Melton Borough Council
EMPLOYMENT LAND STUDY

ROGER TYM & PARTNERS
Planners and Development Economists

InnesEngland

Final Report
July 2006

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1 INTRODUCTION

1.1 This study was commissioned in July 2005 by Leicestershire County Council, on behalf of the Leicester Shire Economic Partnership (LSEP) and its partners, to assess the balance of demand and supply for employment land[1] in Melton Borough and draw the implications for planning policy.

1.2 The consultants' brief[2] sets out six objectives for the study:

- 'To assess whether the existing quantity, quality, type and geographical spread of employment land in Melton Borough meets the current and future employment requirements for the period to 2016;
- To assess whether additional employment land allocations are required, and, where appropriate, identify [locations for these new sites];
- To provide up-to-date information and advice to inform the preparation of the Local Development Framework (LDF);
- To inform a Leicester and Leicestershire sub-regional strategy for employment land and premises;
- To inform sub-regional planning proposals;
- To inform the LSEP, emda, other public bodies and the private sector of future priorities for investment in employment land and premises'.

1.3 The brief also notes that there is increasing pressure to transfer employment land to housing and concern has been expressed that too many employment sites are being lost in this way, in some cases *'due to the lack of robust evidence to justify their retention, rather than proof that they are no longer required for employment'.* The Government's updated Planning Policy Guidance (PPG) 3 states that local authorities may have employment allocations which cannot realistically be taken up over the lifetime of the development plan, or are no longer compatible with current planning policy guidance. This study aims to test the Borough's employment land against these criteria, building a robust evidence base for the Borough's emerging employment land policies.

1.4 Following this Introduction:

- Chapters 2-4 establish the baseline for our analysis, considering in turn the framework of existing policy, the performance of the local economy to date and the current balance of the property market.
- Chapters 5-6 considers the future balance of demand and supply to 2016, beginning with a simple quantitative analysis and then adding the qualitative dimension, based on a detailed assessment of existing and committed employment sites.
- Conclusions and recommendations are in Chapter 7.

1 As required by the brief, the study deals with industry, warehousing and offices (Classes B1-B8 of the Use Classes Order), together with sui generis uses which occupy similar space. This is the accepted definition of employment uses in UK planning. It excludes land uses that provide many jobs, but are planned for in other ways, such as retail, leisure, education and health.

2 Tender Document, June 2005

2 POLICY CONTEXT

2.1 In this chapter, we summarise:

- The strategic employment land policies which the Borough's new LDF will be required to consider;
- The local employment land policies currently in force, which in preparing the LDF the Borough will need to reconsider.

National Policy

2.2 The Government's Planning Policy Guidance Note (PPG)4, Industrial and Commercial Development and Small Firms, was published in 1994. PPG4 states that development plan policies should provide for choice, flexibility and competition. Authorities should ensure that there is sufficient land available which is readily capable of development and well served by infrastructure. They should also ensure that there is a variety of sites available to meet differing needs.

2.3 Although PPG4 is the natural home for government guidance relating to employment land, important further guidance is now provided in the amended PPG3, Housing. In order to help increase the supply of land for housing, a new paragraph, 42(a), was added to PPG3 in January 2005. This new text introduces a presumption in favour of applications which propose a change of use from employment to housing:

'Local planning authorities should consider favourably planning applications for housing or mixed use developments which concern land allocated for industrial or commercial use.'

2.4 The idea behind the new guidance is that planners should not safeguard for employment uses sites which have become unattractive for such uses, and therefore would be better released for housing development. However, paragraph 42(a) does not introduce a free-for-all attack on the stock of employment land. The policy is balanced with three criteria which can justify retention.

2.5 Firstly, planning authorities are reminded that not all employment land is suitable for housing. Secondly, they are cautioned that in some markets the release of employment land could trigger or exacerbate excess housing supply. The third criterion is particularly relevant: it states that planning authorities can continue to safeguard employment land and premises if:

'It can be demonstrated, preferably through an up-to-date review of employment land, ([see] Employment Land Reviews: Guidance Note' ODPM 2004) that there is a realistic prospect of the allocation being taken up for its stated use in the plan period or that its development for housing would undermine regional and local strategies for economic development and regeneration.'

2.6 The present study, like the many employment land reviews commissioned by planning authorities throughout England, is largely a response to this new government policy and the ODPM Guidance Note to which it refers. The criteria used in our site assessment (Chapter 6) are designed to match the criteria in paragraph 42(a), identifying sites which the market can realistically be expected to take up and those which are critical to the delivery of economic development and regeneration strategies.

2.7 In December 2005, the ODPM published a proposed replacement for PPG3. The consultation draft of this replacement, Planning Policy Statement (PPS)3, omits paragraph 42(a) and contains just two references to the transfer of employment land to housing, both very brief. The first reference is indirect: it states that, when preparing housing policies in Local Development Frameworks (LDFs), authorities should have regard, among other things, to local strategies, which include local economic strategies, community strategies, local transport strategies, local transport plans and so forth. Secondly, when considering applications for housing where the LDF is not yet available or for sites not allocated in the LDF:

'Local planning authorities should consider favourably planning applications for housing development:.. if the site is suitable for housing development (including land allocated or previously used for industrial or commercial use, which is no longer needed for that use).'

2.8 A footnote to the above sentence refers to the ODPM Guidance Note on employment land reviews.

2.9 Overall, the draft PPS3 seems to mark a retreat from the previous Government position, in that it provides less specific guidance on the release of employment sites than does the current PPG3. It may be that the intended replacement for PPG4 – for which a date has yet to be announced – will fill that gap. Meanwhile, in this study we have no option but to base our site assessments and policy advice on the criteria paragraph 42(a) of PPG3 - which at the time of writing still represent current Government policy and are reflected in the more detailed ODPM Guidance Note.

2.10 There is concern that PPG3 has led to too many employment land losses. One of the outcomes of this study will be to recommend which employment sites should continue to be protected and which, if any, could be released for other uses, and to justify this.

Regional and Sub-Regional Policy

The Regional Spatial Strategy

2.11 The Regional Spatial Strategy (now called the East Midlands Regional Plan) was adopted in 2005. The Plan states that the East Midlands, although enjoying high employment, is a low-value economy, with low productivity, earning and skills. There is a lack of jobs in the 'knowledge industries' and the potential of local universities and colleges in the East Midlands is not being fully exploited.

2.12 Policy 1 sets out core regional objectives, which include:

- To address social exclusion
- To improve the quality of the environment in urban and rural areas
- To promote and improve economic prosperity, employment opportunities and regional competitiveness
- To improve accessibility

2.13 Policy 2 sets out the sequential approach towards the location of new development and Policy 3 sets out sustainability criteria, including the availability and location of previously developed land, accessibility and the likelihood that the site can be viably developed. Policy 4 deals with the design of new development.

2.14 Policy 5, headed 'Concentrating Development in Urban Areas', sets out a hierarchy for the location of new development, with development to be concentrated in the Principal Urban Areas (PUAs – the built-up areas centred on Derby, Leicester, Lincoln, Northampton and Nottingham) and the Sustainable Communities growth towns (Corby, Kettering and Wellingborough). At the third and last layer of the hierarchy, Policy 5 places sub-regional centres, which include Melton Mowbray, where there should be 'appropriate development, though of a lesser scale'.

2.15 Policy 6 deals with development in rural areas. It states that LDFs and other policy documents should ensure that new development:

'…*strengthens rural enterprise and linkages between settlements and their hinterlands, helps to shorten journeys and facilitate access to jobs by… providing for employment* *development to strengthen the vitality and viability of market towns; … encouraging development opportunities related to the rural economy, including farm-based enterprise and the appropriately scaled growth of new and existing rural businesses'.*

2.16 The Regional Plan does not quantify how much employment land should be made available, either regionally or by local authority area. In supporting text, it says that authorities should take into account the findings of the QUELS and RELPS studies. For the Eastern Sub-Areas, of which Melton is part, the text suggests that there is no shortage of employment land:

Offices

'Current supply is limited, but is probably adequate in the short-term. While there has been significant growth in office employment, it has been widely dispersed and in the main has been accommodated on relatively small sites in existing urban centres rather than large office parks. We do not expect deviation from this trend.'

Industrial & Distribution Space

'Against regional benchmarks, none of the supply ranks as high-quality, but there is extensive average quality supply…'There are a number of very large site allocations which will provide supply well beyond the next 10 years.'

2.17 By contrast, in the Three Cities sub-region, which borders Melton Borough, the RSS indicates that employment land is in short supply:

'Office supply is constrained in Derby, Nottingham and Leicester, partly due to pressure from other uses such as housing. There is a particular shortage of sites suitable for science and technology uses. The availability of good-quality industrial land is also constrained, particularly within the city [centre] *boundaries. In parts of Leicestershire, pressure from the storage and distribution industry is starting to restrict other uses.'*

2.18 The Regional Plan is currently under review, with final publication expected in 2008. The new Regional Plan will replace the Structure Plan and will include target employment figures and land requirements by local authority area.

The Regional Economic Strategy

The Current RES

2.19 The RES, *Destination 2010,* was published in March 2003. Its overriding aim is for the East Midlands to become one of Europe's top 20 regions by 2010, measured against a key indicator of income (GDP) per head and other indicators relating to jobs, equality and the environment.

2.20 The document diagnoses the East Midlands economy as one in which the employment rate is high, but productivity, skills and earnings are low, both by national standards and measured against European competitors. It suggests that the region competes largely on the basis of low cost as opposed to high value. Accordingly, there are major challenges that the region must address if it is to remain competitive in the 21st century.

2.21 The RES aims to diversify the regional economy, restructuring it towards activities which generate higher value and are less exposed to low-cost competition. This in practice means a greater share of service activity – specifically in the office-based business services, which historically have generated both the greatest employment growth and the highest earnings – and, in the manufacturing sector, a greater share of the higher-value-added products and processes. Policies serving this objective include:

- Enhance the provision of incubator space, and expansion space to support businesses graduating from incubator accommodation

- Create a network of international recognised innovation centres capable of attracting new research funding, new businesses and new knowledge to the region
- Enhance provision of science and technology parks
- Ensure an adequacy of employment land supply to meet needs arising from planned expansion in the South Midlands and to capture benefits arising from planned expansion of East Midlands Airport

2.22 An important element of the RES was the development of priority clusters, comprising high-performance engineering, clothing and textiles, food and drink, healthcare and creative industries. However, these are not carried forward in the draft review of the RES, as shown in the next section.

The Review of the RES

2.23 The consultation draft of the new RES, covering the period to 2020, was published in January 2006[3]. It carries forward the same aim - for the East Midlands to become one of Europe's top 20 regions by 2010. Since 2003, the region has moved up seven places to 28th.

2.24 The draft RES reinforces the view of the existing RES that the region is over-dependent on low value sectors:

'The labour market in the East Midlands is relatively stable but is characterised by the persistence of a ***low-pay, low-skill equilibrium****, where high employment rates are to an extent maintained by a concentration of low pay low skill jobs.'*

2.25 The document sets out objectives to rectify this under broad structural themes of raising productivity, ensuring sustainability and achieving equality.

Raising Productivity

2.26 The objectives under this theme are:

- Employment, learning and skills – to address the skills gap between the East Midlands and the UK by working with employers, schools and colleges and training providers.
- Enterprise and business services – to support small businesses, encourage the visitor economy, and attract both public and private investment. Enterprise is one of the region's strengths and so should be built on.
- Innovation – to increase R&D, develop research excellence and ensure appropriate sites are available for R&D companies. Despite having high levels of expenditure on R&D in the region, this is not always translated into successful market outcomes, so there is a need to improve the commercialisation of R&D in the region as well as increase the number of businesses (especially small businesses) who engage in it.

2.27 In 2004-2005, emda commissioned consultants to review its cluster development policy. The review[4] concluded that in some sectors, particularly motor sports and aerospace, the policy had been highly effective, but in some other sectors it should be refocused. In response to these findings, the emda Board decided to reconsider its policy for clusters and sectors, as part of the RES review. In the draft RES, the clusters are replaced by four priority sectors, comprising transport equipment, construction, food & drink and healthcare. Of these sectors, food and drink is

[3] emda (January 2006) Regional Economic Strategy for the East Midlands: A Flourishing Region, Government Submission Consultation Draft

[4] emda, *Cluster Development: The Way Forward, Final Report,* May 2005

especially represented in Melton, as demonstrated by the employment statistics analysed in Chapter 3 below.

Ensuring Sustainability

2.28 This covers transport and logistics, energy and resources, environmental protection and land and development.

2.29 The draft RES does not refer specifically to commuting and it does not set out to reduce journeys to work. With regard to transport, it states that the emphasis is on improving transport efficiency and connectivity: '*A strong message from the business community is that the reliability of journey time is often more of an issue than seeking to reduce journey time*'.

