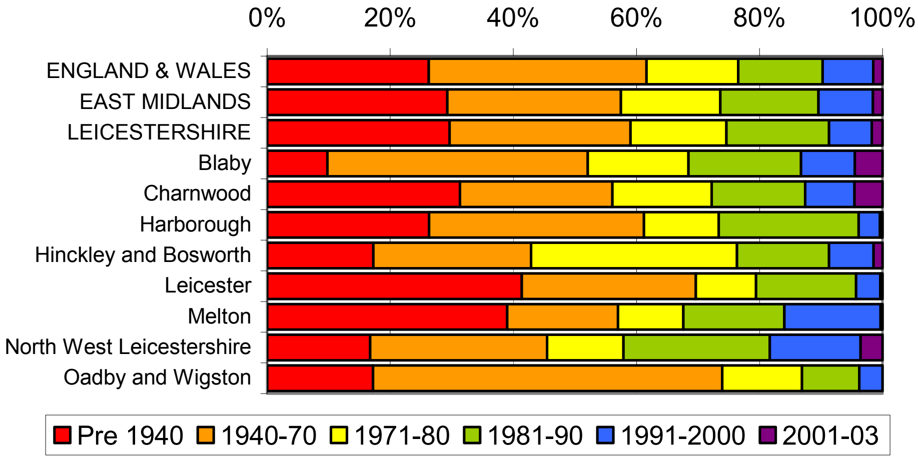
Source: ODPM Floorspace Statistics

3.3.10 Figure 3.11 shows the age of factories in Leicestershire, compared with the East Midlands and England and Wales.

3.3.11 The highest prevalence of pre-1940 factory buildings is in Leicester and Melton. Oadby and Wigston has the highest proportion of buildings completed between 1940 and 1970.

3.3.12 Recent factory building has been disproportionately in North West Leicestershire, Melton, Blaby and Charnwood. The boroughs with the least recent development are Harborough, Leicester and Oadby and Wigston.

Figure 3.11 Age of factories by total floorspace in the districts of Leicestershire, 2004



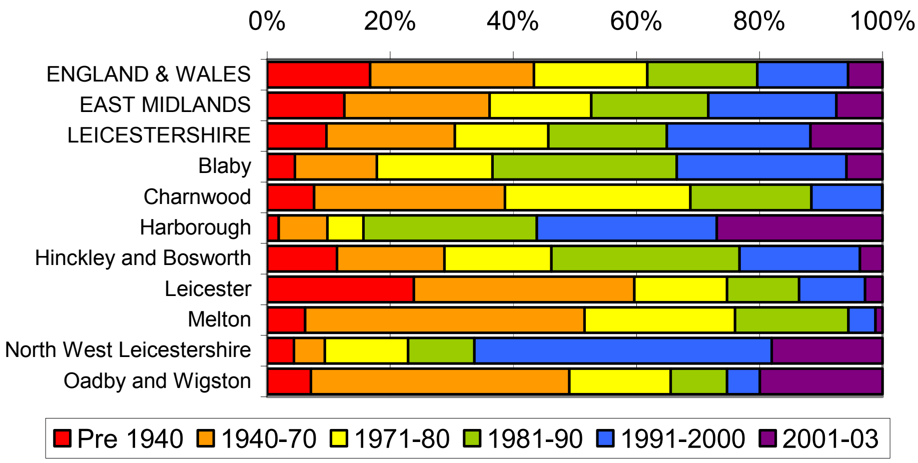
Source: ODPM Floorspace Statistics

3.3.13 Figure 3.12 shows the age of warehousing in Leicestershire, compared with the East Midlands and England and Wales.

3.3.14 Leicester City contains disproportionately old warehousing, by regional and national standards. Relatively little new warehousing is being built.

3.3.15 By contrast more than half of the warehousing in North West Leicestershire and Harborough has been built since 1991.

Figure 3.12 Age of warehouses by total floorspace in the districts of Leicestershire, 2004



Source: ODPM Floorpsace Statistics

Property Inquiries

3.3.16 Property inquiries for different types of occupiers for 2007-2008 are set out in Table 3.3 below. Industrial demand was highest in Leicester City (324), followed by North West Leicestershire (220) and Charnwood (202).

Warehousing demand was highest in North West Leicestershire (92), followed by Charnwood (65). Office demand was highest in Leicester City (423), followed by North West Leicestershire (138) and Charnwood (100). The highest demand for land/sites was in Charnwood.

- The most frequent demand in Blaby was for offices. There was also comparatively higher demand for land/sites compared to other districts.
- Demand in Charnwood was high for all types of premises and land/sites.
- There was fairly low demand in Harborough for all premises and land/sites. Notably, there were no inquiries for warehousing.
- Demand was high for industrial property in Hinckley & Bosworth. There was some – albeit a lower amount – of demand for offices and warehousing.
- There was very little demand in Melton; the highest amount was for industrial property.
- North West Leicestershire experienced high demand for all property types.
- Demand was low in Oadby & Wigston, with just 8 inquiries for offices and 6 for industrial property.
- Demand was high in Leicester City for industrial, office and serviced offices/ managed workspace. There was little demand for land/sites and only a small amount for warehousing.

Table 3.3 Property Inquiries Across Leicester and Leicestershire, 1st April, 2007 to 31st March, 2008

	Industrial	Warehousing	Offices	Serviced offices/ managed workspace	Land / Sites	Total
Blaby	30	24	84	15	16	169
Charnwood	202	65	100	37	24	428
Harborough	12		13	2		27
Hinckley & Bosworth	108	23	32	10	3	176
Melton	10	2	1			13
North West Leicestershire	220	92	138	54	7	511
Oadby & Wigston	6		8			14
Leicester City	324	12	423	173	3	935
Total	*912*	*218*	*799*	*291*	*53*	*2,273*

Source: Invest Leicestershire

3.4 Conclusions

3.4.1 Employment trends in the Leicester and Leicestershire HMA have tended to follow the national economy:

- Employment in offices has tended to rise across the HMA since the early 1990s.
- Warehousing employment has also increased.
- Industrial employment has been in decline.

3.4.2 Commuting patterns show that the District Council areas in the HMA are strongly inter-dependent, with cross-boundary commuting flows. Leicester City is a strong employment draw and North West Leicestershire also has net in-commuting (mainly due to Nottingham East Midlands Airport). However, the other District Council areas tend to have more out-commuting than in-commuting.

3.4.3 The floorspace stock in the Leicester and Leicestershire HMA has followed similar patterns to employment: increasing for offices and warehousing and declining for industrial. Office floorspace stock increased in out of town and suburban locations, whilst it stagnated in Leicester City. The industrial stock tended to decline, with significant losses in Leicester balanced by growth in North West Leicestershire, Hinckley and Bosworth and Melton. Warehousing floorspace has increased across the HMA, with the most growth occurring in North West Leicestershire and Harborough.

3.4.4 The age of the office stock in the HMA on average tends to be older than the national average. Some Districts have much higher proportions of newer stock, including Blaby and Hinckley and Bosworth. Leicester City and Melton in particular have higher proportions of old industrial stock compared to the national average. The warehousing stock in the HMA is newer than the regional and national averages; this reflects the high levels of recent development in North West Leicestershire and Market Harborough.

4 HMA Employment Land Studies

4.1.1 To provide an evidence base for employment land planning policies and allocations, the seven district councils and Leicester City Council commissioned employment land studies in the period May 2004 to July 2006. The studies follow the three stage approach recommended in the Government's Planning Guidance Note, but used a range of methods to estimate employment land requirements. These include Experian BSL employment forecasts, business surveys and projections based on historic rates of take up. Abbreviated versions of the studies are attached to a recent study, SQW, 2006: Leicester Shire Employment Land and Premises Study. The main points from the studies are summarised below.

4.1.2 *Leicester Employment Land Study*, BE Group, January 2006: The Structure Plan states 89 ha of employment land are required for the period 1996 – 2016. The City of Leicester Local Plan 1996 – 2011, adopted in January 2006, shows that 51 ha were developed 1996 – 2004 and that a further 48 ha of land was either allocated or committed against the Structure Plan requirement.

4.1.3 The consultants used five methods to forecast employment land requirements: the Structure Plan; historic rates of take up; employment forecasts; population forecasts and a business survey. Whilst these methods translated in widely different requirements, the study recommended an allocation of an additional 62.5 ha for the period to 2016.

4.1.4 *Harborough Employment Land Study*, Nathaniel Lichfield and Partners – Planning Design Economics, January 2006: This study found an annual rate of take up of 14.5 ha over the eight year period 1998 – 2006 of which Magna Park accounted for 13.3 ha pa.

4.1.5 Using scenarios of lower and higher growth, the study estimated demand for 2005 – 2016 for between 47.5 ha (comprising 40 ha industrial and 7.5 ha offices) and 59 ha (comparing 49 ha industrial and 10 ha offices). Taking into account the deliverability of allocated sites, the study concluded that the office requirement could be met. It identified nine suitable sites which could meet the shortfall of 18 - 38 ha of industrial land.

4.1.6 *Oadby and Wigston Employment Land and Premises Assessment Study* - BE Group, March 2006: The Structure Plan states 24 ha were required for the period 1996 – 2016. Of this total 6.04 ha were developed in the period 1996 – 2005. The largest remaining allocation of 3.14 ha, the Wigston Railway Triangle, has no access and is unlikely to be brought forward for development. This leaves a supply of 1.35 ha in two sites.

4.1.7 Based on the historic annual rate of take up of land and a business survey, the study recommends the allocation of a further 4.67 and 6.02 ha of employment land.

4.1.8 *Blaby Employment Land and Premises Assessment Study* - BE Group, March 2006: This study identified the take up 56.6 ha of land in the period 1996 –

2005. The consultants projected the resulting annual rate of take up of 6.3 ha to calculate a requirement of 69.3 ha for the period 2005 – 2016.

4.1.9 After allowing for 48.4 ha of allocated and consented land the study identified the need for 8 – 21 ha of employment land for the period 2005 – 2016 together with a 25 ha strategic employment site proposed in the Structure Plan.

4.1.10 *Hinckley and Bosworth Employment Land and Premises Study* – BE Group, May 2004: The Structure Plan states provision should be made for 122 ha of employment land in the period 1996 – 2016 implying an annual take up rate of 6.1 ha. The study identified the take up 37 ha of land in the period 1996 – 2003, an annual rate of take up of 5.2 ha. This take up though included 16 ha for the Triumph motor cycle factory.

4.1.11 Analysis of the 61.15 ha of allocated and consented land found that 40% of the supply is tied to existing companies and of the remaining land there was competition from other higher value uses. The main recommendations were to allocate 10 and 25 ha along the A5 corridor to cater for the local SME and regional and national distribution markets.

4.1.12 *North West Leicestershire Employment Land Study* – Roger Tym and Partners, May 2005: The Structure Plan states provision should be made for 325 ha of employment land in the period 1996 – 2016. Of this total nearly 142 ha were developed 1996 – 2004.

4.1.13 A supply demand gap analysis found 126 ha of land (29 ha for offices, 42 ha for industrial and 55 ha for warehousing) and requirements based on employment demand forecasts of between 74 and 88 ha for the period 2004 – 16. Allowing for vacancy rates and the need for a buffer, the study concluded offices were in slight oversupply and industrial and warehousing was in slight under supply.

4.1.14 *Charnwood Borough Council Employment Land Study* – Roger Tym and Partners, May 2006: The Structure Plan states provision should be made for 206 ha for the period 1996 – 2016 including 50 ha in two strategic employment sites as well as a Science Park.

4.1.15 A jobs demand based forecast found a negative land requirement of 5.1 ha for the period 2001 – 2016, the net outcome of a negative requirement of 16.3 ha for industrial and warehousing uses and a requirement of 5.1 ha for offices. Against this requirement, the study identified 48.77 ha of allocated employment land. However recent development trends point to the need for further allocations to allow for renewal of the stock. In the period 2001 to 2005, 19 ha of industrial land were developed (but nearly 28 ha were lost to other uses) and 7.8 ha of land were taken up for offices.

4.1.16 *Melton Borough Council Employment Land Study*, Roger Tym and Partners, May 2006: The Structure Plan states a requirement of 125 ha for the period 1996 to 2016. Two alternative jobs demand based forecasts estimated land requirements for the period 2001 – 2016 of 4.8 ha and 20.4 ha respectively. Against these requirements, 14 ha were developed in the period 2001 – 2005.

4.1.17 Turning to allocated land, the study identified the need for an additional 20,000 sq m of offices. It found that the supply of industrial and warehousing land was dominated by sites at Asfordby Business Park, Asfordby and Holwell Works, Asfordby Hill and suggested an additional 16 ha allocation at Melton Mowbray to accommodate any large scale requirement.

5 Stage One: Taking Stock of the Existing Situation

5.1 Employment Land Supply

Outstanding planning permissions and allocations

5.1.1 Details of each District's outstanding employment land allocations and planning permissions at March 2007 (the latest year for which monitoring data are available) are summarised below and listed by district and City in Appendix D. In the HMA there are outstanding planning permissions and allocations for approximately 398,000 sq.m. of offices, 208 hectares of industrial and 79 hectares of strategic warehousing .

5.2 Commentary on the Supply

5.2.1 The sections below set out a commentary on employment land supply from the market perspective of commercial agents, Mather Jamie.

Blaby

5.2.2 There is a substantial supply of offices in Blaby, arising from consents at Grove Park, Carlton Park and Ratby Lane (Kirby Park Farm).

5.2.3 At Grove Park there is potential for a further 16,700 sq.m. of offices. At Carlton Park, which is owned by Miller Birch, there is potential for 35,480 sq.m. and at Ratby Lane (Kirby Park Farm), which is owned by Westleigh, there is potential for 9,520 sq.m..

5.2.4 There will be no further development at the Meridian Business Park following the completion of Merus Court, a small office scheme comprising 11 units, totalling 5,100 sq.m..

5.2.5 Given past take-up of around 2,800 sq.m. per annum (source Mather Jamie), the three remaining development sites have the potential to provide a further 22 years of supply. Grove Park is likely to remain the preferred location as it is more accessible by car than Carlton Park and Ratby Lane.

Charnwood

5.2.6 Employment land in Charnwood can be considered in three areas:

1. The south of the Borough effectively forms a sub-market with North Leicester.
2. The southern end of Loughborough is a local occupier location
3. Junction 23 corridor at Loughborough Science Park

5.2.7 The Loughborough Science Park dominates the Junction 23 location and will provide a continuing potential supply of R&D (B1b) space. However, the university's estate management criteria limit potential occupiers to those who have research and business links to the university.

5.2.8 Dishley Grange is the only current land allocation of note available for development in Loughborough. The size of this allocation is restricted to 8 hectares (down from 20 hectares) because of flood risk. The potential on this site is currently for 3,700 sq.m. of office space and 33,400 sq.m. of industrial space.

5.2.9 Market trends at Castle Business Park and Charnwood Office Village indicates an annual take-up of industrial space for Loughborough of approximately 2,800-3,700 sq.m. per annum. However, because of the shortage of land supply in the Borough take-up has been constrained; there has been little opportunity for large projects.

5.2.10 Office space in Loughborough is dominated by smaller occupiers and therefore will remain a local market. Past take-up has been around 700-900 sq.m. per annum.

5.2.11 Charnwood needs to provide land promptly to avoid running out of land supply in the next 5-10 years, in all sub-areas.

Harborough

5.2.12 Harborough has received a steady flow of occupiers relocating from South Leicestershire in recent years, particularly since the Great Glen bypass has improved journey times.

5.2.13 Magna Park is a major employment generator of national significance comprising businesses which serve a national and regional distribution network. The Central Park land has been predominantly built out. St. Johns Business Park has also proved a success. A change of use to offices has been granted recently at Bettesby House. Lutterworth does lack provision for smaller industrial expansion, but benefits from close proximity to options in Hinckley and Bosworth.

5.2.14 Market Harborough has seen significant development in recent years with The Point providing approximately 9,300 sq.m. of offices over the last 5 years. Compass Point has constructed 1,500 sq.m. of offices and 2,300 sq.m. as a head quarters for Brevitt Shoes. Developers are in discussion with the Council about a 2,500 sq.m. incubator office scheme for multi occupation. This would be limited to B1 office use. Assuming another 55,700 sq.m. of office space with take up at 2,800 sq.m. per annum, this site could provide 20 years of supply.

5.2.15 Airfields Farm will provide around 27,900 sq.m. of commercial space. This may provide around 10 years' supply, assuming take-up of 2,800 sq.m. per annum.

5.2.16 Peaker Park is owned by an individual and extends to circa 4 hectares to the East of Rockingham Road. They are seeking to develop in a piecemeal way on a design and build basis. This potentially may include some non-B-class uses. The Nursery Site at Riverside has been built and developed by Rotherhill. This was completed and sold, providing approximately 3,800 sq.m. in one year, partly due to unsatisfied local demand.

Hinckley & Bosworth

5.2.17 Hinckley and Bosworth serves two markets:

- A regional market for distribution: the M69 offers a strong distribution base from which regional businesses can operate; and
- The local market: demand also comes from local businesses.

5.2.18 Logix Park currently has two units available of around 4,600 sq.m. and 8,400 sq.m.. Demand from larger freight is likely to continue to be met here, especially by the developers also securing land to the rear of Sketchley Works.

5.2.19 Land north of Coventry Road, known as Tungsten Park, is being developed by Tungsten Developments. Completions include two car showrooms and a series of blocks of 15 of B1/B2/B8 small business units ranging between 140-200 sq.m.. Around 7 are already under offer or sold. The site also offers a range of small offices in units of 130-180 sq.m. totalling 2,200 sq.m.. This may satisfy demand for the next 3-5 years. There is potential to increase the development density on-site.

5.2.20 Watling Street (Lime Kilns Business Park) is the second local occupier development under construction. This may provide 13,000 sq.m. over the next 5 years or so. Currently smaller industrial units of 250-560 sq.m. are under construction.

5.2.21 There is potential space for development of up to 12,500 sq.m. at Interlink.

5.2.22 The MIRA site potentially would offer space for both Nuneaton and Hinckley occupiers. However, it requires significant highways works onto the A5 at its junction for any notable development of the space. It is likely that the only type of scheme capable of delivering such large-scale highways work would be for distribution.

5.2.23 Further investigation should take place to establish the continued suitability of Barnwell Business Park for employment use.

Melton

5.2.24 The market for industrial land is concentrated on the Leicester Road Industrial Estate. Holwell Works is contaminated to such an extent that development would be costly. Both Holwell Works and Asfordby Business Park are isolated and therefore any development is likely to be slow. Construction of the Melton bypass would improve access to the sites, but this development is currently uncertain. Both sites are therefore less sustainable development options than sites in and around the Leicester Road Industrial Estate.

North West Leicestershire

5.2.25 Developments over the past decade in Castle Donington, Ashby and Coalville have provided North West Leicestershire with a good supply of employment space.

5.2.26 Ashby Park is now split into three ownerships: Cedar House, Buccleuch Estates and William Davies.

- Cedar House have developed Charter Point: Phase 1 completed a total of 1,500 sq.m.. Phase II is under construction with 900 sq.m. for Bloors and 460 sq.m. speculative. There is potential for another 4,200 sq.m. sufficient for 5-6 years of supply at historic take-up rates of 9,300 sq.m. per annum.
- Buccleuch hold the corner entrance site of approximately 1.2 hectares, on which they previously failed to develop for retail.
- William Davis have approximately 4 hectares on which they are currently trying to secure planning for B1, B2 and B8 small industrial units totalling up to 18,600 sq.m. of space. However, B8 was previously refused on this site.

5.2.27 Ivanhoe Business Park is owned by Wilson Bowden. A Masterplan of the park shows 17,200 sq.m. for warehousing, 10,600 sq.m. for industrial and 5,400 sq.m. for offices. Industrial sales so far have been of 4 units totalling 2,000 sq.m.. 3,000 sq.m. of speculative development in 5 units are so far unsold. 1,700 sq.m. have been developed of offices, of which one unit of 280 sq.m. has been sold. There is approximately 10 years' of supply in this location.

5.2.28 Willow Farm, owned by Wilson Bowden, has been largely developed and now is limited to the final phases of office supply. Redwing Court has been built and provides between 150 sq.m. and 226 sq.m. in 7 units. The previous phase of Boundary Court still has a single unit of 460 sq.m. available and potential for another 3,700 sq.m.on site.

5.2.29 East Midlands Distribution Centre, owned by Wilson Bowden, provides regional freight distribution space for up to 278,700 sq.m. on 81 hectares. Since 2006, completions include two units totalling 9,300 sq.m. which have been occupied by Interlevin, a terrace of 3 units of 4,600 sq.m. of which 2 were taken by Windsor and GAC. 13,300 sq.m. are in the development pipeline.

5.2.30 Forest Business Park has been completed. Measham 42 provides 13,000 sq.m. vacant and Westminster 42 provides,700 sq.m. with 5,500 sq.m. under construction. The Moira site is poorly located. Stardust at Bardon, a windfall since March 2007, will provide 5,600 sq.m. of office space at the entrance to Coalville.

5.2.31 The supply in North West Leicestershire is dominated by East Midlands Distribution Centre. The smaller infill sites will develop over time but cannot be relied upon to supply land as they are often tied up by single owners for their own use.

5.2.32 The Masterplan for East Midlands Airport identifies that the Pegasus Business Park be brought back into airport operational use. This matter will need to be considered through the LDF for North West Leicestershire.

Oadby and Wigston

5.2.33 The development of the Wigston Railway Triangle site would require a road bridge over the railway. The costs of such a scheme are likely to make development unviable. The remaining development sites are infill. Local employers may need to use second hand space locally or source property elsewhere in the City and surrounding districts.

Leicester City

5.2.34 Office development is currently underway in Leicester City in the New Business Quarter, with 4,600 sq.m. built at Colton Square and another 5,100 sq.m. to be completed by the end of 2008. The remainder of the development provides up to another 13,900 sq.m. with George's Tower providing 11,900 sq.m. plus other mixed uses in a scheme totalling 37,200 sq.m..

5.2.35 Gipsy Lane Brickworks, owned by Leicester City Council, has been split and sold with the majority now developed. This includes a Porsche Garage, Vantage Park and Hamilton Office Park providing 5,600 sq.m. of office space. The remaining sites are in two holdings: a corner site of approximately 0.8 hectares with outline for some retail and a hotel/pub. The remaining 1.8 hectares are in single ownership with potential for an office/industrial park which could provide around 7,900 sq.m. of space.

5.2.36 Trevanth Road has been opened up by new roads to the Gipsy Lane Brickworks although the access road into the remainder of the old brickworks site is not yet in place. The site is in single ownership.

5.2.37 Abbey Meadows Science park can provide approximately 44,000 sq.m. of B1b development.

5.2.38 The Fairway Business Park is being developed on Sunningdale Road close to Leicester's western boundary. This scheme can provide up to 24,155 sq.m. if developed as three buildings.

5.2.39 Mountain Road is held in a single ownership. It is suitable for industrial development but the developer is seeking an office scheme. The remaining sites provide small infill sites of limited impact.

5.3 Criteria Based Site Assessments

5.3.1 The ODPM guidance notes the main objectives of Stage One of employment land reviews are to identify the 'best' employment sites to be protected and the sites to be released or to be subject to further appraisal. It adds most local authorities will choose to focus the Stage One appraisal on allocated sites of 0.25 hectares and above, which remain wholly or partly undeveloped.

5.3.2 The guidance states the need for a balanced consideration of individual sites which remain wholly or partly undeveloped by applying three groups of criteria: 'market attractiveness,' 'sustainable development' and 'strategic planning.'

5.3.3 The guidance advises that in making decisions to release existing employment sites, any decisions will need to be made in the light of a comparison between the supply of employment land and the requirement for employment land identified under Stage Two.

5.3.4 The guidance further advises on the selection of sites for release and further appraisal as follows:

- Market segments in over supply: release sites where there is no market interest and which also fail the sustainability test.
- Market segments in tight supply: release sites where it is extremely unlikely to meet market requirements and which also fail the sustainability test.
- All levels of supply within market segments: retain sites for further appraisal where there are strategic economic and planning reasons to retain a site which is subject to market and environmental sustainability constraints.

5.3.5 The guidance advises that the outcome of this assessment should be a matrix of sites of:

- sites to be retained,
- sites for further appraisal, land
- sites to be released.

Key to Scoring Categories

5.3.6 Each criterion has been assigned a sliding score of 1 – 5 with 5 representing the best circumstances in relation to the site being brought forward for employment development and that development contributing to sustainability and wider strategic policy objectives. Each site is assessed in the context of its proposed/ likely function, ie as a strategic freight and distribution centre, science park, offices or open use (light and general industry and small scale warehousing).

5.3.7 The site assessment framework and scoring regime under the three groups of criteria: 'market attractiveness,' 'sustainable development' and 'strategic planning' is attached at Appendix E.

Sites Unlikely to be Taken Up for Employment Uses

- **Dishley Grange, Loughborough (Charnwood)** 12 hectares of the current allocation is unlikely to be brought forward due to flood risk. See para 5.2.8.

- **Burder Street, Loughborough (Charnwood)** The site is the subject of a mixed use scheme and proposals for employment development will need to be enforced by the land owners.
- **Leaders Farm, South of Coventry Road, Lutterworth (Harborough)** This site has been the subject of a planning application for B8 development which was refused largely on the grounds of impacts on adjoining residential areas (source sections 6.13-14 Harborough Employment Land Study).
- **West of Northampton Road, Market Harborough (Harborough)** This site is owned by a charitable trust and it is understood that the trustees have no firm plans to bring forward the site for development.
- **Peaker Park, East of Rockingham Road, Market Harborough (Harborough)** This land is suitable for employment development and the landowners have submitted planning applications which include business development.
- **Railway Goods Yard, Rockingham Road, Market Harborough (Harborough)** This site is not currently identified by the Strategic Rail Authority for disposal but notwithstanding the poor access off St. Mary’s Road and the irregular shape of the site remains suitable for employment development.
- **MIRA, Higham on the Hill (Hinckley & Bosworth)** The use of this site is linked to Caterpillar and is not available on the open market. If the site was brought forward to the open market, significant highway works would be required.
- **Land Rear of Jarvis, Coventry Road, Hinckley (Hinckley & Bosworth)** This 3.7 hectare site is the subject of an outline planning permission of which 84% of the approved floorspace is for retail use.
- **Asfordby Business Park, Asfordby (Melton)** This site is available but unattractive to the market as premises are only available on a design and build leasehold basis and the site is of poor quality due to its remote location to Melton Mowbray and the condition of the stock of property on the site (see paragraph 5.2.24).
- **Holwell Works, Asfordby (Melton)** Part of the site is likely to be contaminated and like its neighbouring site, Asfordby Business Park, is unattractive to the market due to its location and environment (see paragraph 5.2.24).
- **Pegasus Business Park, Castle Donington (North West Leicestershire)** The Masterplan for East Midlands Airport identifies Pegasus Business Park to be brought back into airport operational use. This matter will need to be considered through the LDF for North West Leicestershire.
- **Wigston Railway Triangle Site, Wigston (Oadby & Wigston)** The costs of building a road bridge over the railway are likely to make the development of this site unviable.

5.4 Conclusions

5.4.1 The market commentary highlights the relative strengths and weaknesses of the wholly or partly undeveloped sites in the HMA on a District by District basis. It has highlighted a number of sites that may be unlikely to be taken up in the future, as they are in poor locations or are unsuitable in some other way (e.g. prohibitively high costs of development).

5.4.2 The impact of excluding these sites from the supply will be considered in the supply demand balance in Chapter 6.

6 Stage Two: Creating a Picture of Future Requirements

6.1 Employment Forecasts

6.1.1 The ODPM guidance counsels that the best approach to quantitative assessment is to consider three broad methodologies, which are:

- Labour demand
- Labour supply
- Analyses based on the past take-up of employment land and property and/or future property market requirements.

6.1.2 These forecasts are also to be supplemented by information from stakeholder consultation, studies of key and emerging business sectors and by the monitoring and analysis of published business, employment and economic statistics.

6.1.3 The government's guidance identifies relationships which may need to be quantified when translating employment forecasts to land requirements:

- Employment by SIC[10] sectors to B-use class property;
- Employment in B-use class property to floorspace (employment density); and
- Floorspace to site area (plot ratio) and hence land required.

6.1.4 To these three steps we have added a fourth step. This provides for demand for previously undeveloped employment land arising from renewal of the existing stock. Following the four steps, employment forecasts prepared by Experian in May 2008 were translated into alternative employment land requirements as set out below.

