

# Economic Development, Culture and Tourism Scrutiny Commission Briefing

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## Employment Land and Premises

### 1. Purpose of Report

- 1.1. The Scrutiny Commission requested a report for information on the issues relating to Leicester's employment land when the report on the sale of Ashton Green was considered on 12<sup>th</sup> November 2012. This paper provides an overview of employment land and premises requirements for the city and approaches that the council and its partners are taking to unlock and bring forward employment land and premises for business development in line with the recently adopted Economic Action Plan.

### 2. Summary

- Businesses which are expanding or locating in the city have a strong requirement for new fit for purpose accommodation and often require the development to be located at "prime" sites in order to be viable
- Some of the existing industrial and office buildings in the City are poor quality and are not always well located for business needs
- There is insufficient land to provide for all of the future industrial need within the city's boundaries and the council needs to work closely with adjoining authorities to identify and bring forward additional land for employment development
- In order to enable the development of these prime sites, infrastructure provision and site assembly is key, often requiring proactive public sector involvement where there are viability considerations

- The council is taking proactive steps, working closely with LLEP and other public and private sector partners to identify employment land and premises needs and support the development of new and growing businesses in the city and adjacent areas
- External sources of funding are being secured by the council, as well as bringing forward its own land and buildings for development to support and stimulate private sector investment
- Development of council led supported business workspaces meets key gaps in workspace provision
- Negotiations on new development schemes can deliver additional benefits to unlock and remove barriers preventing employment sites being delivered
- The development of business networks can bring together key businesses and other stakeholders to enable new site development and business investment /relocation

### **3.0 Employment Land and Premises Studies (See details in Appendix 1)**

3.1 A number of employment / office land and premises studies have been conducted to better understand the needs of business, the barriers that they face in developing new sites, the identification of land for new development and opportunities to proactively develop new office/workspace.

- Leicester's Employment Land Study (ELS) 2006
- Housing Market Area (HMA) Employment Land Study 2008
- Housing Market Area (HMA) Employment Land Study 2012
- Leicester's Commercial Office Market Study 2012
- Individual studies to evidence workspace gaps e.g. Creative Industries

3.2 These studies consider both land within and outside the City boundary, recognising that the wider travel to work area catchment incorporates both Leicester and Leicestershire.

3.3 An Economic Assessment has also been carried out by the Leicester and Leicestershire Enterprise Partnership which supports the LLEP Economic Growth Plan.

3.4 The City Council recently published its Economic Action Plan which includes a number of evidence based proposals to promote the development of employment land and premises and support private sector investment.

## **4. Key Issues**

4.1 From the studies and action plans shown above, the following key issues have been identified:

- More quality large scale employment land (totalling over 50ha) is needed to serve the City in the future
- There is insufficient land to provide this within the City's boundaries
- The council needs to work closely with adjoining local authorities to provide the land required
- Leicester needs to protect key employment sites, as there is a shortage of quality employment land
- A range of employment sites are required for all potential uses
- Much of existing office stock is lower quality
- There is a lack of new "A" grade high quality office space, particularly in the city centre, which needs a very proactive approach to delivering new development
- There are gaps in workspace provision (in particular for innovation/technology, creative industries and food and drink uses)
- Infrastructure provision and site assembly is key to all of the above
- Proactive business networks and relationship building with key employment sectors and potential investors is essential

## 5.0 The Availability of Employment Land

5.1 Although the City has over 560 hectares of existing employment land, it has very little remaining land on which to allocate new sites and is at least 50 hectares short of land that is required for the City area for the future to 2026.

5.2 The Council therefore needs to continue to work closely with adjoining local authorities, to provide sufficient new employment land adjacent to the City boundary. **Map 1** attached shows the Principal Urban Area and the location of existing and proposed employment land both within Leicester and adjacent to the City boundary.

5.3 Future employment land already has planning permission at:-

- Leicester - Ashton Green (6ha) - Work is underway to consider if there is scope for additional land allocations at Ashton Green.
- Leicester – Melton Road (1.8 ha)
- Leicester Belgrave Road
- Blaby – M1 Junction 21, Glenfield Strategic Employment Site (15 ha)
- Blaby – Lubbethorpe Sustainable Urban Extension (22ha)

5.4 Future employment land is planned via draft Core Strategy Documents at:- three sites in Charnwood Borough:-

- North East of Leicester Sustainable Urban Extension (13ha)
- Watermead Strategic Corridor Strategic Employment Site (15ha)
- North of Birstall Sustainable Urban Extension (15ha)

- 5.5 There are also major employment initiatives within the wider County area, which will potentially bring significant benefits to the City, including :-
- 5.6 East Midlands airport currently supports 9100 jobs which is projected to rise to 26,000 by 2030 as a result of the masterplan for the airport expansion.
- 5.7 The MIRA Enterprise Zone at Hinckley (87ha site) site for research and development (specifically for transport technology based businesses). The retention of all business rates growth in the zone for at least 25 years will be shared by the local authorities in Leicester and Leicestershire, to support economic priorities including helping to develop new employment sites.

