DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO PLANNING & DEVELOPMENT COMMITTEE

Agenda Item No.

meeting date: 16TH JUNE 2011

title: CORE STRATEGY - EMPLOYMENT LAND POSITION STATEMENT

submitted by: CHIEF EXECUTIVE

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1 PURPOSE

1.1 To receive an update on employment land in Ribble Valley.

1.2 Relevance to the Council's ambitions and priorities

- Council Ambitions - In addition to Ribble Valley Borough Council striving to meet its three ambitions, it also recognises the importance of securing a diverse, sustainable economic base for the Borough.
- Community Objectives – The issues highlighted in this report will contribute to objectives of a sustainable economy and thriving market towns.
- Corporate Priorities - Delivery of services to all
- Other Considerations - None

2 INFORMATION

2.1 In 2008 the BE Group were engaged to produce the Ribble Valley Employment Land and Retail Study (BE Group 2008), providing an evidence base to inform the Local Development Framework process and in order to maintain up to date information on key aspects of the social, economic and environmental characteristics of the area as part of this process. In looking at employment land and premises, the document focused on B1, B2 and B8 uses, examining the supply and demand position and made estimates of future need.

2.2 The piece of work provided an economic context for the Borough, a review of employment land, a retail study and health check for each of the three service centres (Longridge, Whalley and Clitheroe) in Ribble Valley and also informs the Council's regeneration and economic development work and delivery of the community strategy objectives. Particular recommendations from the consultants that were identified as particularly important were the provision of office premises on the A59 and facilitation and delivery of land for future employment uses.

2.3 The report identified that there is a need to bring forward employment land and that provision will need to be made for additional land of an appropriate type. An update building on the work previously undertaken to inform future strategic economic and employment land requirements for the Borough is attached as Appendix 1 identifying existing take up trends, measuring requirements and providing a buffer in terms of supply and choice.

2.4 The original study also identified that whilst overall, the local economy in Ribble Valley remains comparatively strong and reasonably vibrant there remains a number of issues and risks that need to be addressed to ensure that the area does not lose that inherent strength and that, perhaps more importantly, is able to deliver growth and further strengthening of the local economy particularly in the current economic climate and recovery period.

2.5 The sites in existing use, or with a recognised employment commitment, are facing pressure for the development of other uses, in particular residential. Sites in existing employment use are seen as particularly vulnerable and it is recommended that the Council will need to ensure that where redevelopment is to be allowed, that this should be treated as an exception delivering justifiable benefits and providing the loss of land in employment use can be accommodated overall. This is especially so when the Council is facing significant pressure to deliver on its housing requirements in the shorter term whilst pressure for employment land provision has a longer time frame.

2.6 Therefore, it is appropriate to update the Study's findings to inform the Core Strategy and act as a guide to allocating future employment land needs and for considering the use of current employment sites, given their potential other uses in the light of the still relatively high demand for housing land in the Borough.

3 RISK ASSESSMENT

3.1 The approval of this report may have the following implications:

- Resources – No immediate implications.
- Technical, Environmental and Legal – The Core Strategy is a statutory requirement of the planning process.
- Political – No direct political implications.
- Reputation – The position statement helps to demonstrate how the Council is seeking to take account of the local economy in its activities.

4 RECOMMENDED THAT COMMITTEE

4.1 Agree that the Employment Land Position Statement is published as part of the evidence base and used to inform the Core Strategy.

CHIEF EXECUTIVE

BACKGROUND PAPERS: -

Ribble Valley Employment Land & Retail Study 2008

For further information please ask for Phil Dagnall (ext 4570) or Craig Matthews (ext 4531)

APPENDIX 1

CORE STRATEGY - EMPLOYMENT LAND POSITION STATEMENT

SECTION 1: INTRODUCTION

1.1 This update builds on the work previously undertaken to inform future strategic economic and employment land requirements for the Borough. In 2008 the BE Group were engaged to produce the Ribble Valley Employment Land and Retail Study (BE Group 2008) to inform the Local Development Framework. The document sets out a range of analyses for future requirements relating to employment floor-space demand and supply. Following this the Ribble Valley Economic Strategy 2009 – 2014 (RVBC 2009) established an economic vision for the Borough, setting out the aspirations for Ribble Valley for the periods 2009 - 2014 and beyond.