Step One: Employment by Standard Industrial Classification

6.1.5 The Experian forecasts were broken down into ten industrial sectors[11]. These industrial sectors encompass even more detailed industrial sub-sectors. For example, Distribution, Hotels & Catering includes Maintenance and Repair of Motor Vehicles, Wholesaling, Retail and Hotels & Catering.

6.1.6 Employees in the industrial sub-sectors do not necessarily translate neatly into occupying the same type of floorspace. For example, some employees in Maintenance and Repair of Motor Vehicles tend to occupy B2 floorspace, Wholesaling employees tend to occupy B8 floorspace and Retail and Hotels & Catering employees do not tend to occupy any B-class floorspace. The sectors

[10] Standard Industrial Classification

[11] These comprised: Agriculture, Forestry and Fishing; Mining & Utilities; Metals, Minerals & Chemicals; Engineering; Other Manufacturing; Construction; Distribution, Hotels & Catering; Transport & Communications; Financial & Business Services; and Other (mainly Public) Services.

included for office, industrial and warehousing floorspace are set out in Appendix B.

6.1.7 We therefore need to estimate what proportion of the industrial sectors the industrial sub-sectors fall into, both now and in the future. To do this, we use PACEC in-house employment data which is available by 101 sub-sectors both for historic employment data and for projected employment data. This gives estimates of the proportion of an industrial sector a sub-sector forms, both now and in the future. This is effectively a 'floating shares' method, similar to that used by Roger Tym & Partners in the EMLPS[12].

Step Two: Forecasts to Floorspace

6.1.8 The following employment densities were applied to the alternative employment forecasts:

- Warehousing: 88 sq.m. per employee (gross external floorspace)
- Industrial: 31 sq.m. per employee (gross external floorspace)
- Offices: 18 sq.m. per employee (gross external floorspace)

6.1.9 These densities were taken from a study for SERPLAN[13]. The Government's guidance notes this study '*remains one of the most comprehensive data sources for London and the South East'* and there are no such studies for other regions. The guidance also refers to a more recent study for SEERA[14]. Based on a survey of 1,000 firms employing over 10,000 people in the South East, this study identified employment densities for net internal (as opposed to gross

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[12] Roger Tym & Partners dealt with this matter in EMLPS as follows: '*To estimate future employment in 'sub-sectors', which are not identified separately in the forecast, we need to make assumptions about the future share of each sub sectors' employment in the larger Experian sector of which it forms part. There are two ways of dealing with these shares:*

- *In the 'fixed shares' method, the shares are kept constant. Thus if in the base year SIC 45.3 and 45.5 account for 40% of all Construction jobs, we assume that they continue to account for 40% of construction jobs throughout the forecast period.*
- *In the 'floating shares' method, the shares change, continuing the past regional trend of 1995-2003 but at half its past rate. Thus if the East Midland's share of SIC 45.3 and 45.5 in the Construction total has risen by 10% per year in 1995-2003, for the forecast period we would increase it by 5% per year in future.*

In earlier discussions with the study steering group, it was agreed that the study should use the floating-share method, for two reasons. Firstly, this method shows slightly higher employment growth in the B sectors, and therefore is a more prudent basis on which to plan for employment, because given the region's aspirations for economic growth it will be better to oversupply than undersupply land. Secondly, the fixed-share method may miss important structural trends in the economy. Accordingly, all the calculations below are based on the floating-shares method.' (EMLPS, paras 2.16 and 2.17).

[13] Roger Tym & Partners (1997): *The Use of Business Space: Employment Densities and Working Practices in South East England*

[14] DTZ Pieda (2004): *Use of Business Space and Changing Work Practices in the South East*

external) floorspace as follows: Warehousing 78.2 sq.m. per employee, industrial 38.2 sq.m. per employee and offices for financial and professional services 19 sq.m. per employee.

6.1.10 Further details of studies considering strategic distribution floorspace densities are outlined in Appendix F.

Step Three: Floorspace to land

6.1.11 The following plot ratios of gross external floorspace per hectare were applied:

- Warehousing 5,000 sq.m.
- Industrial 4,200 sq.m.

6.1.12 The plot ratios above follow Box D7 of the Government's guidance and patterns of development in Leicester and Leicestershire.

6.1.13 Estimates of office requirements are currently left in sq.m. for simplicity. This is because plot ratios for offices can vary dramatically, from 20,000-30,000 sq.m. per hectare in city centres, down to 3,000 sq.m. per hectare in more rural or out of town locations.

Step Four: Renewal

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

6.1.15 There is no evidence base for estimating the rate of renewal of the stock and the rate at which this renewal takes place on brown field land or on previously undeveloped land. Data on the age profile of the stock includes net additions to stock but does provide a guide to the proportion of the stock being developed over specific periods.

6.1.16 The data reviewed in Sections 3.3.7 to 3.3.15 above showed the age profile of the stock varies between property types and location. The age of the stock is a function of the levels of clearance of old stock, renewal of old stock and the building of new stock. Higher rates of clearance and new development serve to decrease the average age of the stock.

6.1.17 For example, over 70% of the warehousing stock was built in the 32 years between 1971 and 2003 (at a rate of 2.2% pa) against 55% of offices and 40% of industrial property during the same period (at rates of 1.7% and 1.25% pa respectively). By location, some districts have newer stock than others, for example over 90% of warehouses in Harborough and North West Leicestershire were built since 1971 whilst in Leicester only 40% of warehouses were completed during the same period.

6.1.18 It is necessary to ground estimates of renewal rates in the context of other known factors: policy priorities for the renewal of industrial areas within Leicester City; market demand for large scale, road/rail based warehousing and rising fuel prices and environmental standards which will drive demand for low or zero carbon development.

6.1.19 We set out three scenarios for high, medium and low rates of renewal.

6.1.20 Turning to industrial property, renewal rates of 0.50%, 0.75% and 1.00% p.a. are proposed with 50% of this requirement to be met on previously developed employment land.

6.1.21 For warehousing renewal rates of 0.75%, 1.00% and 1.25% pa are proposed with 25% of this requirement to be met on previously developed employment land.

6.1.22 For offices renewal rates of 0.75%, 1.00% and 1.25% pa are proposed with 50% of this requirement to be met on previously developed employment land. This suggests a higher rate of renewal as the market recognises the need to replace obsolete stock completed in the 1970s with Grade A offices with low energy requirements for heating and cooling.

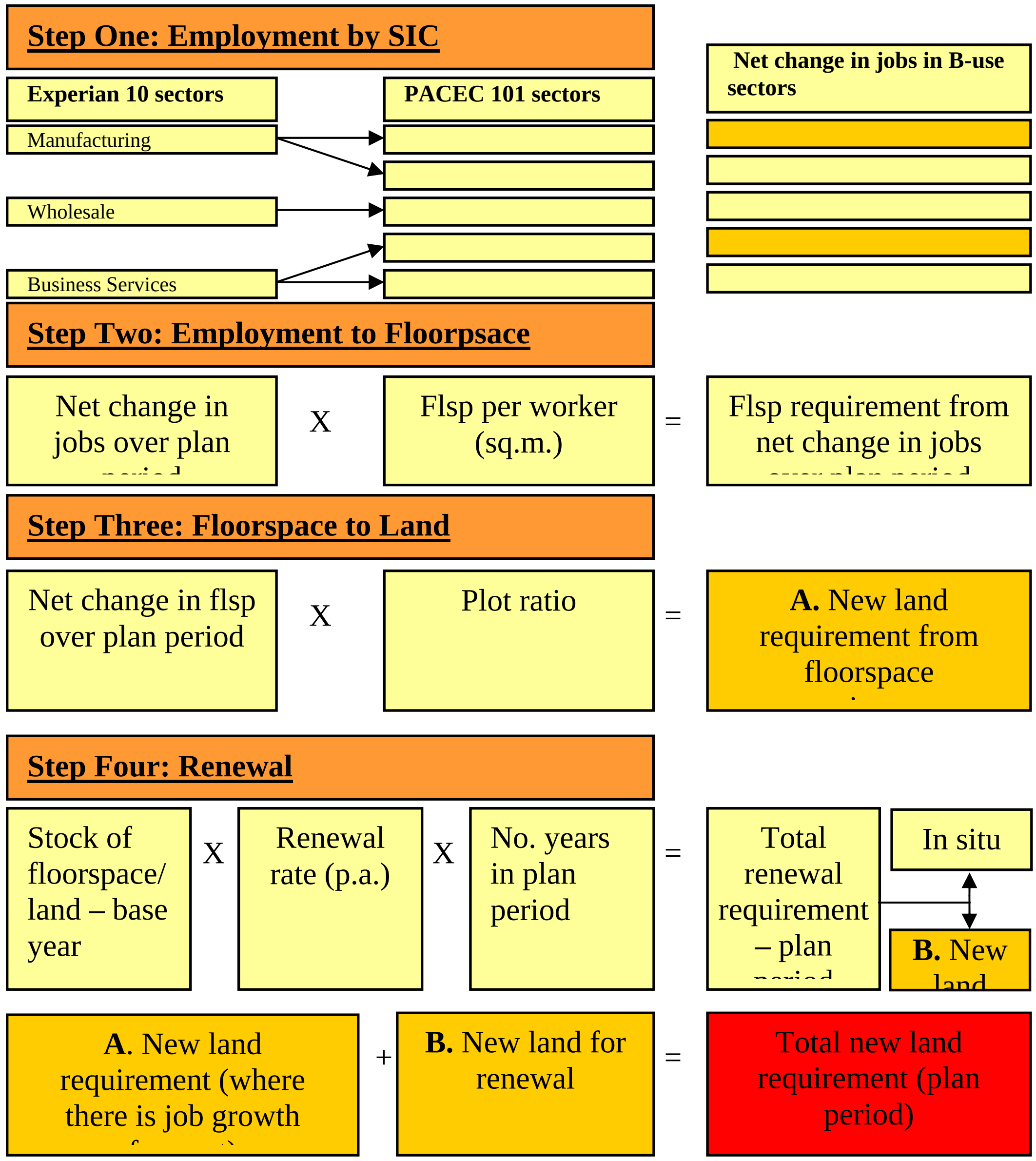
Table 6.1 Rates of Renewal and Assumptions for Renewal on Previously Undeveloped Land

	Industrial			Warehousing			Offices		
	Low	Med	High	Low	Med	High	Low	Med	High
Annual rate of renewal	0.50%	0.75%	1.00%	0.75%	1.00%	1.25%	0.75%	1.00%	1.25%
% on previously undeveloped employment land		50%			75%			50%	

Source: PACEC

6.1.23 The four step process is summarised in Figure 6.1 below.

Figure 6.1 The Four Step Process



Source: PACEC

6.2 Employment Forecasts (Labour Demand)

EMLPS Forecasts

6.2.1 As set out in Chapter 2, the East Midlands Land Provision Study used three sets of forecasts to estimate land requirements in the future:

- Experian baseline (policy-off) forecasts from 2005;
- Experian policy-on forecasts from 2005; and
- Preferred housing scenario, which used demographics produced by Anglia Ruskin University that reflected Draft RSS housing figures.

These demographics were then fed into the Experian baseline forecasts.

6.2.2 The EMLPS study uses the preferred housing scenario forecasts to estimate employment land requirements. The forecasts and requirements are set out below.

Table 6.2 Employment forecasts, floorspace change and land change, 2003-2016, EMLPS study

	Offices	Industrial	Warehousing	Total B-Space
Jobs change, 2003-2016	10,245	-21,370	1,821	-9,304
Jobs density	18	31	88	
Floorspace change, 2003-2016, sq.m.	184,407	-662,457	160,221	-317,829
Plot ratio	40%	40%	40%	
Land change, ha	46	-166	88	-32

Source: EMLPS, Roger Tym & Partners

6.3 Adopting the Four Step Process: Labour Demand Scenario

6.3.1 In this section, we adopt the four step process outlined in Figure 6.1 above. We begin by translating new up-to-date Experian forecasts into B-use employment sectors and extending them up to 2026.

6.3.2 A full explanation of the execution of the four step process and the accompanying tables are set out in Appendix G.

Step One: Experian Forecasts

6.3.3 We use employment forecasts to estimate future employment requirements. We begin with forecasts produced by Experian in May 2008. These are ‘baseline forecasts’ i.e. their standard forecasts which include the following assumptions:

- Each UK region and each sector of the economy is treated as an economic entity in its own right, for which forecasts can be made using historic relationships between variables.
- Labour supply is determined by trends in demography and activity rates by age and sex. These demographic projections include local policy only indirectly, insofar as policy has influenced the recent trends upon which the projections are based.
- Employment levels depend upon the labour supply and labour market efficiency (the chance that someone who wants a job is able to get one)
- Regional forecasts are based on that region’s share of the economy, and district forecast upon each district’s share of that region’s economic activity.

6.3.4 We set out below the Experian forecasts employment produced in 2008. It was agreed with the Client and with *emda* that it was more appropriate to use these up to date forecasts.

6.3.5 These are baseline forecasts. The Experian forecasts are set until 2016 and then we extended the forecasts up to 2026. As trend based forecasts, they may be subject to changing economic circumstances and structural change, for example growth in emerging sectors. Forecasts for the period 2016-2026 are calculated for each district for each of 10 sectors:

- First calculate the growth rate for 2014-2015 and 2015-16.
- If, according to Experian, the sector will have been growing in the period 2014-2016, but by decreasing amounts, then the growth rates in the period 2016-2026 will continue to decrease by the same annual proportion.
- If, according to Experian, the sector will have been declining in the period 2014-2016 but by decreasing amounts then the rates of decline in the period 2016-2026 will continue to decrease by the same annual proportion.
- If neither of the above are true the annual change in the sector remains constant in the period 2016-2026

All forecasting is speculative and these longer-term forecasts should be treated with a due measure of caution.

6.3.6 Total employment in each of the eight districts is the sum of the 10 sectors in that district and the Leicester and Leicestershire HMA is the sum of the eight districts.

Total Employment

6.3.7 Total employment is forecast to increase by 17,700 jobs across Leicestershire by 2016, and then a further, 7,000 jobs by 2026. The largest growth up to 2026 is forecast in Blaby (6,200 jobs), followed by North West Leicestershire (5,900 jobs). Only an additional 2,200 jobs are forecast in Leicester City (which shows a decline from 2016 levels of employment).

Table 6.3 Employment Forecasts, Total, 2007-2026, Jobs '000s

	2007	2016	2026	2007-2016	2007-2026
Blaby	51.5	54.5	57.8	3.0	6.2
Charnwood	69.5	70.4	70.6	0.9	1.0
Harborough	41.8	44.3	46.0	2.4	4.2
Hinckley & Bosworth	45.4	47.6	48.9	2.2	3.5
Melton	22.9	24.1	24.2	1.2	1.3
NW Leicestershire	55.1	59.1	61.0	4.1	5.9
Oadby & Wigston	20.2	20.5	20.6	0.2	0.3
Leicester City	180.2	183.9	182.4	3.8	2.2
Leicester, Blaby, Charnwood & O&W	*321.5*	*329.3*	*331.3*	*7.9*	*9.8*
Leicestershire and Leicester HMA	*486.7*	*504.4*	*511.4*	*17.7*	*24.7*

NB. May not sum due to rounding.
Source: Experian; PACEC

B-Use jobs

6.3.8 The chart below shows the employment change in each of the districts, the Principal Urban Area and the HMA between 2007 and 2026 for offices, offices plus public administration, industrial and warehousing. Jobs to the left of the y-axis show sectors forecast to decline and jobs to the right of the y-axis show sectors forecast to increase.

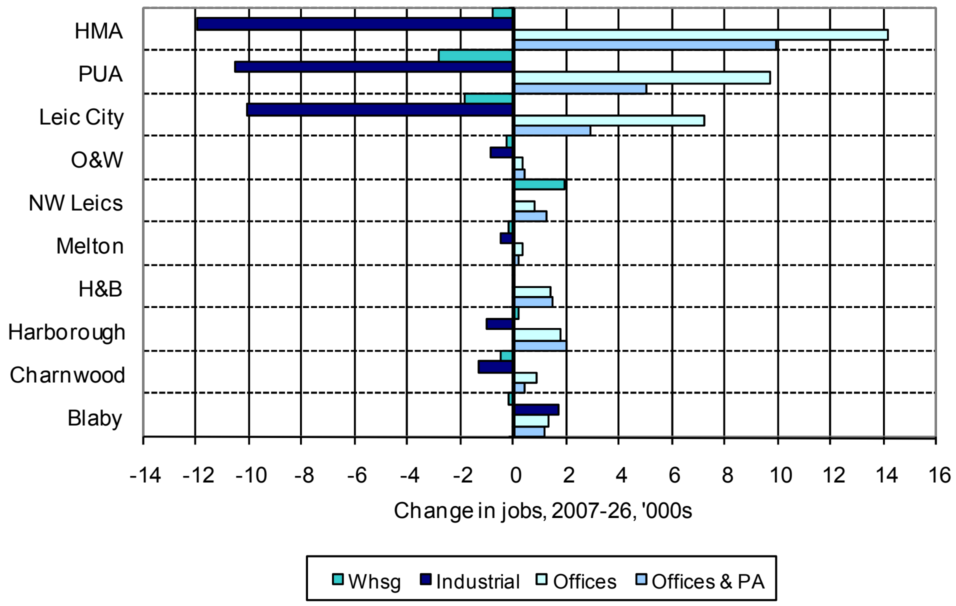
6.3.9 Jobs in offices are forecast to increase by around 14,000 in the HMA as a whole by 2026. Almost 10,000 of these are forecast for the PUA and 7,000 for Leicester City.

6.3.10 Office jobs including public administration are forecast to increase by less than offices alone – by around 10,000 in the HMA up to 2026. This is because jobs in public administration are forecast to decline up to 2026 whilst office jobs are increasing. Public administration jobs may be included in 'offices' as they tend to take up office space that otherwise may be taken by commercial office occupiers.

6.3.11 Industrial jobs are forecast to decline across the HMA by around 12,000 up to 2026. The largest declines are forecast in the PUA – mainly from declines in Leicester City, of around 10,500. Most of the Districts are forecast to experience declines or no change in industrial employment. In Blaby the forecast shows an increase of around 1,700 jobs. However, this needs to be treated with caution as it assumes the continuation of forecast growth in the construction sector during 2013-16 over the period to 2026.

6.3.12 Warehousing employment is forecast to decline slightly across the HMA – by around 800 jobs. The largest declines are forecast in Leicester City (1,900 jobs). Increases are forecast for North West Leicestershire for 1,900 jobs. Most districts are forecast for just small changes in warehousing employment.

Figure 6.2 Change in B-Class Jobs, 2007-2026, '000s



Source: PACEC, Experian

6.3.13 We have not produced alternative sets of forecasts to reflect the changed number of houses required in the HMA following the Secretary of States' amendments to the RSS. Whilst the housing numbers will impact the number of jobs required, the forecasts show the main impact upon them is from renewal, particularly for industrial and warehousing renewal. The scenarios we have worked have therefore reflected different levels of renewal, rather than different employment forecast changes (see Table 6.1).

Step Two: Forecasts to Floorspace

6.3.14 The net change in employment by sector is translated into floorspace using estimates of floorspace per worker as set out above.

Step Three: Floorspace to Land

6.3.15 The estimates of floorspace are translated into land for industrial and warehousing employment. Office employment is more easily understood in floorspace since there are wide divergences in plot ratios that may be applied, depending upon where the offices are built.

Step Four: Renewal and Pipeline

6.3.16 In this step we set out the estimate of floorspace and land required for renewal and previously undeveloped employment land in each of the Districts and HMA as a whole. We set out figures for office floorspace in square metres and warehousing land as hectares, using the **medium scenario** set out in Table 6.1. The full scenario results are set out in Appendix H.

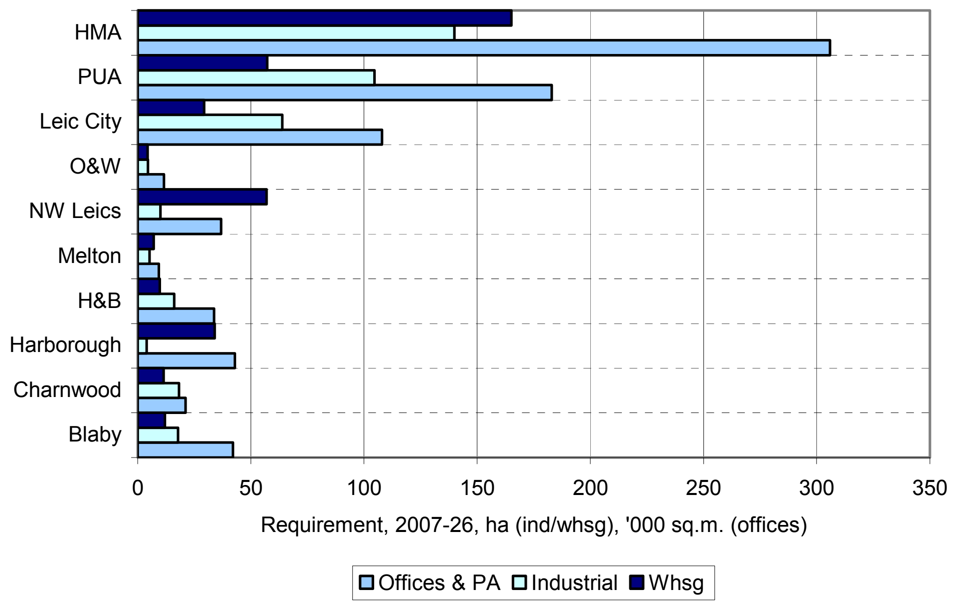
6.3.17 The total requirement for floorspace is calculated by adding:

- The change in the requirement for land resulting from forecast change in numbers of jobs over the plan period; and
- The requirement for new land resulting from the renewal of existing stock.

6.3.18 For demand, where a negative requirement is identified e.g. if the area is predicted to suffer a decline in employment (e.g. industrial) over the plan period, we consider below solely the requirement from renewal on new land. This is because **new** land is required for renewal (by the definition set out in section 6.1.14 to 6.1.22). Whilst jobs may be lost over the plan period, and therefore land may be stop being used for industrial purposes, this land is not likely to be taken up for renewal and therefore should not be included in the balance. This methodology also allows for unsuitable employment land to fall out of the employment land stock and be used for other, more suitable purposes whilst locating in a new, more appropriate locations, subject to policies set out in the current and emerging development plans.

6.3.19 Total requirements in each of the districts, City, PUA and HMA are set out in Figure 6.3 below. Overall in the HMA there is a requirement for 306,000 sq.m. of office floorspace, 140 hectares of industrial land and 165 hectares of warehousing land. The majority of the office and industrial land requirement is for the PUA. The largest single requirement for warehousing floorspace is for North West Leicestershire, mainly for renewal of the existing stock.

Figure 6.3 Requirement for floorspace/land, 2007-2026, ha, '000 sq.m., medium scenario



Source: PACEC, Experian

6.4 Employment Forecasts (Labour Supply)

6.4.1 This section sets out the labour supply strand of the three methodologies for considering future employment land demand (see 6.1.1). It is important to compare forecast labour demand against forecast labour supply to ensure the forecasts are in line. For example, where forecast labour demand is in excess of forecast labour supply, there may be insufficient workers to fill jobs, or there may be skills shortages for certain types of job.

6.4.2 The Experian employment forecasts are driven in part from changes in population and other demographic factors. The model relates this input to sectoral changes in the economy to derive future employment totals. The Office for National Statistics publish a set of sub-national population projections for all local authority districts which are based on the last five years of data in births, deaths, and migration. The Office for National Statistics (Table 6.4) estimates that the total population of the HMA is projected to rise by 42,200 over the period 2006-2016, and by another 42,400 over the period 2016-2026, a total rise of 84,600. The fastest growing districts are North West Leicestershire (16,800 total growth 2006-2026), Harborough (15,400), and Charnwood (13,500).

Table 6.4 Population projections – total, 000s

	Population (000s)					
	2006	2016	06-16	2026	16-26	06-26
Blaby	92.7	96.7	4.0	100.6	3.9	7.9
Charnwood	158.6	165.3	6.7	172.1	6.8	13.5
Harborough	81.8	90.2	8.4	97.2	7.0	15.4
Hinckley and Bosworth	103.3	108.3	5.0	113.2	4.9	9.9
Leicester City	284.2	287.9	3.7	293.9	6.0	9.7
Melton	49.4	52.4	3.0	55.4	3.0	6.0
North West Leicestershire	90.2	99.0	8.8	107.0	8.0	16.8
Oadby and Wigston	56.6	59.1	2.5	62.0	2.9	5.4
HMA total	916.7	958.9	42.2	1,001.3	42.4	84.6

Source: Office for National Statistics Sub-National Population Projections; PACEC

6.4.3 Table 6.5 shows the projected population of working age (15-59 for females, 15-64 for males – the lower age limit of 15 is imposed by the available data). Focusing on the population of working age only paints a rather different picture of population growth in the HMA – there is a rise of 4,700 between 2006 and 2016, which is followed by a fall of 2,400 between 2016 and 2026. This results in a net rise of just 2,300 people of working age for the period 2006-26. There are decreases in population of working age in Blaby, Charnwood, Hinckley and Bosworth, and Leicester.

Table 6.5 Population projections – population of working age (15-59/64), 000s

	Population (000s)					
	2006	2016	06-16	2026	16-26	06-26
Blaby	58.5	58.0	-0.5	57.3	-0.7	-1.2
Charnwood	103.8	104.0	0.2	102.9	-1.1	-0.9
Harborough	50.4	52.6	2.2	53.2	0.6	2.8
Hinckley and Bosworth	65.2	64.0	-1.2	63.3	-0.7	-1.9
Leicester City	186.9	186.6	-0.3	184.1	-2.5	-2.8
Melton	30.8	31.2	0.4	31.0	-0.2	0.2
North West Leicestershire	56.6	59.3	2.7	61.6	2.3	5.0
Oadby and Wigston	34.9	35.4	0.5	35.8	0.4	0.9
HMA total	586.5	591.2	4.7	588.8	-2.4	2.3

Source: Office for National Statistics Sub-National Population Projections; PACEC

6.4.4 The implication of Table 6.5 is that in order for the projected employment increases to be realised, there would need to be:

- An increase in net in-commuting to Leicestershire, and/or
- An increase in the local employment rate, and/or

- An increase in the number of people working above age 59/64 (whether accompanied by an increase in the national retirement age or not), and/or
- An increase in the number of people with more than one job (which would be possible if the employment increase was partly driven by sectors such as retail with a high proportion of part-time jobs and shift work).

6.5 Trend Based Forecasts

6.5.1 This section sets out the third strand of the three methodologies for assessing future employment land demand, as advised by the ODPM Guidance (see paragraph 6.1.1).

6.5.2 This alternative method of estimating required new land is to project forward past gross take-up levels. Table 6.6 below shows estimates of past take-up in the districts back to 1991, measured by employment starts.

6.5.3 Estimates of floorspace requirements based on past take-up are a cruder way of estimating floorspace requirements than using employment forecasting for a number of reasons:

- Firstly, they only take account of gains in land i.e. it is a *gross* estimate and takes no account of losses of land;
- Secondly, it takes no account of future changes in industrial structure and changes in policy; and
- Thirdly, it may over-estimate requirements if take-up in a District was particularly high due to a one-off large scheme.

6.5.4 However, it is useful to consider this methodology as a comparator against the forecasting and renewal method used in the previous section.

Table 6.6 Total Employment Starts, 1991-2007, ha

	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	Total 91-07	Mean p.a.
Blaby	5.0	1.4	3.7	1.9	11.9	11.4	2.8	8.2	4.1	3.0	4.7	7.9	11.5	2.0	9.8	2.0	91.3	5.7
Charnwood	6.3	2.1	1.3	1.9	3.7	0.5	7.7	7.7	7.7	4.9	5.2	1.8	4.4	9.6	1.6	0.0	66.3	4.1
Harborough	9.6	0.4	17.5	0.0	1.0	0.0	19.6	19.6	19.6	23.6	27.2	3.5	3.4	9.1	9.6	2.7	166.3	10.4
Hinckley & Bosworth	1.0	0.7	0.4	1.9	0.8	21.4	1.6	1.2	13.1	1.1	0.7	7.8	0.0	0.0	16.3	0.1	68.1	4.3
Leicester City	5.7	5.2	1.9	2.8	1.4	3.4	10.0	3.4	3.7	8.1	7.2	5.6	0.5	0.6	4.4	13.2	77.2	4.8
Melton	2.0	0.2	0.2	1.1	0.0	13.7	6.0	6.0	6.0	0.0	0.0	16.5	0.0	0.0	0.0	0.0	51.6	3.2
North West Leics	17.4	15.1	2.6	12.9	11.4	10.4	12.9	35.1	20.5	18.1	15.2	18.3	11.7	8.6	8.7	6.2	225.1	14.1
Oadby & Wigston	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	3.2	0.8	1.8	0.0	0.0	0.0	0.2	6.3	0.4
Total Leicester and Leicestershire HMA	47.0	25.1	27.6	22.5	30.3	60.8	60.6	81.2	74.7	62.0	61.1	63.1	31.5	29.8	50.4	24.3	752.1	47.0

Source: Leicestershire County Council

6.5.5 Projecting forward the past take-up rates gives estimates for the Districts as shown in Table 6.7 below. In total, 893 hectares would be required for the HMA, of which around a third would be required in the four districts of Blaby, Charnwood, Leicester City and Oadby and Wigston.