## **6.0 Protection of Key Employment Sites**

- 6.1 Whilst limited new employment land is available in the City, the existing land and buildings which are the highest quality will continue to be protected for employment uses.
- 6.2 It is necessary to provide a range of employment sites, which are available for all potential users. The land in the city is distributed in 97 existing employment areas, ranging in size from large scale industrial estates such as the 75.6 hectare site at Braunstone Frith, to small scale local employment areas such as on Weymouth Street at 0.8 hectares.
- 6.3 About half of this land/ buildings are in small to medium size areas which are often surrounded by residential development and are more difficult to access for instance by HGV. They are often lower quality buildings, but are generally still very well occupied (over 90%) and useful for employment use. Some sites are however suitable for reuse for other purposes such as residential use where they are no longer viable for employment purposes.

## **7.0 High Quality Office Space**

- 7.1 There is a clear need to continue to plan for new “prime” office sites (i.e. sites which have the highest value commercially, due to their location) as opposed to the lower quality, secondary sites (which make up much of Leicester’s office stock). These will meet the needs of individual businesses which are expanding or relocating and need a choice of high quality accommodation.
- 7.2 Following Leicester’s Commercial Office Market Study an Office Forum has been established bringing together commercial agents, supported by the Council and the LLEP to better co-ordinate and promote the city’s office offer.
- 7.3 The Council will work directly with agents, occupiers, site owners and developers to proactively bring forward Grade A office developments including

the potential use of council land at Dover Street and at the New Walk Centre site. The relaxation of parking requirements was also outlined in the Office Market Study.

7.4 The key issues for are set out in section 4 of Appendix 1

## **8.0 Council Workspace Development**

8.1 The Council operates a number of business workspace units across the city and more recently has successfully developed supported business workspace to provide greater support for businesses wanting to set up and grow e.g. LCB Depot. Studies have been conducted to identify sector based needs and the following schemes have been developed as a result.

### **8.2 Innovation Workspace - Abbey Meadows**

The Innovation Centre is scheduled to open in September 2013. It will provide a high quality location for knowledge based businesses, supporting Leicester's emerging technology and innovation sectors and will act as a catalyst for the development of the wider Innovation and Technology Park (See section 11 below). The Leicester Innovation Workspace development will deliver 33,000 sq ft of floor space supporting 55 businesses and some 150 jobs by 2015

### **8.3 Makers Yard – 82-86 Rutland Street**

The council has also delivered a new 8000sq ft creative workspace, focused on designer makers at Makers Yard in St Georges Cultural Quarter. It will be 90% occupied by June and provides further opportunities for creative graduates to remain in the city.

### **8.4 Food and Drink Workspace - Lewisher Road**

A bid has been made for ERDF grant to build a 20,000sq ft Food and Drink Park at the former Gipsy Lane Brickworks. It would occupy around 1/3 of the council owned site and the remainder will be sold to a local business for complimentary uses.

## **9.0 City Council Land**

9.1 In order to implement the Economic Action Plan, the Council is seeking to make available its own land for employment development.

9.2 At least 6 hectares of employment land has been identified at Ashton Green through the master planning work and further opportunities for employment land provision are being explored. The sale of 5ha of this land has been agreed in principle to Samworths for employment use. A new factory is expected to have 200 jobs to start; 500 could follow. The Council is currently constructing an access road for the employment site to accelerate its development which is now expected to be on site by early 2014.

9.3 As noted above, Council owned sites at New Walk Centre and Dover Street are being promoted for office developments and Council owned land will be promoted for development as part of a later phase of the Innovation and Technology Park on Abbey Lane.