2.30 With regard to land and development, the document states as a priority (p75) that:

'Viable and attractive sites for employment uses should be safeguarded in planning frameworks – any decisions to approve losses of such sites must demonstrate that this will not be detrimental to the overall supply and quality of employment land.'

Achieving Equality

2.31 This theme covers economic renewal, social capital and economic inclusion. Priority actions include improving skills in disadvantaged communities, providing business support, stimulating local markets and ensuring the built and green environment is of sufficient quality to attract new businesses.

Sub-Regional Economic Development Strategies

2.32 The RES is being implemented partly through Sub-regional Strategic Partnerships, to which emda devolves part of its budget. Melton is covered by two of these partnerships, the Leicester Shire Economic Partnership (LSEP) and the Welland Sub-regional Strategic Partnership (SSP), both of which have prepared their own economic development strategies.

2.33 The LSEP's Economic Regeneration Strategy aims to address the economy's weaknesses by promoting an enterprise culture, supporting businesses, especially specialist clusters such as food and drink, and maximising the use of derelict and under-used land.

2.34 The Welland SSP Economic Strategy's focus is to encourage an entrepreneurial spirit leading to job creation, spending opportunities and regeneration of market towns. It states that the key question for the area is how to harness the economic growth potential of the rural areas without unacceptable environmental consequences.

The Structure Plan

2.35 The Leicestershire, Leicester and Rutland Structure Plan, 1996-2016, was adopted in March 2005. Adoption was long delayed, and therefore most of the Plan's policies, including those on employment land, were written some years earlier. The Structure Plan is part of Melton's Development Plan and will remain so until it is replaced by the final version of the Regional Plan review, expected in 2008. At this stage, it is the only policy document that provides quantitative guidance on local employment land requirements.

2.36 Employment Policy 1 sets out employment land requirements by local authority for the period 1996-2016. Melton is required to provide 125 hectares.

2.37 The land requirements set out in the Structure Plan are derived from actual gross take-up by local authority between 1981-1997, adjusted to take account of qualitative issues Neither the Plan nor the supporting working paper explain how the adjustment was done. Employment forecasts play no role in the derivation of the Structure Plan land requirement.

2.38 In our view, the Structure Plan employment land requirement does not provide a useful indication of future demand, for four main reasons. Firstly, the past take-up on which it is based is too long ago, since it ends in 1997, nine years before the date of this report and more than 10 years before the likely adoption date of the emerging LDF. Secondly, it is impossible to judge whether the adjustments made to take account of qualitative issues are reasonable, because no explanation is available to indicate how they were arrived at. Thirdly, gross take-up is not the correct measure of past demand, because it takes no account of land lost to employment uses. Finally, to assume that future take-up will be the same as past take-up ignores expected future changes in the economy, which drive the demand for employment space; to take account of these changes so far as possible, employment land requirements should take account of macroeconomic forecasts.

2.39 As part of this study, we have re-calculated employment land requirements, basing them on new macroeconomic employment forecasts prepared by Experian Business Strategies for emda. These calculations are in Chapter 5 below and are based on standard method used in all of our employment land studies and endorsed as good practice in ODPM guidance.

2.40 Employment Policy 2 of the Structure Plan requires local planning authorities to provide eight strategic sites, for B1, B2 and B8 uses. None of these sites are to be in Melton.

2.41 Employment Policy 3 states that major office development should be located in Leicester City Centre or central areas that are well-served by public transport, and edge-of-centre sites well-served by public transport will only be considered where no central area sites are available.

2.42 Employment Policy 4 requires a hierarchy of sites to be provided for high technology firms and technology transfer, above incubator facilities and ready-built small units for existing high technology and SMEs.

2.43 Employment Policy 5 says that *'employment allocations will be reviewed as part of the Local Plan process. An assessment of the quality and quantity of land, considering the Structure Plan employment land requirement, trends in take-up, and the sequential approach and criteria in Strategy Policies 2A and 2B. Key existing and proposed employment sites will be identified and safeguarded in local plans from other development proposals'.*

2.44 Strategy Policy 2A sets out a sequential approach towards the location of development, giving priority to previously developed land and buildings and to sites in and adjacent to town centres. Strategy Policy 2B sets out seven criteria which authorities should take into account when considering whether land is suitable for development: accessibility by modes of transport other than the private car, capacity of the transport network, economic viability of development, physical constraints, environmental impact, need to secure a balance of land uses in the area and impacts on the local community.

2.45 Policy 6 states that provision should be made for storage and distribution uses on sites with good road access, provided that this would not cause unacceptable environmental consequences, and that any potential for development to be served by rail or water freight is maximised.

2.46 Policy 7 deals with rural areas, stating that provision should be made for employment development in and adjoining rural centres, and will be permitted in other rural settlements, if it is of an appropriate scale and type and will not cause unacceptable traffic, access or parking problems.

Local Policy

Melton Local Plan

2.47 Melton Local Plan was adopted in June 1999 and covers the period 1991- 2006.

2.48 Supporting text introducing the Local Plan's Industry and Employment Section notes:

'The [Council's overall] strategy seeks to direct both residential and employment-generating development to locations well served by the transportation infrastructure (both existing and planned) in the main urban area of Melton Mowbray. In this way, the environmental impact of journeys to work can be minimised.

Although the urban area of Melton Mowbray will be the principal location for new development in the Borough, the rural area also has a crucial role to play, particularly with regard to tourism and related recreational facilities which may help diversify employment opportunities from agriculture.'

2.49 The Local Plan allocates approximately 43 hectares of employment land, on the following sites:

Melton Mowbray/Asfordby

- Holwell Works (15.03 ha)
- Kirby Lane – South (8.6 ha)
- Leicester Road – North (13.7 ha, now developed)
- Norman Way (0.32ha, now developed)

Former Melton Mowbray Airfield

- New Village (2.8 ha)
- Dalby Road, Former Airfield (3 ha)

2.50 In addition, the Asfordby coal mine site at Melton Mowbray, which became available for redevelopment during the final phase of adoption of the Local Plan, is now considered suitable for employment generating and leisure purposes. The Asfordby Business Park Development Brief was approved by the Council as Supplementary Planning Guidance in 2000, and is a material consideration in determining future development proposals for the site.

2.51 The airfield sites are no longer considered likely to come forward. This is because they were attached to the new village application, which was called in by the Secretary of State. The Kirby Lane South site will also not come forward, because it was dependent on provision of the new bypass that would have been provided had the new village development gone ahead.

2.52 The only allocated employment site which now remains wholly without planning permission, is the Holwell Works site. This is highly constrained, as discussed later in this report. There is also 16 hectares without planning permission remaining at Asfordby Business Park.

2.53 To safeguard existing and allocated employment sites from alternative uses, the Plan states that the Council will apply the Policy E5 from the previous Structure Plan, which it reiterates as follows:

'*Change of use of existing or planned employment land or buildings to other uses will not be permitted unless:*

a) the change will not result in a shortage of employment land in the area; or

b) the land or buildings are unfit for employment purposes; or *c) the use is complementary or ancillary to an existing or proposed employment use.'*

2.54 This policy seems to have worked, in that very little employment land in Melton has been lost to housing.

2.55 In the Overall Strategy chapter of the Local Plan paragraph 2.61 says that the Proposal Map and Inset Maps show a Melton Mowbray Town Envelope and a number of Village Envelopes, defining '*the area in which a general presumption in favour of most forms of development will be applied, subject to certain criteria*'. Policy OS1 sets out these criteria, which aim to ensure that the proposed development would not have an adverse impact on the environment (both built and natural) or amenity, that there is adequate infrastructure, access and parking, and that design and layout minimises crime.

2.56 Paragraph 2.66 of the Plan indicates that Policy OS1 applies to all proposed development in the Town and Village Envelopes. In the Industry and Employment Chapter, paragraphs 4.65-4.66 show how it applies specifically to employment uses:

'While the Council acknowledges that suitable modern businesses can often be successfully integrated into smaller villages and welcomes the employment opportunities they represent, it is concerned to ensure that the scale of the operation and the size and type of any building does not detract from the character of the settlement or the amenities of residents. In assessing applications, particular attention will be paid to the likely volumes of traffic generated by any proposal. The simple replacement of out-worn, dilapidated or untidy buildings, yards or other open spaces will only be granted planning permission where the proposal is in keeping with the character and quality of the village environment.

Planning permission will normally be granted for development or redevelopment of land and buildings in Village Envelopes defined on the Proposals Map for small industrial or commercial use provided the proposal complies with Policy OS1.'

2.57 Policy OS1 may mean that small unallocated sites are likely to be developed for housing rather than employment, because both are permissible and housing generates higher land values.

2.58 Policy C6 allows for the reuse or conversion of rural buildings for a commercial or industrial use, subject to criteria similar to those outlined above. However, outside the Town and Village envelopes there is a presumption towards commercial and industrial use over residential.

Melton Local Development Framework (LDF) - Employment Land and the Economy

2.59 This is a discussion paper which is part of the process of producing an LDF for Melton. Again, its focus is on supporting and developing the Borough's business and enterprise culture. The discussion paper states that the new plan will aim to do this by:

- identifying enough land for business development in the right places, to attract inward investment and provide for local expansion;
- regenerating the rural economy; and
- protecting important business sites and development land.

2.60 The document adds that:

- in continuation of the Local Plan, the LDF needs to set aside additional land for employment uses. Since 1996, around 85 hectares of land have been designated for these uses, which means that to reach the Structure Plan figure another 30 hectares still needs to be found to 2016.

- The sequential approach will be applied in Melton to identify land that will be most suitable for employment uses.
- As in the current Local Plan, there will also be measures to safeguard land that has been designated as being for employment use.

Melton Community Strategy

2.61 Produced by Melton Community Partnership, the Strategy sets out the following economic objectives:

- Raise awareness of improved business support services, particularly in rural areas;
- Support existing businesses and encourage business opportunities that help to raise wage rates;
- Foster diversification of the rural economy;
- Realise and promote the tourism potential of Melton primarily through food, equine activities and heritage;
- Regenerate Melton Mowbray's town centre by enhancing its vitality and viability;
- Provide land and buildings to meet current and future employment needs.

Key Points

2.62 In developing employment land policies for the emerging LDF, the Borough Council needs to take account of current and emerging strategic policies at national and regional level. The key points are as follows:

- National planning guidance favours the transfer of surplus employment sites to housing, so that planning authorities who wish to safeguard employment land have to demonstrate that it is needed, against exacting criteria.
- A key regional objective, spelt out in both spatial and economic strategies, is to raise productivity in the East Midlands, by fostering innovation and by diversifying the regional economy towards higher-value, knowledge-based activities.
- Current policies at all levels see Melton contributing to this objective by supporting and developing its enterprise culture, including an appropriate supply of small and medium-sized units to enable business to expand locally. Melton should also contribute through its specialisation in food and drink manufacturing, which is one of emda's four priority sectors.
- The Regional Spatial Strategy places Melton relatively low down in the hierarchy of locations for new development. Melton Mowbray is the only settlement in the Borough that is named in the Strategy as a priority location for development, and as a sub-regional centre it is in the third and lowest tier of the hierarchy.
- The rest of Melton Borough comprises rural areas, where industrial and commercial development is to be on a lesser scale, to provide jobs for residents, compensate for the decline of agriculture and further economic development without unacceptable environmental impacts.
- In finding this balance between the economy and the environment, current regional and sub-regional policies imply that Melton's employment land policies should focus on meeting local requirements. The QUELS analysis, quoted in the RSS, suggests that shortages of employment land in the Three Cities are likely to produce overspill demand which can be accommodated in neighbouring areas. Melton of course is one such area, but there is nothing in regional or sub-regional policies to suggest that it is should provide land to accommodate such overspill or indeed any other strategic requirements.

- The current Structure Plan requires Melton to provide 125 hectares of employment land from 1996-2016. This quantitative guidance in our view is out of date, and in this study we aim to replace it with new figures.

2.63 Turning to the local policy context, Melton has only two significant employment sites outstanding: Asfordby Business Park (16 ha remaining) and Holwell Works (15 ha) which is partly contaminated and so may not come forward. This study will advise on the need to allocate new sites in the emerging Local Development Framework.

2.64 Finally, the current Local Plan through the 'reiterated' Policy E5 aims to protect existing employment sites, and through Policies OS1 and E6 aims to facilitate small-scale industrial and commercial development on windfall sites where appropriate. As part of the current study, we need to consider how these policies and aims might be taken forward in the new LDF.

3 ECONOMIC PROFILE

Overview

3.1 In this chapter, we profile Melton's economy under three main headings:

- We first discuss the *workplace economy*, comprising the businesses and jobs located in Melton, considering its competitiveness, its growth record and what the Borough has to offer as a business location.
- Secondly, we look at Melton's *resident population and workforce*, to assess their economic well-being in terms of earnings and access to jobs.
- Finally, we analyse *travel to work,* considering how far Melton's residents rely for these jobs and earnings on the Borough as against other places, and conversely how far the Borough provides employment opportunities for people who live elsewhere.