6.5.6 This high figure is driven mainly by high past take-up in Harborough and North West Leicestershire, both of which have experienced high levels of take-up from strategic warehousing. It is not clear that take-up will continue at the same rate in the future. As an example, if these two districts are excluded[15], projected future take-up halves to around 428 hectares.

Table 6.7 Projected future requirements, ha, 2007-2026 using take-up methodology

	Past take-up, mean (ha per annum)	Projected future requirement, ha, 2007-2026
Blaby	5.7	108.5
Charnwood	4.1	78.7
Harborough	10.4	197.5
Hinckley & Bosworth	4.3	80.8
Leicester City	4.8	91.6
Melton	3.2	61.3
North West Leicestershire	14.1	267.3
Oadby & Wigston	0.4	7.5
Blaby, Charnwood, Leicester City & Oadby & Wigston	15.1	286.3
Total Leicester and Leicestershire HMA	47.0	893.1

Source: PACEC

6.6 Supply Demand Balance

6.6.1 This section sets out the balance between the demand identified in the previous sections (based on the change in jobs in the employment forecasts) and the supply of employment land. As identified in the site assessments, some sites are unsuitable for future development and consequently are unlikely to be brought forward for development. These sites are identified and excluded from the calculations. On the demand side no provision is made for large scale, one off requirements.

6.6.2 The demand uses the 'medium' scenario. The figures for the 'low' and 'high' scenarios are included in Appendix I.

6.6.3 The supply is split into the use for which they are most likely to be developed. Some sites are categorised as 'open' uses and these are included in the

[15] This is an extreme example as some of Harborough's and North West Leicestershire's take-up will be from non strategic warehousing take-up.

industrial supply. However, these sites may also be used for office or warehousing development (depending upon local policies).

6.6.4 Full tables are included in Appendix I, and summary tables are shown below. Positive figures indicate an 'over-supply' i.e. supply is greater than demand, and negative figures indicate an 'under-supply' i.e. demand is greater than supply.

Leicester and Leicestershire HMA

6.6.5 Table 6.8 below shows the overall supply and demand for office floorspace and industrial and warehousing land for the medium scenario.

6.6.6 Overall in the HMA the office supply and demand are roughly in balance if the sites considered 'likely to come forward' are included and some unsuitable sites excluded. There is an undersupply identified of industrial land of around 2.6 hectares and a shortfall of warehousing land of 86.2 hectares.

Table 6.8 Leicester and Leicestershire HMA supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	305,843	140.0	165.1
Supply	398,012	206.7	78.9
Gap	92,169	66.7	-86.2
Effective supply	326,372	137.4	78.9
Effective gap	**20,529**	**-2.6**	**-86.2**

Source: PACEC

6.6.7 However, considering the supply demand balance and gap analysis at the HMA masks a more detailed picture, in which there is under and over-supply in more local areas.

Principal Urban Area

6.6.8 For working purposes the 'Principal Urban Area' (PUA) has been defined at the four districts of Blaby, Charnwood, Oadby & Wigston and Leicester City. This area is estimated to have sufficient supply to satisfy office demand. There is an estimated large shortfall in industrial and warehousing land of 43.7 hectares and 57.3 hectares respectively.

Table 6.9 PUA supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	182,858	104.6	57.3
Supply	221,960	76.9	0.0
Gap	39,102	-27.7	-57.3
Effective supply	221,960	60.9	0.0
Effective gap	39,102	**-43.7**	**-57.3**

Source: PACEC

6.6.9 The constituent parts of the PUA are split by District and City, as shown below.

Leicester City

6.6.10 Office demand is almost met in Leicester City with the New Business Quarter Phases 1 and 2 (47,200 sq m) and Abbey Meadows (44,000 sq m). Further phases of the New Business Quarter later in the plan period will create more supply.

6.6.11 The picture of industrial supply in Leicester City is complex. Demand is identified for 63.9 hectares, which comprises 33.9 hectares for 'ordinary' renewal, 4 hectares for firms relocating from the 17 hectares of employment land identified in Leicester City as no longer fit for purpose and 26 hectares for firms seeking to relocate from the intervention areas. The supply of allocations and consents is insufficient to meet this demand, at just 24.7 hectares.

6.6.12 A further 29.4 hectares are identified as required for warehousing renewal for which there is currently no supply.

Table 6.10 Leicester City supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	107,988	63.9	29.4
Supply	91,960	24.7	0.0
Gap	-16,028	-39.3	-29.4
Effective supply	91,960	24.7	0.0
Effective gap	**-16,028**	**-39.3**	**-29.4**

Source: PACEC

Blaby

6.6.13 The office demand in Blaby is met in excess by Grove Park, Carlton Park and Kirby Park Farm. However, the demand for industrial and warehousing land is not met by current supply.

Table 6.11 Blaby supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	42,177	17.8	12.0
Supply	61,700	6.0	0.0
Gap	19,523	-11.8	-12.0
Effective supply	61,700	6.0	0.0
Effective gap	**19,523**	**-11.8**	**-12.0**

Source: PACEC

Charnwood

6.6.14 Demand for office space in Charnwood is met in excess through Watermead Business Park and Loughborough Science Park. However, Loughborough Science Park is the subject of user criteria and, if excluded, the gap reduces to a small over-supply of around 4,100 sq.m..

6.6.15 Industrial demand in Charnwood of 18.3 hectares is matched against a theoretical supply of 41.8 hectares. However, 12.9 hectares of this supply are unlikely to be brought forward (Burder Street and part of Dishley Grange), making an effective supply of 28.9 hectares. This still gives an over-supply of 10.6 hectares. There is an under-supply of warehousing floorspace of around 11.5 hectares.

Table 6.12 Charnwood supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	21,171	18.3	11.5
Supply	68,100	41.8	0.0
Gap	47,129	23.5	-11.5
Effective supply	68,300	28.9	0.0
Effective gap	**47,129**	**10.6**	**-11.5**

Source: PACEC

Oadby & Wigston

6.6.16 Oadby & Wigston currently has no office supply identified. However, there may be some floorspace from town centre redevelopments which would help to satisfy demand.

6.6.17 If Wigston Railway Triangle (3.1 hectares) is excluded from demand, there may be a shortfall of land for renewal of existing industrial and warehousing sites in Oadby & Wigston.

Table 6.13 Oadby & Wigston supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	11,522	4.5	4.4
Supply	0	4.4	0.0
Gap	-11,522	-0.1	-4.4
Effective supply	0	1.3	0.0
Effective gap	**-11,522**	**-3.2**	**-4.4**

N.B. May not sum due to rounding.
Source: PACEC

Harborough

6.6.18 The balance of the supply of offices against demand is an over-supply of 11,328 sq.m. Leaders Farm is identified in the Harborough Employment Land Study as unlikely to submit a large scale B1 scheme and so is excluded below.

6.6.19 Industrial land is in slight oversupply, as some land identified as Sites Unlikely to be Taken up for Employment Uses in section 5.3.7 above may not be taken up.

6.6.20 There is a large under-supply of warehousing land of around 32.9 hectares. However, this under-supply does not reflect the situation on the ground in Harborough. The renewal calculation may be an over-estimate in this individual circumstance. Firstly, the profile of Harborough's warehousing stock is relatively modern stock, concentrated at Magna Park, and so it is unlikely the stock will need renewing as quickly. Secondly, both policy and market pressures point towards the future of strategic warehousing being in large road/rail sites. Harborough currently does not have a suitable site.

Table 6.14 Harborough supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	42,962	4.0	34.0
Supply	67,490	21.1	1.1
Gap	24,528	17.1	-32.9
Effective supply	54,290	11.7	1.1
Effective gap	**11,328**	**7.7**	**-32.9**

Source: PACEC

Hinckley & Bosworth

6.6.21 Hinckley and Bosworth currently has no office supply in the pipeline, which means there is likely to be a shortfall unless it can be satisfied elsewhere.

6.6.22 There is a shortage of industrial land in Hinckley & Bosworth as over half of the supply is deemed 'unsuitable or unlikely to come forward'.

6.6.23 The 21.2 hectare site at Nailstone Colliery could satisfy demand for warehousing land in Hinckley & Bosworth. However, this site is not rail connected and has poor access to the motorway network.

Table 6.15 Hinckley & Bosworth supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	33,742	16.1	9.8
Supply	0	24.8	21.2
Gap	-33,742	8.7	11.5
Effective supply	0	12.1	21.2
Effective gap	**-33,742**	**-4.0**	**11.5**

Source: PACEC

Melton

6.6.24 Melton's office demand is likely to be met by development on Leicester Road (although this is not currently listed in the monitoring data).

6.6.25 Melton's industrial demand would be satisfied through its supply, should it all be developed. However, Asfordby Business Park and Holwell Works are identified in the site assessment criteria as unlikely to come forward for development (Holwell Works is also recommended for release in the Melton Employment Land Study 2006). If these are excluded from supply, Melton has a shortfall in supply.

6.6.26 There is a shortfall of warehousing sites to satisfy the demand for renewal in Melton.

Table 6.16 Melton supply and demand gap analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	9,396	5.3	7.0
Supply	8,920	32.4	0.0
Gap	-476	27.1	-7.0
Effective supply	8,920	1.4	0.0
Effective gap	**-476**	**-3.9**	**-7.0**

Source: PACEC

North West Leicestershire

6.6.27 The demand for office floorspace is only just met in North West Leicestershire subject to Pegasus Business Park being excluded from supply (as it is likely to be used at the owner's risk. The site is for operational airport users).

6.6.28 The supply of industrial sites is likely to satisfy demand in North West Leicestershire. The warehousing supply demand balance is roughly in balance.

6.6.29 However, large scale sites for road-rail linked strategic distribution centres may be identified in accordance with the site selection criteria set out in the RSS.

Table 6.17 North West Leicestershire supply and demand gap analysis, 2007-2026

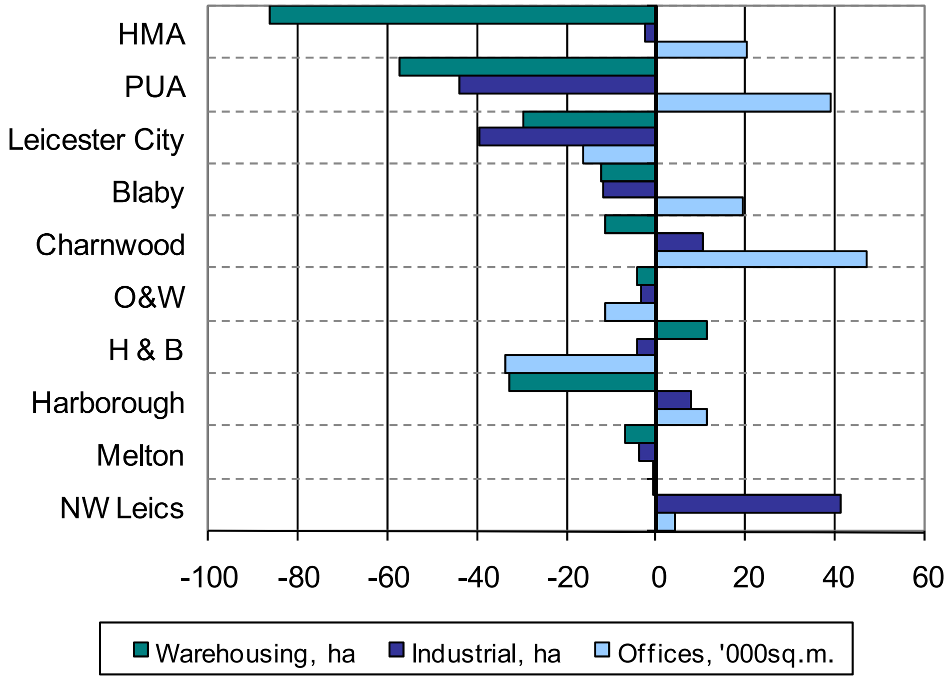
	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	36,884	10.0	57.0
Supply	99,642	51.4	56.5
Gap	62,758	41.4	-0.5
Effective supply	41,202	51.4	56.5
Effective gap	**4,318**	**41.4**	**-0.5**

Source: PACEC

Summary of Supply-Demand Gap Analysis

6.6.30 A summary of the supply-demand 'gap' or 'effective gap' is shown below for each district, the City, the PUA and the HMA. Any negative figures show an under-supply, and positive figures show an over-supply.

Figure 6.4 Supply and Demand Gap Analysis, 2007-2026, '000 sq.m., ha



Source: PACEC

6.7 Scenario Building

6.7.1 To address the problem arising from sensitivity testing, the guidance notes a particular value of scenarios is to inform strategies and policies under alternative futures and the implications for future business space requirements.

6.7.2 For the Leicester and Leicestershire HMA, two scenarios were selected: the 'Business as Usual' scenario and the 'High Knowledge, Low Carbon' Scenario.

'Business as Usual' Scenario

6.7.3 This scenario assumes that employment in the HMA will grow in line with the trends predicted in the Experian forecasts (2003 to 2016) for the period to 2026. This could translate into a maximum growth of 25,000 jobs from 486,000 in 2007 to 511,000 in 2026.

6.7.4 This growth will be the net outcome of gains and losses within sectors, including the loss of over 12,000 (or 11%) of industrial jobs, growth of 3,600 warehousing jobs and increases of 23,800 office jobs. This overall growth in jobs will be met by a proportionate growth in the economically active population.

6.7.5 In accordance with these predictions for modest growth, an additional 15,200 workers will need to be accommodated in additional B-use class accommodation.

6.7.6 The scenario anticipates that policies to promote development sequentially starting with the New Business Quarter and within the existing urban area will be stalled. This will be due to business occupiers continuing to take up the existing pipeline of offices on 'out of town' sites with high levels of car parking.

6.7.7 In parallel the regeneration of Leicester City will be further slowed by market failure to provide suitable sites for the relocation of industrial and warehousing occupiers from the intervention areas.

6.7.8 Implementation of the policy aspiration to build a knowledge-based economy will also be tested by the need to 'thicken' networks for the generation, transfer and commercialisation of knowledge and parallel networks for investors to assess and spread risk.

'Low Carbon, High Knowledge' Scenarios

6.7.9 This scenario assumes the success of the Leicestershire 2020 Economic Strategy with reducing carbon emissions and improving economy generating wealth through innovation and creativity.

6.7.10 During the early stages of the plan period, a new norm is established for low carbon development. Driven by concerns that fuel security and rising prices could jeopardise the long-term value of commercial property, institutional investors demand low/ zero carbon development in locations accessible by sustainable models of transport.

6.7.11 Anticipating this overnight shift to low carbon development, the Economic Development Company has invested in advance infrastructure to provide on and off site renewable energy generation, as well as high quality public transport services to the New Business Quarter and the sub region's Sustainable Urban Extensions.

6.7.12 The resulting opportunities for low/ zero carbon development enable the sub region to attract high value added service based businesses. The development of quality office accommodation built to high standards of design close to a key transport hub should enable sites to be attractive for new investment including relocations from out of the region, including London.

6.7.13 In parallel, co-operation between the three Universities on commercialising 'near to market' technologies drives growth in knowledge-based technology and creative industries.

6.7.14 This scenario anticipates that policies to promote development sequentially, starting with the New Business Quarter, within the existing urban area and Sustainable Urban Extensions, will succeed. Take-up of the existing pipeline of offices on 'out of town' sites with high levels of car parking – the 'high carbon legacy sites' – will be stalled.

6.7.15 In parallel, the regeneration of Leicester City will be moved ahead as sites within the Sustainable Urban Extensions accommodate businesses seeking to upgrade to low carbon buildings. In turn, these businesses will free up space for the relocation of industrial and warehousing occupiers from the intervention areas.

6.7.16 The success of knowledge based firms will breed success as entrepreneurs build networks based on trust, attract venture capital and invest in the next wave of technology based innovation and creativity.

7 Identifying a New Portfolio of Sites

7.1 Introduction

7.1.1 This chapter sets out the conclusions by District for the supply demand balance and identifies gaps in the portfolio. It considers the amount of new provision that may be required and broadly where this might be located.

7.2 Renewal, Pipeline, Vacancy and Gap

7.2.1 In general, the supply demand balances show sufficient supply for office development but shortfalls in land for industrial and warehousing, particularly when considering the losses and subsequent relocations from Leicester City. A number of new allocations will therefore need to be made.

7.2.2 In the face of declining employment numbers, the need to identify more employment land for industrial and warehousing sectors may seem counter-intuitive. However, for the market to function, estimates of supply need to take into account:

- Renewal;
- Pipeline of stock; and
- The need for some vacant land.

Renewal

7.2.3 The need for renewal is already considered in sections 6.1.13 to 6.1.22.

Pipeline

7.2.4 A further requirement arises from the need to enable *the land market* to function effectively. In a study prepared by Roger Tym and Partners for the East Midlands Regional Assembly (2006) East Midlands Land Provision Study, it was noted for any particular planning period, if the demand for land and the planned supply of land are exactly equal, then in practice the supply will dry up before the end of the plan period. Ove Arup and Partners in the East Midlands Northern Sub Region Employment Land Review commented 'it is standard practice to allow for a degree of flexibility or 'margin of choice' in the allocations by applying a stated factor into the demand calculations. Determining a robust figure is not an exact science, and will (due to the lack of specific studies on the matter) always be subject to a certain degree of subjectivity. Past studies have used a range of figures to represent flexibility' these have ranged from 20% for a 15 year planning period to 50% for a 10 year planning period.

7.2.5 These figures suggest the need to plan for a pipeline of between three and five times annual take up at the end of the plan period. In studies undertaken by Roger Tym and Partners, it has been argued that a more generous estimate of five or more years is appropriate in circumstances such as those found within Leicester and Leicestershire where:

- Development is complex, for example in the proposed Sustainable Urban Extensions and in urban regeneration areas, such as the New Business Quarter;
- Land allocations are for strategic employment sites, notably the Loughborough Science and Technology Park where development started in 1995 and new allocations may be proposed for potential development beyond 2026;
- Land allocations are held for the expansion of local companies, for example at Caterpillar, Desford, MIRA, Higham on the Hill.

7.2.6 In Chapter 7, 'Identifying a New Portfolio of Sites,' the proposals for additional allocations take into account the need for a pipeline to ensure flexibility and choice at the end of and beyond the plan period. It is therefore imperative that Local Planning Authorities plan, monitor and manage their employment land stock (see Chapter 9) to ensure they do not run out of land.

7.2.7 If we assume a six year pipeline requirement, there is a requirement in the HMA for a end of plan period pipeline of:

- 97,000 sq m of offices;
- 48 hectares of industry; and
- 61 hectares for warehousing.

Vacant property

7.2.8 In calculating the supply side, allowance needs to be made according to whether there are higher or lower levels of vacancies in the existing stock. In a study, prepared for by Roger Tym and Partners for Charnwood Borough Council (2006) Charnwood Employment Land Study, it was noted 'a certain level of vacant floorspace is generally required for the *property market* to function effectively. This equilibrium vacancy is generally held to be around 7.5% of the stock. The actual level of vacant floorspace may be higher or lower than this, indicating that the starting position is one of market disequilibrium:

- a vacancy rate of more than 7.5% means that floorspace is oversupplied. We add this oversupply, or surplus, to the supply available to accommodate future change in demand.
- a vacancy rate of less than 7.5% means that the floorspace market is undersupplied. This undersupply, or deficit, is space that should be vacant but is occupied. We subtract it from the supply available to accommodate future change in demand.'

7.2.9 The vacancy rate of 7.5% has been derived from ODPM's Commercial and Industrial Property and Vacancy Statistics which are no longer collected. Other studies for example the Hertfordshire Employment Land Study (2002) used an overall figure of 5% and a study by Ove Arup and Partners prepared for Nottingham County Council and Partners (2008) East Midlands Northern Sub Region Employment Land Review, used 'ideal' vacancy rates of 5% for offices and 10% for industrial and warehousing.

7.2.10 Given the stock of industrial and warehousing land in the HMA is approximately 2,265 hectares, this suggests up to 170 hectares could be expected to be vacant at any particular time.

7.3 Gaps in the Portfolio

7.3.1 The shortage of good quality employment land and premises in the Leicester and Leicestershire HMA has been identified as a key factor in the area's relatively poor economic performance over the last few years. Achieving a balanced supply of employment land requires the provision of sites in the right locations and of the right quality and size at the right time. This is an important precondition of maximising the area's economic performance.

7.3.2 The overall supply demand gap analysis shows that offices are in balance for the period to 2026 but a further 98 hectares are required to meet demand for industrial and small scale and strategic warehousing development.

7.3.3 However, the supply-demand gap equation is complicated by a number of factors.

1. The need to plan for specific property sub-markets. These include: the NBQ, a planned high quality office centre, to support the policy of urban concentration and the regeneration of Leicester City Centre; the Science Parks at Loughborough and Abbey Meadows in Leicester; and the need for a strategic road-rail distribution centre within the HMA.
2. Local market shortages and over-supply. For example, a high level of demand for employment land within Leicester City cannot be met within the City boundaries.
3. Development pipeline. There is a need to recognise the long lead-in times for development. Effective employment land planning therefore needs to make further allocations which can be expected to replenish the development pipeline towards the end of and beyond the plan period.

7.3.4 These factors mean that employment land planning cannot satisfactorily be tackled at a local level. Consequently, the City, County and District authorities need to adopt a strategic approach to ensure the employment land and property needs of the sub-region, as well as individual Districts, are met.

7.3.5 The supply demand gap analyses have therefore been drafted for Leicester, Charnwood, Blaby and Oadby and Wigston in the context of the Principal Urban Area, for North West Leicester in the context of regional strategic distribution market, and Hinckley and Bosworth, Harborough and Melton as predominantly local markets.

Leicester City, Charnwood, Blaby and Oadby & Wigston

7.3.6 The supply demand gap analysis for the four Districts shows an over-supply of 40,000 sq.m. of offices and a requirement for over 100 hectares of industrial and warehousing land. However, the provision of 87,000 sq.m. for the two Science Parks suggests a need for a further 46,000 sq.m. of open market offices. The pattern of new development up to 2026 and beyond will be shaped by the Regional Spatial Strategies' priorities for the regeneration of Leicester City Centre, including the New Business Quarter, and the provision of an additional 60,200 houses, of which a proportion will be provided within three Sustainable Urban Extensions. Within the four districts, these have been identified for South and North Charnwood and Blaby.

7.3.7 The following District by District supply demand gap analyses sets out proposals for employment land planning across the four Districts. The proposals are informed by the need for new allocations to:

- Meet market requirements across a range of property sub-markets;
- Meet the need for new allocations to be in locations that can reduce the need to travel and, for necessary journeys, be accessible by sustainable modes of transport; and
- Be capable of supporting zero carbon development (as this is a possible government target and economic imperative for all non-residential development after 2019).

Leicester City

7.3.8 The market analysis undertaken by Mather Jamie identified four sub-markets within Leicester:

1. The New Business Quarter
2. The city centre older office stock
3. The established industrial areas
4. The Abbey Meadows Science Park

7.3.9 Phase 1 of the NBQ comprises 12,800 sq.m. of refurbished offices in the St. George's building and 4,600 sq.m. at Colton Square, where there is a further 5,100 sq.m. under construction. There are outstanding consents for 9,000 sq.m. at International House and 2,500 sq.m. at the Spread Eagle site. Phase 2 will comprise a further 35,000 sq.m. of offices.

7.3.10 Within the established industrial areas recent development has been focused at the Gipsy Lane Brickworks where remaining land could accommodate a 7,900 sq.m. office/industrial park. The Fairway Business Park, which is close to Junction 21a, has capacity to provide between 21,370 and 24,390 sq.m. in industrial and distribution units. The 7.6 hectare GE Lighting site has arisen from the existing stock of employment land.

7.3.11 The Abbey Meadows Science Park has capacity to provide 12,000 sq.m. of follow-on units for technology-based industries and up to 32,000 sq.m. in B1b accommodation.

7.3.12 The current supply of 92,000 sq.m. of offices against the forecast requirement of 108,000 sq.m. suggests a requirement for an additional 16,000 sq.m.. However, 44,000 sq.m. of the current supply will be restricted to high technology businesses, leaving a requirement for an additional 60,000 sq.m. for open market office uses.

7.3.13 The NBQ presents an opportunity to fulfil the policy of urban concentration and establish an office market of regional and national significance. Such a market could be capable of retaining existing firms within the city centre and attracting occupiers from the region, West Midlands, London and the South East (as rents are currently slightly over half those in central Birmingham). To realise this potential, planning policy will need to be sufficiently pragmatic to meet two contradictory market demands. The first is to recognise that the car parking standards for city centre offices currently deflect demand towards car dependent out of town office schemes. In this context the car parking standards should be reviewed to make the city centre the focal point of demand. The policy harm would be temporary as the rising cost of fuel will reduce car based commuting. The second is for the new EDC to pioneer low or zero carbon development. Combined together these approaches would bring forward the development of the NBQ and hence provide the City with a stock of low energy offices which can be accessed by public transport. The success of such an approach would enhance the viability of a further allocation of 100,000 sq.m. as Phase 3 of the NBQ. The retention of current car parking standards would encourage more businesses to take up offices in out-of-town, car-dependent schemes, notably in Blaby where there is 20 years' supply of such development.

7.3.14 Turning to industrial and warehousing, there is a requirement for 94 hectares of employment land. Of this requirement, 25 hectares of previously undeveloped employment land are in the development pipeline. This leaves a requirement for 69 hectares of additional previously undeveloped employment land.

7.3.15 Of this, the Council could consider allocating up to 10 ha of additional employment land at Ashton Green through the LDF process. In the absence of additional suitable land in the City, the balance of 59 hectares will have to be met through new allocations outside the City boundaries.

Charnwood

7.3.16 The market analysis undertaken by Mather Jamie identified three sub-areas within Charnwood.

1. South Charnwood, which is effectively part of the North Leicester market.
2. Southern end of Loughborough.

3 Loughborough Science Park.

7.3.17 The District-based forecasts predict only minor changes in overall employment. However, there will be substantial demand for previously undeveloped employment land to accommodate the renewal of the existing stock, inward investment attracted to the Loughborough Science Park and firms seeking to relocate from Leicester.

7.3.18 The current supply of open market offices of 25,300 sq.m. is broadly in balance with the forecast demand of over 20,000 sq.m.. However, most of the supply is at Watermead Business Park which would limit choice across the District and provision in the Loughborough area.

7.3.19 Loughborough Science Park provides one of the most attractive sites for high-technology based industry in the East Midlands. The proposal for 43,000 sq.m. under Phase 2 would be one of the main sources of B1b development in the region.

7.3.20 However, the university's estate management policies limit potential occupiers to those who have research and business links to the university. These policies will deter private sector investment in advance infrastructure and accommodation for occupiers seeking a high quality business park environment.

7.3.21 The Council is currently preparing a Science Park DPD which could include proposals for further phases of the Science Park. To realise the economic development potential of Charnwood for high added value business activities and wider business investment, these proposals could include provision for open market B1b development, a strategic site to enable the region to attract a large scale international inward investor and further allocations for development towards the end and beyond the plan period.

7.3.22 For the strategic site, policy makers will need to consider investing in advance infrastructure so the site is ready for immediate take-up by inward investors.

7.3.23 The effective supply of 29 hectares of industrial land is in balance with the District-based forecast demand for 18 hectares of land for industrial and 11.5 hectares of land for small-scale warehousing development. These sites are mostly located in South Charnwood with limited provision in Loughborough. However, these sites need to be brought forward to provide for choice within these areas and across all sub-markets.

7.3.24 In the North Charnwood SUE, one possible option would be to bring forward a 20 hectare strategic employment land allocation. This would introduce competition and choice in the employment land market for offices, industrial and small scale warehousing.

7.3.25 In the context of employment land planning for the PUA, the early development of a 50 hectare strategic employment land allocation is required at the South Charnwood SUE. This would provide for the first low/zero carbon employment development in the HMA and meet forecast demand from firms in Leicester.