## **10.0 Grants and Funding**

- 10.1 The Council is able to access loan and grant funding support its own employment land and premises development schemes and also support private sector businesses to access grants.
- 10.2 Loan funding is available through the Growing Places Fund to support infrastructure provisions to unlock employment sites. This fund has been used for instance to create a new access road from the Beaumont Leys Lane/ Bennion Road roundabout to service 5ha of employment land forming part of the first phase of the Ashton Green development.
- 10.3 Regional Growth Fund grant is available to support manufacturing companies to invest in capital plant to help develop and grow their businesses. A number of textile manufacturing firms have applied for this funding within Leicester.
- 10.4 The recent City Deal bid has been agreed by Government to proceed to detailed development by the end of 2013. LLEP, Leicester City Council and Leicestershire County Council submitted a city deal bid, which could boost business growth and job creation by providing required infrastructure for employment sites in the city and county and also make available publicly owned land.

## **11.0 Development Scheme Negotiations**

- 11.1 Negotiations with developers can provide the opportunity to unlock employment land for development and deliver other wider business related benefits.

### **Sainsbury's development - GE Lighting site, Melton Road / Troon Way and Belgrave Road**

- 11.2 Despite negotiations by the City Council since 2008, with the various site owners and potential employment developers, it was not possible to bring forward new employment uses on the GE site due to high land development cost and related development viability issues. Negotiations with Sainsbury's foodstore to introduce higher value retail uses on the site and resolve the site viability issues have resulted in the following expected benefits:

- A major new Sainsbury's retail development at Melton Road. Preparatory site preparation works are now underway
- A 1.8 hectare fully accessed and serviced employment site to the north of the proposed new Sainsbury's store at Melton Road. This will enhance the attractiveness of the site for design and build for employment use
- A new employment development site with access and servicing at the current Belgrave Road Sainsbury's store site
- Removal of the Belgrave Road Flyover and associated public highway/realms works to transform the business environment

### **Sowdens/Asda development - Abbey Lane / Exploration Drive**

11.3 Negotiations with a developer and owner of land at the Innovation and Technology Park have led to the following expected benefits.

- A new ASDA retail development on Abbey Lane – site demolition works underway.
- A new 15,000 sqft Technology and Innovation workspace building complementing the councils own Innovation workspace – Due to commence in April
- A new bridge across the River Soar linking the employment site with proposed housing development areas at Abbey Meadows

## **12.0 Business Networks**

12.1 Business networks have been established to pro-actively support business growth in key sectors identified in the Economic Action Plan which can bring together landowners, land agents, developers and business stakeholders.

- The Office Review has resulted in the Office Forum to help support and promote high quality office development in the city centre. This has helped engagement with key businesses in the city centre that may be thinking of expanding or relocating
- Key stakeholders have been brought together to develop land and workspace at the Innovation and Technology Park at Abbey including the two universities, developers, landowners, the Space Centre and businesses that may consider relocating to the Park
- The St Georges Cultural Quarter Business Association fosters links with creative businesses, landowners, developers and businesses
- Key food and drink manufacturing businesses are being brought together in the Food and Drink Business Investment Area. Initially this is focussed on the council's project to develop new workspace at Lewisher Road

## Appendix 1 – Summary of Employment Land/Office Studies

### 1.0 Leicester's Employment Land Study (ELS) 2006

This was the city's first Employment Land Study, it confirmed the following:-

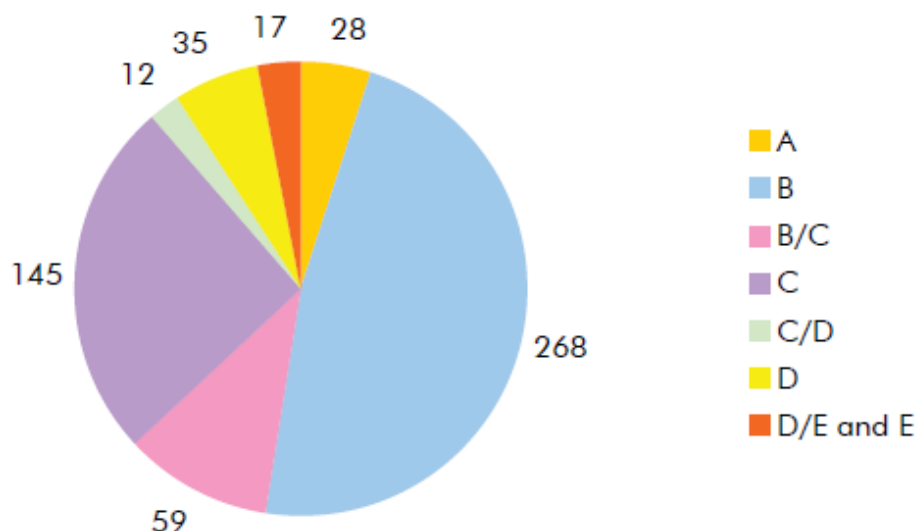
#### a) Number and Quality of Buildings

That there are 560ha of land / buildings reserved for employment use i.e. designated in the Local Plan, (in addition to many other individual buildings in residential areas that are not protected for future employment use).

