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## Draft Employment Land Review

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### SYNOPSIS

This report provides an update to the Local Plan Committee on the progress of the Employment Land Review, and gives Members an opportunity for feedback and input.

#### 1. Relevant Background Details

1.1 The National Planning Policy Framework (NPPF, March 2012) emphasises the weight to be given to planning for economic development (para. 20):

*“Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system.”*

1.2 More specific guidance on factors to be considered when undertaking an Employment Land Review (ELR) and the nature of ELR outputs are provided at paragraph 21 of NPPF: *“In drawing up Local Plans, local planning authorities should:*

- *Set out a clear economic vision and strategy for the area which positively and proactively encourages sustainable economic growth.*
- *Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period.*
- *Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances.*
- *Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries.*
- *Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement.*
- *Facilitate flexible working practices such as the integration of residential and commercial uses within the same site.”*

1.3 And finally, *Councils are urged to be flexible and responsive to “market signals”.*

1.4 Paragraph 22 of the NPPF states that: *“Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed.”*

1.5 The ELR is consistent with Government guidance on undertaking employment land reviews contained in the NPPF<sup>1</sup> and National Planning Policy Guidance (NPPG)<sup>2</sup>.

1.6 The ELR is an assessment of the employment and economic environment of Corby and the demand for and supply of employment land for the period 2011 to 2031.

1.7 The aims of the report are to:

- Consider the future employment land and premises requirements of the Borough to 2031;
- Review the current supply of employment land in both quantitative and qualitative terms;

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<sup>1</sup> <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

<sup>2</sup> <https://www.gov.uk/government/collections/planning-practice-guidance>

- Identify which employment sites should be retained and which can potentially be de-allocated, or allocated for alternative uses to provide a balanced portfolio of land to 2031; and
- Identify the scale, location and type of sites that are needed to meet the future requirements of the Borough.

1.8 The ELR has been carried out in three stages:

- Background work and site assessments have been carried out by Corby Borough Council;
- Consultants Peter Brett Associates in association with Aspinall Verdi undertook a commercial property market assessment to consider the market in general, to gauge the likely effective demand for new floorspace, and hence for development land, and finally to take a look at specific sites, to provide a market-facing assessment of selected existing and potential employment sites, for input into the site-specific recommendations in the main report; and
- The final stage undertaken jointly by Corby Borough Council and the consultants combined the work from the first two stages.

1.9 This report summarises the main findings of the draft ELR and highlights the most significant conclusions. A copy of the full report is available on request.

## 2. Details

### *The Commercial Property Market*

2.1 As part of the baseline work to inform the ELR, the Council commissioned consultants Peter Brett Associates in association with Aspinall Verdi to undertake a point-in-time property market review, focusing on the main commercial sectors within classes B1, B2 and B8. The property review is in two parts. The first part considers the market in general, to gauge the likely effective demand for new floorspace, and hence for development land. The second part provides a market-facing assessment of existing and potential employment sites, for input into the site-specific recommendations in the main report.

### *The Commercial Property Market in Corby: Conclusions*

2.2 For *offices*, with the forecast growth to the population and improved transport links, Corby may become a more attractive office location - but this needs to be considered as part of a longer-term strategy. Currently office rents are too low and occupier demand too weak to make development viable, meaning that in the short to medium term public sector intervention and/or cross-subsidies with higher value uses is required to bring forward new office space. With a supply side stimulus, this may over the medium-term increase rents. But rents would have to double from current levels to make development viable. This makes new build development without public sector support or higher value uses cross-subsidising very challenging.

2.3 For the short to medium term, therefore, the focus should be on refurbishment of existing stock rather than new development. This provides the most cost-effective way to bring more modern space into the market.

2.4 In the longer term, new build office development is only likely to work as part of a town centre scheme, on a site close to the railway station or as part of the Western SUE. Such sites will need to provide sufficient levels of on-site car parking to capture demand. Even so, it cannot be guaranteed that office development will come forward as part of mixed-use schemes

2.5 For *general industrial*, market signals in Corby are such that that general industrial development is currently not viable in the Borough, and is only being brought forward in special circumstances, such as when an inward investor has access to their own funds for development.