3.2 The final section of the chapter will draw the implications for employment land policy, considering what the Council's economic objectives might be, and it begins to indicate what kinds of businesses Melton is likely to attract and should aim to provide space for; this question will be discussed further in the next chapter.

3.3 Throughout the analysis, we aim to benchmark the local economy against neighbouring local authority areas, comprising the other Leicestershire districts and the City of Leicester – which together form the Leicester Shire sub-region. We also benchmark against larger areas, comprising Leicestershire county, the East Midlands region and Great Britain.

3.4 Most of this chapter considers all aspects of the economy. From the next chapter onwards, we will narrow the focus to activities which use employment (business) space – defined here as industrial space, warehouses and offices.

The Workplace Economy

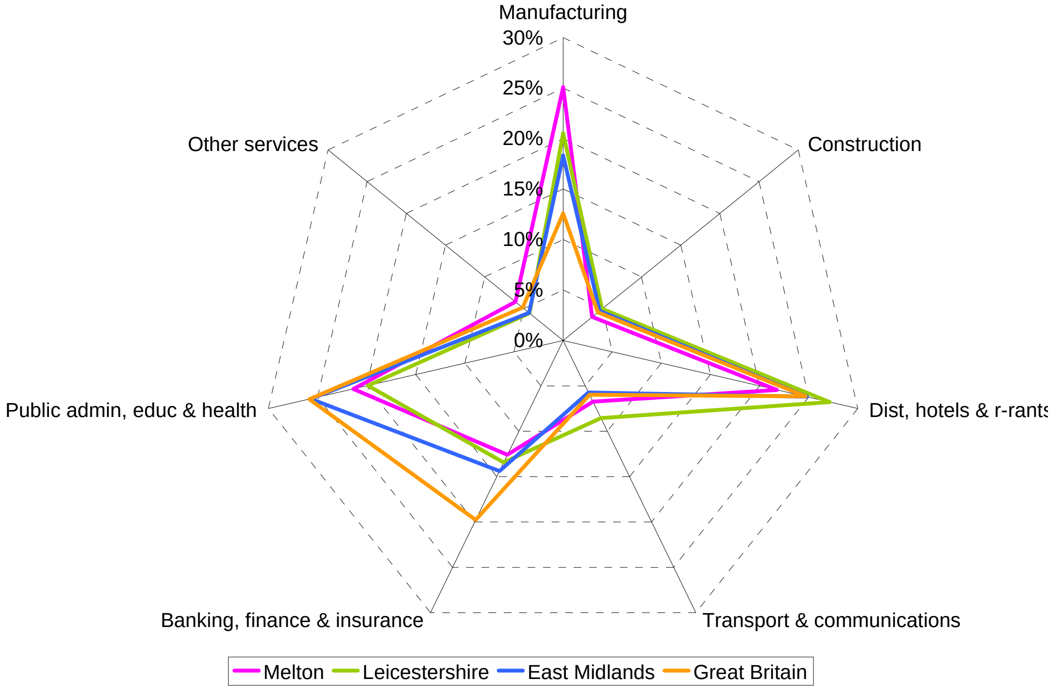
Industrial Structure

Broad Sectors

3.5 Official statistics for 2003 – the most recent year available – show there are approximately 17,800 employee jobs in Melton (the figures exclude the self-employed). Figure 3.1 breaks down the jobs into broad sectors.

3.6 Compared to the national economy, the East Midlands is over-represented in Manufacturing and under-represented in Banking, Finance and Insurance. Leicestershire has even more Manufacturing employment than the East Midlands and slightly less in Banking, Finance and Insurance. Compared to Leicestershire, Melton has even more employment in Manufacturing, and a similar proportion in Finance, Banking and Insurance.

Figure 3.1 Industrial Structure, 2003



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Source: Annual Business Inquiry, 2003

Knowledge-Based Industries

3.7 Employment in knowledge-based industries (KBI) is currently recognised as a key measure of economic competitiveness, which in turn is a determinant of current and future prosperity. The thinking behind this view is best summarised in a quote from the Government White Paper *Our Competitive Future: Building the Knowledge-Based Economy:*

'In a knowledge-driven economy… the generation and the exploitation of knowledge has come to play the predominant part in the creation of wealth. Companies in countries with higher labour costs, such as the UK, therefore have to innovate and adapt continuously to retain their competitive edge.'

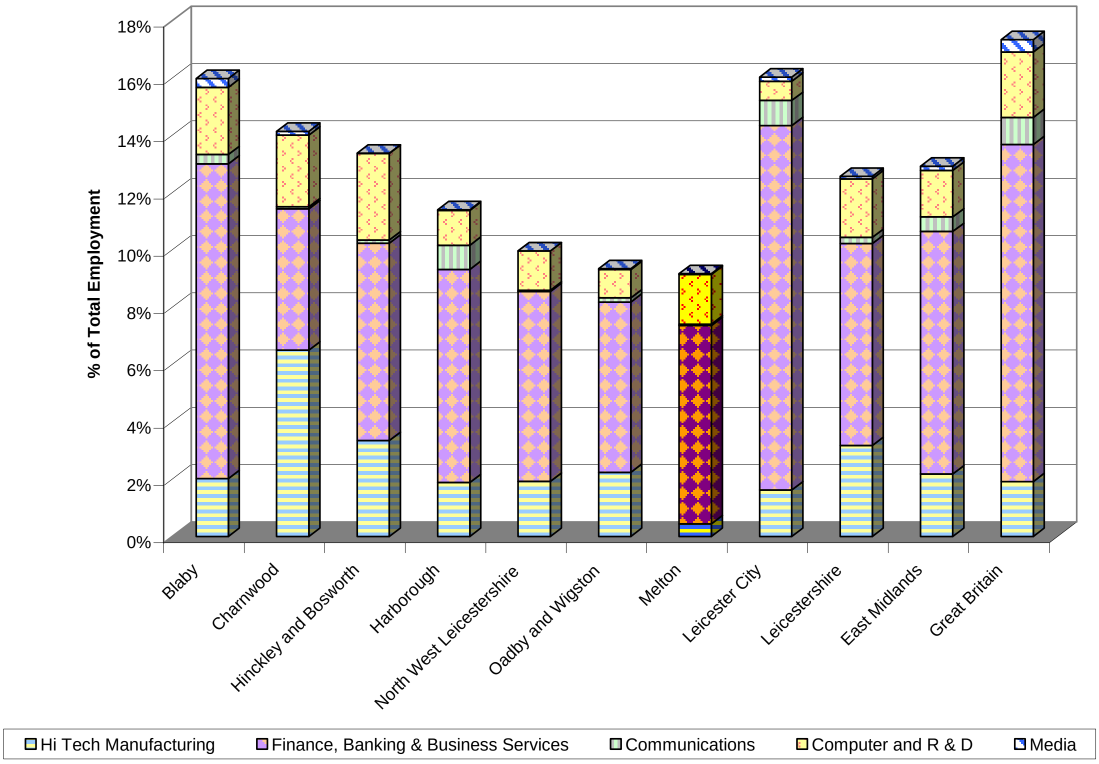
3.8 Figure 3.2 shows employment in knowledge-based sectors as defined by the Organisation for Economic Co-operation and Development (OECD)[5]:

- In Leicestershire as a whole, 12% of jobs are in KBI – a similar figure to the East Midlands, but well below Great Britain, where the proportion is some 17%.

[5] This definition comprises: Publishing and Sound Recordings, Reproduction of Recorded Media, Manufacture of Pharmaceuticals etc, Manufacture of Office Machinery/Computers, Manufacture of Electric Motors/Generators etc, Manufacture of Electricity Distribution etc, Manufacture of Accumulators etc, Manufacture of Electrical Equipment nec, Manufacture of Electronic Valves, Manufacture of TV/Radio Transmitters etc, Manufacture of TV/Radio Receivers etc, Manufacture of Medical/Surgical Equipment etc, Manufacture of Instruments for Measuring, Manufacture of Optical Instruments etc, Manufacture of Watches and Clocks, Manufacture of Aircraft and Spacecraft, Telecommunications, Accounting/Bookkeeping Activities etc, Architectural/Engineering Activities etc, Technical Testing and Analysis, Advertising, Labour Recruitment etc, Motion Picture and Video Activities, Radio and Television Activities, Financial Intermediation etc, Insurance and Pension Funding etc, Act Auxiliary Financial Intermediation, Computing and Related Activities, and Research and Development.

- Melton has 9% of jobs in KBI, less than the county, less than any other Leicester Shire district (though Oadby and Wigston is close), and much less than both Great Britain and the East Midlands.

Figure 3.2 Employment in Knowledge-Based Industries, 2003



Source: Annual Business Inquiry, 2003

3.9 The graph groups the knowledge-based industries into five categories as follows:

- High-tech Manufacturing
- Finance and Business Services (FBS)
- Communications
- Computing and R&D
- Media

3.10 We know from earlier analysis that Melton is over-represented in manufacturing employment. The chart here shows that very little of this manufacturing is high-technology - orders of magnitude less than in any of the benchmark areas. With regard to the other knowledge-based industries, Melton is closer to the norm. In particular, its employment in Computing and R&D is close to the Leicestershire and East Midlands averages.

Business Space Sectors

3.11 In this study, we are particularly interested in the jobs that occupy business space, comprising office jobs and industrial/warehousing jobs, and sometimes jointly referred to as Business or B space jobs.

3.12 To identify these jobs, we use a range of economic sectors based on the Standard Industrial Classification (1992) which is set out at Appendix 1. Industrial space is occupied by Manufacturing industries plus certain parts of the Construction industry, Motor Repairs/Maintenance and Sewage and Refuse Disposal. Warehousing is occupied by a variety of transport and distribution activities which are widely spread across the Standard Industrial Classification. Office sectors are as defined by the ODPM in *Producing Boundaries and Statistics for Town Centres England and Wales 2000,* plus selected parts of Public Administration and Defence. We make a special adjustment for Labour Recruitment, which covers all those working for employment agencies. Such agencies provide labour across many sectors, from factories to hospitals, but the distribution of their employees across sectors is unknown. Therefore, we divide this industry between types of space (industrial, warehousing, offices, non-business space) in proportion to the share of each type of space in the Borough's total employment.

3.13 The correspondence between sectors and types of space is not perfect, and hence our definitions of office and industrial/warehousing jobs are no more than approximations. But they are the best possible approximations, which we have developed through a series of employment space studies.

3.14 Table 3.1 shows the different categories of business space employment in Melton, expressed first as absolute numbers and second as shares of total employment. In the final column we show location quotients (LQs) [6]; these show the representation of that employment sector in the Borough compared to the national economy.

Table 3.1 Employment in Business Space Sectors, 2003

	Melton Jobs	Melton % of total jobs	GB % of total jobs	Location Quotient
Industrial	4,800	27%	15%	1.9
Warehousing	1,700	10%	7%	1.3
Offices	2,600	15%	20%	0.7
Total B Space Jobs	9,100	51%	42%	1.2
Other Sectors	8,600	49%	58%	0.8
Total Jobs	17,800	100%	100%	1.0

Source: Annual Business Inquiry, 2003, RTP

3.15 In total, over half of the jobs in Melton occupy business space – a higher proportion than Great Britain at 42%. The mix of business space jobs is also very different in Melton compared to GB:

- Industrial jobs in Melton account for 27% of all jobs, almost twice as many as in Great Britain. This is mainly due to Melton's high proportion of Manufacturing employment, although other sectors which we define as industrial, such as parts of construction and sewage, are included in industrial.
- The share of warehousing jobs in Melton is slightly above the national average.
- Office jobs in Melton account for around 15% of all jobs – slightly fewer than in GB (20%).

3.16 Table 3.2 below looks more closely at the activities that occupy business space. As explained earlier, the LQs in the first column show the representation of that employment sector in the local economy compared to the national economy. To identify those sectors which are strongly over-represented in the Borough, the table selects sectors with LQs greater than 1.3 and more than 300 employees[7].

[6] More specifically, the location quotient (LQ) is a sector's share of total employment in the study area (in this case, Melton) divided by that sector's share of total employment in Great Britain. Sectors with an LQ greater than 1 are over-represented in the area against the national norm and those with an LQ below 1 are under-represented. An LQ of 1 indicates that a sector accounts for the same share of total employment in the study area as in the national economy.

[7] These are smaller values than we use generally to show over-representation because Melton has a small employment base.