**Map 1:-** shows the location and the quality of the reserved sites/ buildings. These are distributed in 97 employment areas, ranging in size from large scale Industrial Estates such as the 75.6ha at Braunstone Frith, to small scale local employment areas such as on Weymouth Street (only 0.8ha).

About half of this land/ buildings are in small to medium size areas which are often surrounded on three sides by residential development and are more difficult to access by HGV. They are often lower quality buildings, but are generally still very well occupied (over 90%) and useful for employment use.

**Chart 1:-** The pie chart below shows the number of hectares of land in each grade within the City.



#### b) Forecasts Of Future Need

The future need for employment land / buildings was estimated, which concluded that there could be a shortage of around 60ha of employment land in the next 10 years and that there was not sufficient land in the City to provide this, so joint working was required with adjoining authorities and it was agreed that a city/county wide study was needed.

## 2.0 Housing Market Area (HMA) Employment Land Study 2008

This was the first city/county wide study, which was jointly commissioned between all the local authorities. It reaffirmed the shortage of employment land in Leicester and made new and quite “ground breaking” recommendations, that the adjoining planning authorities needed to allocate far more employment land, in addition to their own requirements, to ensure that the employment land and property needs of the sub-region (i.e. on behalf of Leicester), as well as individual districts are met.

## 3.0 Housing Market Area (HMA) Employment Land Study 2012

This second city/county Wide (HMA) study updated the 2008 study. It reinforced the need for the City Council to work strategically with the adjoining planning authorities. **Table 2** shows forecast demand for Leicester between 2010–2031. The deficits in industrial and strategic warehousing are proposed to be met outside of Leicester within Charnwood and Blaby. The amount of employment land in their proposed Sustainable Urban Extensions includes this extra provision required for the City. **Table 2** takes account of the City’s future land supply that is shown in Table 3 below.

**Table 2-** Leicester City’s Demand and Supply of Employment Land 2012-2026

Type	Office B1 a/b (sqm)	Industrial B1c/ B2 & small B8(Ha)	Strategic Warehouse (Ha)
Forecast	52,500	51.50 ha	19.20 ha
Early (Tier One) Supply	19,230	17.74	0.00
Later (Tier Two) Supply	25,648	1.60	0.00
<b>Balance</b>	<b>-7,622</b>	<b>-32.16</b>	<b>-19.20</b>

**Table 3:** The City’s Future Employment Provision 2012–2026 (from Core Strategy)

Location	Area (Ha)	Floorspace
Ashton Green	Up to 6 ha	-
Abbey Meadows Innovation and Technology Park	6.1 ha	Up to 30,000 sqm B1(b)
City Centre Offices	Redevelop existing sites within the City Centre	At least 40,000 sqm B1(a)

### In summary,

The trends in job numbers for the next 10 years differ from the need for new land. Although General Industrial (B2) jobs were predicted to decline and office (B1) jobs to increase, with a minimal change in Storage and Distribution (B8)

jobs, the actual floor space demand for these three uses will be very different as follows:-

i) Overall office floor space demand is not likely to increase (for the reasons set out in below in the office summary) but additional high quality space is required.

ii) Storage and Distribution (B8) uses will be in very high demand in the County.

iii) General Industrial (B2) floor space will continue to decrease as manufacturing moves away from too great a dependence on low technology manufacturing towards greater innovation, but more land will still be required for “renewal” (replacing old buildings with new), which usually needs to be on alternative “prime” sites in order to be viable, (i.e. ones which have the highest value commercially, due to their location) as opposed to the lower quality, secondary industrial sites (which make up much of Leicester’s stock).

#### **4.0 Leicester’s Commercial Office Market Study 2012**

Leicester City Council commissioned work specifically about the health of our office market. It identified that the key issues for Leicester are:-

- Has a high level of existing stock, (particularly large, lower quality C grade);
- Lacks new “A” grade high quality space, which needs a very proactive approach to achieve it;
- Parking provision is essential;
- Benefits from an established Professional Office Area;
- Has the advantage of networking opportunities and leisure and retail offer in City Centre;
- An attractive labour market and has a cluster of contact centre firms;
- Within 70 minutes of London;
- Even though the overall stock of office space in the city is forecast to decline, there is a strong need to continue to plan for new high quality new space, to provide for those firms which are growing.