

Report of the Director of City Strategy

Employment Land Review – Evidence Base

Summary

1. This report advises Members of the preparation of the Employment Land Review (ELR) we have commissioned as a key part of the evidence base to support our Local Development Framework. It has been prepared for the Council by Consultants, Entec with advice from Lawrence Hannah LLP. The study builds on the stage 1 Employment Land Review produced for the Council by SQW (Segal Quince Wicksteed), reported to Members in 2007.
2. Members are asked to approve the study, attached as Annex B, to this report for publication as part of the LDF evidence base.
3. The detailed Annexes that accompany the study will be available to view ahead of the meeting in the Members Library, in Guildhall Reception and from the author of this report.

Background

4. PPS12 (Local Development Frameworks) advises that policies prepared by local planning authorities should be founded on a thorough understanding of the needs of their area and the opportunities and constraints which operate within that area. Understanding the economy of York in this context is a key part of developing a robust LDF. The Employment Land Review will form an important part of the evidence base for the Core Strategy, Allocations DPD and the Area Action Plans for York Northwest and the City Centre.
5. The Regional Spatial Strategy for Yorkshire and the Humber (RSS) adopted in May 2008 highlights the economic importance of York both in terms of its role as a key driver in the Leeds City Region and within its own sub area. It includes information on annual potential job growth with a figure for the City of York of 2,130 and highlights a potential net change in land for industrial & storage/ distribution uses between 2006 – 2021 of 90 ha. It is made clear in the RSS,

however, that 'the figures are indicative, rather than targets' allowing for the use of more detailed local forecasts.

6. A stage 1 Employment Land Review was produced for the Council by SQW and was reported to Members in 2007. This piece of work concentrated, although not exclusively, on the future levels of job growth and the associated levels of land required. As this was produced prior to the adoption of the RSS a key part of Entec's commission was to review this work in light of the regional approach along with considering employment land supply.

Options

7. Members have two options relating to the Employment Land Review:

Option 1: To approve the Employment Land Review, attached as Annex B, for publication as part of the Local Development Framework evidence base;

Option 2: To seek amendments to the Employment Land Review through recommendations of the LDF Working Group, or request further work from Entec and/or officers. This would be over and above the budget allocated for Entec's commission.

Analysis of Options

8. The Study forms an important part of the evidence base for the LDF. It will be primary evidence used to guide the policy issues regarding employment land provision in the City. Given the significance of this study it is important that it is approved as part of the evidence base to support the progress of the Local Development Framework, both at the Core Strategy Preferred Option stage and also within subsequent detailed policy documents.
9. Delaying the approval of the study could delay the Core Strategy and there would be a significant risk that this would delay further stages of the LDF, since the Core Strategy will provide the overall planning policy framework to inform the other Development Plan Documents.
10. Members are therefore asked to approve the Employment Land Review as part of the evidence base for the Local Development Framework. It is important to note that in adopting this report Members are not being asked to endorse any particular sites or a particular policy approach. Instead, we are asking members to agree that the information provided will be used to inform our consideration of potential approaches for the Core Strategy and other LDF documents.

Key Findings from the Study

11. The study provides the following information:
 - a review of the previous demand assumptions in light of the figures included within published RSS;
 - an assessment of York's current major employment areas;
 - the role of a new office quarter in York Central; and
 - an analysis of future potential supply.

Demand

12. The study highlights that the economy of York has performed strongly over the period for which data is available (1995 – 2006) compared to the national economy, with growth in total employment of 16.59% compared to 15.8% nationally. This growth has been mostly derived from a few sectors including business services, banking finance and insurance, retail and hotels and restaurants. This pattern of growth shows that a continued (and strengthening) demand for office space. Given the growth in distribution this is also likely to be the case for storage and distribution premises.
13. This work undertaken by Entec supported the previous work prepared by SQW in terms of overall employment growth. SQW indicated that the total jobs in York in 2006 was 90,418. They predicted that this would increase to 116,018 total jobs by 2029. This means that York will have a total job growth between 2006 – 2029 of 25,600. The projection of the annual job growth to 2029 was forecast as 1,113. The report notes that the overall job growth refers to all jobs, not just those in the B use classes, which make up 49% of total jobs, the remainder is made up of all other sectors (retail, hotels and catering etc).
14. Whilst not disagreeing with the overall levels of growth highlighted in the SQW work, Entec used a different methodology for translating this figure into an overall requirement for the different B use classes adopting an approach that was closer to that used for the RSS (this is explained in detail in Appendix A to the Employment Land Review). In addition they employ a different method for allowing for flexibility, adding a margin equivalent to the average development timescale of 2 years' worth of the total identified requirement. Table 1 below translates the forecast levels of employment growth identified in the Employment Land Review into floorspace and a land requirement for key employment sectors.