Blaby

7.3.26 The market analysis undertaken by Mather Jamie has established there is over 20 years' supply of low density, out-of-town office schemes in the development pipeline. Of the three schemes, Grove Park is currently the most attractive to the market but if the NBQ can meet occupiers' current requirements for higher car parking standards, it is questionable whether there will be sufficient demand for all of these car-dependent out-of-town office schemes in Blaby.

7.3.27 The forecasts predict a growth in industrial employment as well as the need to make provision for the renewal of the existing stock. This suggests the need for a strategic employment land allocation for industrial and small-scale warehousing development of approximately 24 hectares within the built-up area of the district of Blaby. Given the lack of suitable employment land in Leicester and Oadby & Wigston, priority should be given to sites capable of early delivery.

7.3.28 A Site Assessment Framework prepared for this study for the selection of potential sites suggests that the most sustainable employment sites will be those which are located alongside housing and accessible by public transport. The Council will shortly be consulting on options for future directions of growth, including a Sustainable Urban Extension.

Oadby & Wigston

7.3.29 Oadby and Wigston forms part of the wider Leicester office, industrial and warehousing market. The District includes eight established employment areas, where a large proportion of the stock was developed prior to 1970.

7.3.30 The supply demand gap analysis suggests an additional requirement for 11,500 sq.m. of offices and 9 hectares for industrial and warehousing development (see Table 6.13).

7.3.31 The scope for meeting these requirements within the District is limited. The main opportunities are: for up to 5,800 sq.m. of offices as proposed within the Masterplans for Oadby (1,125 sq.m.) and Wigston (4,675 sq.m.) town centres; 1.3 hectares of industrial and warehousing land; and through the intensification of the existing stock. The 3.1 hectare Wigston Railway Triangle site is constrained by the need for a railway bridge and cannot be considered as part of the available development pipeline.

7.3.32 In the absence of additional suitable land in the District, the balance of 5,700 sq m of offices and 7.6 hectares of industrial and warehousing land will add to effective demand in the neighbouring Districts of Leicester, Blaby and Harborough. This demand is reflected within the proposed employment land allocations for the New Business Quarter, Leciester and SUEs in Blaby and South Charnwood.

North West Leicestershire

7.3.33 The market analysis undertaken by Mather Jamie identified four property sub-markets:

1 The M1 linked national and regional road based distribution market;

2 The M1-linked national and regional road-rail based distribution market;

3 The local office, industrial and warehousing market; and

4 The sub-regional office market.

7.3.34 Development to meet these property sub-markets has been provided at schemes mainly in Ashby, Bardon/Coalville and Castle Donington.

7.3.35 In Ashby the Ashby Business Park and Ivanhoe Business Park are being developed for offices, industrial and warehousing uses and have capacity for around 18,000 sq.m. of offices and over 11 hectares for industrial and warehousing schemes.

7.3.36 At Bardon/Coalville, nine sites have the capacity to provide over 27 hectares of office, industrial and warehousing development.

7.3.37 At Castle Donington a strategic road-rail scheme, the East Midlands Distribution Centre, is being developed.

7.3.38 Taking these sites together with other allocations within the District, the supply of offices is in balance with forecast demand (if further office development at Pegasus Business Park is not brought forward). Similarly, the supply of road-based distribution sites is in balance with forecast demand, whilst there is an over-provision of light industrial and small-scale warehousing sites.

7.3.39 Employment land planning in North West Leicestershire needs to address road-rail strategic distribution and the proposed Sustainable Urban Extension at Coalville.

7.3.40 Policy 21 of the RSS, ‘Strategic Distribution’, states local authorities, *emda* and sub-regional strategic partnerships, the Highways Agency and Network Rail should work together with private sector partners to bring forward sites for strategic distribution use in the region, including within the Leicester and Leicestershire HMA. This policy reflects growing market demand for road rail linked strategic distribution centres. In this context, EMRA and *emda* need to establish a regional framework for identifying preferred locations for the future provision of road-rail strategic distribution centres. In the light of such a framework, the District Council will be able to identify potential sites for assessment against the criteria set out in Policy 21. Junction 24 of the M1 and the A50 corridor present a potential area of search. In the meantime, national and regional based demand for road-rail connected distribution centres is likely to be reflected in extra-large schemes at the East Midlands Distribution Centre.

7.3.41 Turning to the proposed Sustainable Urban Extensions to Coalville, it is suggested that a further allocation of 20-25 hectares of employment land is identified as part of a mixed-use development. Whilst such an allocation (or allocations) would further contribute to the identified over-supply of light industrial and warehousing land, the resulting development would contribute to the development pipeline towards and beyond the end of the plan period and provide opportunities for zero carbon development. However, the overall supply of employment land should be monitored and managed.

Hinckley and Bosworth

7.3.42 The market analysis undertaken by Mather Jamie identified two sub markets within Hinckley and Bosworth:

1 The M69 linked regional road based distribution market; and

2 The local business-based market.

7.3.43 The regional road-based distribution market has been served by Logix Park in Hinckley and Interlink, Bardon Business Park, where there are three remaining sites. The future supply is currently limited to a 20 hectare site at Nailstone Colliery where consent for warehousing was granted on appeal. However, this site may not meet market requirements as a rail link to the site is unviable and there are sites in the sub-region with easier access to the motorway network.

7.3.44 The supply demand gap analysis translates into the following requirements for the current and future pipeline.

7.3.45 Turning to the current pipeline, the employment forecasts show growth of 1,500 office based jobs. This forecast, together with the need for renewal, translates into a requirement for over 30,000 sq.m. of offices which will need to be met through new allocations.

7.3.46 This requirement, developed at a plot ratio of 3,000 sq.m. per hectare, would translate into the need for 11 hectares. However, this requirement could be met on as little as 6 hectares with a higher development density, and fewer on-site car parking spaces. It is suggested a sequential approach is taken to identifying sites as follows: in Hinckley town centre, on the edge of Hinckley town centre and adjoining any neighbourhood centre in the proposed SUE(s).

7.3.47 Turning to the requirement of 16 hectares for industrial land, 12.8 hectares are effectively available, leaving a requirement for 4 hectares. The 20 hectare allocation at Nailstone Colliery could meet the forecast demand for 10 hectares of warehousing land, but this would prevent competition and limit choice to just one site.

7.3.48 It is proposed that a 20 hectare allocation is made, comprising 6 hectares for offices, 4 hectares to meet the identified gap for industrial uses and 10 hectares to provide choice in the warehousing land supply.

7.3.49 Subject to the capacity of Hinckley town centre and the edge of Hinckley town centre to accommodate office development, this requirement for office, industrial and warehousing land could be met within a larger allocation in Hinckley. Key Rural Centres should be assessed in relation to the amount of additional employment land that may be required to meet local need in the rural areas, this should be addressed at the local level and smaller allocations which are capable of early development should be considered.

7.3.50 Dealing with the future pipeline, it is proposed that a further allocation of 20-25 hectares of employment land is identified as part of the proposed SUEs to ensure there are local employment opportunities for the new residents. This allocation should be brought forward in line with the Adopted Core Strategy, SUE Area Action Plans and support for zero carbon development. The employment allocations within the SUEs would both replenish the development pipeline and provide for zero carbon development after 2019 and beyond the plan period.

Harborough

7.3.51 The supply demand gap analysis set out in sections 6.6.18-6.6.20 above found the consents and allocations for officers and industrial property to be in over supply.

7.3.52 Harborough has become a centre for road-based national and regional distribution with the development of Magna Park at Lutterworth. The supply demand gap analysis (at Section 6.6.20) suggests a requirement for 33 ha of land for warehousing. However, this is considered to be an overestimate given the stock is relatively modern. In addition, demand for further road-based national and regional distribution centres in Harborough is difficult to predict.

7.3.53 Road-rail based schemes may become more competitive than Magna Park as the cost of road-based transport increases with the rising cost of fuel and the potential introduction of road charging and other measures to limit carbon emissions. Harborough does not have a suitable site for a strategic road-rail based scheme.

7.3.54 Policy 21 of the RSS seeks to promote the bringing forward of strategic multi modal sites in the region. Such sites are likely to become the preferred location for future large-scale warehousing.

7.3.55 A requirement for additional employment land may arise from losses due to changes of use to higher value uses and the need to accommodate requirements for other employment generating occupiers, such as leisure. In this context, and subject to monitoring, additional provision may need to be identified in order to replenish the provision of employment land towards and beyond the end of the plan period. In such circumstances, one option could be to identify a mixed-use employment site in conjunction with housing growth in Market Harborough

Melton

7.3.56 The market analysis undertaken by Mather Jamie identified the Leicester Road industrial estate in Melton as the focal point of the District’s industrial property market. It further noted the sites at Holwell Works (15 hectares) and Asfordby Business Park (16 hectares) have poor access and are less sustainable than future development options in and around the Leicester Road area.

7.3.57 The supply and demand gap analysis identified a requirement for 9,400 sq.m. of offices and 12.3 hectares of industrial and warehousing land.

7.3.58 The recently approved scheme at Leicester Road would meet the office requirement but a single scheme will limit choice and competition in the market. The assessment of existing sites has identified Asfordby Business Park and Holwell Works as sites that may be unlikely to be taken up in the future. In this context, the effective supply of industrial land is 1.4 hectares, leaving a requirement for 11 hectares of land for industrial and small-scale warehousing development.

7.3.59 In accordance with the Core Strategy, the location of any new allocations should be in Melton Mowbray at a site capable of meeting market requirements whilst reducing the need to travel and providing opportunities for access by sustainable modes of transport.

HMA

7.3.60 The overall supply demand gap analysis for the HMA showed that offices are in balance for the period to 2026 but a further 98 hectares are required to meet demand for industrial and small scale and strategic warehousing development. These requirements were the subject of further analyses to take into account the needs to: plan for specific property sub markets; address local market shortages and areas of over supply and provide for the long lead in times to development.

7.3.61 These analyses concluded with overall requirements of previously undeveloped employment land in the HMA of: a minimum of 100,000 sq m of offices; a maximum of 178 hectares of land for light industrial and small scale warehousing and 50 hectares for a road rail strategic distribution centre. They also found that allocations to meet these requirements need to be planned for on a HMA wide basis. For instance demand for land arising from Leicester and Oadby and Wigston cannot be met within these area’s administrative boundaries. The proposed employment land allocations to 2026 are set out in the tables below.

Table 7.1 Recommended allocations of previously undeveloped employment land to 2026

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

-NB. May not sum due to rounding.
Harborough potential additional requirement subject to monitoring
Source: Experian; PACEC

7.4 Criteria Based Site Assessments

7.4.1 The Government's Guidance sets out a four step process for Stage Three, 'Identifying a 'New' Portfolio of Sites'. These steps are to: devise qualitative site appraisal criteria; confirm existing sites to be retained or released and define gaps in portfolio; identify additional sites to be brought forward and complete and present the employment land review.

7.4.2 The ODPM guidance notes that where there are identified gaps in provision, a site search will be required where potential new sites are subjected to rigorous assessment. Together with the safeguarding of existing sites, the outcome of the assessment should be a portfolio of sites that will meet local and strategic planning objectives while serving the requirements of businesses and developers.

7.4.3 The guidance notes that the gaps in most existing portfolios are likely to be for: high quality accommodation for new service industries; low value uses in areas where bad neighbour uses have been squeezed out; better access, particularly for large scale distribution and, in some areas, additional sites to provide a choice between suppliers.

7.4.4 The guidance sets out an eight step process for identifying additional employment sites as follows:

- Confirm the nature of the gap in terms of the quantity of floorspace and land by property type (market segment), location (market area) and environmental quality requirements;
- Set criteria to be used for individual site appraisal;
- Identify potential sites;
- Undertake the site appraisals;
- Create a site appraisal matrix;
- Undertake 'trade – off' of sites assessed against other desirable forms of development/ policy objectives;
- Review 'new' against 'existing sites' to ensure consistency of assessment;
- Confirm sites for inclusion in portfolio in LDF.

7.4.5 The guidance further advises that consideration of new sites should be between what would be the 'market - led' view and a 'planning/ sustainable development - led' view. The approach adopted here provides for an initial assessment followed by a second assessment of sites with potential for sustainable development.

7.4.6 Each criterion has been assigned a sliding score of 1 – 5 with 5 representing the best circumstances in relation to the site being identified as suitable for employment development and that development contributing to sustainability and wider strategic policy objectives. Each is to be assessed in the context of its proposed/ likely function, i.e as a strategic freight and distribution centre, science park, offices or open use (light and general industry and small scale warehousing).

7.4.7 Appendix K sets out site assessment criteria and scoring regime which will enable the local planning authorities to adopt a common approach to the assessment of sites nominated for employment development.

7.5 The New Portfolio of Sites

7.5.1 To identify the new portfolio of sites, the Local Planning Authorities will need to:

1. identify sites which should, without doubt, be safeguarded for future employment use;

2 undertake a site appraisal of remaining sites and confirm sites which should definitely remain in the portfolio and those which should be released;

3 quantify supply by market segment, sub area and likely delivery date;

4 compare the supply (identified under task three above) with the identified employment land requirements;

5 reconsider and confirm decisions to retain and release under task two above.

7.5.2 *Task One: Identify sites which should, without doubt, be safeguarded for future employment use.* Under Stage One, a site assessment framework and five point scoring system was devised (see Appendix E) and a number of sites were identified (at section 5.3.7) which are unlikely to be brought forward.

7.5.3 7.5.3 Task Two: Undertake a site appraisal of remaining sites and confirm sites which should definitely remain in the portfolio and those which should be released. The Local Planning Authorities will need to score the identified sites against the framework in order to confirm those for safeguarding and those for release.

7.5.4 Task Three: Quantify supply by market segment, sub area and likely delivery date.

7.5.5 Under this task the Local Planning Authorities will need to produce a schedule of land that is likely to be brought forward for development and land that faces constraints to development.

7.5.6 Task Four: *Compare the supply (identified under task three above) with the identified employment land requirements.* To calculate the net employment land requirements by market segments and areas for 2009 – 2026, the Local Planning Authorities will need to confirm the gap analysis (set in section 6.6), identify any additional land facing constraints (from task three above) and take into account any planned loss of employment land and the take up of land in the period 2007 – 2009.

7.5.7 Task Five: *Reconsider and confirm decisions to retain and release under task two above.* To reconsider proposals to release land, it is suggested that Local Planning Authorities match the sites for release against the overall land requirements by market segments and areas. Decisions to confirm the release land can be made where there are no overwhelming policy reasons against doing so and prospects for allocating more appropriate sites within the appropriate market segments and area.

7.6 Identify Additional Sites to be Brought Forward

7.6.1 The guidance refers to the practice of ‘frontloading’ in policy development, where developers and landowners are invited to bring forward specific site proposals.

7.6.2 In Planning Policy Statement 12, the Government advises ‘local planning authorities should front load the preparation of development plan documents by facilitating early involvement and securing inputs from the community and all stakeholders. The preparation process should include consideration of all alternative options derived from the development of the evidence base, the authority’s awareness of local issues, the views of stakeholders and community involvement (ODPM, 2004: 29). The Government adds, ‘front loading is particularly important when the development plan document is dealing with site allocations. All those who wish land to be allocated for development should ensure that their sites are brought forward early in the process so that they can be considered by the local planning authority and subjected to sustainability appraisal (ODPM, 2004: 29).

7.6.3 The policy context for front loading is provided by the RSS policies of concentrating housing growth within and adjoining the PUA and providing for this growth within Leicester’s regeneration areas, the built up areas of the Leicester PUA, Sustainable Urban Extensions and the key market towns (see tables 2.1 and 2.2).

7.6.4 In accordance with these polices and Government guidance, a criteria based framework and scoring regime was devised for the initial and second assessment of sites nominated for employment development. The criteria concern: the sequential test; accessibility test and policy, market attractiveness, sustainable development and strategic planning factors.

7.6.5 By applying the framework Local Planning Authorities will be able to build up a comparative picture of potential site to be brought forward and match them against the identified employment land requirements. Subject to the next steps in the preparation of their Local Development Frameworks, the Local Planning Authorities could use the resulting findings to inform directions for growth and site specific allocations.

7.6.6 The main opportunities for identifying additional sites to be brought forward are in the New Business Quarter and Sustainable Urban Extensions. In both development areas, allocations would need to be complemented with related policy and investment measures to ensure viability.

7.6.7 In the New Business Quarter, initial consultation with stakeholders (reported in appendix J) identified the need to align car parking standards with the higher requirements of firms in the city and from outside the region. The demand for more car parking may diminish with rising fuel prices but provision now would pave the way for investment in low energy buildings and better accessibility by sustainable modes of transport. New branding and promotional campaigns could complement these policy and investment priorities.

7.6.8 At the stakeholder workshop, the Sustainable Urban Extensions were identified as the key to future supply of employment land. The SUEs could be the focal point for low / zero carbon mixed housing and employment development. Such development can reduce the need to travel and support a modal split dominated by walking, cycling and the use of public transport with just 25% of journeys by car.

7.6.9 There are further advantages to aligning jobs with homes as the employment element can:

- provide appropriate sites for on-site renewable energy generation as well as a ready demand for heating during the day (balancing demand for domestic heating during the night), and
- generate demand which can support the viability of services in settlement centres and high quality bus services.

7.6.10 Stakeholders have stressed the importance of employment schemes front loading the development of SUEs in order to create demand for homes and help establish patterns of short distance commuting. Where housing is developed first, people will establish out of SUE travel to work patterns and when the jobs follow, these may be taken up by people living outside the SUE. With a housing-led SUE there is a further risk that the employment element will not be built out. This is simply because change of use of employment land to housing can generate substantial profits for the land owner. The problem of speculation or blight is overcome by requiring developers to build out the employment land in advance of and in step with the housing.

7.6.11 The case for a job led approach is further made by the long lead in times to development. As a result new allocations within the SUEs would:

i replenish the supply of employment land towards the end of the plan period and beyond;

ii enable the provision of zero carbon development by 2019 in locations which reduce the need to travel and for necessary journeys the modal split is dominated by sustainable modes of transport.

7.6.12 Stakeholders in considering SUEs concluded that the long lead in times and need for advance infrastructure investment would be required to enable private sector investment. In this context there are a number of factors which support the case for allocations of at least 20 hectares, and where appropriate, with scope for further expansion. These include:

i economies of scale: the investment case for spreading advance infrastructure costs over a large site;

ii the development pipeline: the employment land planning imperative to replenish the supply of employment land towards the end of and beyond the plan period; and

iii the developer, business and investor markets: the market cases to provide opportunities for developers to meet demand from market segments, business occupiers to move within the same area and institutional property investors to identify comparable rents and capital values.

7.6.13 Pennbury eco town is proposed for a site to the south east of the city. If this site is selected, Leicester City Council has indicated it will work with partners to ensure the key issues affecting the city, such as sustainable transport, housing, employment, environmental standards and health provision are fully taken into account.

8 Policy Development, Delivery and Monitoring

8.1 The Action Plan Framework

Introduction

8.1.1 The main finding of this study is that there is a shortage of readily available and developable employment land in places of potential demand. The past failure to plan for and deliver a balanced supply of employment land and premises has been identified as a key factor in the relatively poor economic performance seen over the last few years particularly in Leicester and some of Leicestershire's key towns.

8.1.2 It follows from this finding that planning and delivering a balanced supply of employment land and premises could help the City and County to improve its economic competitive advantage and performance. This competitive advantage could be further enhanced if there was a commitment to plan for the low carbon economy where jobs and homes are aligned and businesses operate in low energy buildings and people can travel to work by sustainable modes of transport.

8.1.3 The extent and nature of this competitive advantage will, though, depend on the political priority attached to delivering employment land for the low carbon economy and the resulting institutional context, governance arrangements and resources.

8.1.4 The study therefore presents a challenge and an opportunity for policy makers and decision takers to set the City and County on a new course and establish the UK's lowest carbon environment for business.

8.1.5 The purpose of this framework is to assist the LSEP and the Local Authorities in the preparation of a detailed action plan to achieve the new pattern of employment development for the low carbon economy. It addresses: the strategic objectives; the leadership and governance arrangements required for collaboration; the delivery vehicles; the employment land priorities; and employment land planning.

1. Strategic Objectives

8.1.6 The national, regional and sub regional policy context for employment land planning emphasises business concerns for choice and competition and sustainable development. This context links with wider spatial planning objectives for a new pattern of sustainable development and corporate planning objectives and targets for economic, social and environmental well being.

8.1.7 The Regional Spatial Strategy creates a planning framework for directing growth to the regeneration intervention areas of Leicester and the Sustainable Urban Extensions.

8.1.8 The Sustainable Community Strategies and related LAAs and MAA combine social and environmental objectives with a vision to develop an innovative and creative economy.

8.1.9 The stakeholders have recognised, through the Leicestershire 2020 Economic Strategy 'Vision 2020,' that economic competitiveness and environmental sustainability will be achieved by businesses and communities acting together so:

'Leicestershire will have a prosperous, enterprising and dynamic economy, characterised by innovative businesses, creative people, sustainable communities and an attractive environment.'

ACTION POINT

8.1.10 To support the realisation of the Leicester and Leicestershire Sustainable Community Strategies, the LAAs, the MAA, 'Vision 2020' and the dominant policies identified in section 2.6.1, the stakeholders could adopt three strategic objectives for economic development and related spatial planning as follows:

i) *economic competitiveness:* to create a prosperous, enterprising and dynamic low carbon economy, characterised by innovative businesses and creative people who act to reduce their carbon emissions;

ii) *low carbon development:* to reduce the carbon emissions arising from development (through new construction standards and renewable energy generation) and transport (through planning to reduce the need to travel between homes, jobs and services and investment to enable the fullest possible use of sustainable modes transport);

***iii) new pattern of growth:* to plan for a competitive low carbon economy by planning and investing for an adequate supply of employment land in the right locations, of the right quality and at the right time to meet forecast changes in jobs and targets for reducing carbon emissions.**

8.1.11 Successful delivery of the strategic objectives will require leadership and dedicated governance for collaboration.

2. Leadership and Governance

8.1.12 The leadership challenge and need for new governance arrangements arises from the public policy priorities. These priorities are to provide for housing growth and employment land for choice and competition, and deliver a radical reduction in carbon emissions from development and transport.

8.1.13 In this context housing and employment land allocations within Leicester's intervention areas and the proposed Sustainable Urban Extensions will be need to secure balanced, comprehensive and sustainable development.

8.1.14 New housing will need to be zero carbon by 2016 and it is proposed all non-residential development will need to be zero carbon by 2019. Achieving zero carbon development will require both on and off site renewable energy generation and distribution, water cycle strategies, waste management and links with public transport services and routes for sustainable modes of transport.

8.1.15 Delivering such developments requires a consensus to make a long term commitment to planning and delivery. Such a commitment could become a significant source of competitiveness for the sub region by:

- gaining Government and RDA support for the necessary investment (which may include support through *emda*'s programme for high quality employment floorspace);
- building skills and expertise in zero carbon development;
- creating certainty and a positive environment for interventions; and
- attracting firms to the sub region which recognise low carbon business environments as a market differentiator.

ACTION POINTS

8.1.16 **to achieve these community and business benefits, the Local Authority Leaders and Chief Executives could create new institutional and governance arrangements by:**

1. ***Establishing a political priority for employment land and premises*: where the planning and delivery of employment land and premises is a high-level corporate and partnership objective;**
2. ***Establishing a political expectation of collaboration*: recognising the employment land needs of both the City and the County's districts are inter-related and can only be planned and delivered effectively through a cultural commitment to collaboration between the local authorities;**
3. ***Establishing a political demand for performance in delivery*: prepare a joint action plan setting out baselines, targets and priorities as a local indicator in the Leicester and Leicestershire MAA to deliver a balanced supply of land:**
   - **In the right locations which reduce the need to travel and ensure necessary journeys can be made by sustainable modes of transport reducing dependency on the car;**
   - **Of the right quality to ensure investment in zero carbon development;**
   - **At the right time to provide choice for start up and small and medium enterprises, existing businesses and inward investors.**

3. The Delivery Vehicle

8.1.17 The public policy challenges of delivering housing growth, a balanced supply of employment land and premises for a low carbon economy will demand collaboration in planning, funding and delivery. Political commitment will determine the scope and extent of collaboration, including local institutional arrangements (in the form of a new Economic Development Company). The capacity of the Economic Development Company will be a key determinant of the local authorities' capacity to harness and combine the resources of the RDA, English Partnerships, utilities and private developers. These resources will in turn determine the HMA's collective capacity to delivery housing and jobs in the intervention areas and the Sustainable Urban Extensions.

8.1.18 Without prejudice, the functions of a development company, with capacity to lead the delivery of the regeneration areas and Sustainable Urban Extensions, may include:

1. Ensuring collaboration in master-planning and design standards;
2. Identifying barriers to delivery;
3. Assembling funding and pioneering innovative funding mechanisms between the public and private sectors for infrastructure investment to align homes with jobs and transport;
4. Co-ordinating action across the public and private sectors and utilities; and
5. Agreeing accountabilities and performance measures for delivery.

ACTION POINT

8.1.19 **To ensure the new Sub Regional Leadership Board and Economic Development Company are effective in their area, the Local Authority Leaders and Chief Executives could:**

1. **Ensure the Economic Development Company has the capacities needed to deliver the housing and employment targets for the regeneration areas and Sustainable Urban Extensions (see 8.1.23 to 8.1.25 below); and**
2. **Ensure the overall delivery plan incorporates a joint Employment Land Investment Strategy, Budget and Programme to co-ordinate commitments by all of the partners.**

4. The Employment Land Priorities

8.1.20 The contribution of employment land planning and delivery to the sub region's comparative competitive advantage could mostly arise from development in the intervention areas, the Sustainable Urban Extensions, the Science Parks and road-rail strategic distribution centres. This section identifies constraints and opportunities to realise competitive advantage from these property sub-markets.

a) The Intervention Areas, Leicester

8.1.21 It is estimated firms in the intervention areas will have requirements for over 26 hectares of employment land during the plan period. However these firms are being slow to relocate as land values are insufficient to fund the acquisition of alternative new premises and there are limited opportunities to take up existing premises within their areas of search.

8.1.22 This land market context may result in firms in the intervention areas making the following rational choices:

- to stay put (which locks up the regeneration process);
- to close down (with the resultant loss of business providing goods and services, and jobs); and
- to relocate (which will require additional investment).

ACTION POINT

To create opportunities for firms to relocate from the intervention areas and other employment areas in and around Leicester, early priorities for Leicester City Council and the LRC, in conjunction with *emda* and English Partnerships, will be to:

- **Allocate and bring forward employment land at Ashton Green Phases 5 or 6.**
- **Lift the user restriction on Ashton Business Park (Bursom) to enable (Leicester based) businesses to acquire plots and put their existing premises within the City onto the open market;**
- **Select and designate existing employment areas in Leicester to make them 'fit for purpose'; and**
- **Support businesses to relocate from the intervention areas into secondary property within 'fit for purpose' employment areas.**

b) Sustainable Urban Extensions

8.1.23 The design and development of the proposed Sustainable Urban Extensions will be concerned with aligning homes with jobs, services, community facilities and transport as well as delivering zero carbon development.

8.1.24 The market currently has no incentive to invest in the complex, long-term process and advance infrastructure needed to deliver Sustainable Urban Extensions.

8.1.25 This context provides the rationale for the District Councils to specify the capacities of a new development company to enable the forward planning of the design, funding and delivery of the Sustainable Urban Extensions.

ACTION POINT

The Leaders and Chief Executives need to ensure the Economic Development Company can deliver Sustainable Urban Extensions and that the delivery incorporate a programme of work to:

- **Establish the technical requirements, investment cases, funding sources and priorities for delivering zero carbon housing and employment development, encompassing design standards and construction materials, on and off site renewable generation, waste mitigation and recycling (including waste to energy and distribution), water cycle strategies, low and zero carbon design and construction standards: and**
- **Assess and specify low / zero carbon Transport Innovation Fund measures including, for example, the provision of sustainable modes of transport, most notably quality bus routes and the reopening of the Leicester to Burton railway (which could provide access to potential SUEs at Blaby and Coalville).**

Charnwood Borough Council and the relevant institution to consider bringing forward a Sustainable Urban Extension in South Charnwood as a demonstrator zero carbon development and, if necessary, acquiring servicing and making available a strategic employment land allocation as a means of unlocking the employment land market in the Leicester area.

An important finding would concern the merits or otherwise of planning for one or more employment areas in the proposed Sustainable Urban Extensions elsewhere in the HMA.

Science Parks and Knowledge-Based Economy

8.1.26 The realisation of the policy aspiration for an innovative and creative economy will lead to the implementation of development proposals at Loughborough Science and Enterprise Park and Leicester Science Park.