Table 3.2 Location Quotients, Business Space Sectors

	LQ	Jobs	% of all jobs
Manufacturing of Food and Beverages	7.5	C	13%
Manufacture of Wood and Products of Wood and Cork, except Furniture; Manufacture of Articles of Straw and Plaiting Materials	13.0	C	4%
Manufacture of Fabricated Metal Products, except Machinery and Equipment	2.0	500	3%
Freight Transport by Road	2.6	500	3%
Storage and Warehousing	4.9	C	2%
Research and Experimental Development on Natural Sciences and Engineering	2.6	C	1%
Administration of the State and the Economic and Social Policy of the Community	1.4	800	4%

Source: Annual Business Inquiry, 2003
C denotes classified data.

3.17 Melton's over-representations tend to be in industrial and warehousing sectors. The greatest over-representation is in Wood & Wood Products, which accounts for proportionally 13 times more jobs in Melton than GB, followed by Food and Beverages, which accounts for 7.5 times more jobs in Melton than GB . The only over-represented sector that occupies office space is Research and Experimental Development in Natural Science and Engineering.

Major Employers

Table 3.3 Major Employers in Melton, 2005

Firm	Sector	Jobs Estimates
Masterfoods	Pet food manufacturers	1,000 + 350 in HQ
Melton Foods & Kettleby Foods	Food manufacturers	600
Jeld-Wen	Joinery manufacturers	350
Ragdale Hall Health Resort	Banqueting and function rooms	350
Brooksby Melton College	Further education	300
Pera	Innovation and technology consultants	275
Asfordby Storage and Haulage	Road haulage services	250
Stantons	Steel manufacturing	250
Alpha Gary	Thermoplastics	150

Source: Focusnet, Melton Borough Council, Yell.com

3.18 Melton's major employers show a similar pattern of specialisation as the local economy overall. Of the business space sectors, food and drink is particularly dominant, followed by wood products and transport/distribution.

Unit Size

3.19 Table 3.4 below analyses the size of establishments (units)[8], measured in numbers of employees.

Table 3.4 Employment Units by Size, 2003

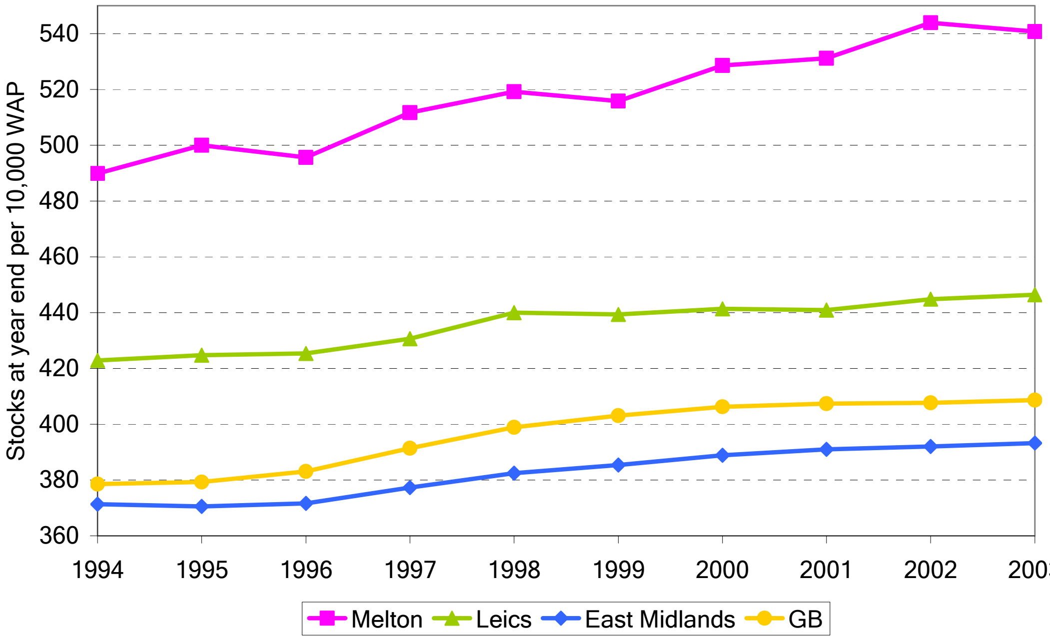
	Melton	Leicestershire	East Midlands	Great Britain
1-10 employees	86.4%	84.6%	82.5%	83.3%
11-49 employees	10.9%	12.2%	13.6%	12.9%
50-199 employees	2.2%	2.7%	3.2%	3.1%
200 or more	0.4%	0.6%	0.7%	0.7%
Total	100%	100%	100%	100%

Source: Annual Business Inquiry, 2003

3.20 In all areas, the great majority of business units (establishments) are small, with over 80% employing 10 people or fewer and less than 5% employing 50 people or more. Melton has proportionally more units in this smallest size band than either Great Britain, the region of the county, and fewer units in all the larger size bands. Only 22% of all employees in Melton, against 30% of employees in Great Britain work in units of 200 or more employees.

Entrepreneurship

Figure 3.3 VAT Registered Companies per 10,000 Working-Age Population, 1994 - 2003



Source: NOMIS, 1994-2003, Mid-Year Population Estimates, 1994-2003

3.21 In 2003, the East Midlands has slightly fewer VAT registered firms per 10,000 working-age population than the national average (Figure 3.3). Leicestershire has far more than both the regional and national averages. Melton has even more than Leicestershire and more than all comparator areas by a large margin. These relative positions were

[8] Units are not the same as firms. A company may have several branches and offices in a town, each of which would be counted as a separate unit, even though they are the same firm. A single work place may also be counted as two data units where there are two distinct business activities at the same site.

unchanged since 1994 at least, showing that a high level of entrepreneurship is an enduring feature of Melton's economy.

Melton as a Business Location

3.22 Through a stakeholder workshop, discussion with the Council and from documents provided by the Council, we collected views about the advantages and drawbacks of Melton as a business location. We summarise these below, using the traditional SWOT format.

Strengths

3.23 Nationally and regionally, manufacturing is in decline, with jobs threatened by competition from low-cost locations. This would suggest that Melton's exceptional dependence on manufacturing makes it exceptionally vulnerable to job losses. But our consultations suggest that Melton's manufacturing strengths tend to be in industries that are comparatively immune to this threat. In particular, local production of specialist foods like Stilton cheese and pork pies may be protected by the short shelf life of their products, their supply links to local agriculture and perhaps by brand images.

3.24 The discussion paper, *Employment and the Local Economy* (2003), notes that Melton as an attractive place in which to live, with low unemployment.

Weaknesses

3.25 Participants at the stakeholder workshop suggested there is generally a shortage of staff. It is reportedly difficult to attract younger workers to Melton, as relatively few wish to live in rural areas. Many technically skilled employees are said to commute in from areas such as Leicester and Rugby. We would comment that, while reported labour shortages may result from skills mismatches, they also result from low unemployment - perhaps a weakness from the point of view of (some) businesses, but undoubtedly a good thing for local residents.

3.26 Stakeholders commented that that the size and skills profile of the local workforce make Melton an unlikely location for large-scale inward investment, but not necessarily for smaller incoming companies. In our view, a small workforce is not necessarily a weakness. It is part and parcel of Melton being a small-scale, largely rural economy – features which planning policy aims to protect and enhance.

3.27 Workshop participants felt that it is difficult to find land in Melton for industrial and commercial development, and what is available often has poor access or is of poor quality. Development sites are generally controlled by property developers, and hence not available to businesses who wish to buy a plot and build owner-occupied premises. Farm units are being used, sometimes informally, as move-on space for smaller companies – perhaps an indication of a shortage of SME space.

3.28 Workshop participants noted that much of Melton's growth has been from expansion of local companies rather than inward investment. When new land becomes available, these local businesses tend to snap it up for expansion. Consequently, there is little need to promote Melton as a business location and it has a low profile. Yet again, we would comment that this may be a strength rather than a weakness, depending on the balance of the labour market and what kind of place the Council would like Melton to be.

Opportunities

3.29 As examples of the Borough's potential as a business location, consultees pointed to two large engineering companies that have recently moved to Asfordby Business Park. More generally, the Council's discussion paper argues that Melton, should it wish to, has the potential to attract overspill demand from Nottingham and Leicester and activities associated with the growth of Nottingham East Midlands airport.

3.30 The Department for Environment, Food and Rural Affairs (DEFRA) is backing an application to the European Commission for Melton Mowbray pork pies to be granted Protected Geographical Indication (PGI) status. However, the progress of the application is delayed by a legal challenge from a pie manufacturer.

3.31 If the manufacturing of Melton Mowbray pork pies were restricted to Melton in future, this might increase the demand for factory space in the Borough. However, the geographical area suggested for the PGI extends far beyond Melton, so that any additional demand might well arise elsewhere. Furthermore, manufacturers who currently sell 'Melton Mowbray' pork pies from outside the area might simply rename their pies rather than change their location. It is unclear at present what exact repercussions the legal ruling may have.

3.32 There is a current proposal to create a regional food market in Melton Mowbray, which would promote the Borough and the region as centres of excellence.

Threats

3.33 There is little to report under this heading, perhaps an indication of Melton's healthy economy and favourable prospects.

3.34 The Council's discussion paper points out that Melton has few local businesses in growth sectors such as finance, high technology and research. This may limit the potential for employment growth in future.

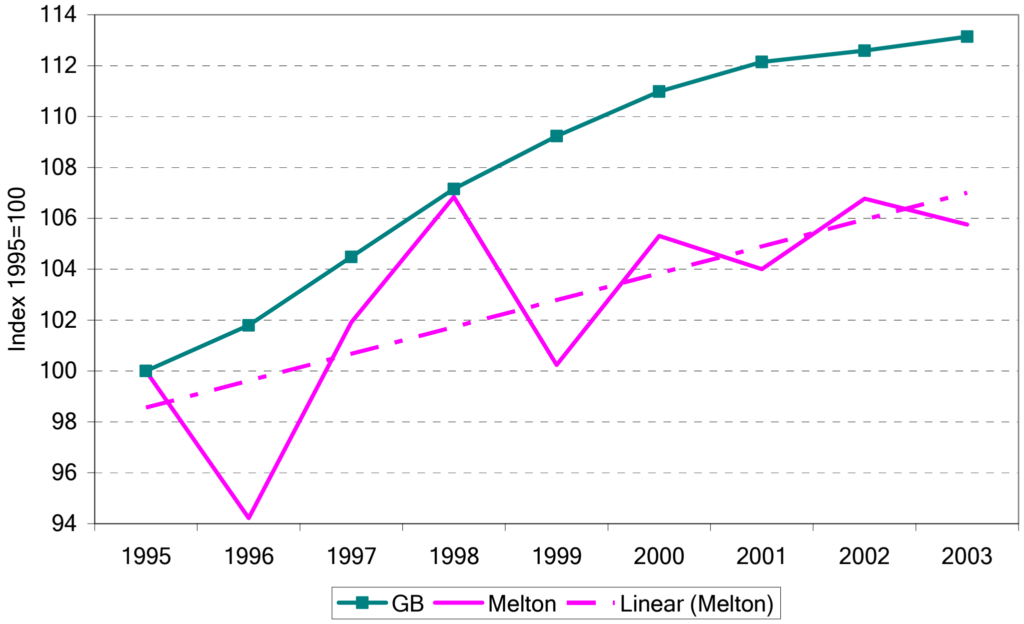
3.35 Some concern was expressed in consultations about the dependence of Melton's small economy on the Borough's one or two largest employers. If one of these employers were to relocate, this would have a large impact on the locality.

Employment Change

Total Employment

3.36 Figure 3.4 shows employment change in Melton since 1995 compared to Great Britain. The figures for Melton fluctuate widely from year to year, as one would expect for a relatively small economy, The dotted line labelled 'linear' smoothes out this volatility to show the underlying trend[9] - which is upward, but shows slower growth than the national total.

Figure 3.4 Total Employment Change, 1995-2003



Source: Annual Employment Survey Rescaled, 1995-1997, Annual Business Inquiry, 1998-2003

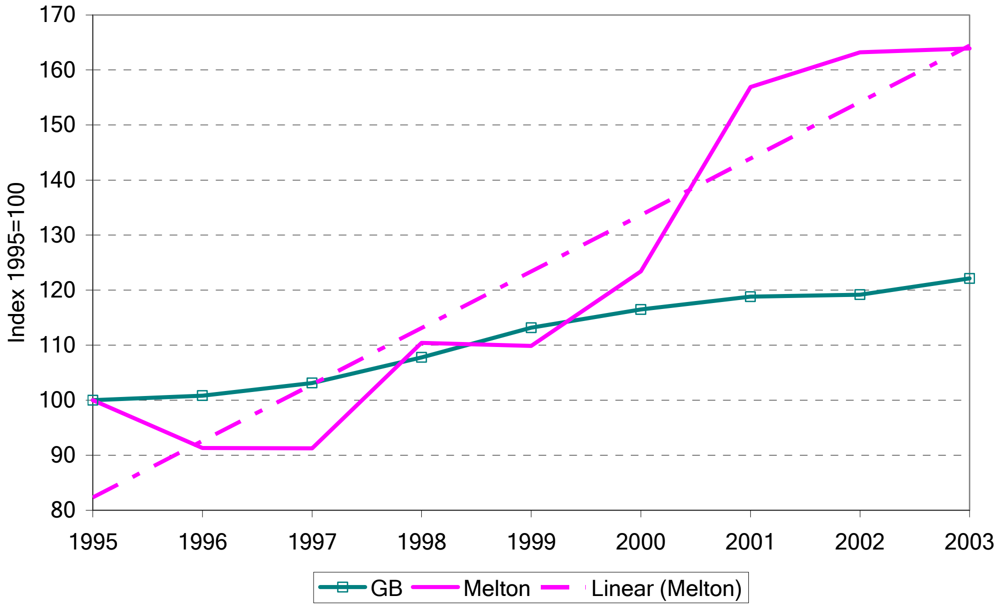
3.37 The sectors generating the most employment growth have been Manufacture of Food and Beverages, Retail trade and Other Service Activities.