Table 1 : Jobs Change, Employment Floor Space and Land Requirements

Use Class	Jobs Change (2006-2029)	Floor Space (Sq , Metres) to 2029	Land Requirement (ha)
Offices (B1 (a))	+9,881	+193,329	+15.10
Research and Development (B1 (b))	+306	+9,651	+1.21
Light Industry (B1(c)) General Industry (B2)	- 886	0	0
Storage and Distribution (B8)	+2,450	+133, 154	+33.29
Total	+11,751	+336,134	+49.6

Existing Supply

15. The study included a review of the following existing larger employment areas across York, some of the key findings are highlighted in summary below.
16. York City Centre
York does not have any recognisable central business district or office core. As a consequence office buildings are spread throughout the city centre. The office sector has performed relatively well in terms of rental growth, due to a perceived shortage of supply, and there has been a fairly consistent take-up of office space year on year. Understandably there are very limited provisions of B1(c), B2 and B8 properties in the city centre as they tend to be situated in industrial business parks. Agents highlight that there is a need for high quality accommodation within the city centre and the delivery of sites such as the new office quarter at York Central (part of York North West) and Hungate are vitally important. This is consistent with the conclusions of the Stage 1 Employment Land Review.
17. Clifton Moor
The area has developed piecemeal over time and as a consequence B1(a) office uses are interspersed with B1(c), B2 and B8 as well as retail uses. The office provision at Clifton Moor is mixed in nature with relatively high supply of two storey accommodation, much of which now remains vacant and available to let due to its poorer quality. There are a number of more recent typical B1(a) office developments which typically provide accommodation for the smaller occupiers of up to 465 sq m (5,000 sq ft) with very few office buildings in excess of this size being provided. Similarly, the provision of B1(c), B2 and B8 accommodation has largely been provided for smaller occupiers of up to approximately 650 sq m (7,000 sq ft). The Clifton Moor area is now considered to have little development or redevelopment potential.

18. Despite the consultants conclusions, officers would highlight the success of recent inward investment opportunities into the business park, demonstrated by the Eco Business Centre. This is a £3 million purpose built eco friendly small business centre built to high standards of sustainable design and construction.
19. Monks Cross
Monks Cross benefits from being adjacent to the Monks Cross Retail Park, Leisure Club and Swimming Pool and Park and Ride facility. Consequently this particular locality is regarded by many as a desirable prestigious office location and speculative office developments have been successful over recent years. There are also a small number of warehouse and industrial occupiers also situated in the Monks Cross area. The recent application by HSBC for a £300 million data centre supports Entec's views regarding the attractiveness of the area.
20. York Business Park
York Business Park is a mixed use development with the employment elements including a mixture of B1(a) Offices as well as B1(c), B2 and B8 industrial and warehousing. Most of the development has occurred over the past decade, the units are therefore modern both in appearance and specification, with units catering for small to medium sized business. Agents have commented that York Business Park is generally preferred by occupiers as a location to Clifton Moor because of the access problems to the latter.
21. Northminster Business Park
Approximately 10 years ago, self-contained industrial/warehouse units were developed which were offered to the market freehold, the remainder of the site, has been developed primarily for two storey B1(a) Offices, although there has been a handful of industrial/warehouse units constructed. Most of these units are again of relatively small size to accommodate small to medium sized local businesses, with the vast majority having been purchased by owner occupiers, which highlights the popularity of this location.
22. Foss Islands Road/James Street
Located on the eastern periphery of York city centre. Prior to the development of the Foss Islands Retail scheme and the completion of the James Street Link road this area was regarded very much as a location for industrial and warehouse occupiers with the vast majority of the accommodation being designed and built for such uses. It is considered that this particular locality has an important role to play in the provision of such trade counter operations which are considered to be relatively easily accessible, and as such this location continues to prove to be of interest with a healthy level of demand being experienced whenever units are presented to the market. In addition it is highlighted that some of the older stock, particularly along James Street and in the Layerthorpe area, may present themselves as good regeneration and development opportunities in the future.