2.6 Corby has the potential to have a competitive advantage over neighbouring centres, by offering lower rents / prices and freehold opportunities. A big challenge for development in the Borough in recent years has been getting finance to build speculatively. Centrix Park will offer an opportunity to locate in Corby to footloose businesses that seek a new building for immediate occupation. It will hopefully act as the market stimulus, providing lenders with confidence that Corby is a viable location – whether they are lending to developers or occupiers.

- 2.7 Given the current uncertainty in the market and the availability of sites both for immediate occupation (Centrix Park, Manton Park and Genner Park) and longer term occupation (car storage sites at Geddington Road and Willowbrook North), there is no market rationale to support the release of new sites for general industrial development.
- 2.8 For *strategic distribution*, as with general industrial, the ELR indicates that market signals are such that strategic distribution development is currently not viable in the Borough. However, since discussions were held with landowners and agents to support the study the Council has received initial enquiries which have indicated growing interest in the Borough for this type of development. Corby's competitive advantage is the ability to provide very large units of over a million sq ft, making it one of a very few competing locations in the country or the region that could capture such demand from retailers. In addition, the availability of freehold is an advantage.
- 2.9 Given current market uncertainties, there is no market rationale to allocate additional sites for this type of development.

### 3. Policy Recommendations

- 3.1 The ELR needs to advise the Council on three main questions: firstly how much land in total will be required for employment over the period of the new Part 2 Local Plan for Corby; secondly what sites the Plan should identify for employment development, and thirdly how it should deal with established employment areas. These questions are addressed in turn below.

#### *The quantity of land*

- 3.2 It is estimated that the Joint Core Strategy (JCS) job target implies a requirement for 448,635m<sup>2</sup> of net additional employment floorspace over the plan period. Against this requirement, the current supply comprises:
- Outstanding planning permissions for 260,280m<sup>2</sup> of new floorspace.
  - Completed schemes since the beginning of the plan period, resulting in a small net loss of 1,792m<sup>2</sup> of existing employment space.
  - Net outcome: 260,280 – 1,792 = 258,488m<sup>2</sup> of net additional employment space.
- 3.3 Subtracted from the need of 448,635m<sup>2</sup>, this produces a need for 190,147m<sup>2</sup> of net additional employment space to be provided over the plan period, over and above outstanding planning permissions.
- 3.4 In line with the adopted JCS, therefore, the development plan should provide land to accommodate 190,147m<sup>2</sup> of net new employment space, over and above outstanding permissions. At the standard plot ratio of 40%, this would require 47.5 hectares of land. On top of this, the development plan should provide a margin for flexibility, choice and competition. If any existing employment space is to be lost in future, the plan should also provide additional land to replace such losses.
- 3.5 This development capacity will come from three sources:
- Strategic sites allocated in the JCS.
  - Allocations to be made in the emerging Part 2 Local Plan for Corby.
  - Any further strategic sites to be allocated in the next review of the JCS.
- 3.6 As regards the division of responsibilities, the authorities have agreed that Part 2 Local Plans will only allocate sites up to 5 hectares. Any larger new allocations are considered 'strategic in scale', a matter for the forthcoming JCS review. Sites of less than 0.25 hectares would not be allocated in either plan, as being too small.

#### *Development sites*

- 3.7 The ELR provides detailed assessments of development sites currently allocated for employment, together with those that could potentially be allocated in new plans. For each shortlisted site, PBA / Aspinall Verdi produced a market-facing assessment of likely demand, while Council officers assessed supply-side constraints and availability. The table at Appendix 1 summarises the two assessments and draws the implications for planning policy. The sites fall into four groups, as shown in columns 9-12 of the table and discussed in turn below.