[9] The past trend does not necessarily say anything about future employment change.

Office Employment

3.38 After an initial fall between 1995 and 1997, office employment in Melton grew substantially to 2003 (Figure 3.5). In proportional terms, the Borough's office employment increased much faster than the national total, but absolute numbers are small, with a total gain of only 1,000 jobs. Furthermore, we have doubts about the accuracy of some of the figures, especially as regards the abrupt rise in 2001.

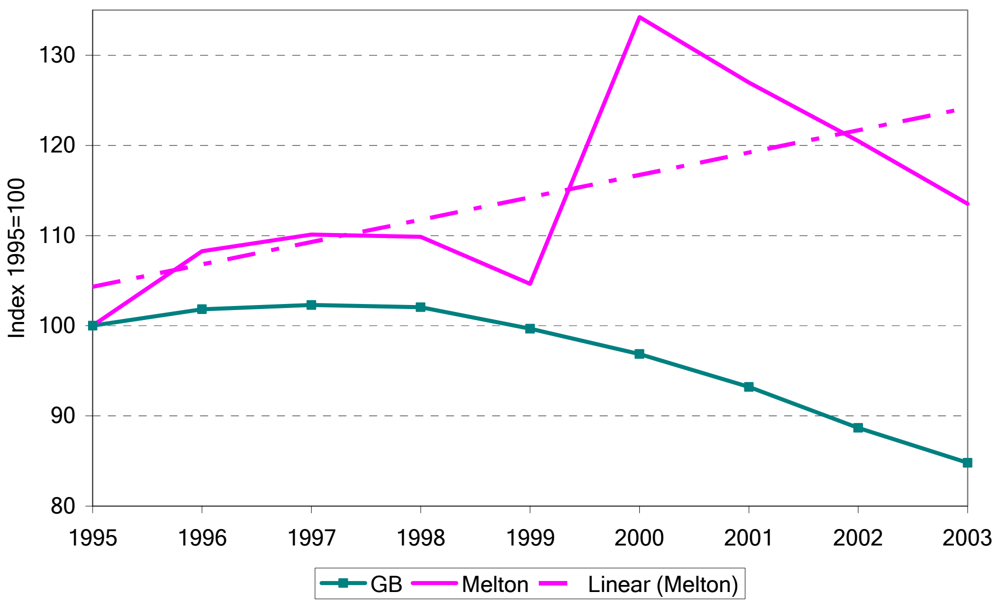
Figure 3.5 Office Employment Change, 1995-2003



Source: Annual Employment Survey Rescaled, 1995-1997, Annual Business Inquiry, 1998-2003
NB This definition excludes any estimate of Labour Recruitment employment.

Industrial Employment

Figure 3.6 Industrial Employment Change, 1995-2003



Source: Annual Employment Survey Rescaled, 1995-1997, Annual Business Inquiry, 1998-2003
NB This definition excludes any estimate of Labour Recruitment employment.

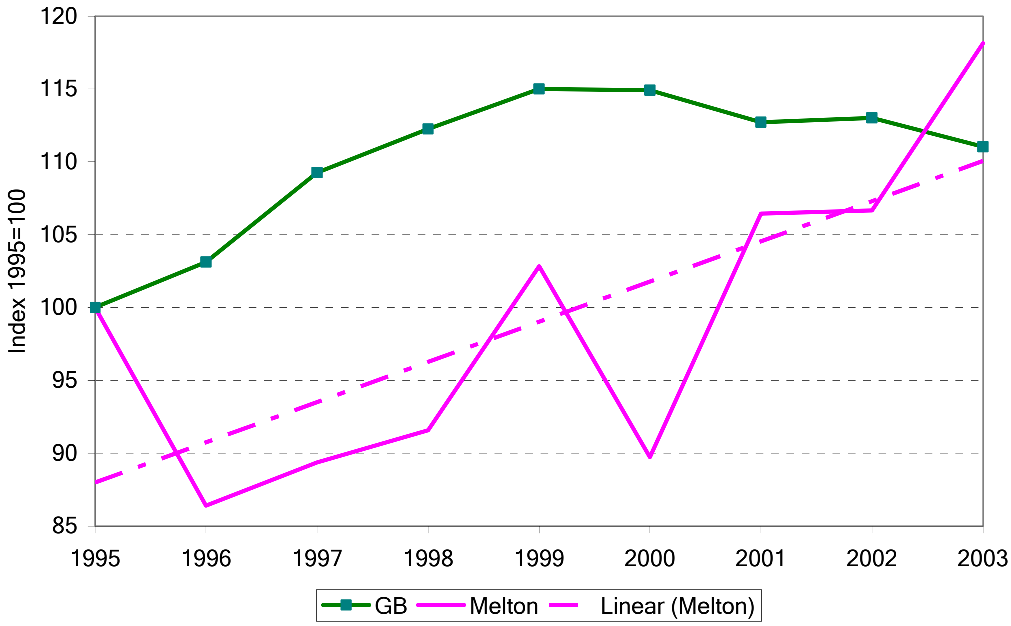
3.39 Melton's industrial employment increased in 1995-2003, against the national trend (Figure 3.6). This is both encouraging and surprising. However, numbers for individual years fluctuate widely and may be unreliable. The trend gives a better indication of change, but even so its positive slope is mostly due to one leap of some 30%, between 1999 and 2000. In four of the eight years of the series, which include its three final years, 2001, 2002 and 2003, Melton's industrial employment fell. Thus, there is only weak evidence that the underlying trend of Melton's industrial employment is positive.

3.40 The major increase between 1999 and 2000 is attributable to Food and Beverages. The subsequent decline is due to the same sector, although the sector still gained some 500 jobs over the whole period 1995-2003.

Warehousing Employment

3.41 Warehousing employment in Melton has been volatile. The underlying trend was upwards, but absolute numbers are tiny, with growth of just 250 jobs over the period.

Figure 3.7 Warehousing Employment Change, 1995-2003



Source: Annual Employment Survey Rescaled, 1995-1997, Annual Business Inquiry, 1998-2003
NB This definition excludes any estimate of Labour Recruitment employment.

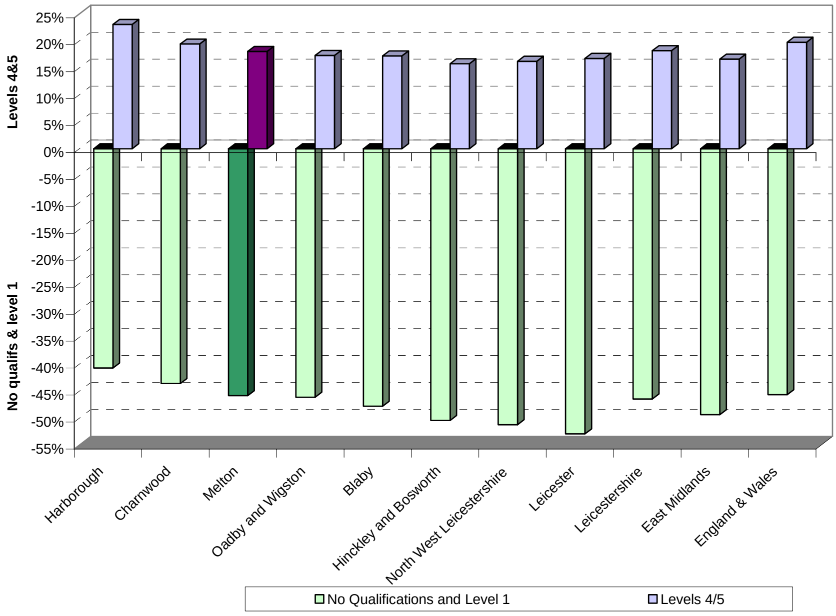
The Residents

3.42 The economic analysis so far has been about the workplace economy, considering the economic activities of the people who work in Melton, regardless of where they live. In this section, we turn to the resident population and workforce of Melton, analysing their attributes and activities regardless of where they work.

Qualifications

3.43 Figure 3.8 shows qualification levels of working-age Melton residents. The positive bars measure the proportion with the highest qualifications, NVQ4 and 5, and the negative bars show the least well qualified, with NVQ1 (entry-level) qualifications or none. Melton is similar to Leicestershire as a whole, with residents better-qualified than the East Midlands but less well-qualified than the nation.

Figure 3.8 Qualifications of Melton Residents, 2001



Source: Census 2001

Population Change

Table 3.5 Population Change 1991-2003

	1991	2003	91-03
Harborough	67,900	79,100	16.5%
Blaby	83,000	91,500	10.2%
Rutland	33,000	35,700	8.2%
NWL	81,000	87,500	8.0%
Melton	45,300	48,200	6.4%
Oadby & Wigston	52,900	56,100	6.0%
Charnwood	146,600	155,400	6.0%
Hinckley & Bosworth	96,700	101,500	5.0%
Leicester City	281,500	283,900	0.9%
Leics	573,300	619,200	8.0%
EM	4,011,400	4,252,300	6.0%
GB	55,831,400	57,851,100	3.6%

Source: Mid-Year Population Estimates, 1991-2003

3.44 Between 1991 and 2003, Melton's population grew by 6%, close to the county and East Midlands averages but faster than the national benchmark.

Deprivation

3.45 Melton is in the top quartile of least deprived local authority areas in the country, ranking 293rd out of 354 areas, where 1 is the most deprived and 354 the least deprived (Table 3.6). This is low deprivation by national standards, and middling for Leicestershire, where Melton ranks 4th out of the county's seven districts.

Table 3.6 Index of Multiple Deprivation, 2004

District	Rank of average rank
North West Leicestershire	195
Charnwood	262
Hinckley and Bosworth	275
Melton	293
Oadby and Wigston	304
Blaby	316
Harborough	336

Source: Index of Multiple Deprivation, Leicestershire county Council Research & Information Team

3.46 Table 3.7 provides a finer-grained analysis of deprivation, using Super Output Areas (SOAs), which are neighbourhoods of around 1,500 people. The most deprived SOA in the district, which is in Melton Egerton ward, ranks 10,819th in England. None of Melton's SOAs ranks in the 30% most deprived in England and only five are ranked in the 50% most deprived in England.

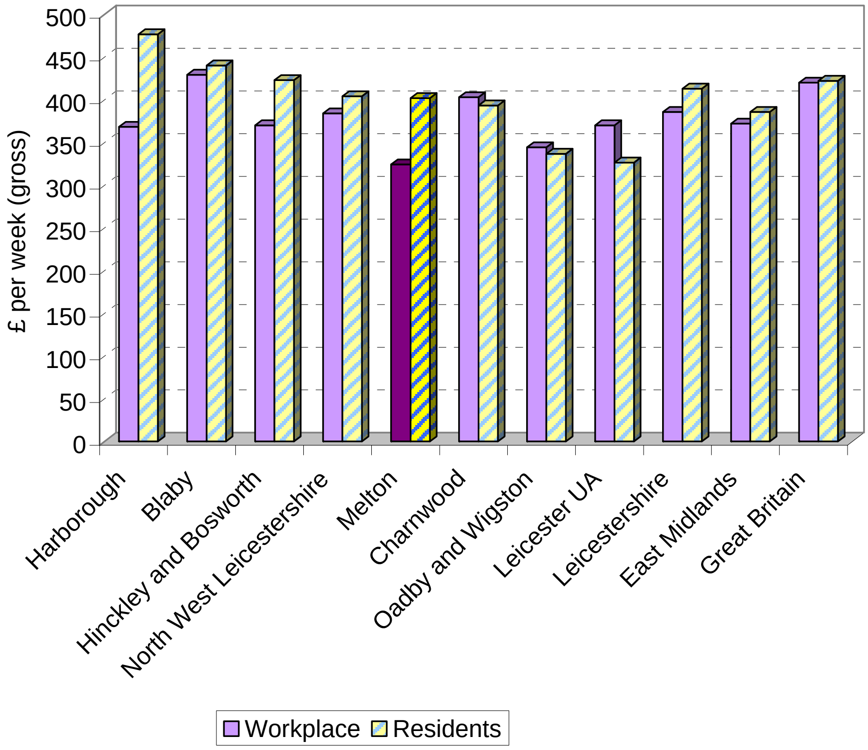
Table 3.7 Ten Most Deprived Super Output Areas in Melton, 2004

SOA	Ward	Score	District Rank	County Rank	National Rank
E01025900	Melton Egerton	24.56	1	19	10,819
E01025905	Melton Sysonby	20.35	2	43	13,607
E01025894	Melton Craven	19.96	3	47	13,892
E01025907	Melton Warwick	18.93	4	54	14,668
E01025899	Melton Egerton	18.58	5	56	14,938
E01025898	Melton Egerton	15.89	6	77	17,265
E01025884	Asfordby	14.68	7	93	18,475
E01025912	Wymondham	14.08	8	100	19,964
E01025897	Melton Dorian	13.30	9	113	19,964
E01025887	Croxton Kerrial	12.36	10	131	21,068

Source: Index of Multiple Deprivation, Leicestershire county Council Research & Information Team

Earnings

Figure 3.9 Mean Gross Weekly Earnings, 2004



Source: Annual Survey of Hours and Earnings, 2004

3.47 On average, for both workplace jobs and resident workers:

- Mean earnings in the East Midlands are lower than in Great Britain;
- Leicestershire does better than the East Midlands, especially in respect of its residents' earnings, which are close to the national average.