23. It is proposed, as part of the LDF process, to undertake further work to explore the regeneration potential of this area. This will include consideration of a range of employment and other uses, including offices.

The Role of York Central

24. The York Central site is highlighted as providing a significant opportunity for York to be able to accommodate, and significantly extend the range and quality, of its office accommodation. York Central has been identified as a regionally significant investment opportunity in the Regional Spatial Strategy. It provides the opportunity for developing a new office quarter in a highly sustainable location with excellent transport links both regionally and nationally.
25. Entec considered those B1(a) office sectors that were strongest in York and assumed that they will form the greatest demand for space within a new office quarter. The report highlights that the new office quarter at York Central could provide between 87,000 – 100,000 sqm.
26. The potential space provided by the new office quarter on York Central equates to over 45% of the total predicted need up to 2029. Members should be aware of the importance of not being over dependant on a single site or location to meet a particular need and the importance of building flexibility into land supply.

Potential Future Supply

27. The study provided an assessment of the quality of available supply. This included reviewing sites currently identified in the Local Plan along with others put forward during the consultation process on the LDF Allocations DPD (92 sites in total). The methodology used followed best practice and the advice within the ODPM (now CLG) good practice guidance in undertaking employment land reviews. It is based on a number of sources of information including publicly available data, survey of sites, and discussions with stakeholders. This was undertaken in relation to their suitability for sub sets of the B use classes to present shortlists of sites that may be considered as a part of the Local Development Framework process. The shortlisted sites for B1(a) and B1(c), B2 & B8 are highlighted in Table 2 and 3 below. Annex A to this report also sets out the shortlisted sites and in addition includes the figures for the area of developable land, floorspace and site specific comments.
28. It should be noted that the tables below and the more detailed tables in Annex A, provide a shortlist of sites to be considered further, based on scoring of their suitability for employment. It is not suggested that all the sites in the shortlist should be allocated for employment purposes through the LDF process. The sites identified in the shortlist will need to be considered in light of the emerging Core Strategy approach to development and other site specific information. The latter point could in some cases make the sites unsuitable for employment use. If

identified through the consultants research such potential issues are highlighted in the comments column in Annex A.

Table 2: Short list of sites for B1(a) Offices use:

Rank	Site Name
1	York Central, Leeman Road
2	Hudson House and Old Station Buildings, Station Rise/Toft Green
3	1-9 St Leonard's Place & 2-4 Museum Street
4	Coppergate 2
5	Hungate, Peasholme Green
6	Land north west of Former Carriage Works, Holgate Park, Poppleton Road
7	James Street/Foss Islands Road
8	British Gas Site, 24 Heworth Green
9	Adjacent to Norwich Union, Monks Cross, Huntington
10	Former British Sugar Site, Boroughbridge Road
11	Former Terry's Factory, Bishopthorpe Road
12	Omega 1, Monks Cross, Huntington
13	Southern part of Nestle Factory, Haxby Road
14	Land south of Great North Way, York Business Park
15	Land forming south east of York Business Park
16	Vangarde, south of Monks Cross, Huntington
17	Land north of Great North Way, York Business Park
18	North of Monks Cross, Huntington
19	Land north of Northminster Business Park, North Field Lane

Table 3: Short List of sites for B1(c), B2 and B8 uses:

Rank	Site Name
1	North of Monks Cross, Huntington
2	James Street/Foss Islands Road
3	Vangarde, south of Monks Cross, Huntington
4	Land south of Great North Way, York Business Park
5	Grimston Bar: Land to north of A1079, west of A64 bypass and south of Murton Way
5	Land forming south east of York Business Park
7	Adjacent to Norwich Union, Monks Cross, Huntington
8	Land North of Northminster Business Park, North Field Lane
9	Osbalwick Link Road (existing employment), Osbalwick
9	Omega 1, Monks Cross, Huntington