1.2 In the past the Borough has seen a disparity between the scale of employment growth and that of housing and increasing levels of commuting out of the area for work. As part of the overall vision within the Economic Strategy, the aim is to build on the indigenous strengths, assets and future potential of the Borough towards maintaining a strong and healthy economy, and exhibits the right conditions in terms of infrastructure, services and environment to support its own businesses and to attract other successful businesses.

1.3 Since the original study in 2008, the wider economy has continued to change as the effects of the economic downturn have progressed. Since this time also, a change of government has brought with it new policy directions including the proposed abolition of the Regional Spatial Strategy.

1.4 Therefore, it is appropriate to further examine and update the findings from the original study to ensure that it remains as a robust guide to allocating future employment land needs and for considering the use of current employment sites, given their potential other uses in the light of the still relatively high demand for housing land in the Borough.

1.5 This assessment update, whilst not as comprehensive as the original study, uses the same methodology, approach and evidence sources along with additional supporting information the following sections: -

SECTION 2: OVERVIEW OF FORECASTING MODELS USED

2.1 The original study posed several ways of forecasting future demand, taking a 10-year (2008-2018) as their prediction period. It also excluded any developments at the BAE Systems site at Samlesbury site as it was regarded as a Regionally Important Site and therefore not part of a Ribble Valley only calculation of future need.

2.2 Method 1 assessed current take up rates on a 10 year period between 1998 and 2008, averaging 1.07 ha per year, projecting them into the future and adding a 5 year buffer, then subtracting the current supply of remaining allocated and unconstrained sites that BE Group felt were likely to come forward to reach a figure of additional future need of around 6 ha.

2.3 Method 2 considered strategic policy effects, which depended on a variety of national planning policies and local political judgements about matters such as aspirations for future growth or reducing commuting. However BE Group's judgement was that RV would not, as a relatively affluent area with a strong economy, be the focus of any major national policy initiatives to boost the economy and therefore have any quantifiable effect on employment land need. Therefore BE Group did not make any land projections using this method.

2.4 Method 3 involved Population and Labour Supply changes based on Oxford Economics and ONS population changes that predict an expansion in the RV working age population of roughly 18% by 2018. (detail is in BE Group Appendix 7). Applying this to the then current (2006) 398,000 sqm of commercial floorspace gave a figure of an additional 71,242 sqm. This, in turn, at standard development densities of 3,400 sqm per hectare, gave an additional need of 21 ha.

2.5 The 2006 floorspace figure was the best current figure in 2008 as no further land had actually been taken up between then and the date of the BE Group report in 2008. This calculation also assumed that the proportions of RV workforce in each employment sector eg services, industrial, agricultural etc remained the same and commuting rates remained similar.

2.6 Method 4 involved calculations relating to the general economic shift into the service sector and away from manufacturing; again using Oxford Economics statistics translating into property needs using floorspace per worker ratios based on evidence produced for the RSS. Attempting to adjust this model to actual Ribble Valley circumstances led to a prediction of another 0.04 ha of land, stating that this model would only be of general illustrative use and not a figure that could be solely relied upon as evidence.

2.7 In summing up, the study suggested that Method 1 was adopted with a buffer of up to 5 years to account for imperfections and any potential future changes. This suggested the need to identify a further 6 ha of employment land over the next 10 years (2008-2018) if the Ribble Valley is to continue to sustain a balanced economy. In Sections 3 and 4, this same Method 1 approach is now applied to more recent data to ensure that it remains a robust guide to allocating future employment land needs.