3.48 Melton's mean workplace earnings are the lowest in the county and much lower than the regional and national averages. In contrast, Melton's residents' mean earnings are much more than its workplace earnings and close to those in the rest of Leicestershire.

3.49 On average, Melton's working residents earn £80 per week more than people who work in Melton. This gap is much greater than in any Leicestershire district except Harborough. It suggests that, many of the higher earning residents are commuting out of the Borough for employment as there are limited opportunities in the Borough.

Unemployment

3.50 On the ILO measure[10], unemployment in the East Midlands in 2001 was roughly the same as England and Wales. Unemployment was lower in Leicestershire than in the East Midlands. Melton's unemployment was the same as Leicestershire's.

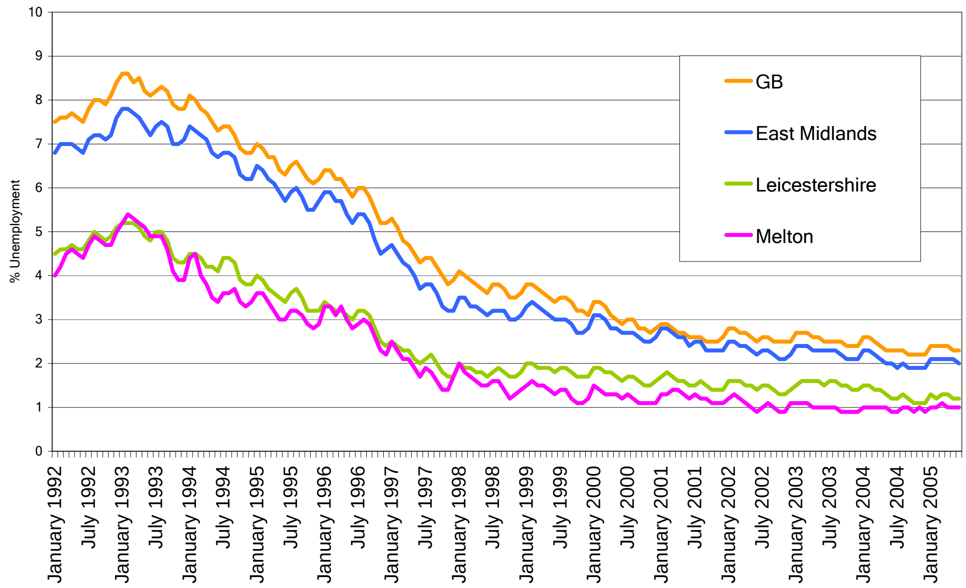
Table 3.8 ILO Unemployment Rate, 2001

	Unemployment rate
Harborough	2.4%
Blaby	2.8%
Melton	3.3%
Hinckley and Bosworth	3.4%
North West Leicestershire	3.5%
Oadby and Wigston	3.7%
Charnwood	3.9%
Leicester City	7.9%
Leicestershire	3.3%
East Midlands	4.9%
England & Wales	5.0%

Source: Census 2001

3.51 Figure 3.10 shows a different measure of unemployment, the claimant count.

Figure 3.10 Claimant Count Unemployment, 1992-2004



Source: Office for National Statistics, Claimant Count, 1992-2004

3.52 On this alternative indicator, unemployment rates are lower, but the relativities described above are generally unchanged. Since 1992, the claimant count unemployment rates have converged, as generally happens across the country as the economy approaches full employment.

[10]Unemployment here, based on the International Labour Organisation (ILO) definition and taken from the Census 2001, measures the numbers of people who say that they are economically active, currently not working and actively seeking work. This is the 'official' definition of unemployment used by the Government. ILO unemployment is also available from the Labour Force Survey more recently than the Census. However, much of this data is statistically unreliable, and so we have not included it here.

Travel to Work[11]

3.53 This section analyses travel-to-work data from the 2001 Census; unfortunately no more up-to-date information is available. We describe travel-to-work patterns for Melton and compare the Borough with nearby districts and wider benchmarks.

3.54 Table 3.9 shows the commuting balance of the Leicestershire districts. Melton is a net exporter of labour, with net out-commuting of 4,757 people, 20% of the resident workforce – the difference between 4,341 in-commuters and 9,098 out-commuters.

Table 3.9 Commuting Balances, 2001

	Resident Workers	Workplace Workers	Live and Work In District	Net Balance	SC Rate (res)	SC Rate (wkpl)
Melton	24,166	19,409	15,068	-4,757	62%	78%
NWL	41,919	44,952	24,378	3,033	58%	54%
Charnwood	73,466	61,931	41,726	-11,535	57%	67%
H&B	51,317	42,735	27,377	-8,582	53%	64%
Harborough	39,815	32,663	19,521	-7,152	49%	60%
Blaby	47,136	41,078	18,044	-6,058	38%	44%
O&W	26,651	19,018	9,128	-7,633	34%	48%

Source: Census, 2001

3.55 Stakeholders at the workshop suggested that there have been changes since 2001. For example, there have been redundancies at Masterfoods but some increases by Samworths. No corresponding particular increase in unemployment or employment suggests there may have been increases in out-commuting. A lack of robust recent data means we can only speculate what movements might have been.

3.56 Table 3.10 shows the workplaces of the working residents of Melton. 62% work as well as live in Melton. 7% commute out to Leicester City and 5% to Charnwood. In total, almost 80% of Melton's residents work in Leicestershire or Leicester City. Nottingham, Rutland, South Kesteven and Rushcliffe are employment draws outside of the county, accounting for a further 15% of residents.

Table 3.10 Workplaces of Melton Residents, 2001

Live in Melton **Work in:**		
Total	24,166	100%
Melton	15,068	62%
Leicester	1,806	7%
Charnwood	1,266	5%
Nottingham	1,030	4%
Rest of Leicestershire	958	4%
Rutland	826	3%
South Kesteven	707	3%
Rushcliffe	682	3%
Rest of Nottinghamshire	418	2%
Rest of Lincolnshire	139	1%
Rest of East Midlands	474	1%
Other	792	3%

Source: Census 2001

[11] Our analysis of travel-to-work flows, based on the 2001 Census, shows different numbers of jobs from the ABI numbers quoted earlier. This is because the Census and the ABI relate to different rates and use different definitions and methods.

Table 3.11 Places of Residence of People Working in Melton, 2001

Work in Melton **Live in:**	2001	
Total	19,409	100%
Melton	15,068	78%
South Kesteven	733	4%
Charnwood	705	4%
Rushcliffe	534	3%
Rutland	526	3%
Rest of Leicestershire	489	3%
Leicester	400	2%
Rest of Nottinghamshire	311	2%
Rest of East Midlands	367	2%
Other	276	1%

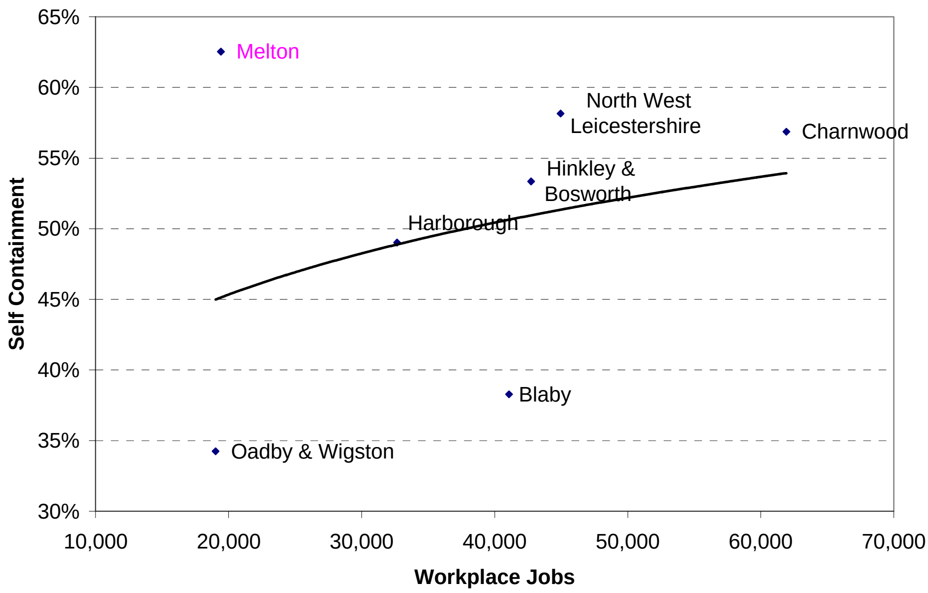
Source: Census 2001

3.57 78% of the Borough's jobs are taken by the Borough's residents. The main places of residents of in-commuters are South Kesteven, Charnwood, Rushcliffe and Rutland.

Self Containment

3.58 Figure 3.11 shows self-containment rates in Melton and neighbouring districts and plots them against number of resident workers in each district. The self-containment rate is the proportion of each district's working residents whose workplace is also in that district. It is an indicator of the extent to which the district provides jobs for its residents and the ease and sustainability of residents' journeys to work.

Figure 3.11 Self Containment against Number of Workplace Jobs, 2001



Source: Census 2001

3.59 There is a consistent relationship between the two variables on average: the more jobs a district provides, the greater is its level of self-containment.

3.60 In absolute terms, Melton has the highest self-containment rate in Leicestershire. Its self-containment is also much higher than one would expect given its relatively low number of workplace jobs.

Distance and Travel Mode

3.61 Self-containment by local authority area, as noted earlier, is an indicator of the ease and sustainability of residents' journeys to work, but it is a very imperfect indicator, because administrative areas do not fit labour markets. A journey which crosses a local authority boundary is not necessarily longer, more onerous or more unsustainable than one which does not. A long trip by public transport may have lesser impact on congestion and the environment than a short trip by car.

3.62 To provide an alternative measure of the possible adverse impact of commuting, Table 3.12 and Figure 3.12 analyse residents' travel to work by distance and mode respectively. In both cases, we benchmark Melton against national, regional and county averages.

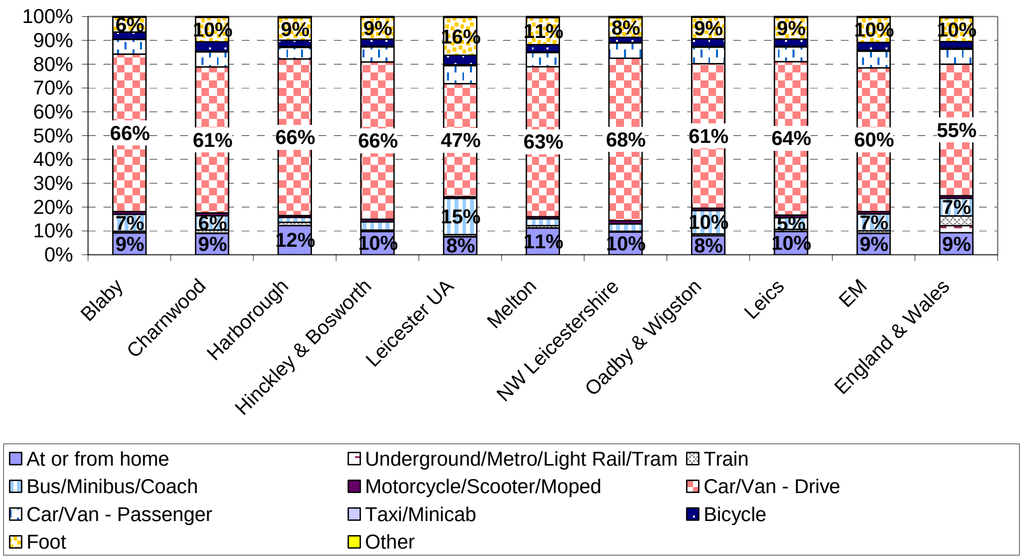
Table 3.12 Residents' Average Journey to Work, 2001

	km
Harborough	12.2
Melton	11.7
NW Leics	11.1
Hinckley & Bosworth	9.9
Charnwood	9.4
Blaby	9.0
Oadby & Wigston	8.3
Leicester City	6.4
Leicestershire	10.1
East Midlands	9.7
England & Wales	9.6

Source: Census 2001

3.63 Working residents in the East Midlands travel 9.7 miles on average, close to the national norm. Leicestershire's working residents travel slightly further, 10.1 miles, and those of Melton travel further still, 11.7 miles. Of the Leicester Shire districts, only Harborough shows longer journeys to work.