Rank	Site Name
11	Former Bio-Rad Premises, Haxby Road, New Earswick
11	Land south east of Murton Industrial Estate, Murton
13	Monks Cross North, Huntington
14	Land to rear of Brook Nook, Murton Way, Osbaldwick
15	York Central, Leeman Road
16	Hudson House and Old Station Buildings, Station Rise/Toft Green
17	Land north of Great North Way, York Business Park
18	Land south of Northminster Business Park, North Field Lane
19	Land at Knapton Moor

29. With regard to free standing Research and Development (B1(b) uses) it is considered that Heslington East, the University of York's development site, can accommodate all the anticipated demand for this land use. Heslington East has permission to develop around 25 ha of Research and Development uses in addition to academic and other university uses. It is considered that the co-location of institutional, together with Science City York, uses would represent the preferred location for the development of B1(b) in York. This would allow the additional growth in the sector over an above the demand figures highlighted in the report.
30. The economic growth projection previously included within the Stage 1 Employment Land Review endorsed by Entec's work are customised to allow for growth in the Science City York sector. This sector effectively includes B1(a); B1(b) and B1(c) uses and it is anticipated that the short listed sites could allow for the growth in this sector without needing to identify specific sites.
31. In its assessment of potential supply the study acknowledges that some sites that had previously been allocated for employment performed particularly poorly across the range of assessment criteria for future employment use, however it acknowledges that they perform an important role as sites located beyond the urban area providing for local need. These sites include:
- Land at Elvington Airfield Industrial Estate
 - Elvington Industrial Estate, and
 - Land about Wheldrake Industrial Estate.
32. North Selby Mine is also highlighted as location which may be well suited to the development of 'green technologies' particularly the development of renewable energy.

Next Steps

33. Following Members consideration of the Employment Land Review further work will be undertaken to consider its conclusions in light of our overall planning strategy and strategic approach to economic development. This will include the consideration of competing uses for shortlisted sites along with more detailed work to consider their suitability for employment. This will include the consideration of the sites in light of the approach to development we are establishing as part of the LDF Core Strategy and other relevant site specific information. In addition it will also be important to consider deliverability. This work will include entering into dialogue with landowners and developers.
34. As indicated in the report, officers will also undertake further work to consider the redevelopment and regeneration potential of the Foss Islands Road / James Street area.
35. The outcomes of the further work on sites will be reported to Members later this year as a part of the development of the Allocations DPD and City Centre AAP.

Corporate Priorities

36. The option outlined above accords with the following Corporate Strategy Priorities:
 - Improve the economic prosperity of the people of York with a focus on minimising income differentials.

Implications

37. The following implications have been assessed.
 - **Financial** – *None*.
 - **Human Resources (HR)** – *None*.
 - **Equalities** - *None*
 - **Legal** - *None*
 - **Crime and Disorder** - *None*
 - **Information Technology (IT)** - *None*
 - **Property** - *None*
 - **Other** – *None*

Risk Management

38. There are no identified risks in this proposal

Recommendations

That Members:

(i) approve, subject to the recommendations of this Working Group, the proposed Employment Land Review, included as Annex B to this report, for publication as part of the Local Development Framework evidence base.

Reason: So that the Employment Land Review can be used as part of the Local Development Framework evidence base.

(ii) delegate to the Director of City Strategy, in consultation with the Executive Member for City Strategy, the making of any other necessary changes arising from the recommendation of the LDF Working Group, prior to its publication as part of the Local Development Framework evidence base.

Reason: So that any recommended changes can be incorporated into the Employment Land Review.

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**Report
Approved**



Date 18/02/2009

Specialist Implications Officer(s) N/A

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex A: Shortlist of sites for B1(a), B1(c), B2 and B8 uses.

Annex B: Draft Employment Land Review (Copies of the appendices to Annex B are available in the Members' Library or by contacting the City Development Team)