- 3.8 The first group, in column 9, comprises three committed sites – i.e. outstanding planning permissions:
- The largest element by far of this planning pipeline is Midlands Logistics Park, at 95.3 hectares.
  - This and Willowbrook East (ELR 11f, part of the Rockingham Enterprise Area) are classed as potentially attractive from a market perspective.
  - But the market-facing site assessment advises that a third committed site, Land at Weldon Park (ELR05) is as unattractive for employment use and should be released for other uses if possible.
- 3.9 The employment floorspace permitted at ELR05 is a modest 3,450m<sup>2</sup>. If the site is released for other uses, the total existing supply falls by this amount, from the 258,488m<sup>2</sup> estimated to 255,038m<sup>2</sup>. Conversely, the need for net additional floorspace over and above existing supply increases by the same amount, to become 193,597m<sup>2</sup>. At the standard plot ratio of 4,000m<sup>2</sup> per hectare this would require 48.4 hectares of net additional employment land over the plan period.
- 3.10 The second group of sites at Appendix 1, listed in column 10, comprises those development sites which are allocated for employment in the current JCS but have no planning permission as yet. All the land in this group, which includes the bulk of the Rockingham Enterprise area alongside other sites, is rated as potentially attractive for employment uses. The group's total land area is 153.9 hectares, which at the standard plot ratio would provide 615,600m<sup>2</sup> of floorspace. Added to the existing supply of 255,038m<sup>2</sup>, this means that Corby's outstanding permissions and JCS allocations will provide an estimated 870,638m<sup>2</sup> of net additional employment floorspace.
- 3.11 Quantitatively, this existing and JCS-allocated supply is roughly double the need for additional employment land over the plan period, estimated earlier at 448,635 sq m. This is more than enough to cover that need and allow a generous margin for flexibility, competition and choice. Qualitatively the existing and JCS-allocated supply is well-matched to market requirements. However, most of the land identified is subject to constraints, including contamination from Corby's industrial legacy in the steel works, which requires land remediation works before any development can take place.
- 3.12 Despite the generous supply that is already identified for employment, at column 11, it is recommended that five further sites be allocated for employment in the Part 2 Local Plan. Those sites total 9.6 hectares, which would provide an estimated 38,400m<sup>2</sup> of floorspace. In terms of overall quantity, these recommended allocations do not make a material difference to Corby's oversupply of employment land. In qualitative terms, the rationale for allocating the sites is that some of them are well on the way to delivery (live proposals, sites on the market or currently being prepared); while others may have market potential beyond the plan period as part of a long-term land reserve, and are not suitable for alternative uses anyway. The recommendation to allocate these sites in the Part 2 Local Plan is based on the principle that planning should do all it can to maximise take-up of employment land, because Corby is pursuing a highly ambitious and challenging job target.
- 3.13 Finally, columns 12 and 13 of the table show sites that cannot be allocated in the Part 2 Local Plan, either because they are larger than 5 hectares and hence a matter for the JCS review, or because they are smaller than 0.25 hectares and hence too small to be allocated. The first of these categories, at column 12, provides an impressive 306.9 hectares – which would accommodate around 1.2m<sup>2</sup> of floorspace, three times the estimated need over the plan period. Quantitatively, there is no need for these additional allocations. Qualitatively, their merits vary, as discussed in the detailed site assessments that form part of the main report – which will help inform the JCS review.

#### *Established employment areas*

- 3.14 As well as identified and potential development sites, Aspinall Verdi / PBA have produced a market facing assessment of the Borough's eight employment areas. In summary, the assessment finds that the areas are generally well occupied and viable to maintain in their existing use. But two types of industrial units are at risk:

- Larger bespoke industrial units, designed to suit specific businesses, as when they are vacated by their original occupiers they may not be suitable for new ones. These buildings are unlikely to be viable to refurbish or redevelop, and therefore could be suitable for redevelopment for alternative uses. But whether this applies to any specific building can only be determined on a case-by-case basis.
- Smaller units, up to 5,000 sq ft, are more often in poor condition and nearing the end of their economic life. In the short to medium term they should be protected, because they already have the lowest vacancy of any unit sizes, but are not viable to redevelop. Therefore, if such units are lost there will be no alternatives for occupiers.