Figure 3.12 Mode of Travel to Work, 2001



Source: Census 2001

3.64 As regards mode of travel to work (Figure 3.12), 63% of Melton's working residents drive a car or van – more than the national and regional averages of 55% and 61% respectively and close to the Leicestershire figure. Just 3.8% use public transport – far fewer than in England and Wales (14%), the East Midlands or Leicestershire (both 8%).

Conclusions

The Workplace Economy

Competitiveness

3.65 We consider the performance of the local economy in two dimensions, which we call competitiveness and growth. Competitiveness, which may also be called current and potential productivity, or output (value added) per head, is the contribution to wealth creation of the average worker working in the Borough. It is measured indirectly by workplace earnings and industrial structure, including the share of knowledge industries and indicators of entrepreneurship such as VAT registrations. (Indicators that measure productivity directly are not available for local areas, and in any case tell us only about the past and the present, not future prospects.)

3.66 Melton is poor in Knowledge-Based Industries, especially High-Tech Manufacturing, but also financial and business services. This may largely account for Melton's low workplace earnings. The Borough's specialisation is in Manufacturing, including one sector which is prioritised by the Regional Economic Strategy, Food and Drink. Another specialist strength is the high level of entrepreneurship in Melton, which is also reflected in the exceptional dominance of very small firms (micro-enterprises).

3.67 While these specialisations may be good for growth, they will not necessarily generate high labour productivity or high earnings. On the other hand, it would be difficult or impossible to attract to Melton high-knowledge, high-value sectors which have no grounding in the local area and no compelling reason to locate in the Borough. Perhaps a more promising strategy for upgrading value added and earnings is to focus on the activities that Melton is already good at, aiming to encourage the most innovative and competitive businesses to locate and grow in the Borough.

3.68 It may be possible also to encourage diversification into knowledge-based, high-value sectors, including some inward investment from these sectors, building on Melton's high levels of entrepreneurship and its high-quality environment. The Borough is not a good location for large-scale office development, but it may be attractive and well suited to start-ups and other small businesses in knowledge-based sectors such as computer services, especially those who are more reliant on electronic than physical communications. The Council can foster such activities by facilitating small-scale development of offices and high-quality business units.

Growth

3.69 In terms of employment growth, Melton has paralleled the national trend despite its exceptional dependence on manufacturing, which generally is a declining sector. How much growth is desirable, depends on environmental constraints and on the balance of the labour market – how many jobs are needed to keep the labour force employed, bearing in mind both the Borough's population change and the balance of population and employment in neighbouring areas. We will return to these issues in considering future employment growth.

The Residents

3.70 In setting its policies, any planning authority should aim to foster the economic well-being of its constituents and to relieve any economic disadvantage they may be suffering. In order to advise on employment land policy, therefore, we need to consider how well off Melton's residents are and how far planning policy can improve that well-being.

3.71 Benchmarked against the county and region, Melton's residents are relatively well off, both in terms of earnings and employment opportunities:

- Residents' earnings are close to the Leicestershire average, which in turn is better than the East Midlands and close to national norm.
- Unemployment has been consistently below national, regional and county averages.
- None of Melton's neighbourhoods are seriously deprived by national or regional standards.

3.72 As well as to earnings and unemployment, travel to work is a component of economic well-being. As a local authority area, Melton is highly self-contained in both senses: relatively few residents commute outside the Borough, and it attracts relatively few in-commuters. But this favourable picture is an optical illusion caused by the location of Borough boundaries. If we ignore these boundaries, and look at the distances travelled to work, it becomes apparent that Melton's residents are relatively badly off, with journeys exceeding national, regional and county averages; only in Harborough do residents travel further to work. Furthermore, these trips are relatively unsustainable, since a high proportion are made by car and very few by public transport.

3.73 It seems clear that Melton's residents are relatively disadvantaged with regard to travel to work. But this may be an inevitable consequence of the Borough's rural geography, and residents may consider that any resulting hardship is compensated by the quality of life they enjoy. On the other hand, policy could aim to reduce out-commuting by encouraging employment growth close to residential settlements.

3.74 A closely related disadvantage of Melton is the low earnings generated by jobs located in the Borough. It seems that, to access well-paid jobs, the Borough's residents often have to commute out. This to some extent may also be a consequence of the Borough's rural geography. It is a disadvantage that policy could aim to correct, by encouraging higher-value-added activities to locate and grow in Melton.

4 LOCAL PROPERTY MARKETS

4.1 This chapter analyses the local market for business space, considering offices/R&D, general industrial space and strategic warehousing in turn. For each of these land uses, we begin with a brief description of the existing stock of floorspace and occupiers, considering what the Borough offers as a business location and what kinds of activities it is attractive to. We then look at recent occupier demand and take-up, the available and forthcoming supply of floorspace, and the balance between supply and demand.

4.2 This assessment of the current floorspace market provides a baseline and reality check for the discussion of the long-term future that begins in the next chapter. To look further ahead, we will need to shift our attention from the market in *floorspace* to the market in *land*, which will provide the capacity for future floorspace.

Offices

The Stock

4.3 The majority of the Borough's office stock is concentrated in Melton Mowbray, either in the town centre in traditional offices, in converted houses or above retail and other high street occupiers. There are few purpose-built office blocks.

4.4 Outside Melton Mowbray, the office stock is spread throughout the Borough, generally in farm offices converted from former farm buildings catering for small and micro businesses.

4.5 Masterfoods' head office is situated in a landscaped campus at Waltham On The Wolds. This is a notable facility incorporating offices, training and research and development facilities in a self-contained site.

4.6 The Pera Innovation Park in Melton Mowbray is also popular and provides incubator-style units and premises for knowledge-based occupiers operating fields such as metallurgy, chemistry, and engineering.

4.7 The total stock of offices is circa 53,000 sq m (Table 4.1) which represents the second lowest provision of all the Leicestershire districts and only 9% of the total stock available in Leicester City.

Table 4.1 Office Floorspace, 2000-2004, 000 sq m

	2000	2004	% change
Leicester	593	580	-2.2%
Blaby	158	183	15.8%
Charnwood	116	132	13.8%
Harborough	60	65	8.3%
Hinckley & Bosworth	62	76	22.6%
Melton	53	53	0.0%
NW Leicestershire	117	135	15.4%
Oadby & Wigston	37	40	8.1%

Source: ODPM

4.8 Since the year 2000, the Borough's office floorspace stock has remained static, while other Leicestershire districts have seen reasonable growth. It is, however, notably more robust than Leicester City, where the stock has actually declined, reflecting loss of obsolescent stock to redevelopment and some occupiers moving to out-of-town locations.

Demand

4.9 The take-up of office floorspace has been static across the whole of the Borough, both for new and old stock and across various size ranges, although the depth of demand has been for relatively small suites (under 5,000 sq ft or 465 sq m). Demand for larger sized units is much more limited and sporadic.

4.10 Demand is limited to small scale local occupiers as opposed to significant inward investors seeking good quality new development on a larger scale. The rural nature of the Borough is such that occupiers are attracted to the area due to its pleasant living and working environment. Occupiers which require city centre accommodation or good connectivity to the M1 will naturally locate closer to Leicester or other competing locations in the County.

4.11 Office demand is often from small, government-sponsored organisations or from public sector organisations with little demand from the professional sector.

4.12 The Borough attracts those occupiers who wish to benefit from being located in an attractive rural market town with its advantages of a pleasant live/work environment. Competition is therefore from similar market towns such as Market Harborough, Ashby de la Zouch or Oakham. Organisations which benefit from being close to other large businesses and amenities would naturally favour Leicester City Centre and/or business park locations such as Meridian in Blaby or Willow Farm in North West Leicestershire.

Supply and Market Balance

4.13 A new headquarters office building has recently been built off Leicester Road, Melton Mowbray, for The Melton Mowbray Building Society. It will potentially free up office space at the Society's existing building in the town centre.

4.14 Other than this, there has not been any significant office development in the Borough in recent times, and no speculative development at all. Westleigh Developments, which has had success with small unit office schemes in Market Harborough and Coalville, has recently considered a similar concept in Melton Mowbray but has not pursued the idea.

4.15 Current office asking rents for existing stock vary from £4.00 - £8.00 per sq ft (£43 - £86 per sq m) depending on quality and location. However, there are no new prime developments to test whether modern high quality space would exceed this level. Should a developer consider a speculatively developed small unit scheme then we would envisage that a figure of at least £10.00 per sq ft (£107.60 per sq m) would be required to be achieved in order to be attractive to a developer.

4.16 However, from our discussions with local agents, it is apparent that if good quality, modern specification office accommodation was available it would be taken up. The historical low take-up is not necessarily be due to low demand, and anecdotal evidence arising from discussions with local agents suggests that there is latent local demand.

4.17 By way of comparison, Westleigh Developments completed a scheme of 15 office units in a series of terraces with on-site car parking ranging in size between 1,500 and 2,000 sq ft (140 – 186 sq m) at Brunel Park, Stephensons Way, Coalville in North West Leicestershire, in July 2005. Historically freehold and leasehold enquiries for Coalville had been low, but the majority of the units were pre let or pre sold on practical completion of the scheme. The developer, Westleigh, felt that the historically low take-up was due to the lack of high quality product available, and the success of the scheme supports this theory.

4.18 Westleigh have enjoyed comparable success with similar schemes in Market Harborough and Lutterworth in South Leicestershire and we would suggest that Melton Mowbray is an analogous case in point.

4.19 Nevertheless the current situation is such that, while there is little supply, there seems to be an apparent lack of demand for new space. This chicken and egg scenario has lead to an illiquid office market, with little day to day transactional 'churn' of buildings being vacated and subsequently re-let.

Industrial and Warehousing Space

4.20 In analysing the industrial/distribution market, we would normally split the market into two segments, comprising firstly strategic distribution or Big Sheds – modern units of 10,000 sq m or more located on dedicated distribution parks – and secondly general industrial space- covering factories, workshops and other warehouses.

4.21 The distinction is especially important in the areas of Leicestershire with good access to the M1 Motorway (junctions 19 – 24) and indeed much of the East Midlands, given the large size of the strategic distribution sector and its dramatic and continuing growth. However the Borough is not a Big Shed location due to its poor connectivity to the M1 and with the exception of Asfordby Storage and Haulage on the Saxby Road Industrial Estate in Melton Mowbray and Melton Airfield in Gaddesby, none of the stock fits into this category. In this section, therefore, we focus on the general industrial sector.

The Stock

4.22 Melton's general industrial stock is of mixed quality, although most is post-war and all the main industrial areas are populated predominantly by modern steel portal framed buildings.

4.23 There are few large warehouses, due to the relatively poor connectivity to the national motorway network. A notable exception to this is Asfordby Storage and Haulage on the Saxby Road Industrial Estate in Melton Mowbray, which is modern and fit for purpose. The large warehouse facility at Melton Airfield in Gaddesby is also generally fit for purpose, but of older construction.

4.24 While there are a variety of small employment areas across the Borough, including at Bottesford and John O'Gaunt, the vast majority of business premises are concentrated in the principal town of Melton Mowbray. Most of this stock comprises mixed-quality premises with the more popular buildings being of modern steel portal frame construction. Good examples are the Saxby Road Industrial Estate, Leicester Road Industrial Estate and the Snow Hill Industrial Estate.

4.25 At Old Dalby, a former MOD site has been divided to provide two industrial estates, the Old Dalby Trading Estate and Crown Business Park. The stock is generally old and low-grade, with limited clear internal heights due to the steel truss nature of the roof structures. There are some high bay facilities at the Crown Business Park, although such buildings are of aging design and quality with high site coverage, having been developed after the war. Despite this the estates seem to have a relatively low level of vacancy due to an effective and flexible approach to marketing by the estate owners. This aggressive marketing strategy and pragmatic approach to lease lengths and rental levels offered has proved to be successful to date, although, should any of the buildings fall vacant, we would expect a longer than usual marketing period before they are re-let.