8.1.27 At Loughborough, the University's selective management of the site is concerned to release land to firms which will complement its research interests. This site is of regional significance and has the potential to attract a high added-value international inward investor. Accordingly, priority should be given to making phases 2 and 3 of the site investment-ready.

8.1.28 In Leicester, the City Council's objectives are to provide for move-on accommodation for firms in incubators and for the attraction of larger technology-based businesses. This marks a significant step in building the necessary support infrastructure for the knowledge-based economy. This follows the commitment of the three Universities to transfer and commercialise their knowledge but further investment is needed to create the cultural and business support environment for spin outs, high technology start ups and high growth companies.

ACTION POINTS

Loughborough University to work with prospective development partners and *emda* to establish an investment-ready site for a high added-value inward investor at Loughborough Science Park Phases 2 and 3.

The LSEP (subsequently the Leadership Board and Economic Development Company) and the three Universities to explore how HEFCE HEIF 4 grant funding can be used to:

- **Commercialise near to market technologies and accelerate the growth of knowledge-based spin-outs, start-ups and high growth companies;**
- **'Thicken' networks for the generation, transfer and commercialisation of knowledge and parallel networks for investors to assess and spread risk.**

Strategic Road-Rail Based Distribution

8.1.29 The East Midlands Strategic Distribution Study (reviewed at sections 2.3.67-2.3.79) identified criteria for commercially attractive road-rail strategic distribution centres. Against these criteria, which include a need for 50 hectares of development land, the study identified a shortage of rail-linked sites in the region. It found that North and South Leicestershire could provide two of the three best sub-regions for road-rail sites following gauge/capacity enhancements to the Nuneaton-Leicester-Peterborough line.

8.1.30 Under Policy 21: Strategic Distribution of the Secretary of State's Proposed Changes to the RSS (reviewed at sections 2.3.49-2.3.50), Local Authorities, *emda*, sub-regional strategic partnerships, the Highways Agency and Network Rail should work together with private sector partners to bring forward sites for strategic distribution use in the region. The identified broad locations include the Leicester and Leicestershire HMA.

ACTION POINTS

To promote a shift towards more sustainable distribution in this context, emra and *emda* need to establish a regional framework for identifying preferred locations for the future provision of road-rail strategic distribution centres. In the light of the East Midlands Strategic Distribution Study North West Leicestershire District Council will be able to:

- **Identify potential sites for road-rail strategic distribution centres; and**
- **Collaborate with *emda* for the assessment of those sites which meet the criteria set out in Policy 21 of the RSS.**

Workshops, Serviced Offices, Incubators, Move-on Space and Sites for Waste Management and Bad Neighbour Industries

8.1.31 Local authorities have long understood the important role of small firms to the economy and market failure to meet these firms' accommodation requirements.

8.1.32 In response to the run down of the coal industry, local authorities in the sub region acquired and converted properties into small units and acquired and serviced land for sale in small freehold plots. However, in recent years the legacy property portfolios have become sources of revenue funding and the Local Authority developer role has been lost. However, market failures remain in the provision of workshops and serviced offices, for start-ups, micro firms, high technology incubators, as well as sites for waste management and bad neighbour industries.

8.1.33 A further source of market failure is the lack of serviced land available for firms seeking to develop their own freehold properties.

ACTION POINTS

The Leadership Board / Economic Development Company, in partnership with *emda*, to address market failure in the provision of workshops, serviced offices, incubators, move-on space, freehold plots and waste recycling facilities, priorities will be to:

- **Commission a study to identify market gaps, establish priorities for investment and identify the interventions needed and potential sources of funding;**
- **Re-establish the local authority developer role with a view to using resources within commercial property accounts to lever in grant and private sector capital to deliver priority schemes.**

5. Employment Land Planning

8.1.34 Under Policy 20 of the Secretary of State's proposed changes to the RSS, Local Authorities, *emda* and the sub-regional strategic partnerships are required to work together in HMA groupings to undertake and keep up to date Employment Land Reviews to inform the allocations in a range of sites at sustainable locations.

8.1.35 This policy is complemented with a further comment concerning the need for housing provision to be planned in a co-ordinated way rather than as an amalgam of individual District Plans. There is an expectation therefore, of joint plans, either as formal joint Core Strategies, or at the very least closely aligned strategies.

8.1.36 Given the recommendations to allocate employment land alongside housing, it makes sense for the Local Planning Authorities to plan, monitor and manage together the future supply and delivery of both housing and employment land within the HMA and from this template closely align their district by district Core Strategies and DPDs.

8.1.37 The main mechanism for reviewing the relevance of DPDs and identifying the changes necessary will be the Annual Monitoring Report.

8.1.38 It is anticipated future reviews of the LDFs including Site Allocations DPDs will be concerned with maintaining a development pipeline needed for the effective functioning of the land market within all property sub markets in all parts of the sub region throughout and beyond the plan period.

ACTION POINTS

The Leadership Board / Economic Development Company to keep up to date the Employment Land Review and manage the development pipeline. The key moments of change will be informed by:

a) Employment Land Studies

- ***emda*’s proposed stock taking of the range of studies undertaken across the region; and**
- **Action by the local planning authorities to identify from studies, sites for either safeguarding or release from the development pipeline and sites for assessment for potential allocation (for consultation in Issues and Options and inclusion in Allocations DPDs).**

b) Core Strategies and DPDs

Actions for the Local Planning Authorities are to:

- **Plan for the provision of an adequate supply of employment land required across the HMA to 2026 and beyond by adopting the quantity and type of employment land identified in the table below;**
- **Use the report’s site assessment frameworks and LDF consultation processes to identify directions of growth in submission Core Strategies and sites in Allocations DPDs in the context of the RSS policy to concentrate development within the PUA;**
- **Identify priorities for the preparation of Area Action Plans and master plans for strategic employment allocations (for the New Business Quarter, allocations of 20-50 hectares in the Sustainable Urban Extensions and an allocation of up to 50 hectares for road rail based distribution centres; and**
- **Adopt a joint approach to the preparation of investment frameworks, setting out infrastructure requirements, delivery mechanisms and responsibilities and timescales for phasing and coordinating implementation.**

Table 8.1 Recommended allocations of previously undeveloped employment land to 2026

	Offices	Light industrial and small warehousing	Strategic warehousing
PUA	**46,000 sq m**	**100 ha**	**0**
Leicester City	60,000 sq m	9.3 ha	0
Charnwood			
North SUEs	← 20 ha →		0
South SUEs	0	50 ha	0
Blaby			
Blaby SUEs	0	24 ha	0
Oadby & Wigston	5,800 sq m	0	0
PUA total	65,800 sq m	103.3 ha	0
Rest of Leicestershire			
NW Leicestershire			
Coalville SUEs	← 20-25 ha →		0
Rail-linked	0	0	50 ha
Hinckley & Bosworth			
	6 ha (34,000 sq m)	13.3 ha	0
SUEs	← 20-25 ha →		0
Harborough	← 5 ha →		0
Melton	2 ha (500 sq m)	11 ha	0
Total	**Min 100,300 sq m**	**Max 182.6 ha**	**50 ha**

-NB. May not sum due to rounding.
Harborough potential additional requirement subject to monitoring
Source: Experian; PACEC

c) Annual Monitoring Reports

Local Planning Authorities to analyse monitoring data in order to identify emerging trends and issues concerning market demand and failure and any emerging shortages within property sub markets and areas.

d) Review of LDFs

Local Planning Authorities to maintain a balanced portfolio of employment land by addressing any emerging shortages within property sub markets and areas through reviews of their LDFs, including Site Allocations DPDs.

8.2 Monitoring

8.2.1 The Government's guidance notes that monitoring involves both keeping track of the outcomes of policy and development control decisions and a broader system of watching and analysing local demographic and economic conditions. There is now a formal requirement for LDF authorities to publish and Annual Monitoring Report as 'the main mechanism for reviewing the relevance of local development documents and identifying any changes necessary.' (ODPM, 2004: 74).

Local Development Framework Core Output and National Indicators

8.2.2 To inform the preparation of the Annual Monitoring Report, the Government has published a set of 'Local Development Frameworks Core Output Indicators'. For business development the indicators are:

1a) Amount of floorspace developed for employment by type.

- Employment is defined by Use Classes Order B1 a, b, c, B2 and B8. Amounts should be defined in terms of completed gross internal floorspace (sq.m.); and
- Gross internal floorspace is the entire area inside the external walls of a building and includes corridors, lifts, plant rooms, service accommodation e.g. toilets, but excludes internal walls. The difference between gross external area and gross internal floorspace is typically between 2.5% and 5%.

1b) Amount of floorspace developed for employment by type, in employment or regeneration areas.

- Measuring the amount of completed gross internal floorspace (sq.m.) for B1a, b, c, B2 and B8 within employment or regeneration areas defined and allocated in the Local Development Framework.

1c) Amount of floorspace by employment type, which is on previously developed land.

- The amount and percentage of completed gross internal floorspace (sq.m.) of B1a, b, c and B2 and B8 upon previously developed land (as defined in Annex C of PPG3, March 2003).

1d) Employment land available by type.

- Land (in hectares) which is available for employment use, being defined as i) sites defined and allocated in the Local Development Framework, and ii) sites for which planning permission has been granted forB1a, b,c, B2 and B8.

1e) Losses of employment land in i) employment/ regeneration areas and ii) local authority area

- The amount of land (in hectares) which was available for employment (B1a, b, c, B2 and B8) in the previous monitoring year (1d) but has been lost to completed non-employment uses in the current monitoring year.

1f) Amount of employment land lost to residential development

- Where land is lost to development identified in 1e), the amount which has been lost to completed residential development (C3).

8.2.3 In a new performance framework for local authorities and local authority partnerships, the Government has produced a single set of 198 national indicators. Of these indicators two are of relevance to employment land planning:

> N170 Previously developed land that has been vacant or derelict for more than five years.
>
> N176 Working age people with access to employment by public transport and other specified modes.

Policy Review

8.2.4 The Government's Guidance notes that LDF authorities should review and present a full update of its employment land review whenever a formal review of the relevant part of the LDF is undertaken.

8.2.5 The Government's 'Review of Sub-National Economic Development and Regeneration' announced in July 2007 gave Regional Development Agencies a new strategic role from April 2010 to develop a single strategy coordinating jobs, economic growth, housing, planning and environmental objectives. In addition, local authorities will assume greater responsibilities for economic development including the economic assessment duty. The regional assemblies will cease to operate in their current form.

Leicester and Leicestershire
HMA Employment Land Study

A report prepared by

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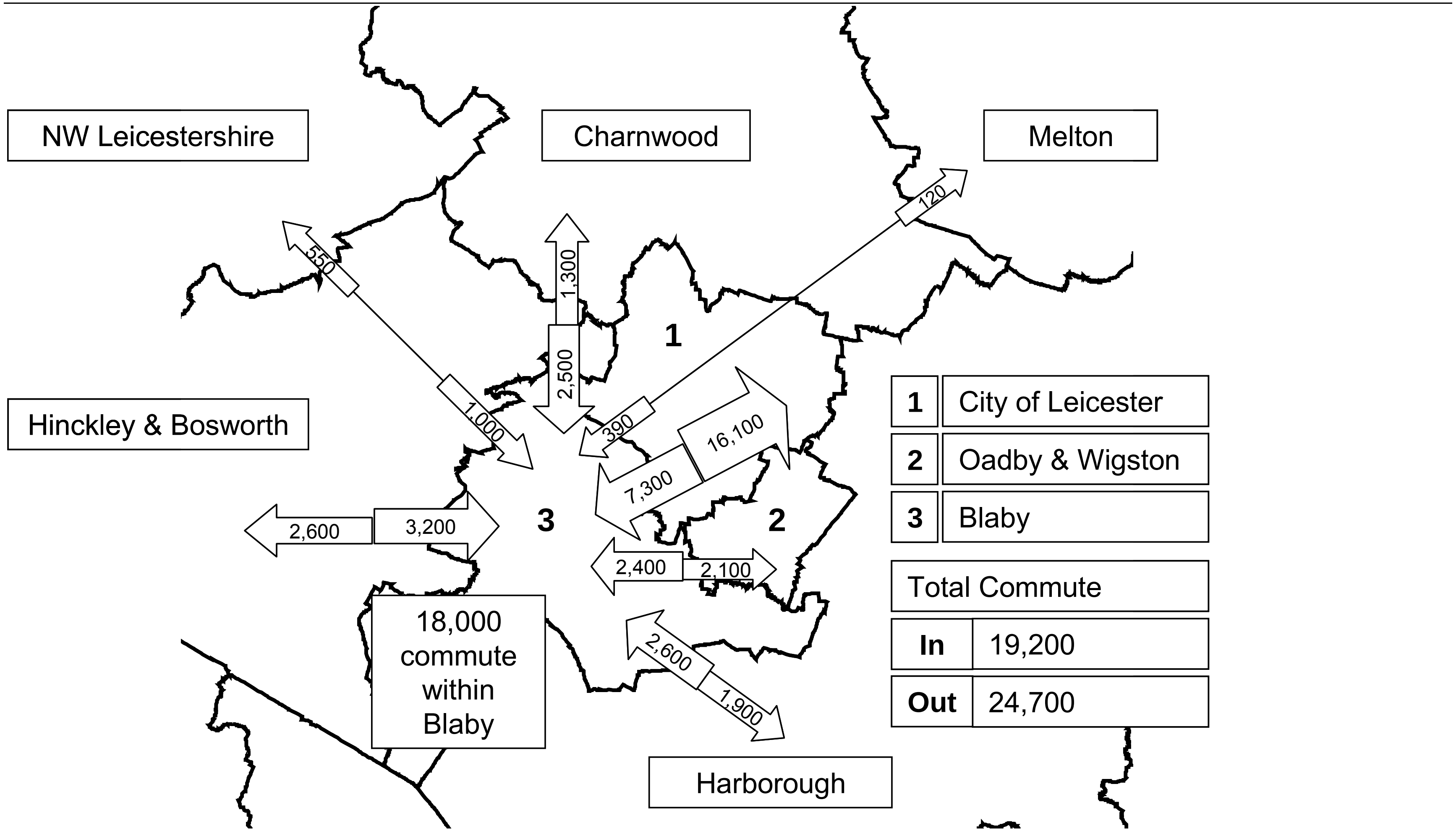
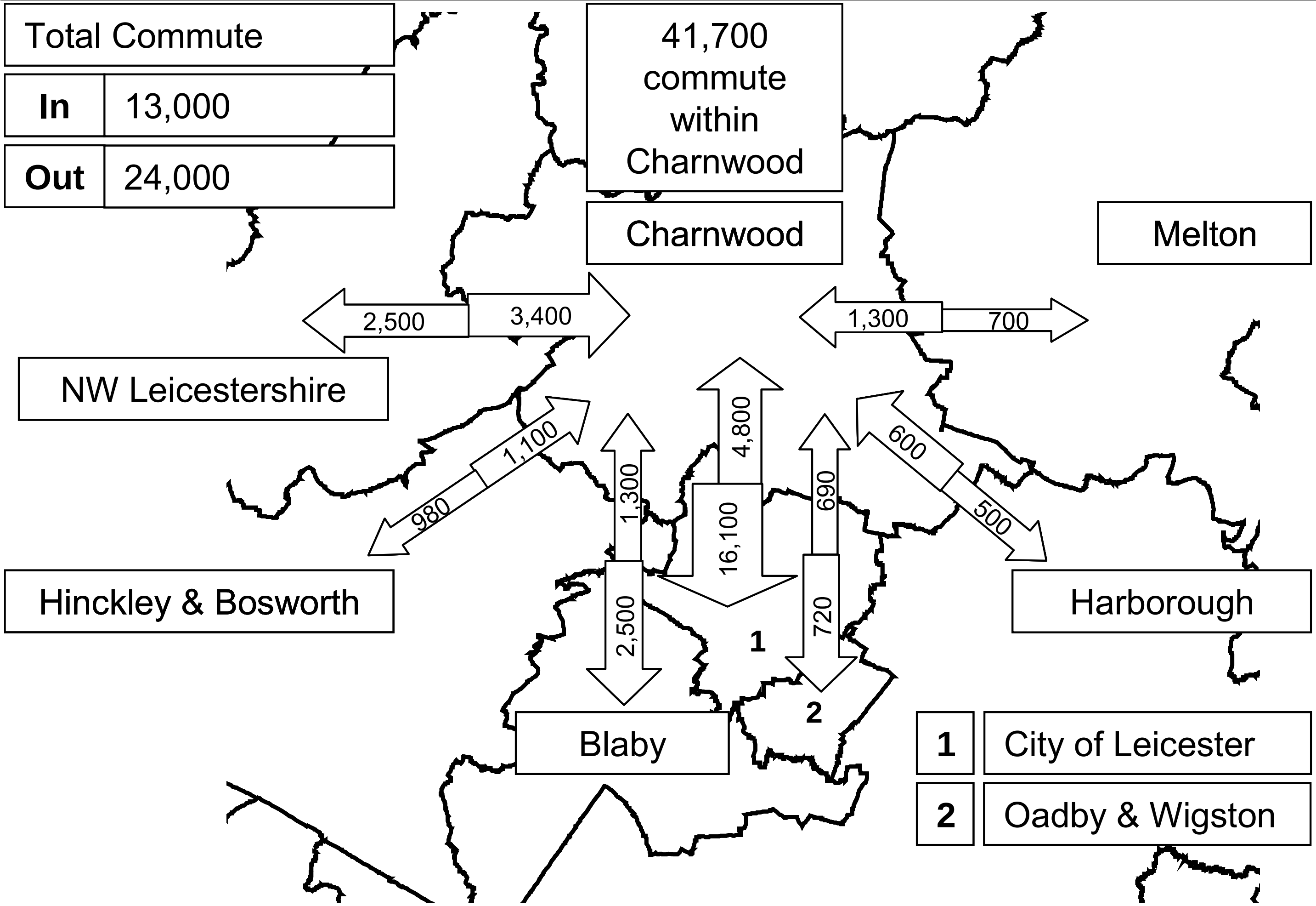
Appendix A Commuting Flows