#### **4. Consultation**

4.1 The ELR has been prepared with a stakeholder working group which met on 21<sup>st</sup> June 2017 attended by around two dozen delegates local agents, land owners, developers, the North Northamptonshire Joint Planning and Delivery Unit, neighbouring local authorities and SEMLEP, among others. Subsequent discussions were held with local property agents and developers to follow up on some of the points raised at the stakeholder group.

#### **5. Next Steps**

5.1 Following Member's consideration of the ELR, the study will be used to inform the preparation of the forthcoming Part 2 Local Plan for Corby.

#### **6. Options to be considered**

6.1 Option 1 – to receive the contents of the draft ELR as evidence to inform the Local Plan and other related documents, subject to consultation with user groups.

6.2 Option 2 – to identify further issues which need to be addressed in relation to Employment Land in Corby.

6.3 Option 3 – to discount the ELR as evidence.

#### **7. Issues to be taken into account:-**

##### ***Policy Priorities***

Regeneration and economic growth is identified in the Corporate Plan 2015-2020 as a main theme. The ELR is a key part of monitoring the effectiveness of the provision and supply of employment land. Ensuring sufficient provision of employment land provides opportunities for new or expanding businesses.

##### ***Financial***

The costs of commissioning this ELR, including a stakeholder workshop, will be £28,400, and can be met from within the existing Local Plan budget.

##### ***Legal***

None directly linked to this report.

##### ***Human Rights and Community Safety***

None directly linked to this report.

##### ***Equalities and Sustainability***

None directly linked to this report.

##### ***Best Value***

None directly linked to this report.

##### ***Risks***

For the Local Plan to be found "sound" by a Planning Inspector through the examination process, it needs to be based on sound evidence. Failure to update the ELR and use its conclusions and recommendations may result in a lack of suitable land being allocated for employment in the Borough and, therefore, may reduce the opportunities for achieving the

Borough's job growth targets as set out in the JCS. It may result in a weaker policy framework to achieve regeneration in the Borough's existing industrial areas.

## **8. Recommendation**

- 8.1 That the draft ELR as agreed by Committee be approved for consultation with user groups and developed through the Part 2 Local Plan.

### **Background Papers**

A hard copy has been placed in the Member's Room and will be published on the Council's website in due course.

### **Further Consultation**

A stakeholder workshop took place on 21<sup>st</sup> June 2017 as described at paragraph 4 above. In order to finalise the draft ELR comments will be sought from the stakeholder group and key officers within the council.

### **Officer to Contact**

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## Appendix 1 Final site assessment and recommendations