SECTION 3: CURRENT EVIDENCE BASE UPDATE

3.1 This evidence base provides an update on recent planning permissions, completions and losses of employment land (2008 – 2010) within the relevant sectors (B1, B2 & B8) and enquiries for local land and premises obtained through the 'Evolutive' database maintained by Regenerate Pennine Lancashire and Ribble Valley Borough Council.

3.2 Table 1: Employment Land Completions: -

B1 (a) Offices (ha)	B1 (b) R and D (ha)	B1 (c) Light Industrial (ha)	B2 General Industry (ha)	B8 Storage/ Distrib'n (ha)	Mixed (ha)	Area (ha)	Year
0.157	-	0.269	0.630	-	0.090	1.146	2008 to 2009
1.997	-	0.209	0.785	0.098	-	3.089	2009 to 2010
2.154	-	0.478	1.415	0.098	0.090	**4.235**	**Totals 2008 to 2010**

3.3 In general the total area developed over this period is small and heavily influenced by development at the Samlesbury site. In particular 1.796 ha of the 2.154 ha B1(a) total office build has been at the Samlesbury site. This equates to 83% of the total office area. Also 0.663 ha or 35% of the total industrial build (1.893 ha combining B1c and B2 areas) was also at the Samlesbury site. Overall the completions show an average over the two years of approx 2.1 ha per year with office and industrial completions being approximately similar in size, 2.1 and 1.8 ha respectively (if industrial completions include both B1c and B2 classes). If the Samlesbury related completions are excluded (2.459 ha) then the net figure over the two years is 1.776 ha (i.e. 4.235 – 2.459) or 0.88 ha per year. This brings us to a rounded figure of 0.9 ha per year.

3.4 Table 2: Employment Land Permissions: -

B1 (a) Offices	B1 (b) R and D	B1 (c) Light Industrial	B2 General Industry	B8 Storage/ Distrib'n	Mixed	**Total Area (hectare)**
3.613	-	0.362	1.746	0.465	0.335	**6.521**

3.5 The existing planning permissions situation indicates that, of approximately 6.5 ha, around 55% is for office use and 32% for a variety of industrial uses (combining B1c and B2 classes). Also, of the overall office figure, 58% (2.1 ha) involved permissions dating from 2009 at Samlesbury Aerodrome. Excluding Samlesbury the overall figure is therefore 4.4 ha.

3.6 Additionally, 2.6 ha of the overall 4.4 ha involves existing permissions for employment uses on sites that the BE Group Study recommended as potential forward supply. To avoid double counting this land the net figure of 1.74 ha (4.4 – 2.6) is taken forward in the Permissions calculations below. In short this 1.74 is a part of existing supply and partly offsets the losses of employment land to non- employment uses.

3.7 Table 3: Employment Land Losses: -

(All Figures in square metres)	B1(a) Offices	B1(b) R and D	B1(c) Light Industrial	B2 General Industrial	B8 Storage/ Distrib'n	**Total**
Completions	410		1454	120	53	**2037**
Under Construction	239		1236	3800	145	**5420**
Consented	4315		1109	7570	1773	**14767**
Total	**4964**		**3799**	**11490**	**1971**	**22224**

3.8 Table 3 Indicates that at least 2.2 ha of existing employment sites have been lost to non-employment uses. . In addition a further 4324 sqm or 0.4 ha of potential loss is possible pending planning decision. Total loss therefore is assessed at 2.6 ha (2.2 plus 0.4). However, very little of this land comes from the sites that BE Group identified as important potential sources of forward supply (see Remaining Supply, Section 6 above). Most of these losses relate to sites such as Primrose (0.9 ha) and others such as Shawbridge Mill, Clitheroe and Victoria and Cobden Mills, Sabden. None of these were identified as potential forward supply sites by the BE study.

3.9 For information, the following tables 4 and 5 illustrate the number of employment sites / premises currently on the market and the number of business enquiries for local land and premises up to March 2011.