Figure A1.1 Blaby Commuter Flow



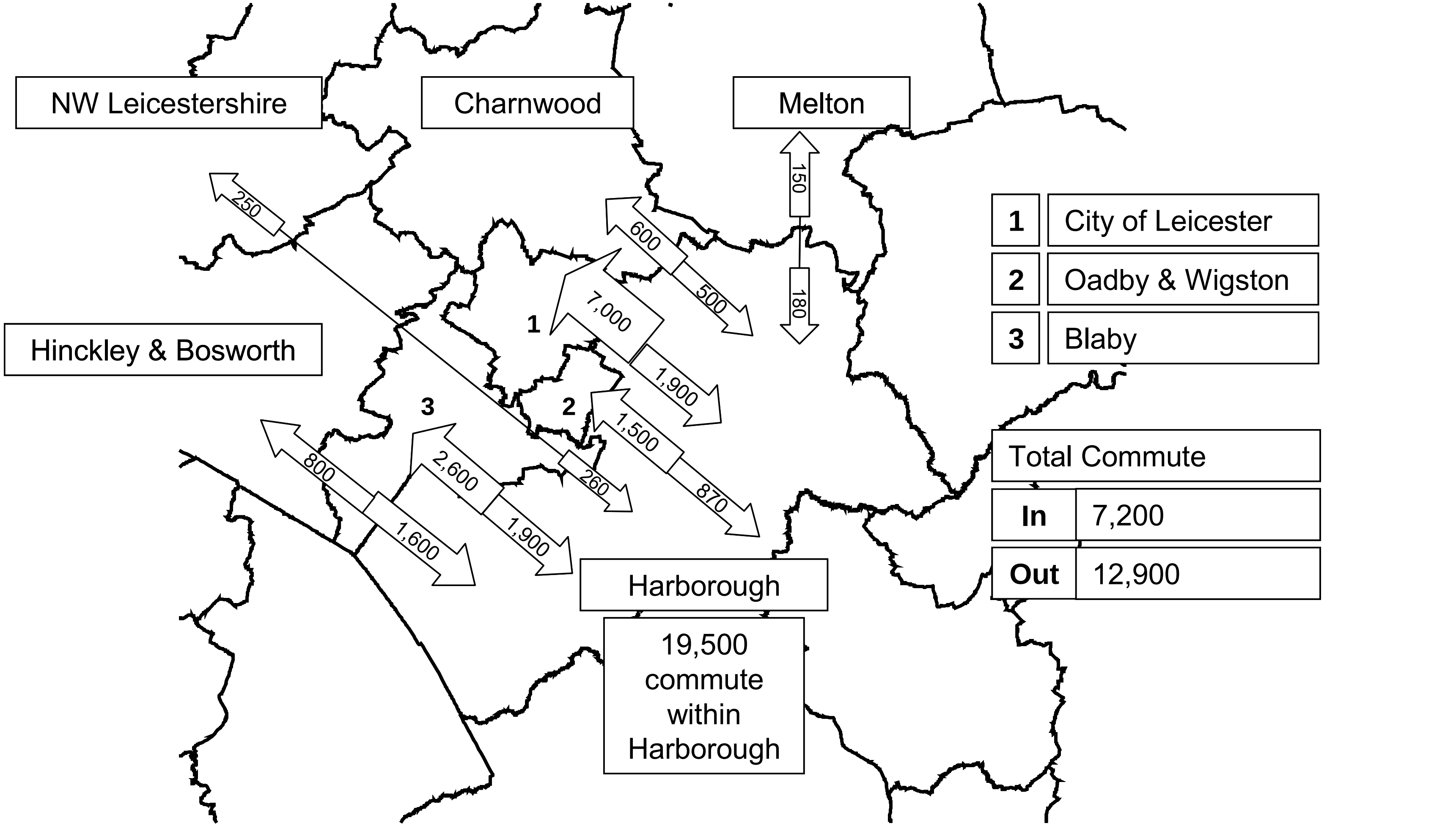
Source: Census 2001

Figure A1.2 Charnwood Commuter Flow



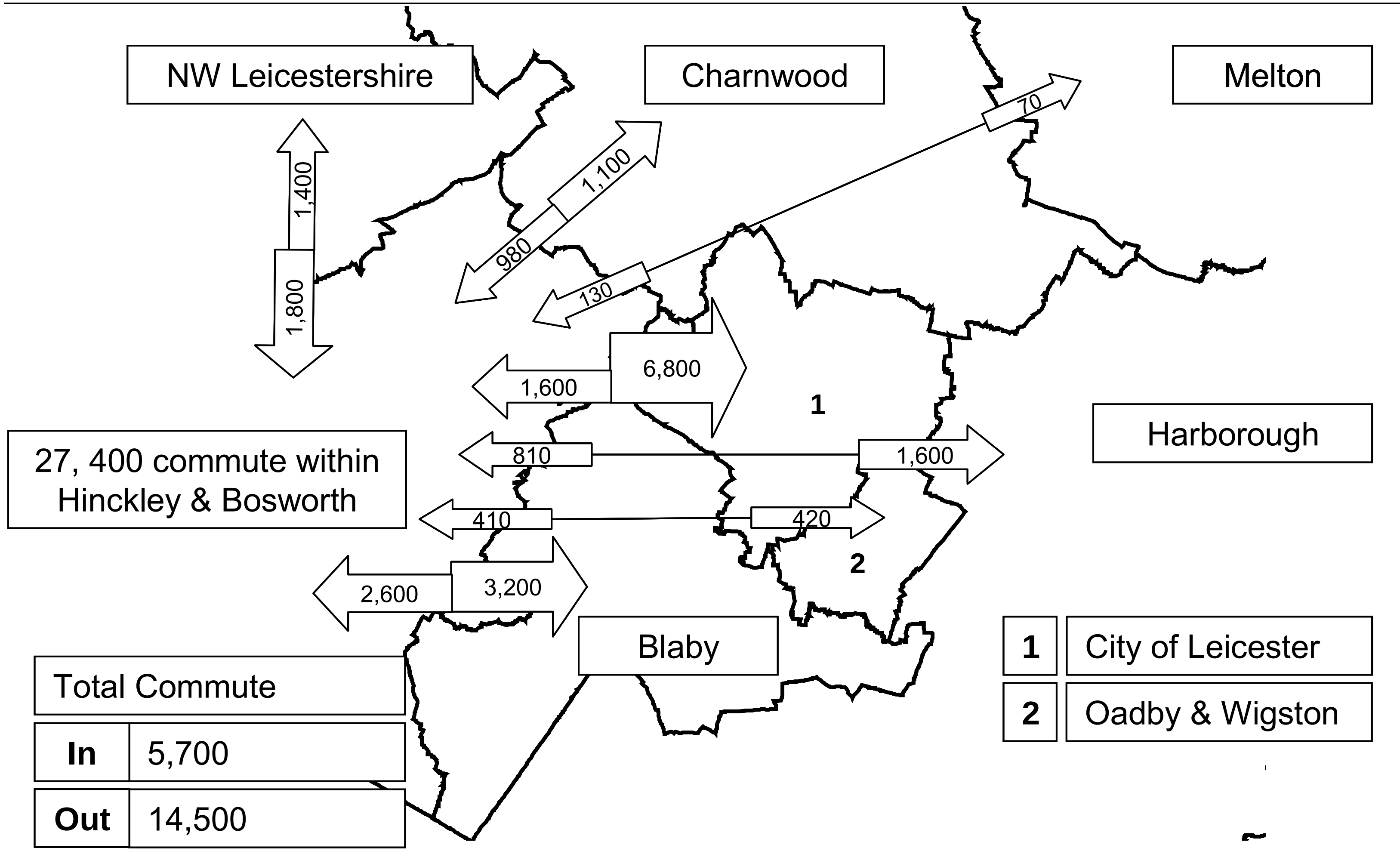
Source: Census 2001

Figure A1.3 Harborough Commuter Flow



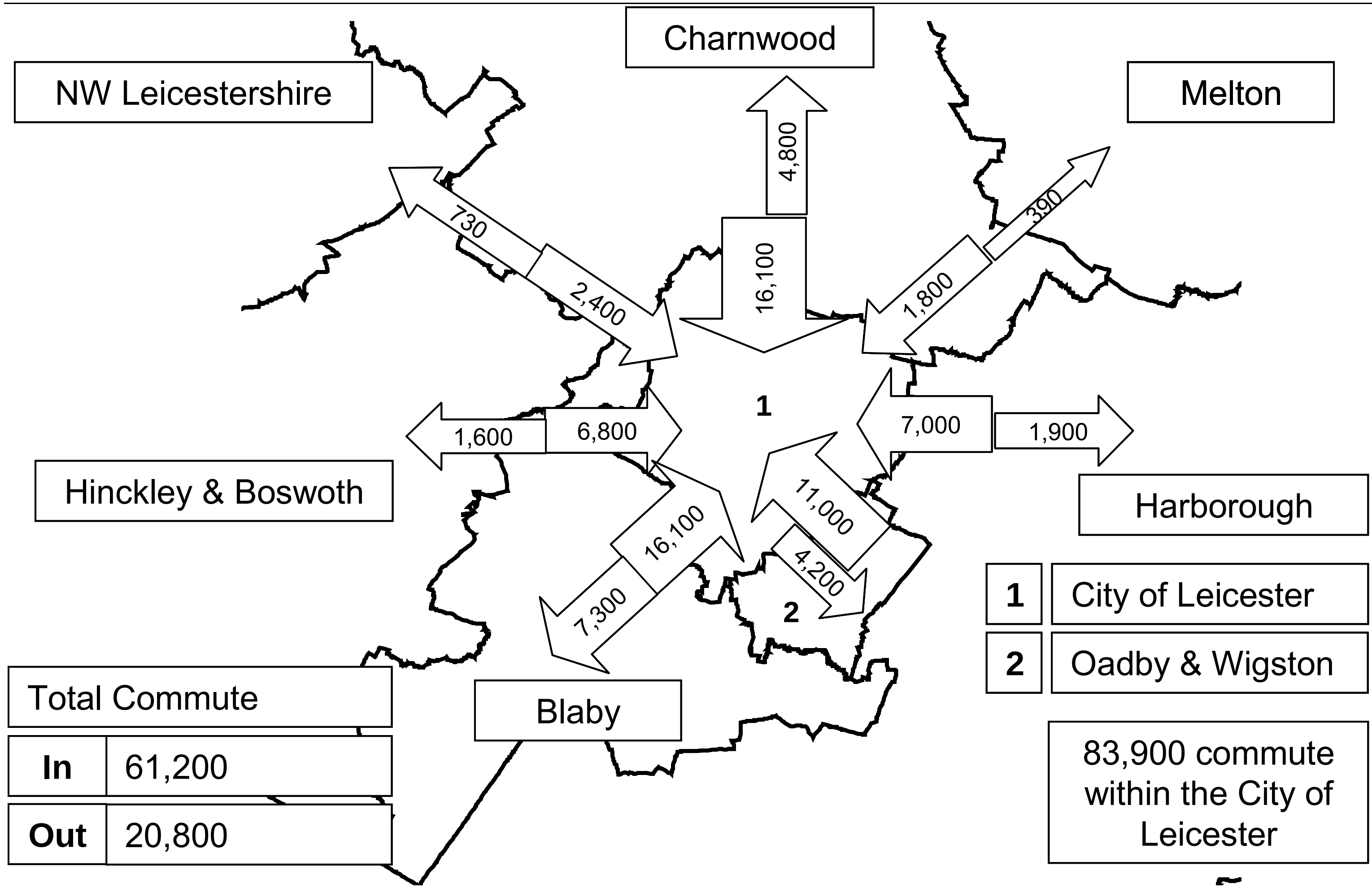
Source: Census 2001

Figure A1.4 Hinckley and Bosworth Commuter Flow



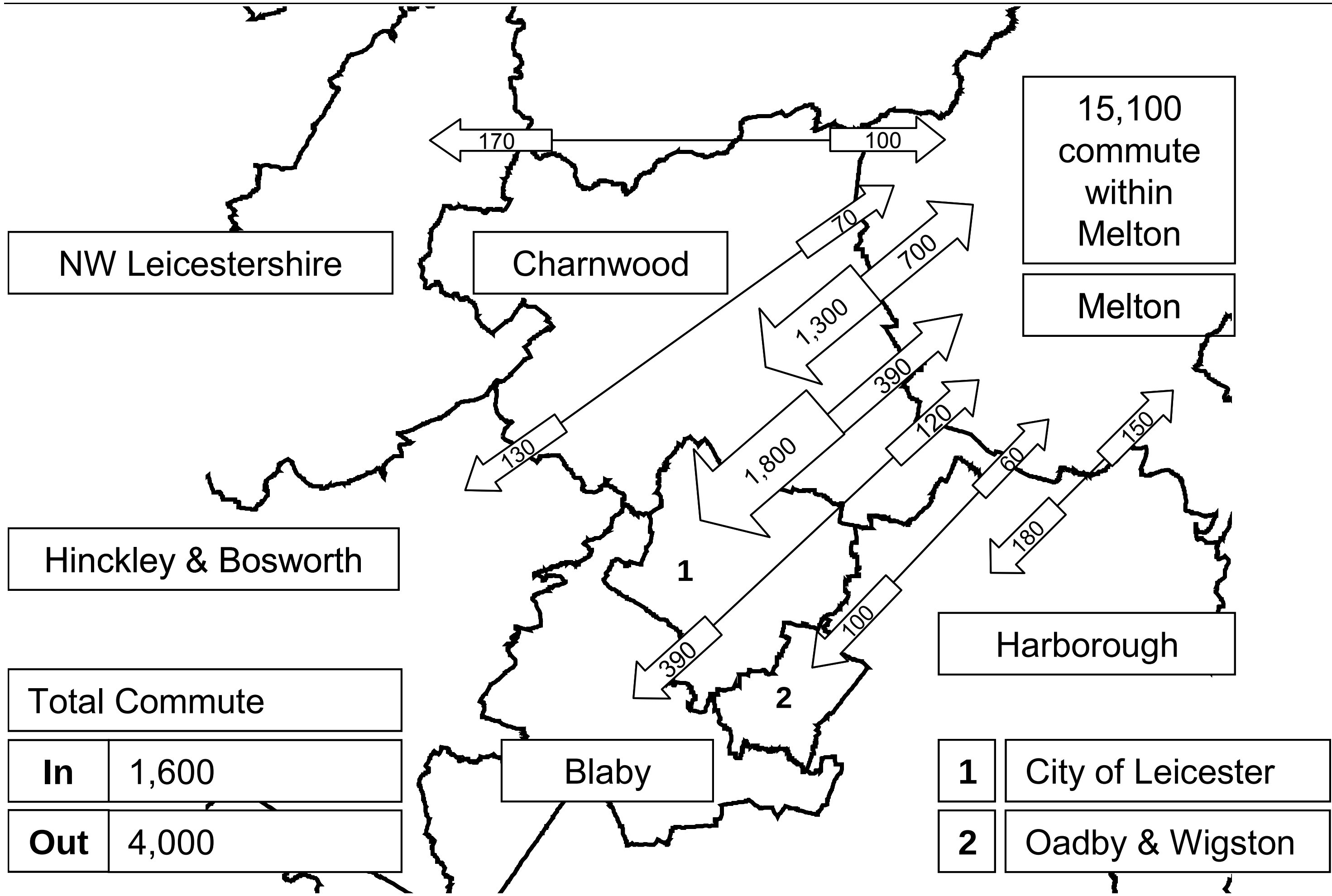
Source: Census 2001

Figure A1.5 Leicester Commuter Flow



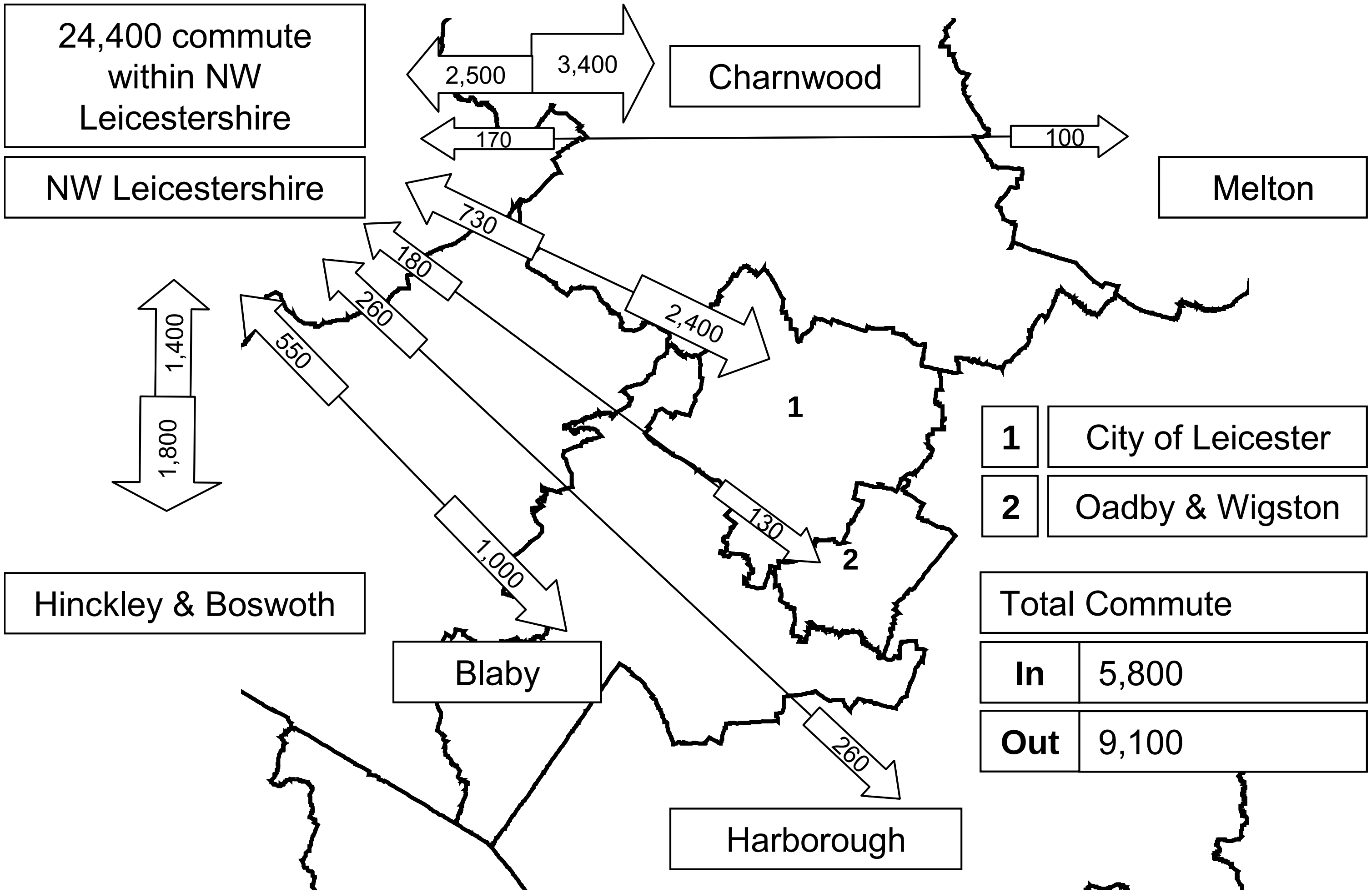
Source: Census 2001

Figure A1.6 Melton Commuter Flow



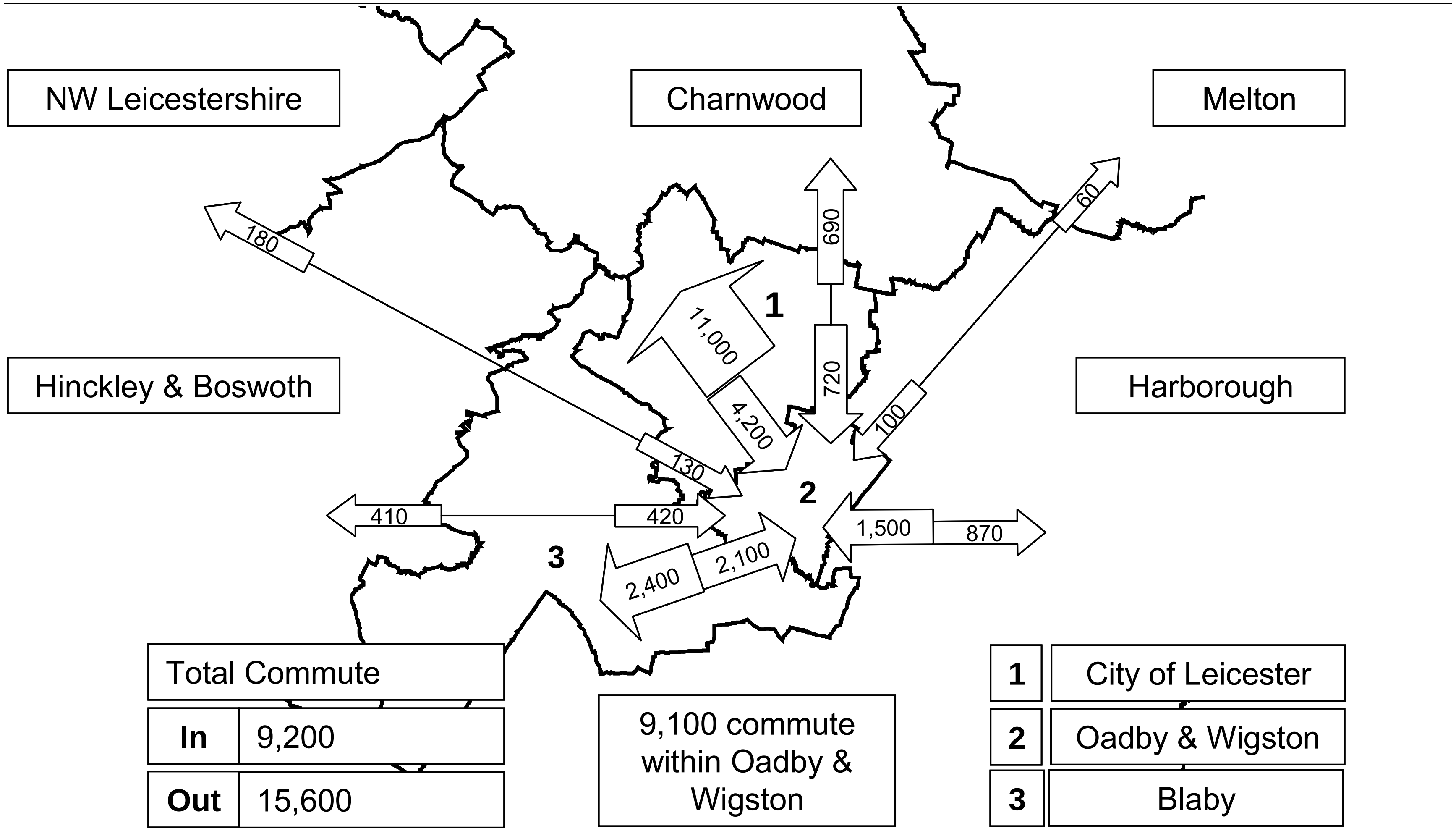
Source: Census 2001

Figure A1.7 North West Leicestershire Commuter Flow



Source: Census 2001

Figure A1.8 Oadby and Wigston Commuter Flow



Source: Census 2001

Appendix B Employment Sector Definitions

OFFICES:	SIC
• Printing & publishing	22
• Banking & finance	65
• Insurance	66
• Broking & fund management	67.1
• Aux. Insurance & pension	67.2
• Property development & letting	70.1,2
• Real estate: fee/contact	70.3
• Computer	72
• Research & development	73
• Legal	74.11
• Accounting	74.12
• Market research	74.13,14
• Holding companies	74.15
• Architecture & engineering	74.2,3
• Advertising	74.4
• Recruitment, security & business support	74.5,6,8
• Membership organisations	91
INDUSTRIAL:	
• Manufacture (bar printing and publishing)	15-37 (bar 22)
• Construction	45
• Motor vehicle repair	50.2
• Waste treatment	90
WAREHOUSING:	
• Wholesale	51
• Warehouse & freight forward	63(bar .3)
• National post	64.11
• Courier	64.12
• Renting: construction equipment	71.32
• Renting: non construction eqpt	71(bar.32)
• Taxi, freight & pipeline (part)	60.2,3

Appendix C Floorspace Definitions

C1 ODPM Floorspace Definitions up to 2004

Table B.4: Main primary descriptions located in the bulk classes

Retail premises		Offices		Factories		Warehouses	
Code	**Primary description**	**Code**	**Primary description**	**Code**	**Primary description**	**Code**	**Primary description**
CG3	Car showroom	CO	Office	CG1	Vehicle repair	CG4	Road Haulage
				CG2	Garage		
CL1	Wine bar	CO1	Computer centre	CG3	Car showroom	CW	Warehouse
CL2	Club (social)			CG4	Road haulage	CW2	Storage depot
		MH	Surgery			CW3	Store
CR	Restaurant	MH1	Health centre				
CR1	Café			IF	Factory		
CR2	Food court	ML	Office (local govt)	IF1	Mill		
				IF2	Works		
CS	Shop	MP	Police station	IF3	Workshop		
CS1	Bank			IF4	Business Unit		
CS2	Betting shop						
CS3	Hairdressing			MS1	Fire station		
CS4	Kiosk			MS2	Ambulance station		
CS5	Laundrette						
CS6	Post office						
CS7	Showroom						
CS8	Hypermarket						
CS9	Superstore						
CS10	Retail warehouse						
LT1	Amusement arcade						

C2 ODPM Floorspace Definition 2005 onwards

Table A.2: Bulk and non-bulk hereditaments: England and Wales, 1st April 2005

Bulk class	Description	Special category codes	Primary descriptions	Building use type
Retail premises	Premises that provide 'off-street' goods and services to the public. They include supermarkets, corner shops, local post offices, restaurant, cafes, launderettes and many others. Public houses and hotels are classed as non-bulk.	Shops	Shop	Shop – standard unit
		Shops	Shop	Shop – not elsewhere specified
		Shops	Shop	Shop – corner shop/small units non-retail area
		Hairdressing/Beauty Salons	Hairdressing Salon	Shop – standard unit
		Restaurants	Restaurant	Shop – standard unit
Offices	These include purpose-built office buildings, offices over shops, light storage facilities and light industrial activities. Larger banks, building societies and post offices containing substantial office space may be included in this class, rather than in the retail bulk class.	Offices (including computer centres)	Offices	Offices – purpose built
		Offices (including computer centres)	Offices	Offices – converted from residential
		Offices (including computer centres)	Offices	Offices – converted from other commercial
		Offices (including computer centres)	Offices	Offices – over shops
		Offices (including computer centres)	Offices	Offices – converted from factory/workshop
Factories	These range from small workshops to very large manufacturing units. Some industrial hereditaments where the rateable value is not primarily derived from floorspace (for example iron and steel plants) are classed as non-bulk.	Factories, workshops and warehouses (inc bakeries and dairies)	Workshops	Factory/workshop – purpose built
		Factories, workshops and warehouses (inc bakeries and dairies)	Workshops	Factory/workshop – converted
		Factories, workshops and warehouses (inc bakeries and dairies)	Factory	Factory/workshop – purpose built
		Vehicle repair workshops and garages	Vehicle Repair Workshop	Factory/workshop – purpose built
		Factories, workshops and warehouses (inc bakeries and dairies)	Workshops	Factory/workshop – not elsewhere specified
Warehouses	These range from small storage units and depots to very large distribution warehouses. It also now includes virtually all car showrooms.	Factories, workshops and warehouses (inc bakeries and dairies)	Warehouse	Warehouse/store – purpose built
		Stores	Store	Warehouse/store – land used for storage
		Factories, workshops and warehouses (inc bakeries and dairies)	Warehouse	Warehouse/store – converted
		Factories, workshops and warehouses (inc bakeries and dairies)	Warehouse	Factory/workshop – purpose built
		Car showrooms	Car Showroom	–

continued

Table A.2: Bulk and non-bulk hereditaments: England and Wales, 1st April 2005 (*cont'd*)

Other bulk premises	A new classification for 2005 that includes mainly 'community' type establishments such as community centres, village halls and social clubs. Building use types are generally not available for this bulk class.	Village halls, scout huts, cadet huts etc	Hall	–
		Clubs and institutions	Social Club	–
		Community day centres	Community Centre	–
		Day nurseries/play schools	Day nursery	–
		Clubhouses	Clubhouse	–
Non-bulk	The non-bulk group includes all hereditaments that would not appear in the other bulk class groups above. This would include premises such as car parks, sport and leisure facilities, public houses and public facilities such as schools, hospitals, museums and libraries. Building use types are generally not available for non-bulk hereditaments.	Public houses/pub restaurants	Public House	–
		Advertising rights/stations	Advertising Right	–
		Car spaces	Car Parking Space	–
		Local authority schools	School	–
		Holiday homes self catering	Self-catering Unit	–

Source: ODPM (2006): Commercial and Industrial Floorspace and Rateable Value Statistics, 2005 (2005 revaluation

Appendix D Outstanding Planning Permissions and Allocations, March 2007

Table D1.1 Leicester City's outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/ Windfall
Gipsy Lane, Brickworks, Victoria Road East		2.1		A
Abbey Meadows Science and Technology Park Phases 1 and 2	44,000 (SP)			P
Gipsy Lane Brickworks, Victoria Road East		3.0		P
Mountain, Road/Barkbythorpe Road, Troon Industrial Area		2.1		A
Syston Street East, Humberstone Sidings		1.3		A
Lewisher Road		2.4		P
Trevanth Road, unit 1		Small		P
Ashton Business Park (Bursom), Hoods Close		2.1		A
Barkby Road		1.4		A
Uxbridge Road, Land to the south		1.2		A
Harrington Street & Ulverscroft Road		0.6		A
Nedham Street, Lesta Packaging plc		0.5		P
Sanvey Gate (adj.Joiners Arms PH)		0.4		A
Langham Road		0.4		A
Waterside Road, Hamilton Industrial Park		0.4		A
Gorse Hill, Boston Road, Gorse Hill Industrial Estate Part Plot 4		0.3		A
Conduit Street, Fara estates	760			P
Langham Road		0.2		P
Humberstone Road, Nedham Street		0.2		P
Sanvey Gate, Adjacent 25 Pasture lane		0.1		A
Fairway Business Park		6.0		W
NBQ Phase 1	47,200			P
Total	*91,960*	*24.7*	*0.0*	

Source: Leicester City Council, PACEC

Table D1.2 Blaby's outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/ Windfall
Grove Business & Distribution Park, Enderby; Woodlands, Phase 2, Plot 1; Barnsdale Way/Thorpe Way	16,700			P
Quarry Lane, Enderby		3.6		A
Carlton Park, Narborough	35,480			P
Kirby Park Farm, Ratby Lane, Kirby Muxloe	9,520			P
Warrens Industrial Estate, Mill Hill Industrial Estate, Enderby		0.6		A
Land adjacent Couture Marketing, Station Road, Stoney Stanton		0.7		P
Highfields Enterprise Zone, Stoney Stanton		0.1		A
Whetstone Pastures Farm, Whetstone		0.5		P
Feldspar Close, Plot E unit 2, Warrens Industrial Area		0.5		P
Total	*61,700*	*6.0*	*0.0*	

Source: Blaby District Council, PACEC

Table D1.3 Charnwood's outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/ Windfall
Burder Street Regeneration, Loughborough		0.9		P
Science Park, Ashby Road, Loughborough	43,000 (SP)			P
Pontylure Farm (Watermead Business Park), Syston	21,600			P
Harrowgate Drive (Hallamfields), Birstall		6.0		P
251 Loughborough Road (Granite Way), Mountsorrel		1.2		P
North Road, Loughborough		0.5		P
Land at Dishley Grange, Hathern	3,700	19.1		A
The Warren, East Goscote		4.8		P
Loughborough Industrial Park, Weldon Road, Loughborough		3.4		P
Rothley Lodge		5.9		P
Total	*68,300*	*41.8*	*0.0*	

Source: Charnwood Borough Council, PACEC

Table D1.4 Oadby & Wigston outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/ Windfall
Wigston Railway Triangle		3.1		A
Sports field off Tiger's Road, South Wigston		0.8		P
Land West of Magna Road, Magna Industrial Estate		0.6		A
Total	*0.0*	*4.5*	*0.0*	

Source: Oadby & Wigston Borough Council, PACEC

Table D1.5 Harborough's outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/. Windfall
Land at Sutton Farm, Leicester Road		0.3		P
Bruntingthorpe Industrial Estate		0.1		P
Land off Marlborough Drive, Fleckney		0.7		P
Land at Gate House Lane, Great Easton		1.0		P
Hope Farm, Main Street, Hungarton		0.4		P
Station Road, Husbands Bosworth		2.6		P
Sibertoft Road, Husbands Bosworth		0.3		P
Rear Site, Central Park, Leicester Street, Lutterworth	5,060			P
South of Coventry Road (Leaders Farm), Lutterworth	13,200			A
West of Northampton Road, Market Harborough		1.8		A
Former Tungstone Batteries Ltd, Lathkill Street, Market Harborough	5,840			P
Nursery Site, Riverside, Market Harborough		2.0		P
Riverside, Market Harborough		0.5		P
Airfield Farm, Leicester Road, Market Harborough	8,400	3.3	1.1	P
Kettering Road/ Rockingham Road, Market Harborough		0.3		P
East of Rockingham Road, Market Harborough ("Peaker Park")		4.9		P
East of Northampton Road, Market Harborough	34,818			
Bowden Business Village	172			
Railway Goods Yard, Rockingham Road		2.8		
Stanford Hall, Stanford Park		0.1		
Total	*67,490*	*21.1*	*1.1*	

Source: Harborough District Council, PACEC

Table D1.6 H&B's outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/ Windfall
MIRA, Higham on the Hill		9.0		A
Land North of Coventry Road, Hinckley		4.7		P
Rear of Sketchley Works, Rugby Road, Hinckley		3.9		A
A5 Watling Street, Nutts Lane, Hinckley		2.3		P
Interlink Distribution Park, Stanton near Bardon			1.2	A
Rear Jarvis, Coventry Road, Hinckley		3.7		P
Wheatfield Way, Hinckley Fields Industrial Estate		0.3		P
Stephenson Road, Harrowbrook Industrial Estate, Hinckley		0.3		A
Barwell Business Centre, Barwell		0.4		P
Unit B, Warwick Buildings, Rossendale Road		0.1		P
Nailstone Colliery			20.0	W
Total	*0.0*	*24.8*	*21.2*	

Source: Hinckley & Bosworth Borough Council, PACEC

Table D1.7 Melton's outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/ Windfall
Asfordby Business Park, Asfordby		16.0		A
Normanton Lane, Bottesford		0.7		A
Charlotte Street, Melton Mowbray		0.2		A
John O Gaunt Industrial Estate, Somerby		0.4		P
Holwell Works, Asfordby Hill		15.0		A
Pedigree Petfoods Ltd, Mill Road, Melton Mowbray		0.1		A
Leicester Road	8,920			W
Total	*8,920*	*32.4*	*0.0*	

Source: Melton Borough Council, PACEC

Table D1.8 NW Leicestershire's outstanding planning permissions and allocations, March 2007

Site	Offices/ Science Park	Open/Industrial	Strategic Warehousing	Permission/ Allocation/ Windfall
Ashby Business Park	12,760	3.9		P
Pegasus Business Park, East Midlands Airport	58,440			P
Willow Farm, Castle Donington	17,480			P
Extension to Westminster Estate, Measham		11.8		A
Site off Long Lane, Kegworth		1.1		A
Forest Business Park (also known as Bardon Lodge), Coalville		2.7		P
Whitwick Business Park		1.0		P
Stephenson Industrial Estate		2.7		P&A (different plots)
Langham Park, Castle Donington		1.7		P
Ivanhoe Business Park, Ashby	5,388	3.3	4.0	P&A (different plots)
Land at Swain Park, Albert Village		5.0		P&A (different plots)
East Midlands Distribution Centre (Previously Castle Donnington Power Station Site)			38.5	P
Interlink (also known as Battleflat)			14.0	P
Flagstaff 42		0.7		P
South of Tournament Way		0.5		P
Hilltop, Bardon		4.1		A
Bardon Hall, Coalville		0.8		P
Off Vulcan Way, Coalville		0.3		P
Off Citrus Grove, Kegworth		6.1		P
Spring Cottage/Former Rawdon Colliery, Moira		1.0		P
Moira Road, Woodville Woodlands		4.8		P
Stardust, Bardon	5,574			W
Total	*99,642*	*51.4*	*56.5*	

Source: North West Leicestershire District Council, PACEC

Appendix E Site Assessment of Employment Areas which remain Wholly or Partly Undeveloped

Market Attractiveness Factors					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Defines ownership issues	Site owned landowner(s) who are unwilling to either sell or develop or subject to ransom strips	Site subject to long term site assembly problem	Some land ownership issues but subject to negotiation by willing parties	Single owner with minor legal issues, for example unsigned S 106 agreement	Public or private owners with developer committed to early development
Defines on site constraints	Severe land contamination and or ground stability issues	Problematic land contamination and or ground stability issues	Some land remediation required	Minor land remediation required	No land remediation required
Defines utility infrastructure constraints: Water, sewage, drainage, electricity, gas and broadband	Site subject to development embargo due to costs of increasing capacity	Substantial off and on site infrastructure improvements required	Some infrastructure improvements required	Capacity constraints defined, costed and affordable	No constraints on capacity
Defines highway infrastructure constraints	Capacity constraints on site access, subject to Transport Assessment	Substantial off site highway capacity improvements required	Some additional highway improvement works required	Usual site access and service road(s) required	Site access in place
Defines potential and current market interest in the site for B1, 2 or 8 uses	Site subject of recent planning application(s)	Site subject of active marketing for employment development	Site subject of either recent funding, land sale or pre let deal	Site clearance and preparation either completed or underway	Development either recently completed or under construction on part of the site

Sustainable Development Factors					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Defines flood risk	EA map predicts more than 50% of site at 1 in 100 risk	EA map predicts less than 50% of site at 1 in 100 risk	EA map predicts more than 50% of site at 1 in 1000 risk	EA map predicts less than 50% of site at 1 in 1000 risk	EA map predicts no risk
Defines accessibility by foot and cycle	No footways or cycles paths linking substantial residential areas with the site	Uncoordinated footways and cycle paths that do not conveniently link with residential areas or may be subject of safety issues	One basic footway and cycle path between a residential area and the site	Two safe and well maintained footways and cycle paths between residential areas and the site	Three or more safe and well maintained footways and cycle paths between residential areas and the site
Defines accessibility by public transport	No bus stops or railway station within 800 m of the site	Bus or train frequency for all stops within 800 m is less than hourly, ie 12 scheduled calls between 06.00 – 18.00 Monday to Saturdays	Bus or train frequency for all stops within 800 m is hourly ie 13 scheduled calls between 06.00 – 18.00 Monday to Saturdays	Bus frequency for all stops within 800 m is half hourly ie 26 scheduled calls between 06.00 – 18.00 Monday to Saturdays	a) Bus frequency for all stops within 800 m is 15 minutes or more ie 56 or more scheduled calls between 06.00 – 18.00 Monday to Saturdays
Defines accessibility to local facilities	No facilities within 800 metres	Small shopping parade within 800 metres	Local centre within 800 metres	District or town centre within 800 metres	District or town centre within 600 metres
Defines easy and appropriate accessibility to highway network	Access by HGVs subject to restrictions and need for inconvenient alternative routes	Access by cars and HGVs generates unacceptable environmental impacts on residential areas, congestion and air quality	Access by cars and HGVs generates some environmental impacts on residential areas, congestion and air quality	Access by cars and HGVs accommodated on appropriate A and Trunk roads	B 8: Linked to rail and motorway access

Strategic Planning Factors					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Defines site's strategic importance to the delivery of the RSS/ RES	Site is not located in an area of strategic importance		Site is located adjacent to an area of strategic importance		Site is located in an areas of strategic importance
Is the site identified or likely to be required for a specific use or specialist use	Sites is unlikely to be required for either a specific or specialist use				Site is reserved for a specific use, for example planned expansion of firm or specialist use, e.g. a Science Park
Is the site part of a comprehensive development proposal which depends on the site being partly or wholly developed for employment user	No				Yes
Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on – site constraints to make employment development viable?	No		Funding support is being considered		Funding is committed as a strategic priority

Appendix F Floorspace Densities

F1 Strategic Warehousing

F1.1 The East Midlands Strategic Distribution Study explores the amount of floorspace required per worker. The table below summarises the estimates of floorspace per worker from 4 separate surveys.