Individual site assessments								Land areas by category (ha)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ID	Area (ha)	Site Name	Demand: is the site attractive for employment use?	Supply: how constrained is the site?	Supply: is the site likely to be available?	To be allocated?	Notes	Committed (has permission)	Allocated in JCS not committed	To be allocated in Local Plan Pt 2	Strategic in scale	No allocation
ELR02	0.2	Land adjacent to Iron Pit Close	-	36.0	✓	No	Too small to allocate					0.2
ELR03	143.7	Land at Geddington Road	Yes	56.0	-	No	Discounted through JCS process				143.7	
ELR04	4.4	Priors Hall Development Site	Probably not	39.0	✓	No	No evidence of demand, could be released for alternative uses					4.4
ELR05	3.4	Land at Weldon Park	No	42.0	✓	No	Poor location for employment use, could be released for alternative uses	-3.4				
ELR06	7.9	Corby West	Yes	44.0	✓	No			7.9			
ELR07	18.3	Gretton Brook Rd. (Brookfield Plantation)	Yes	61.0	✓	No					18.3	
ELR08	0.5	South of Gretton Brook Road	-	36.0	-	No	Too small to allocate					0.5
ELR09	7.4	Manton Park	Yes	34.0	✓	No			7.4			
ELR10	1.8	St Luke's Road, St James Industrial Estate	Yes	37.0	-	Yes	Extension to existing industrial estate	1.8				
ELR11a	14.0	Centrix Park	Yes	43.0	✓	No			14.0			
ELR11b	8.4	Genner Park	Yes	39.0	✓	No			8.4			
ELR11c	15.0	North of Birchington Road (Bela)	Yes	56.0	✓	No			15.0			
ELR11d	9.9	North of Birchington Road (Morrisons)	Yes	44.0	✓	No			9.9			
ELR11e	19.1	Willowbrook North/Baird Road	Yes	38.0	*	No			19.1			
ELR11f	7.1	Willowbrook East	Yes	36.0	*	No	JCS allocation and planning permission	7.1				
ELR11g	15.4	Land at Steel Road	Yes	42.0	*	No			15.4			
ELR11h	30.3	Land off Phoenix Parkway	Yes	50.0	✓	No			30.3			
ELR11i	26.5	SEMLEP Proposal	Yes	49.0	✓	No			26.5			
ELR12	6.3	Land to the West of Uppingham Road	Probably not	46.0	-	No	Should remain as agricultural land					6.3
ELR13	49.7	Land North of Western Urban Extension	No	44.0	-	No	Should remain as agricultural land				49.7	
ELR14	1.6	Adjacent Railway Station	No	29.0	✓	No	Remainder of site more likely to come forward for alternative uses, deallocate					1.6
ELR15b & 15c	5.8	Tripark	No/PN/Yes	48.0	✓	Yes	To be allocated as part of long-term land reserve. (Split sites, not strategic in scale.)			5.8		
ELR16	1.1	Parkland Gateway Site B	Probably not	24.0	✓	No	Likely to come forward as mixed use scheme					1.1
ELR17	7.3	Land at Former Sludgebeds	Yes	42.0	✓	No					7.3	
ELR18	42.0	Barn Close	Yes	51.0	**	No	Not available within plan period				42.0	
ELR20	8.6	Former Tarmac Land	-	49.0	**	No	Not available within plan period				8.6	
ELR21	1.6	Princewood Road	Yes	48.0	✓	Yes	Land being prepared			1.6		
ELR22	1.8	Maylan Road	-	57.0	-	No	Site blighted, deallocate					1.8
ELR23	1.1	Weldon Stone Quarry	No	50.0	**	No	Site is not available, deallocate					1.1
ELR24	0.4	CDC Plots Oakley Hay	-	43.0	-	No	Deallocate, too small					0.4
ELR25	1.1	Ficroft Park	Yes	51.0	✓	No	Part of ELR03					1.1
ELR26	0.7	Land off Courier Road	Yes	28.0	✓	Yes	Land currently on the market			0.7		
ELR27	0.5	Former Magistrates Court	No	25.0	✓	No	Town Centre site likely to come forward for alternative uses					0.5
ELR28	9.2	Land at Boyle Road and Curver Way	Yes	36.0	✓	No					9.2	
ELR29	1.8	Howitt's Yard	No	47.0	**	No	Site is not available					1.8
ELR30	0.9	Land at Pearson Training Academy	Yes	35.0	✓	Yes	Live proposal for change of use, likely to be demand for remainder of site			0.9		
ELR31	95.3	Midlands Logistics Park	Yes	54.0	✓	No	JCS allocation and planning permission	95.3				
ELR32	19.8	Tata Land	Yes	35.0	✓	No					19.8	
ELR34	8.3	Pen Green	Probably not	47.0	*	No	Live residential scheme on site				8.3	
ELR35	0.6	Saxon 26	Yes	35.0	✓	Yes	Retain allocation as part of long-term land reserve			0.6		
<b>Total</b>	<b>598.8</b>							<b>100.8</b>	<b>153.9</b>	<b>9.6</b>	<b>306.9</b>	<b>20.8</b>