3.10 Table 4: Employment Sites on the Market: -

Industrial (sq m)	**Number**	**Offices** (sq m)	**Number**
0 – 50	4	Less than 30	12
51 – 100	5	31 – 50	7
101 – 200	4	51 – 75	4
201 – 300	14	76 – 100	1
301 – 500	2	101 – 200	7
500 – 750	1	over 200	5
750 – 1000	2		
1000 – 2000	3		
Total	**35**	**Total**	**36**

(Note: in addition there are an undisclosed number of offices in the Time Technology Park site at Simonstone between the ranges of 19 to 1850 sq m)

3.11 Table 5 Business Enquiry Information: -

Unit Type	**1/4/08 to 31/3/09 (No.)**	**1/4/09 to 31/3/10 (No.)**	**1/4/10 to 31/3/11 (No.)**	**Total 1/4/08 to 31/3/11**
Industrial	5	29	32	66
Office	2	10	10	22
Retail	6	3	5	14
Land	3	2	4	9
Leisure and Tourism	1	2	1	4
Business for sale		2	5	7

Trade Units		1	1	2
Storage Units		1	0	1
Other		2	1	3
Yard			2	2
Conference Facilities			1	1
Garage			1	1
Showroom			1	1
Food Outlet			1	1
Not specified			9	9
Total	**17**	**52**	**74**	**143**

3.12 In general enquiries appear to have been stable over approximately the last two years and provides information for supply and demand purposes, showing also a continuing interest in industrial sites and, to a lesser extent, the office sector.

SECTION 4: UPDATES TAKING INTO ACCOUNT NEW DATA

4.1 Updates taking into account new data - including wider economic data supplied through a variety of sources, including the Lancashire Profile database maintained by Lancashire County Council. If we consider BE Group Model 1 to remain the best way of calculating future gross land need then we need an updated annual average employment land take. This is built up as follows.

4.2 Completions information as detailed in section 3.2 on page 4 of this document, (excluding Samlesbury) gives an average 0.9 ha per year figure. Extending that figure over 10 years then this gives a figure of 9 hectares, then, adding a 5-year buffer as recommended and applied in the original study (5 x 0.9 = 4.5 ha) gives a final figure of **13.5 ha**, and would relate to 10 years forward from a base date of 2010.

4.3 In order to establish a land requirement, it is necessary to then subtract from the 13.5 ha the remaining supply of land, derived from those sites identified in the original BE Group study regarded as effectively available employment land supply, minus any development within them since 2008. In detail the sites that the original study were as follows: -

4.4 Table 6: Employment Land Supply in 2008: -

For office use:	Area
1. New Close Properties, Barrow Brook (in 2008 outline consent granted, awaiting decision for 2.74 ha for housing, housing subsequently developed, remainder being pursued by Roland Homes)	3.31 ha
2. Hindle and Schofield, Barrow Brook	1.01 ha
3. NJW/Papillon, Barrow Brook (in 2008 outline consent for housing) currently on the market.	4.32 ha
4. Grant Thornton Site, Simonstone	1.10 ha
5. Salesbury Hall Farm, Salesbury (subsequently developed)	0.13 ha
For industrial use:	
1. Adjacent Twin Brooks Farm, Salthill Industrial Estate (the only allocated employment site remaining from the 1998 DWLP)	0.92 ha
2. Total Foods site, Barrow Brook (subsequently developed)	0.86 ha
3. Whalley Industrial Estate, Barrow (detailed consent)	0.29 ha
4. Time Technology Park, Simonstone (outline consent)	0.58 ha
Total:	**12.52 ha**

4.5 However since 2008 the following sites have been built out for both housing and employment uses: -

4.6 Table 7: Completed Developments since 2008: -

Completed developments:	Area
New Close Properties, Barrow Brook (housing)	2.74 ha
Salesbury Hall Farm (employment)	0.13 ha
Total Foods, Barrow Brook (employment)	0.86 ha
Total built since 2008	**3.73 ha**