Table F1.1 Estimates of floorspace requirements for strategic distribution

	sq.m. per worker
King Sturge – survey of 45 strategic distribution units of >10,000 sq.m.	95
Savills – 100 warehouses in the West Midlands	84
Pro Logis – 32 units of >10,000 sq.m.	95
RTP estimates (below)	88

Source: East Midlands Strategic Distribution Study

F1.2 The estimates made by RTP are based on DCLG Commercial Floor Space statistics and employment estimates from the Annual Business Inquiry, taken at middle layer strategic output area.

Table F1.2 Estimation of employment densities in strategic distribution parks

	Floor space (sq.m.)	Number employees	sq.m. per worker
The Garden Shed	46,000	1,600	28
Oliver Road and Pro Logis Park	364,000	4,600	79
Euro Hub Freight Park	394,000	4,600	85
Dove Valley Park	45,000	700	69
Interlink	100,000	1,350	74
DIRFT Logistics Park	210,000	1,500	140
Total	*1,264,000*	*14,385*	*88*

Source: East Midlands Strategic Distribution Study: RTP; DCLG Commercial and Industrial Floor Space Statistics 2005; ABI 2004

F1.3 Overall, employment densities in large-scale warehouses are lower than other business uses, but there is considerable variation.

Appendix G Employment Forecasts to Land and Floorspace Estimates

Step One: Experian Forecasts

Total Employment

G1.1 Total employment is forecast to increase by 17,700 jobs across Leicestershire by 2016, and then a further, 7,000 jobs by 2026. The largest growth up to 2026 is forecast in Blaby (6,200 jobs), followed by North West Leicestershire (5,900 jobs). Only an additional 2,200 jobs are forecast in Leicester City (which shows a decline from 2016 levels of employment).

Table G1.1 Employment Forecasts, Total, 2007-2026, Jobs '000s

	2007	2016	2026	2007-2016	2007-2026
Blaby	51.5	54.5	57.8	3.0	6.2
Charnwood	69.5	70.4	70.6	0.9	1.0
Harborough	41.8	44.3	46.0	2.4	4.2
Hinckley & Bosworth	45.4	47.6	48.9	2.2	3.5
Melton	22.9	24.1	24.2	1.2	1.3
NW Leicestershire	55.1	59.1	61.0	4.1	5.9
Oadby & Wigston	20.2	20.5	20.6	0.2	0.3
Leicester City	180.2	183.9	182.4	3.8	2.2
PUA	*321.5*	*329.3*	*331.3*	*7.9*	*9.8*
HMA	*486.7*	*504.4*	*511.4*	*17.7*	*24.7*

NB. May not sum due to rounding.
Source: Experian; PACEC

Offices

G1.2 Table G1.2 sets out forecasts for employment increases in offices and Table G1.3 sets out forecasts for employment increases in offices plus public administration. Public administration may be included in offices as it tends to take up office space that otherwise may be taken by commercial office occupiers.

G1.3 In total across the HMA, office employment is forecast to increase by 14,200 jobs by 2026 (10,500 by 2016). If public administration is included, the forecast increase is lower, with 10,000 additional jobs by 2026 (8,300 by 2016). This is because across Leicestershire and Leicester City, employment in public administration is forecast to decline. We show here office and public administration employment compared to just offices to demonstrate the effect of including public administration. In later steps of the forecast, we show just offices and public administration (to be consistent with other work across the region e.g. EMLPS).

G1.4 The largest forecasts in office employment are set out in Leicester City, with an additional 7,200 jobs by 2026 (2,900 if public administration is included).

This is followed by Harborough (1,800 jobs), Hinckley & Bosworth (1,400 jobs) and Blaby (1,300 jobs).

Table G1.2 Employment Forecasts, Offices, 2007-2026, Jobs '000s

	2007	2016	2026	2007-2016	2007-2026
Blaby	9.2	10.0	10.5	0.8	1.3
Charnwood	10.5	11.4	11.4	0.8	0.9
Harborough	7.7	8.8	9.4	1.2	1.8
Hinckley & Bosworth	8.0	8.8	9.5	0.7	1.4
Melton	3.8	4.1	4.1	0.3	0.4
NW Leicestershire	7.7	8.3	8.5	0.7	0.8
Oadby & Wigston	3.1	3.3	3.4	0.3	0.3
Leicester City	39.5	45.3	46.7	5.8	7.2
PUA	62.3	70.0	72.1	7.6	9.8
HMA	89.5	100.0	103.6	10.5	14.2

NB. May not sum due to rounding.
Source: Experian; PACEC

Table G1.3 Employment Forecasts, Offices and Public Administration, 2007-2026, Jobs '000s

	2007	2016	2026	2007-2016	2007-2026
Blaby	14.6	15.5	15.8	0.9	1.2
Charnwood	12.4	13.0	12.8	0.6	0.4
Harborough	8.6	10.0	10.6	1.4	2.0
Hinckley & Bosworth	8.9	9.7	10.3	0.9	1.5
Melton	4.1	4.4	4.3	0.2	0.2
NW Leicestershire	8.8	9.9	10.1	1.2	1.3
Oadby & Wigston	3.8	4.2	4.3	0.4	0.4
Leicester City	50.2	53.0	53.2	2.8	2.9
PUA	81.1	85.7	86.1	4.6	5.0
HMA	111.4	119.7	121.4	8.3	10.0

NB. May not sum due to rounding.
Source: Experian; PACEC

Industrial

G1.5 Industrial employment is forecast to decline by 2016 and 2026 across the HMA. By 2016 it is forecast around 6,600 jobs will be lost, and up to 2026 around 12,000 jobs will be lost. The bulk of these losses are forecast to be in Leicester City. Blaby is forecast to experience a small increase in industrial employment, with these increases mainly in construction and engineering sectors.

Table G1.4 Employment Forecasts, Industrial, 2007-2026, Jobs '000s

	2007	2016	2026	2007-2016	2007-2026
Blaby	8.8	9.2	10.5	0.4	1.7
Charnwood	18.9	18.1	17.6	-0.8	-1.3
Harborough	6.4	5.7	5.4	-0.7	-1.0
Hinckley & Bosworth	13.7	13.4	13.6	-0.3	0.0
Melton	6.1	5.9	5.6	-0.2	-0.5
NW Leicestershire	14.6	14.9	14.6	0.3	0.0
Oadby & Wigston	5.5	5.1	4.7	-0.4	-0.8
Leicester City	32.5	27.5	22.4	-4.9	-10.0
PUA	*65.7*	*60.0*	*55.2*	*-5.7*	*-10.5*
HMA	*106.5*	*99.9*	*94.5*	*-6.6*	*-12.0*

NB. May not sum due to rounding.
Source: Experian; PACEC

Warehousing

G1.6 Employment in warehousing overall is forecast to decline up to 2026 by around 800 jobs (with 200 lost by 2016). Growth forecast in North West Leicestershire (of 1,900 jobs) is forecast to be balanced out by losses of 1,900 jobs in Leicester City. Other districts are forecast to experience small changes in warehousing employment.

Table G1.5 Employment Forecasts, Warehousing, 2007-2026, Jobs '000s

	2007	2016	2026	2007-2016	2007-2026
Blaby	5.4	5.4	5.2	0.0	-0.2
Charnwood	4.9	4.7	4.4	-0.2	-0.5
Harborough	5.9	6.0	6.1	0.1	0.2
Hinckley & Bosworth	3.7	3.8	3.7	0.1	0.0
Melton	1.8	1.8	1.7	0.0	-0.1
NW Leicestershire	10.0	11.3	11.9	1.4	1.9
Oadby & Wigston	1.7	1.6	1.5	-0.2	-0.3
Leicester City	11.4	10.1	9.5	-1.3	-1.9
PUA	*23.5*	*21.7*	*20.7*	*-1.7*	*-2.8*
HMA	*44.8*	*44.7*	*44.0*	*-0.2*	*-0.8*

NB. May not sum due to rounding.
Source: Experian; PACEC

Step Two: Forecasts to Floorspace

Offices and Public Administration

G1.7 The table below sets out translating the change in employment to floorspace using standard employment densities. Around 180,000 sq.m. are forecast to be required to accommodate additional jobs up to 2026.

Table G1.6 Employment Forecasts and Floorspace Requirement, Offices and Public Administration, 2007-2026

	Change in jobs (000s)		Employment density, sq.m.	Change in floorspace, sq.m.	
	2007-2016	2007-2026		2007-2016	2007-2026
Blaby	0.9	1.2	18	15,360	21,562
Charnwood	0.6	0.4	18	10,475	8,061
Harborough	1.4	2.0	18	25,462	35,837
Hinckley & Bosworth	0.9	1.5	18	16,035	26,427
Melton	0.2	0.2	18	4,093	3,696
NW Leicestershire	1.2	1.3	18	20,809	23,014
Oadby & Wigston	0.4	0.4	18	7,326	8,007
Leicester City	2.8	2.9	18	49,643	52,888
PUA	*4.6*	*5.0*	*18*	*82,804*	*90,518*
HMA	*8.3*	*10.0*	*18*	*149,202*	*179,493*

NB. May not sum due to rounding.
Source: Experian; PACEC

Industrial

G1.8 Translating the change in employment into a floorspace requirement gives an overall fall of around 370,000 sq.m. up to 2026.

Table G1.7 Employment Forecasts and Floorspace Requirement, Industrial, 2007-2026

	Change in jobs (000s)		Employment density, sq.m.	Change in floorspace, sq.m.	
	2007-2016	2007-2026		2007-2016	2007-2026
Blaby	0.4	1.7	31	11,664	52,334
Charnwood	-0.8	-1.3	31	-24,234	-40,089
Harborough	-0.7	-1.0	31	-21,862	-30,940
Hinckley & Bosworth	-0.3	0.0	31	-8,569	-477
Melton	-0.2	-0.5	31	-4,992	-14,098
NW Leicestershire	0.3	0.0	31	8,787	55
Oadby & Wigston	-0.4	-0.8	31	-11,806	-25,919
Leicester City	-4.9	-10.0	31	-152,657	-311,528
PUA	*-5.7*	*-10.5*	*31*	*-177,033*	*-325,202*
HMA	*-6.6*	*-12.0*	*31*	*-203,669*	*-370,661*

NB. May not sum due to rounding.
Source: Experian; PACEC

Warehousing

G1.9 An overall loss of around 71,000 sq.m. for warehousing across Leicester and Leicestershire HMA up to 2026 comprises some increases and some declines across the districts. For example, North West Leicestershire is forecast increases of 168,000 sq.m., whilst Leicester City is forecast a decline of 164,000 sq.m. up to 2026.

Table G1.8 Employment Forecasts and Floorspace Requirement, Warehousing, 2007-2026

	Change in jobs (000s)		Employment density, sq.m.	Change in floorspace, sq.m.	
	2007-2016	2007-2026		2007-2016	2007-2026
Blaby	0.0	-0.2	88	-4,095	-16,036
Charnwood	-0.2	-0.5	88	-20,592	-43,340
Harborough	0.1	0.2	88	10,137	16,568
Hinckley & Bosworth	0.1	0.0	88	11,298	1,896
Melton	0.0	-0.1	88	-4,190	-11,875
NW Leicestershire	1.4	1.9	88	121,321	168,235
Oadby & Wigston	-0.2	-0.3	88	-14,069	-22,301
Leicester City	-1.3	-1.9	88	-113,701	-164,301
PUA	*-1.7*	*-2.8*	*88*	*-152,456*	*-245,978*
HMA	*-0.2*	*-0.8*	*88*	*-13,890*	*-71,154*

NB. May not sum due to rounding.
Source: Experian; PACEC

Step Three: Floorspace to Land

G1.10 The tables below translate the forecast floorspace to land. We undertake this only for industrial and warehousing floorspace at present; office employment is more easily understood in floorspace since there are wide divergences in plot ratios that may be applied, depending upon where the offices are built.

Industrial

G1.11 Translating the floorspace requirement into land gives an overall requirement for a loss of around 90ha up to 2026.

Table G1.9 Floorspace and Land Requirement, Industrial, 2007-2026

	Change in floorspace, sq.m.		Plot ratio	Change in land, ha	
	2007-2016	2007-2026		2007-2016	2007-2026
Blaby	11,664	52,334	4,200	2.8	12.5
Charnwood	-24,234	-40,089	4,200	-5.8	-9.5
Harborough	-21,862	-30,940	4,200	-5.2	-7.4
Hinckley & Bosworth	-8,569	-477	4,200	-2.0	-0.1
Melton	-4,992	-14,098	4,200	-1.2	-3.4
NW Leicestershire	8,787	55	4,200	2.1	0.0
Oadby & Wigston	-11,806	-25,919	4,200	-2.8	-6.2
Leicester City	-152,657	-311,528	4,200	-36.3	-74.2
PUA	*-177,033*	*-325,202*	*4,200*	*-42.2*	*-77.4*
HMA	*-203,669*	*-370,661*	*4,200*	*-48.5*	*-88.3*

NB. May not sum due to rounding.
Source: Experian; PACEC

Warehousing

G1.12 An overall loss of around 14 ha for warehousing across Leicester and Leicestershire HMA comprises some growth and some decline across the districts. For example, North West Leicestershire is forecast increases of 34 ha, whilst Leicester City is forecast a decline of 33 ha up to 2026.

Table G1.10 Employment Forecasts and Floorspace Requirement, Warehousing, 2007-2026

	Change in floorspace, sq.m.		Plot ratio	Change in land, ha	
	2007-2016	2007-2026		2007-2016	2007-2026
Blaby	-4,095	-16,036	5,000	-0.8	-3.2
Charnwood	-20,592	-43,340	5,000	-4.1	-8.7
Harborough	10,137	16,568	5,000	2.0	3.3
Hinckley & Bosworth	11,298	1,896	5,000	2.3	0.4
Melton	-4,190	-11,875	5,000	-0.8	-2.4
NW Leicestershire	121,321	168,235	5,000	24.3	33.6
Oadby & Wigston	-14,069	-22,301	5,000	-2.8	-4.5
Leicester City	-113,701	-164,301	5,000	-22.7	-32.9
PUA	*-152,456*	*-245,978*	*5,000*	*-30.5*	*-49.2*
HMA	*-13,890*	*-71,154*	*5,000*	*-2.8*	*-14.2*

NB. May not sum due to rounding.
Source: Experian; PACEC

Step Four: Renewal and Pipeline

G1.13 In this step we set out the estimate of floorspace and land required for renewal and pipeline in each of the Districts and the HMA as a whole. We set out figures for the 'medium' scenario from Table 6.1. Offices floorspace is set out in square metres and industrial and warehousing land as hectares.

Offices and Public Administration

G1.14 Overall in Leicestershire and Leicester City we estimate 252,000 sq.m. of land will be required for renewal up to 2026, of which 126,000 sq.m. will be on new land.

Table G1.11 Floorspace requirement for renewal, Offices and Public Administration Floorspace, 2007-2016, 2026, sq.m.

	Stock	Development p.a.	Requirement to 2016	Requirement on new land to 2016	Requirement to 2026	Requirement on new land to 2026
Blaby	217,000	2,170	19,530	9,765	41,230	20,615
Charnwood	138,000	1,380	12,420	6,210	26,220	13,110
Harborough	75,000	750	6,750	3,375	14,250	7,125
Hinckley & Bosworth	77,000	770	6,930	3,465	14,630	7,315
Melton	60,000	600	5,400	2,700	11,400	5,700
NW Leicestershire	146,000	1,460	13,140	6,570	27,740	13,870
Oadby & Wigston	37,000	370	3,330	1,665	7,030	3,515
Leicester City	580,000	5,800	52,200	26,100	110,200	55,100
PUA	*972,000*	*9,720*	*87,480*	*43,740*	*184,680*	*92,340*
HMA	*1,330,000*	*13,300*	*119,700*	*59,850*	*252,700*	*126,350*

Source: PACEC, DCLG

Industrial

G1.15 Overall in Leicester and Leicestershire there is a requirement for renewal of around 195 ha, of which around 98 ha will be on 'new land'. Leicester City (34 ha), Charnwood (18 ha) and Hinckley and Bosworth (16ha) have the highest requirements for renewal on 'new land' as they currently have the highest levels of stock within the HMA.

Table G1.12 Land requirement for renewal, Industrial Floorspace, 2007-2016, 2026, ha

	Stock	Development p.a.	Requirement to 2016	Requirement on new land to 2016	Requirement to 2026	Requirement on new land to 2026
Blaby	75	0.6	5.1	2.5	10.7	5.3
Charnwood	257	1.9	17.4	8.7	36.7	18.3
Harborough	56	0.4	3.8	1.9	8.0	4.0
Hinckley & Bosworth	226	1.7	15.3	7.6	32.2	16.1
Melton	74	0.6	5.0	2.5	10.6	5.3
NW Leicestershire	140	1.1	9.5	4.7	20.0	10.0
Oadby & Wigston	64	0.5	4.3	2.2	9.1	4.5
Leicester City	476	3.6	32.1	16.1	67.8	33.9
PUA	*872*	6.5	58.9	29.4	124.3	62.1
HMA	*1,369*	10.3	92.4	46.2	195.1	97.5

Source: PACEC, DCLG

Warehousing

G1.16 Overall this amounts to a requirement for 170 ha of land for renewal of the existing stock, of which 128 ha are assumed to be on ‘new land’. The largest requirements are in Harborough (31ha), Leicester City (29 ha) and North West Leicestershire (23 ha) as they currently have the highest levels of stock.

Table G1.13 Land requirement for renewal, Warehousing Floorspace, 2007-2016, 2026, ha

	Stock	Development p.a.	Requirement to 2016	Requirement on new land to 2016	Requirement to 2026	Requirement on new land to 2026
Blaby	84	0.8	7.6	5.7	16.0	12.0
Charnwood	81	0.8	7.3	5.5	15.4	11.5
Harborough	215	2.2	19.4	14.5	40.9	30.7
Hinckley & Bosworth	66	0.7	5.9	4.4	12.5	9.4
Melton	49	0.5	4.4	3.3	9.3	7.0
NW Leicestershire	164	1.6	14.7	11.1	31.1	23.3
Oadby & Wigston	31	0.3	2.8	2.1	5.9	4.4
Leicester City	206	2.1	18.6	13.9	39.2	29.4
PUA	402	4.0	36.2	27.2	76.5	57.3
HMA	896	9.0	80.7	60.5	170.3	127.7

Source: PACEC, DCLG

Total Requirement

G1.17 In this step we set out the estimate of floorspace and land required for renewal and pipeline in each of the Districts and HMA as a whole. We set out figures for office floorspace in square metres and for industrial and warehousing land as hectares. The scenarios are set out in Appendix H.

G1.18 The total requirement for floorspace is calculated by adding:

- The change in the requirement for land resulting from forecast change in numbers of jobs over the plan period; and
- The requirement for new land resulting from the renewal of existing stock.

G1.19 For demand, where a negative requirement is identified e.g. if the area is predicted to suffer a decline in employment (e.g. industrial) over the plan period, we consider below solely the requirement from renewal on new land. This is because **new** land is required for renewal (by the definition set out in 6.1.14-6.1.23). Whilst jobs may be lost over the plan period, and therefore land may be stop being used for industrial purposes, this land is not likely to be taken up for renewal and therefore should not be included in the balance. This methodology also allows for unsuitable employment land to fall out of the employment land stock and be used for other, more suitable purposes whilst locating in a new, more appropriate location.

G1.20 Total requirements in each of the districts, City, PUA and HMA are set out in the tables below. Overall in the HMA there is a requirement for 306,000 sq.m. of office floorspace, 140 hectares of industrial land and 165 hectares of warehousing land. The majority of the office and industrial land requirement is for the PUA. The largest single requirement for warehousing floorspace is for North West Leicestershire, mainly for renewal of the existing stock.

Offices and Public Administration

G1.21 Around 305,000 sq.m. of floorspace are required up to 2026, of which the Principal Urban Area again forms around three fifths.

Table G1.14 Floorspace requirement for Offices and Public Administration, 2007-2016, 2026, sq.m.

	Change in floorspace		Requirement for renewal on new land		Total Requirement	
	2007-2016	2007-2026	2007-2016	2007-2026	Requirement to 2016	Requirement to 2026
Blaby	15,360	21,562	9,765	20,615	25,125	42,177
Charnwood	10,475	8,061	6,210	13,110	16,685	21,171
Harborough	25,462	35,837	3,375	7,125	28,837	42,962
Hinckley & Bosworth	16,035	26,427	3,465	7,315	19,500	33,742
Melton	4,093	3,696	2,700	5,700	6,793	9,396
NW Leicestershire	20,809	23,014	6,570	13,870	27,379	36,884
Oadby & Wigston	7,326	8,007	1,665	3,515	8,991	11,522
Leicester City	49,643	52,888	26,100	55,100	75,743	107,988
PUA	*82,804*	*90,518*	*43,740*	*92,340*	126,544	182,858
HMA	*149,202*	*179,493*	*59,850*	*126,350*	*209,052*	*305,843*

Source: PACEC

Industrial

G1.22 The situation with industrial land is more complicated. In many areas there is a forecast decline in the number of jobs in industrial sectors. In these cases, we include land purely for renewal. Overall in the HMA, around 88 ha are expected to be lost through declines in employment in the industry, but around 127 ha are expected to be required for renewal.

Table G1.15 Land requirement for Industrial, 2007-2016, 2026, ha

	Change in land		Requirement for renewal on new land		Total requirement	
	2007-2016	2007-2026	2007-2016	2007-2026	Requirement to 2016	Requirement to 2026
Blaby	2.8	12.5	2.5	5.3	5.3	17.8
Charnwood	-5.8	-9.5	8.7	18.3	8.7	18.3
Harborough	-5.2	-7.4	1.9	4.0	1.9	4.0
Hinckley & Bosworth	-2.0	-0.1	7.6	16.1	7.6	16.1
Melton	-1.2	-3.4	2.5	5.3	2.5	5.3
NW Leicestershire	2.1	0.0	4.7	10.0	6.8	10.0
Oadby & Wigston	-2.8	-6.2	2.2	4.5	2.2	4.5
Leicester City	-36.3	-74.2	46.1*	63.9*	46.1	63.9
PUA	-42.2	-77.4	59.5	92.0	62.3	104.6
HMA	-48.5	-88.3	76.2	127.4	81.1	140.0

* This includes an additional estimate a quarter of the 17 ha of employment land identified in Leicester City as no longer fit for purpose, and 26 ha for firms seeking to relocate from the intervention areas.
Source: PACEC

G1.23 Again, the forecasts for many of the districts show a declining requirement for employment land for warehousing resulting from declines in employment (14 ha reduction up to 2026 in the HMA). In these scenarios we only count land for renewal as part of the total requirement. Overall this shows a net requirement for around 165.1 ha in the HMA up to 2026, with 57.3 hectares in the PUA and 57.0 hectares in North West Leicestershire.

Table G1.16 Land requirement for Warehousing, 2007-2016, 2026, ha

	Change in land		Requirement for renewal on new land		Total requirement	
	2007-2016	2007-2026	2007-2016	2007-2026	Requirement to 2016	Requirement to 2026
Blaby	-0.8	-3.2	5.7	12.0	5.7	12.0
Charnwood	-4.1	-8.7	5.5	11.5	5.5	11.5
Harborough	2.0	3.3	14.5	30.7	16.6	34.0
Hinckley & Bosworth	2.3	0.4	4.4	9.4	6.7	9.8
Melton	-0.8	-2.4	3.3	7.0	3.3	7.0
NW Leicestershire	24.3	33.6	11.1	23.3	35.3	57.0
Oadby & Wigston	-2.8	-4.5	2.1	4.4	2.1	4.4
Leicester City	-22.7	-32.9	13.9	29.4	13.9	29.4
PUA	*-30.5*	*-49.2*	*27.2*	57.3	*27.2*	*57.3*
HMA	*-2.8*	*-14.2*	*60.5*	127.7	*89.1*	*165.1*

Source: PACEC

Appendix H Scenario Working, Supply Demand Balance

Leicester and Leicestershire HMA

Table H1.1 Leicester and Leicestershire HMA, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	305,843	140.0	165.1
Supply	398,012	206.7	78.9
Gap	92,169	66.7	-86.2
Effective Supply	326,372	137.4	78.9
Effective Gap	20,529	-2.6	-86.2
High			
Demand	337,431	172.5	197.0
Supply	398,012	206.7	78.9
Gap	60,581	34.2	-118.2
Effective Supply	326,372	137.4	78.9
Effective Gap	-11,059	-35.1	-118.2
Low			
Demand	274,256	107.5	133.1
Supply	398,012	206.7	78.9
Gap	123,756	99.2	-54.3
Effective Supply	326,372	137.4	78.9
Effective Gap	52,116	29.9	-54.3

Source: PACEC

PUA

Table H1.2 PUA, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	182,858	104.6	57.3
Supply	221,960	76.9	0.0
Gap	39,102	-27.7	-57.3
Effective Supply	221,960	60.9	0.0
Effective Gap	39,102	-43.7	-57.3
High			
Demand	205,943	125.3	71.7
Supply	221,960	76.9	0.0
Gap	16,017	-48.8	-71.7
Effective Supply	221,960	60.9	0.0
Effective Gap	16,017	-64.4	-71.7
Low			
Demand	159,773	83.9	43.0
Supply	221,960	76.9	0.0
Gap	62,187	-6.9	-43.0
Effective Supply	221,960	60.9	0.0
Effective Gap	62,187	-23.0	-43.0

Source: PACEC

Leicester City

Table H1.3 Leicester City, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	107,988	63.9	29.4
Supply	91,960	24.7	0.0
Gap	-16,028	-39.3	-29.4
Effective Supply	91,960	24.7	0.0
Effective Gap	-16,028	-39.3	-29.4
High			
Demand	121,763	75.2	36.7
Supply	91,960	24.7	0.0
Gap	-29,803	-50.6	-36.7
Effective Supply	91,960	24.7	0.0
Effective Gap	-29,803	-50.7	-36.7
Low			
Demand	94,213	52.6	22.0
Supply	91,960	24.7	0.0
Gap	-2,253	-28.0	-22.0
Effective Supply	91,960	24.7	0.0
Effective Gap	-2,253	-28.0	-22.0

Source: PACEC

Blaby

Table H1.4 Blaby, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	42,177	17.8	12.0
Supply	61,700	6.0	0.0
Gap	19,523	-11.8	-12.0
Effective Supply	61,700	6.0	0.0
Effective Gap	19,523	-11.8	-12.0
High			
Demand	47,330	19.6	15.0
Supply	61,700	6.0	0.0
Gap	14,370	-13.6	-15.0
Effective Supply	61,700	6.0	0.0
Effective Gap	14,370	-13.6	-15.0
Low			
Demand	37,023	16.0	9.0
Supply	61,700	6.0	0.0
Gap	24,677	-10.0	-9.0
Effective Supply	61,700	6.0	0.0
Effective Gap	24,677	-10.0	-9.0

Source: PACEC

Charnwood

Table H1.5 Charnwood, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	21,171	18.3	11.5
Supply	68,300	41.8	0.0
Gap	47,129	23.5	-11.5
Effective Supply	68,300	28.9	0.0
Effective Gap	47,129	10.6	-11.5
High			
Demand	24,449	24.5	14.4
Supply	68,300	41.8	0.0
Gap	43,851	17.4	-14.4
Effective Supply	68,300	28.9	0.0
Effective Gap	43,851	4.5	-14.4
Low			
Demand	17,894	12.2	8.6
Supply	68,300	41.8	0.0
Gap	50,406	29.6	-8.6
Effective Supply	68,300	28.9	0.0
Effective Gap	50,406	16.7	-8.6