4.7 Therefore, the remaining land on these sites is (12.52 – 3.73) <u>8.79 ha (8.8 ha rounded).</u> Of this 6.74 ha relates to sites at Barrow Brook, which continues its role as the Council's principal strategic employment location. Finally in Table 8, we can now produce the overall calculation using the same Method 1 approach as recommended and applied in the original study, the final calculations reveal the following: -

4.8 Table 8: Employment Land Supply 2010 – 2020: -

Supply Calculation 2010 - 2020	**Area (ha)**
Overall Need (at 0.9 ha / yr plus 5 year buffer)	13.5 ha
Remaining Supply (BE Group's favoured sites rounded)	8.8 ha
Existing Permissions (for employment uses)	1.74 ha
Sub total (13.5 – 10.54 (8.8 + 1.74.)	2.96 ha
Losses to be made good (2008 – 2010)	2.6 ha
Total Additional Requirement	**<u>5.56 ha (6 ha rounded)</u>**

4.1 In summary the forward prediction in applying the Method 1 calculations results in a further **6 ha** (rounded) of land for a ten-year from 2010 – 2020 in addition to those sites that the BE study identified. The Council will continue to monitor and manage delivery over a 10-year period, within the overall plan period of 2008 – 2028, consistent with the Core Strategy.

SECTION 5: BUSINESS CASE & VIEWS OF LOCAL AGENTS

5.1 Investment location has a considerable impact, both as to where future development for employment uses takes place, and the future success of individual businesses operating from any particular site. Therefore careful consideration needs to be taken as to which locations provide the greatest opportunity to satisfy future growth and employment needs within Ribble Valley. Also, particular sites or locations may vary according to the type of business usage they are (i.e. retail, commercial, industrial or warehousing/distribution), and it is important that businesses need to carefully consider where their businesses are located, for example, retail outlets will need to be situated close to its target customers, whereas a business-to-business operation may be better served in a business park.

5.2 In terms of the broad locations for development, the original BE Group study identified several sites as viable future employment locations (Table 6). Assuming that these criteria are still relevant then these sites remain the best options for future employment land supply. On considering the area in general it is difficult to see any significant additional sites to this list that have appeared since the BE study and the location influences and infrastructure position remain the same.

5.3 It principally identified both Barrow Brook Business Park and the BAE Samlesbury sites as "Flagships", i.e. sites of a scale, location and setting capable of business park development for investment in the regional/sub-regional marketplace and could host B1, B2 or B8 uses. No local agents disagree with the importance of these sites, although they think that over the next three years the office market will be difficult. In addition the Samlesbury site continues to retain a “Regionally Important Site” status with LCC, which they have reiterated, along with the Central Lancashire Authorities, in our Core Strategy Reg 25 consultation responses. Although the forthcoming abolition of the RSS may cloud this issue a little it still remains a site that appears to demand some kind of special consideration that takes it out of normal employment land calculations.

5.4 Other sites appear in other BE Study categories including the Salthill Industrial Estate site as a “Key Employment Site” geared to future industrial B2 and B8 uses. In broad locational terms the BE study (6.26) emphasised that the highest scoring sites, such as the two Flagship sites, lie along the A59 as proximity to this strategic highway and to the motorway network is seen by the market as very important, together with the setting of a site and flexibility. Other aspects of site potential, including improvements to services, BE Group considered to be easier to solve. The main two sites above already have a degree of infrastructure that few other sites in the area have. Information from local agents re-emphasises the importance of the A59 corridor for our important sites. There are no anticipated highway or transport initiatives that would fundamentally change this position by making other sites or general RV locations more attractive in the near or even medium term future.

5.5 Proximity to main roads and key transport links are important factors to customers, employees, suppliers and business contacts, and in terms of class usage B1 (Office / Business), B2 (General Industrial) and B8 (Storage & Distribution) in particular, easily accessible sites adjacent to key transport links have tended to be more appropriate to serve staff and customers travelling to the location, as well as adequate parking facilities. The A59 trunk road is the main transport artery through the Borough, linking directly to the M6 and serving access routes to the M65 motorway, and as such border represents the most attractive location to business in terms of viability and accessibility.