Source: PACEC

Oadby & Wigston

Table H1.6 Oadby & Wigston, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	11,522	4.5	4.4
Supply	0	4.4	0.0
Gap	-11,522	-0.1	-4.4
Effective Supply	0	1.3	0.0
Effective Gap	-11,522	-3.2	-4.4
High			
Demand	12,401	6.1	5.5
Supply	0	4.4	0.0
Gap	-12,401	-1.6	-5.5
Effective Supply	0	1.3	0.0
Effective Gap	-12,401	-4.7	-5.5
Low			
Demand	10,643	3.0	3.3
Supply	0	4.4	0.0
Gap	-10,643	1.5	-3.3
Effective Supply	0	1.3	0.0
Effective Gap	-10,643	-1.7	-3.3

Source: PACEC

Harborough

Table H1.7 Harborough, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	42,962	4.0	34.0
Supply	67,490	21.1	1.1
Gap	24,528	17.1	-32.9
Effective Supply	54,290	11.7	1.1
Effective Gap	11,328	7.7	-32.9
High			
Demand	44,743	5.4	41.7
Supply	67,490	21.1	1.1
Gap	22,747	15.8	-40.6
Effective Supply	54,290	11.7	1.1
Effective Gap	9,547	6.3	-40.6
Low			
Demand	41,181	2.7	26.3
Supply	67,490	21.1	1.1
Gap	26,309	18.5	-25.2
Effective Supply	54,290	11.7	1.1
Effective Gap	13,109	9.0	-25.2

Source: PACEC

Hinckley & Bosworth

Table H1.8 Hinckley & Bosworth, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	33,742	16.1	9.8
Supply	0	24.8	21.2
Gap	-33,742	8.7	11.5
Effective Supply	0	12.1	21.2
Effective Gap	-33,742	-4.0	11.5
High			
Demand	35,571	21.5	12.1
Supply	0	24.8	21.2
Gap	-35,571	3.4	9.1
Effective Supply	0	12.1	21.2
Effective Gap	-35,571	-9.3	9.1
Low			
Demand	31,914	10.7	7.4
Supply	0	24.8	21.2
Gap	-31,914	14.1	13.8
Effective Supply	0	12.1	21.2
Effective Gap	-31,914	1.4	13.8

Source: PACEC

Melton

Table H1.9 Melton, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	9,396	5.3	7.0
Supply	8,920	32.4	0.0
Gap	-476	27.1	-7.0
Effective Supply	8,920	1.4	0.0
Effective Gap	-476	-3.9	-7.0
High			
Demand	10,821	7.1	8.7
Supply	8,920	32.4	0.0
Gap	-1,901	25.3	-8.7
Effective Supply	8,920	1.4	0.0
Effective Gap	-1,901	-5.7	-8.7
Low			
Demand	7,971	3.5	5.2
Supply	8,920	32.4	0.0
Gap	949	28.9	-5.2
Effective Supply	8,920	1.4	0.0
Effective Gap	949	-2.2	-5.2

Source: PACEC

North West Leicestershire

Table H1.10 North West Leicestershire, Supply Demand Gap Analysis, 2007-2026

	Offices, sq.m.	Industrial, ha	Warehousing, ha
Medium			
Demand	36,884	10.0	57.0
Supply	99,642	51.4	56.5
Gap	62,758	41.4	-0.5
Effective Supply	41,202	51.4	56.5
Effective Gap	4,318	41.4	-0.5
High			
Demand	40,351	13.3	62.8
Supply	99,642	51.4	56.5
Gap	59,591	38.1	-6.3
Effective Supply	41,202	51.4	56.5
Effective Gap	851	38.1	-6.3
Low			
Demand	33,416	6.7	51.2
Supply	99,642	51.4	56.5
Gap	66,226	44.7	5.4
Effective Supply	41,202	51.4	56.5
Effective Gap	7,786	44.7	5.4

Source: PACEC

Appendix I Report of Stakeholders' Workshop

I1 Introduction

I1.1 As part of the programme of involving stakeholders in the review, Kishor Tailor, Chief Executive of Leicester Shire Economic Partnership, chaired a workshop on 9th June 2008 at the Walker's Stadium, Leicester. At the seminar the consultants briefed **N** representatives of landowners, developers, property service companies and local authorities on the main findings and ideas emerging from the review. The main findings arose from the supply and demand gap analysis and ideas were informed by the need to plan for a low carbon era. Stakeholders were then invited to debate four employment land planning issues arising from the proposal for a new pattern of low carbon development in: the New Business Quarter; Sustainable Urban Extensions; Science Parks; market towns and road – rail strategic distribution centres. The main messages arising from these discussions are summarised below:

I2 i) Future Proofing for Sustainable Development:

I2.1 This group considered policy measures needed to deliver the New Business Quarter and Sustainable Urban Extensions as locations for more environmentally sustainable development.

I2.2 For the New Business Quarter, current car parking standards were seen as a constraint on demand. The difficulty of delivering on site renewable energy generation in a city centre location was seen as a constraint on developers.

I2.3 Turning to the Sustainable Urban Extensions, the stakeholders referred to policy approaches elsewhere in the UK. In Ashford, policies are seeking to link employment, housing and public transport. In Wellingborough an employment led approach is being taken to align jobs with homes. Reference was also made to water cycle strategies and the need to plan to reduce per capita water consumption by 50%.

I2.4 To sum up, the group gave its support for low carbon development: low energy buildings in locations where access is predominantly by sustainable modes of transport. However it acknowledged that decisions takers will be among the last to use cars. Subject to car parking standards reflecting this reality, there is a case for a further office allocation in the New Business Quarter.

I3 ii) Public Sector Supply Side Roles:

I3.1 This group considered possible public sector interventions to deliver low carbon development.

I3.2 In discussing the New Business Quarter, the stakeholders recognised the attractiveness of central locations and rail links to London but noted that the need for better public transport links to the city centre: park and ride and express buses and more local railway stations.

I3.3 The group also suggested car parking standards have created a moral hazard: they have stimulated demand for car dependent office – of – town office schemes. A review of the standards is needed to stimulate demand for city centre office schemes which can be accessed by sustainable modes of transport.

I3.4 In parallel measures are required to free up the Leicester industrial property market. Two key measures were proposed: to bring forward sites for development and hence free up existing space and refurbishing vacant space for reuse by among others firms relocating from of the intervention areas. For these measures to succeed, robust planning policies will be required to protect the existing stock from higher value uses such as housing.

I3.5 The stakeholders stressed the importance of employment schemes front loading sustainable urban extensions to create demand for homes and help establish patterns of short distance commuting.

I3.6 The group concluded that it would be difficult for the private sector to act alone in the delivery of Sustainable Urban Extensions. This called for a clear public sector policy framework and structures to plan and co – ordinate investment in infrastructure for housing, employment and transport.

I3.7 Public sector investment though would need to comply with EU state aid rules and should not be used to subsidise development for which there is no prospective market demand. The Science Park schemes were cited as possible examples of such subsidies.

I4 iii) Market Perspectives on Supply:

I4.1 The group considered issues with the existing stock and constraints on future supply.

I4.2 Beginning with Leicester the stakeholders noted the constraint on car parking was not complemented by high quality public transport provision. As a result the city lacked high quality offices and firms were taking up space in out of town locations. In addition to the poor stock of offices, the city lacks industrial space.

I4.3 The stakeholders viewed Sustainable Urban Extensions to be the key to future supply but a clear public policy framework and infrastructure investment package would be required to enable private investment.

I4.4 Support was voiced for road – rail strategic distribution centres as they would mitigate demand for road space.

I4.5 Whilst the need to identify large employment land allocations was acknowledged, the role of small scale schemes in rural locations should not be overlooked as part of an overall pattern of sustainable development.

I5 iv) Market Perspectives on Demand:

I5.1 The group considered businesses' employment land and property requirements.

I5.2 The stakeholders' central concerns were the cost burden of low carbon development, the effect of these costs on international competitiveness and the need for more market intelligence.

I5.3 On the first point, it was questioned whether firms could afford the additional capital and rental costs to pay for higher construction costs.

I5.4 On the second point, it was felt that high environmental standards put UK firms at a cost disadvantage firms in countries without such standards.

I5.5 In response to these points it was argued that rising fuel prices would make lower carbon building a source of cost advantage and competitiveness.

I5.6 On the third point, a call was made to emda, LSEP and Invest Leicestershire to feedback more intelligence to the market: which interventions have succeeded and which have not; which enquiries have translated into deals and why have those companies invested in the sub region?

Appendix J Full Supply Demand Gap Analysis Tables

Table J1.1 Proposed employment land allocations to 2026

	Offices	Light industrial and small warehousing	Strategic warehousing
PUA	46,000 sq m	100 ha	0
Leicester City	60,000 sq m	9.3 ha	0
Charnwood			
North SUEs	← 20 ha →		0
South SUEs	0	50 ha	0
Blaby			
Blaby SUEs	0	24 ha	0
Oadby & Wigston	5,800 sq m	0	0
PUA total	65,800 sq m	103.3 ha	0
Rest of Leicestershire			
NW Leicestershire			
Coalville SUEs	← 20-25 ha →		0
Rail-linked	0	0	50 ha
Hinckley & Bosworth			
	6 ha (34,000 sq m)	14 ha	0
SUEs	← 20-25 ha →		0
Harborough	0	0	0
Melton	2 ha (500 sq m)	11 ha	0
Total	Min 100,300 sq m	Max 178.3 ha	50 ha

NB. May not sum due to rounding.
Source: Experian; PACEC

Leicester City

Table J1.2 Leicester City office supply and demand gap analysis, 2007-2026

	Sq.m.
Total additional requirement	**107,988**
Supply - Allocations and consents	**91,960**
NBQ Phases 1 (Int House, Spread Eagle) and Phase 2	47,200
Abbey Meadows Science Park (B1b)	44,000
Conduit Street, Fara Estate	760
GAP	***-16,028***

Source: PACEC

Table J1.3 Leicester City industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**63.9**
Supply - Allocations & consents	**24.7**
Fairway Business Park	6.0
Gipsy Lane Brickworks, Victoria Road East	3.0
Lewisher Road	2.4
Gipsy Lane, Brickworks, Victoria Road East	2.1
Mountain, Road/Barkbythorpe Road, Troon Industrial Area	2.1
Ashton Business Park (Bursom), Hoods Close	2.1
Syston Street East, Humberstone Sidings	1.3
Barkby Road	1.4
Uxbridge Road, Land to the south	1.2
Harrington Street & Ulverscroft Road	0.6
Nedham Street, Lesta Packaging plc	0.5
Sanvey Gate (adj. Joiners Arms PH)	0.4
Langham Road	0.4
Waterside Road, Hamilton Industrial Park	0.4
Gorse Hill, Boston Road, Gorse Hill Industrial Estate Part, Plot 4	0.3
Langham Road	0.2
Humberstone Road, Nedham Street	0.2
Sanvery Gate, Adjacent 25 Pasture Lane	0.1
GAP	**-39.3**

Source: PACEC

Table J1.4 Leicester City warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**29.4**
Supply - Allocations & consents	**0.0**
GAP	***-29.4***

Source: PACEC

Blaby

Offices

Table J1.5 Blaby office supply and demand gap analysis, 2007-2026

	sq.m.
Total additional requirement	**42,177**
Supply - Allocations & consents	**61,700**
Carlton Park	35,480
Grove Park	16,700
Kirby Park Farm	9,520
GAP	***19,523***

Source: PACEC

Table J1.6 Blaby industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**17.8**
Supply - Allocations & consents	**6.0**
Quarry Lane, Enderby	3.6
Land adjacent Couture Marketing, Station Road, Stoney Stanton	0.7
Warrens Industrial Estate, Mill Hill Industrial Estate, Enderby	0.6
Whetstone Pastures Farm, Whetstone	0.5
Feldspar Close, Plot E unit 2, Warrens Industrial Area	0.5
Highfields Enterprise Zone, Stoney Stanton	0.1
GAP	***-11.8***

Source: PACEC

Table J1.7 Blaby warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**12.0**
Supply – Allocations & consents	**0**
GAP	***-12.0***

Source: PACEC

Charnwood

Table J1.8 Charnwood office supply and demand gap analysis, 2007-2026

	Sq.m.
Total additional requirement	**21,171**
Supply - Allocations & consents	**68,300**
Loughborough Science Park Phase 2 (B1b)	43,000
Watermead Business Park	21,600
Dishley Grange	3,700
GAP	***47,129***

Source: PACEC

Table J1.9 Charnwood industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**18.3**
Supply - Allocations & consents	**41.8**
Land at Dishley Grange, Hathern	19.1
Harrowgate Drive (Hallamfields), Birstall	6.0
Rothley Lodge	5.9
The Warren, East Goscote	4.8
Loughborough Industrial Park, Weldon Road, Loughborough	3.4
251 Loughborough Road (Granite Way), Mountsorrel	1.2
Burder Street Regeneration, Loughborough	0.9
North Road, Loughborough	0.5
GAP	***23.5***
Unsuitable sites/ sites unlikely to come forward	
Burder Street Regeneration, Loughborough	-0.9
Land at Dishley Grange, Hathern	-12.0
Effective Supply	**28.9**
EFFECTIVE GAP	***10.6***

Source: PACEC

Table J1.10 Charnwood warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**11.5**
Supply – Allocations & consents	**0**
GAP	***-11.5***

Source: PACEC

Oadby & Wigston

J1.2 Oadby & Wigston currently has no office supply identified. However, masterplans have identified potential for 1,125 sq m of offices in Oadby town centre and 4,675 sq m of offices in Wigston town centre.

Table J1.11 Oadby & Wigston office supply and demand gap analysis, 2007-2026

	Sq.m.
Total additional requirement	**11,522**
Supply - Allocations & consents	**0**
GAP	***-11,522***

Source: PACEC

J1.3 If Wigston Railway Triangle is excluded from demand, there may be a shortfall of land for renewal of existing industrial and warehousing sites in Oadby & Wigston.

Table J1.12 Oadby & Wigston industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**4.5**
Supply - Allocations & consents	**4.5**
Wigston Railway Triangle	3.1
Sports field off Tiger's Road, South Wigston	0.8
Land West of Magna Road, Magna Industrial Estate	0.6
GAP	***-0.1***
Unsuitable sites/sites unlikely to come forward	
Wigston Railway Triangle	-3.1
Effective Supply	**1.4**
Effective Gap	***-3.2***

Source: PACEC

Table J1.13 Oadby & Wigston warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**4.4**
Supply - Allocations & consents	**0.0**
GAP	***-4.4***

Source: PACEC

Harborough

Table J1.14 Harborough office supply and demand gap analysis, 2007-2026

	Sq.m.
Total additional requirement	**42,962**
Supply - Allocations & consents	**67,490**
GAP	***24,528***
Unsuitable sites/ sites unlikely to come forward	
South of Coventry Road (Leaders Farm), Lutterworth	-13,200
Effective supply	***54,290***
Effective GAP	***11,328***

Source: PACEC

Table J1.15 Harborough industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**4.0**
Supply - Allocations & consents	**21.1**
Airfield Farm, Leicester Road, Market Harborough	3.3
East of Rockingham Road, Market Harborough	2.9
Railway Goods Yard, Rockingham Road	2.8
Station Road, Husbands Bosworth	2.6
Nursery Site, Riverside, Market Harborough	2.0
East of Rockingham Road, Market Harborough	2.0
West of Northampton Road, Market Harborough	1.8
Land at Great House Lane, Great Easton	1.0
Land off Marlborough Drive, Fleckney	0.7
Riverside Market Harborough	0.5
Hope Farm, Main Street, Hungarton	0.4
Land at Sutton Farm, Leicester Road	0.3
Sibertoft Road, Husbands Bosworth	0.3
Kettering Road/Rockingham Road, Market Harborough	0.3
Bruntingthorpe Industrial Estate	0.1
Stanford Hall, Stanford Park, Westrill and Starmore	0.1
GAP	***17.1***
Unsuitable sites/ sites unlikely to come forward	
West of Northampton Road, Market Harborough	-1.8
East of Rockingham Road, Market Harborough ("Peaker Park")	-2.0
East of Rockingham Road, Market Harborough	-2.9
Railway Goods Yard, Rockingham Road, Market Harborough	-2.8
Effective supply	**11.7**
Effective GAP	***7.7***

Source: PACEC

Table J1.16 Harborough warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**34.0**
Supply - Allocations & consents	**1.1**
Airfield Farm (part)	1.1
GAP	***-32.9***

Source: PACEC

Hinckley & Bosworth

Table J1.17 Hinckley & Bosworth office supply and demand gap analysis, 2007-2026

	Sq.m.
Total additional requirement	**33,742**
Supply - Allocations & consents	**0**
GAP	***-33,742***

Source: PACEC

Table J1.18 Hinckley & Bosworth industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**16.1**
Supply - Allocations & consents	**24.8**
MIRA, Higham on the Hill	9.0
Land North of Coventry Road, Hinckley	4.7
Rear of Sketchley Works, Rugby Road, Hinckley	3.9
Rear Jarvis, Coventry Road, Hinckley	3.7
A5 Watling Street, Nutts Lane, Hinckley	2.3
Barwell Business Centre, Barwell	0.4
Wheatfield Way, Hinckley Fields Industrial Estate	0.3
Stephenson Road, Harrowbrook Industrial Estate, Hinckley	0.3
Unit B, Warwick Buildings, Rossendale Road	0.1
GAP	***8.7***
Unsuitable sites/sites unlikely to come forward	
MIRA, Higham on the Hill	-9.0
Rear Jarvis, Coventry Road, Hinckley	-3.7
Effective Supply	**12.1**
Effective GAP	***-4.0***

Table J1.19 Hinckley & Bosworth warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**9.8**
Supply - Allocations & consents	**21.2**
Nailstone Colliery	20.0
Interlink Distribution Park, Stanton near Bardon	1.2
GAP	***11.5***

Source: PACEC

Melton

Table J1.20 Melton office supply and demand gap analysis, 2007-2026

	Sq.m.
Total additional requirement	**9,396**
Supply - Allocations & consents	**8,920**
Leicester Road	8,920
GAP	***-476***

Source: PACEC

Table J1.21 Melton industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**5.3**
Supply - Allocations & consents	**32.4**
Asfordby Business Park, Asfordby	16.0
Holwell Works, Asfordby Hill	15.0
Normanton Lane, Bottesford	0.7
John O Gaunt Industrial Estate, Somerby	0.4
Charlotte Street, Melton Mowbray	0.2
Pedigree Petfoods Ltd, Mill Road, Melton Mowbray	0.1
GAP	***27.1***
Unsuitable sites/sites unlikely to come forward	
Asfordby Business Park, Asfordby	-16.0
Holwell Works, Asfordby Hill	-15.0
Effective Supply	**1.4**
Effective GAP	***-3.9***

Source: PACEC

Table J1.22 Melton warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**7.0**
Supply - Allocations & consents	**0.0**
GAP	***-7.0***

Source: PACEC

North West Leicestershire

Table J1.23 North West Leicestershire office supply and demand gap analysis, 2007-2026

	Sq.m.
Total additional requirement	**36,884**
Supply - Allocations & consents	**99,642**
Pegasus Business Park	58,440
Willow Farm	17,480
Ashby Business Park	12,760
Stardust, Bardon (windfall)	5,574
Ivanhoe Business Park	5,388
GAP	***62,758***
Unsuitable sites/sites unlikely to come forward	
Pegasus Business Park	-58,440
Effective supply	**41,202**
Effective GAP	***4,318***

Source: PACEC

Table J1.24 North West Leicestershire industrial supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**10.0**
Supply - Allocations & consents	**51.4**
Extension to Westminster Estate, Measham	11.8
Off Citrus Grove, Kegworth	6.1
Land at Swain Park, Albert Village	5.0
Moira Road, Woodville Woodlands	4.8
Hilltop, Bardon	4.1
Ashby Business Park	3.9
Ivanhoe Business Park, Ashby	3.3
Forest Business Park (also known as Bardon Lodge), Coalville	2.7
Stephenson Industrial Estate	2.7
Langham Park, Castle Donington	1.7
Site off Long Lane, Kegworth	1.1
Spring Cottage/Former Rawdon Colliery, Moira	1.0
Whitwick Business Park	1.0
Bardon Hall, Coalville	0.8
Flagstaff 42	0.7
South of Tournament Way	0.5
Off Vulcan Way, Coalville	0.3
GAP	***41.4***

Source: PACEC

Table J1.25 North West Leicestershire warehousing supply and demand gap analysis, 2007-2026

	Ha
Total additional requirement	**57.0**
Supply - Allocations & consents	**56.5**
East Midlands Distribution Centre (Previously Castle Donnington Power Station Site)	38.5
Interlink (also known as Battleflat)	14.0
Ivanhoe Business Park	4.0
GAP	***-0.5***

Source: PACEC

Appendix K Initial and Second Site Assessments of Sites Nominated for Employment Development

K1 Key to Scoring Categories

K1.1 Each criterion has been assigned a sliding score of 1 – 5 with 5 representing the best circumstances in relation to the site being identified as suitable for employment development and that development contributing to sustainability and wider strategic policy objectives. Each is to be assessed in the context of its proposed/ likely function, i.e as a strategic freight and distribution centre, science park, offices or open use (light and general industry and small scale warehousing).

CRITERIA AND SCORING REGIME FOR THE INITIAL ASSESSMENT OF SITES NOMINATED FOR EMPLOYMENT DEVELOPMENT

Environmental Constraints: Pass or Fail		
	Pass	**Fail**
Flood risk (in zones 2 and 3)		
Protected Green Belt		
Conservation Area (employment proposal of appropriate scale and design)		
Proximity to listed building, ancient monument (as above)		
SSSI or other sensitive nature conservation sites		
Other constraints		

Continue to score sites which pass the above constraints.

Sequential Test					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Principal Urban Area	Elsewhere				Within existing urban area or potential Sustainable Urban Extension

Rest of Leicestershire	Rural Area	Village centre			Within existing urban area or potential Sustainable Urban Extension

Accessibility Test					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Accessibility by workforce	Population of less than 10,000 within 3 km radius of the site	Population of between 10,000 and 25,000 within 3 km radius of the site			Population of 25,000 or more within 3 km radius of the site
Accessibility by sustainable modes	No existing access by foot, cycle, bus and/or train services		Existing footways, on-road cycle, bus and other train services less than 3 times per hour		Existing high quality access by foot, cycle path, bus and/or train services 4 or more times per hour

Policy Factors					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Sustainable buildings (level of carbon emissions)	Low potential to design for passive heating and cooling, and on-site renewable energy generation		Average potential to design for passive heating and cooling, and on-site renewable energy generation		High potential to design for passive heating and cooling, and on-site renewable energy generation
Sustainable travel patterns	Low potential to reduce the need to travel and improve access by foot, bicycle and public				High potential to maximise opportunities to reduce the need to travel and improve access by

	transport				foot, bicycle and public transport
Sustainable economic development (score a) and then either b), c) or d))					
a) Responsive to market needs	Least attractive to investor, priority sector and small business needs		Quite attractive to investor, priority sector and small business needs		Most attractive to investor, priority sector and small business needs
b) Urban regeneration and planned growth	On previously undeveloped land				Priority urban regeneration area or Sustainable Urban Extension
c) Rural diversification	Inappropriate scale, inconsistent with policy of urban concentration				Appropriate scale, consistent with policy of urban concentration
d) Road-rail strategic distribution	Does not meet any RSS criteria for growth in rail-based freight		Meets the two major RSS criteria (site area and W10 or W12 rail gauge) subject to investment		Meets major and minor RSS criteria for growth in rail-based freight

Select for taking forward for the second stage of assessment the highest scoring sites that fit into the identified ‘gap’ in provision by property type (market segment) and location (market area).

CRITERIA AND SCORING REGIME FOR THE SECOND ASSESSMENT OF SITES NOMINATED FOR EMPLOYMENT DEVELOPMENT

Market Attractiveness Factors					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Defines ownership issues	Site owned landowner(s) who are unwilling to either sell	Site subject to long term site assembly problem	Some land ownership issues but subject to	Single owner with minor legal issues, for	Public or private owners with developer

	or develop or subject to ransom strips		negotiation by willing parties	example unsigned S 106 agreement	committed to early development
Defines on site constraints	Severe land contamination and or ground stability issues	Problematic land contamination and or ground stability issues	Some land remediation required	Minor land remediation required	No land remediation required
Defines utility infrastructure constraints: Water, sewage, drainage, electricity, gas and broadband	Site subject to development embargo due to costs of increasing capacity	Substantial off and on site infrastructure improvements required	Some infrastructure improvements required	Capacity constraints defined, costed and affordable	No constraints on capacity
Defines highway infrastructure constraints	Capacity constraints on site access, subject to Transport Assessment	Substantial off site highway capacity improvements required	Some additional highway improvement works required	Usual site access and service road(s) required	Site access in place
Defines potential and current market interest in the site for B1, 2 or 8 uses	Site subject of recent planning application(s)	Site subject of active marketing for employment development	Site subject of either recent funding, land sale or pre let deal	Site clearance and preparation either completed or underway	Development either recently completed or under construction on part of the site

Sustainable Development Factors					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Defines flood risk	EA map predicts more than 50% of site at 1 in 100 risk	EA map predicts less than 50% of site at 1 in 100 risk	EA map predicts more than 50% of site at 1 in 1000 risk	EA map predicts less than 50% of site at 1 in 1000 risk	EA map predicts no risk
Defines accessibility by foot and cycle	No footways or cycles paths linking substantial residential areas with the site	Uncoordinated footways and cycle paths that do not conveniently link with	One basic footway and cycle path between a residential area and the site	Two safe and well maintained footways and cycle paths between residential	Three or more safe and well maintained footways and cycle

		residential areas or may be subject of safety issues		areas and the site	paths between residential areas and the site
Defines accessibility by public transport	No bus stops or railway station within 800 m of the site	Bus or train frequency for all stops within 800 m is less than hourly, ie 12 scheduled calls between 06.00 – 18.00 Monday to Saturdays	Bus or train frequency for all stops within 800 m is hourly ie 13 scheduled calls between 06.00 – 18.00 Monday to Saturdays	Bus frequency for all stops within 800 m is half hourly ie 26 scheduled calls between 06.00 – 18.00 Monday to Saturdays	a) Bus frequency for all stops within 800 m is 15 minutes or more ie 56 or more scheduled calls between 06.00 – 18.00 Monday to Saturdays
Defines accessibility to local facilities	No facilities within 800 metres	Small shopping parade within 800 metres	Local centre within 800 metres	District or town centre within 800 metres	District or town centre within 600 metres
Defines easy and appropriate accessibility to highway network	Access by HGVs subject to restrictions and need for inconvenient alternative routes	Access by cars and HGVs generates unacceptable environmental impacts on residential areas, congestion and air quality	Access by cars and HGVs generates some environmental impacts on residential areas, congestion and air quality	Access by cars and HGVs accommodated on appropriate A and Trunk roads	B 8: Linked to rail and motorway access

Strategic Planning Factors					
	Score 1	**Score 2**	**Score 3**	**Score 4**	**Score 5**
Defines site's strategic locational importance to the delivery of the RSS/ RES	In a rural area	In village centre			In existing built up area, potential SUE or strategic distribution road/rail site
Will the site contribute to sustainable development?	Does not contribute either to a) regeneration of		Local level contribution to either a)		HMA-level contribution to either a) regeneration of priority urban renewal areas, b) part of a low

	priority urban renewal areas, b) part of a low carbon exemplar scheme or c) growth in rail-based freight.		regeneration of priority urban renewal areas, b) part of a low carbon exemplar scheme or c) growth in rail-based freight.		carbon exemplar scheme or c) growth in rail-based freight.
Will the site contribute to sustainable development?	Does not maximise existing investment in infrastructure, provides best possible access to services, facilities and jobs.				Maximises existing investment in infrastructure, provides best possible access to services, facilities and jobs.
Will the site contribute to sustainable economic development?	Site is within an area of over-supply or low market demand.		Site will improve either the regeneration of urban areas or promote the diversification of the rural economy.		Site is identified for a specific use within a priority sector.
Is there public funding committed (or likely to be provided) sufficient to overcome infrastructure or on – site constraints to make employment development viable?	No		Funding support is being considered		Funding is committed as a strategic priority

Select the highest scoring sites for more detailed discussions with land owners and developers and consideration as options for preferred locations of growth.