5.6 Location also has a major impact on cost. Premises in a prime locations demand extra costs can vary significantly between locations, but often areas that are struggling may have an oversupply of vacant property at low cost, but may not offer the best prospects for business, meaning that in recent years government grant and targeted regeneration schemes have been necessary to encourage businesses setting up in deprived areas. Recent changes in Government policy however, with significant reductions in the availability grant assistance as a result, have meant that many regeneration schemes of this nature have come to an end and the balancing factors against cost and choosing the best location are lessened. This factor alone may strengthen opportunities for Ribble Valley to attract new investment, employment development and growth.

5.7 Also local agents seem to confirm the judgement that the Barrow site is best suited to business park use and the Salthill site, among others, is more suitable for industrial uses. Local agents go further than the BE Group in suggesting that B1 and possibly B2 uses are best suited at Barrow, with B2 and B8 at Salthill. All local agents seem in agreement that significant development in deep rural locations has limited potential in the short term. This position as part of the business case is further reflected by views of local land & estate agents specialising in the relevant local sectors, detailed in the following sections 5.8 to 5.11**.**

5.8 Several local Land and Estate Agents who were currently advertising employment premises were contacted and their views canvassed on the current state of the market and how they saw it developing over the next two to three years, which was regarded as a sensible threshold in such a volatile and inherently speculative market. They were also queried about any significant sectoral gaps in current employment provision in the area. There was general agreement that the office market was severely limited at present due to the current significant oversupply of premises in the nearby M65 corridor and the relatively small local demand. To this should be added the on-going caution over bank lending. This position was considered to continue into the foreseeable future 2 to 3 years.

5.9 To this some emphasised that in general "location is king" and that future office location would be narrowly along the A59 corridor, including the area around Samlesbury, which benefits from nearby access to Preston and the M6. There was limited demand for sites in the wider rural area and the villages. Occasional high quality development, such as at Salesbury, could work but that particular development had probably soaked up all current demand for that type of development in those more rural locations. Other recent similar more deeply rural developments were regarded as vulnerable. Another agent felt that there was still a market for small offices in the local towns based on passing trade and for businesses making the transition from home working. However another agent felt that the offices "over the shop" market was not healthy. More than one felt that the Barrow Brook site had a future as a location for office uses with the correct configurations.

5.10 The views here were more positive in terms of industrial (B2 & B8) markets however. There was still considered to be demand for accessible, ideally freehold, light industrial units of fewer than 3,000 square metres. Some mentioned that units such as those at Salthill, brought up to a modern specification, would fit this market. Also, in terms of considering possible locations it was felt that an extension to the Salthill/Link 59 development, with premises to modern specifications as mentioned above, would be a useful strategic addition to the local employment portfolio. It was also felt that some light industrial uses could be located at Barrow Brook too.

5.11 Finally, in terms of other employment uses, more than one agent felt that the area lacked a budget hotel, possibly in combination with a national leisure/health and fitness development, possibly at Barrow Brook. In terms of retail some felt that current units in Clitheroe were too small. There was interest from some national names in larger footplates.

SECTION 6: SUMMARY & RECOMMENDATIONS

6.1 In summarising this Employment Land Position Statement, it is interesting to note that the results of the assessment remain generally consistent with the findings from the original Employment Land study in 2008 as follows: -

6.2 More employment land of approximately 6 ha should be identified in the Ribble Valley in order to facilitate and maintain levels of economic development over the next 10 years.

6.3 The new supply needs to be primarily located adjacent to the A59, and where possible, extend and add value to existing employment areas, and be accessible to key service centres.

6.4 The limited availability of developable employment land means there is a need to restrain the loss of existing employment areas and premises to other uses. Only in exceptional circumstances, where their existing uses are inappropriate for modern employment needs, should RVBC consider their release.

6.5 Finally, it is recommended that this Employment Land Position Statement be published as part of the evidence base and used to inform the Core Strategy.