4.26 Reflecting to the rural nature of the Borough, there are also several successful small rural business centres in locations such as the Shoby Lodge farm area in Frisby, Saxelbye Dairy in Frisby and the renowned Long Clawson Dairy. The stock is of mixed age and quality and is often provided by way of converted former agricultural buildings.

4.27 The total stock of factory space (Table 4.2) is circa 289,000 sq m, which is the second lowest of all Leicestershire districts, except for Oadby and Wigston.

Table 4.2 Factory Floorspace, 2000-2004, 000 sq m

	2000	2004	% change
Leicester	2,292	2,184	-4.7%
Blaby	345	348	0.9%
Charnwood	1,095	1,035	-5.5%
Harborough	309	292	-5.5%
Hinckley & Bosworth	835	947	13.4%
Melton	275	289	5.1%
NW Leicestershire	501	530	5.8%
Oadby & Wigston	321	282	-12.2%

Source: ODPM

4.28 Since the year 2000, the stock has grown by some 5.1%, which is similar to North West Leicestershire and greater than Leicester City, Charnwood, Harborough and Oadby & Wigston, which have actually recorded losses.

4.29 Table 4.3 below shows the change in warehousing floorspace between 2000 and 2004. Melton has the lowest stock of floorspace out of the Leicestershire Districts, except for Oadby and Wigston, although it has grown considerably over the period, we believe mainly because of expansion of Asfordby Storage and Haulage and Samworth Brothers.

Table 4.3 Warehousing Floorspace Change, 2000-2004, 000 sq m

	2000	2004	% change
Leicester	1,024	1,043	1.9%
Blaby	323	372	15.2%
Charnwood	419	434	3.58%
Harborough	599	955	59.4%
Hinckley & Bosworth	271	300	10.7%
Melton	168	201	19.6%
NW Leicestershire	461	752	63.1%
Oadby & Wigston	104	170	63.5%

Source: ODPM

Demand

4.30 Take-up has been reasonably robust in recent years. There has been reasonable demand for small freehold units, reflecting the current attractions of ownership relative to leasing in large part due to low interest rates.

4.31 Occupiers require well laid out modern premises with a clear eaves height and good loading facilities. Office content in industrial premises varies depending on the requirements of the occupier, although it typically represents approximately 10% of the total floor area. The most efficient method of providing such accommodation is by way of modern steel portal frame construction, which is most popular with occupiers.

4.32 Demand for premises is generally from small indigenous companies with, little inward investment either from the rest of Leicestershire or the rest of the UK. A notable exception is the Samworth Brothers' facility at Melton Mowbray.

4.33 Take-up of existing stock has predominantly been from light industrial, assembly and engineering activities although there continues to be a wide cross-section of interest from other manufacturing uses.

4.34 The range of manufacturing activity is diverse. It includes traditional textiles and engineering (but much of this is in decline). Food manufacturing is significant and there is also a notable representation from printing and plastics eg Jeld-Wen in Melton Mowbray.

Supply and Market Balance

4.35 There is limited availability of general industrial floor space across the whole of the Borough, irrespective of size and type of unit. Most relatively modern units coming on the market have let or sold rapidly, and this applies across virtually all unit sizes and in most locations. While most older stock re-lets readily, there are some exceptions, comprising primarily either poor quality early twentieth century stock or large more specialist complexes with very limited appeal to a general market.

4.36 Nevertheless a successful example of a well occupied estate with older style buildings is the Old Dalby Trading Estate which, following lettings to companies such as BT Rolatruc, APAC Design and LPC only has 134,000 sq ft (12,449 sq m) remaining to let out of a total 645,000 sq ft (59,921 sq m). While the buildings are low-grade, with limited clear internal heights due to the steel truss nature of the roof structures, the landlord has been proactive in its approach to letting by considering low rents (typically £2.00 – £2.50 per sq ft or £21.50 - £26.90 per sq m) and flexible lease terms.

4.37 For the more modern accommodation such as that found on the Leicester Road and Saxby Road industrial estates in Melton Mowbray, current industrial rental values are circa £4.00 per sq ft (or £43.10 per sq m). This is sufficient to support development.

4.38 From our consultations with local businesses, the common theme is that many would like to expand their facilities but the lack of available new sites or land for expansion is curtailing their ability to do this.

4.39 A notable exception to the general lack of available sites is Asfordby Business Park which provides a total gross development area of 16 ha, currently in the ownership of UK Coal. As previously discussed, the remaining pit buildings have been let to a range of industrial occupiers. However, it is now UK Coal's strategy to construct bespoke buildings on a leasehold design and build basis, as opposed to the speculative development of small terraced units that small business would typically require.

4.40 Against robust demand, the supply of general industrial space is limited, which constrains the ability of existing businesses to expand and discourages new businesses from moving into the Borough. As with offices, our consultation with local businesses and agents suggests that latent and actual demand for industrial space is such that, if more space were provided either speculatively or design and build, it would be readily taken up. However, it is evident that there are insufficient available sites to satisfy demand in either case.

Conclusions

4.41 Melton has seen reasonable local demand from small indigenous companies in recent years although this tends to be catered for by the existing stock primarily in the town of Melton Mowbray. Consultation with local businesses and agents suggests that there is latent demand in both sectors which would become apparent if more modern floorspace became available, whether to let or for sale. There has been little recent development in either sector to provide such floorspace. This in our view is partly due to the fact that a significant amount of land allocated in the Local Plan has not been made available for development over the plan period.

4.42 Both for offices and industrial/distribution premises, the availability of land for development, whether speculative or design and build, falls short of demand. This lack of supply seems to be stifling the expansion of existing businesses and discouraging new businesses from moving in.

5 THE QUANTITY OF EMPLOYMENT LAND

Introduction

5.1 In this chapter, we forecast the *market requirement* for industrial/warehousing and office space, based on employment forecasts, and compare it with *planned supply* – comprising the land currently identified by the planning system for changes in employment uses. The analysis in this chapter focuses on the period to 2016, in line with forecasts made for the Regional Economic Strategy by Experian Business Strategies for *emda*.

5.2 The analysis in this chapter relates purely to the quantitative balance of demand and supply. Qualitative features will be considered in the next chapter.

5.3 The analysis is in three stages. First, we forecast the demand for employment land, based on employment forecasts. Second, we calculate planned supply, and finally we assess market balance – the relationship between forecast demand and planned supply.

5.4 It is important to note that our employment forecasts and hence our calculations on future demand, relate to net change. Net change in employment (the stock of jobs) is the difference between jobs lost and jobs gained. The corresponding net change in the floorspace stock is the difference between floorspace gained, mostly from new development, and floorspace lost, for example where industrial sites are cleared and redeveloped for housing and other uses.

Demand

Forecasting Method

5.5 As our starting point, we use economic forecasts produced by Experian Business Strategies in November 2005 for emda, which show employment by sector and local authority areas. Emda and LSEP have agreed that these forecasts be used for the present study. They provide a policy-off scenario, which represent an independent view of the area's economic prospects, based on macroeconomic factors, Melton's past performance, local characteristics such as education and skills levels and the future population of the Borough and its labour catchment as forecast by the ONS.

5.6 Experian has recently produced an alternative set of forecasts for emda, showing a policy-on scenario, which takes account of key objectives of the Regional Economic Strategy. This policy-on scenario is the basis of the region-wide ELP study mentioned earlier, which therefore will provide an alternative demand scenario for Melton. The calculations in this chapter and the conclusions of the report should be reconsidered in the light of this new scenario when it becomes available.

5.7 Having forecast jobs in Melton by sector, the next step is to translate these jobs into demand for employment space. To this end:

i) We first translate jobs by sector into jobs by type of space, using the sector-to-space mapping described in paragraph 3.11 above and Appendix 1 below.

ii) For each type of space, we then translate jobs into floorspace using assumed employment densities (sq m of built floorspace per head) and plot ratios (sq m of built floorspace per hectare of site area) to arrive at forecast *market demand f*or land.

iii) To this market demand, we add a frictional margin, or buffer, to produce a forecast *planning requirement* for employment land.

5.8 At the second step, we assume plot ratios of 40% (4,000 sq m per hectare) for all land uses and employment densities as follows:

- Offices: 18 square metres per worker; and
- Industrial and warehousing (all factories and many warehouses): 31 square metres per worker.

5.9 For offices and general industry, these densities are taken from a 1997 study by Roger Tym & Partners for SERPLAN[12], as is the assumed plot ratio. The government's recent Guidance Note on Employment Studies quotes these figures[13], noting that the RTP study 'remains one of the most comprehensive data sources for London and the South East'; there are no such studies for other regions. For the very large units defined here as strategic distribution, no comprehensive statistics are available; our assumed density is taken from unpublished surveys of individual developments by Roger Tym & Partners. In translating warehouse jobs into warehouse space, we have assumed that all the net growth in warehouse jobs goes into strategic distribution units. The intention is to err on the generous side, since in practice some growth may also be accommodated in general industrial warehousing, where floorspace per worker is less.

5.10 With regard to offices, it is often asserted that employment densities are falling, due to changing working practices such as hot-desking, teleworking and homeworking, and increasing competitive pressure on corporate occupiers to use space cost-effectively. There is some evidence to support these views. Examples include IBM and BP, which are seeking ratios of 10-11 sq m per person. The Total Occupancy Cost Survey (March 2004)[14], suggests that the overall average for offices across the UK is now 14 sq m per person.

5.11 However, the view that office employment densities are rising overall – as opposed to rising in particular businesses or groups of businesses - is not supported by statistically reliable evidence so far. Indeed a recent study by DTZ Pieda for SEERA[15], also quoted in the ODPM Guidance, concludes that employment densities have not changed significantly from those in the SERPLAN study. We do not know whether these differ for the East Midlands rather than for the South East.

5.12 Certainly it is possible that the average office density will increase substantially in the future. But, on the evidence available to date, it would not be right to incorporate such an increase into our forecasts. Even if we wanted to create a contingent 'worst-case' scenario to explore the impact of a possible rise in densities, from the data currently available we would not know what size of increase we should test. Therefore, our calculations below are based on constant employment densities. We suggest later that demand forecasts should be reviewed at least every five years, and more often in case of economic shocks. If convincing evidence of changing densities emerges in future, it should of course be incorporated in these reviews.

5.13 We add a safety margin to translate market demand into a planning requirement – the amount of land which the planning system should make available if demand is to be fully met in a smoothly functioning market. The main function of this margin is to allow for frictional vacancy – the land which at any one time is identified in planning terms for B Class development or redevelopment, but in practice is not yet capable of producing built floorspace because it is in the process of gaining permission or undergoing site

[12] Roger Tym & Partners for SERPLAN, The Use of Business Space: Employment Densities and Working Practices in South East England, 1997

[13] Office of the Deputy Prime Minister, Employment Land Reviews: Guidance Note, ODPM Publications, December 2004

[14] Actium Consult, Total Occupancy Cost Survey, March 2004

[15] DTZ Pieda for SEERA, Use of Business Space and Changing Working Practices in the South East, May 2004.

preparation, or under construction. Logically, this 'sterilised' supply equals annual gross take-up (the amount of land developed in any one year) times the number of years required from allocation of a site to building completion on that site. In calculating the required margin, we use as a proxy for future gross take-up the average gross take-up in the four years for which we have data. For industry and warehousing, this average was 4.1 hectares per year. But for offices take-up in the last four years has been an insignificant 0.1 hectares, which rounds to zero, and the resulting margin also rounds to zero.

The Forecast

Total Employment

5.14 Table 5.1 and Figure 5.1 below show forecast change in total employment for 2001-16. Leicestershire and the East Midlands are both forecast to grow the fastest, at 7% over the period. Melton grows by only 4%, gaining just 900 jobs over 15 years. In terms of annual growth, this is just over half the rate of Leicestershire, though twice as fast as Leicester Shire[16] (whose overall growth is brought down by the inclusion of Leicester City, which declines rapidly).

Table 5.1 Forecast Total Employment, 2001-2016

	2001	2006	2011	2016	Change 01 16	% change 01-16	% change p.a.
Melton	22,200	22,500	22,900	23,100	900	4%	0.27%
Leicestershire	277,700	285,800	292,100	297,300	19,600	7%	0.47%
Leicester City	171,400	163,900	162,400	162,200	-9,300	-5%	-0.36%
Leic Shire sub-region	449,100	449,700	454,500	459,500	10,300	2%	0.15%
East Midlands	1,992,400	2,023,400	2,075,200	2,127,500	135,086	7%	0.45%

Source: Experian Business Strategies, RTP
Note: Figures are rounded to the nearest hundred. Calculations are based on unrounded figures.

Figure 5.1 Forecast Total Employment, 2001-2016

Source: Experian Business Strategies, RTP

[16] This comprises the Leicestershire Districts plus Leicester City.

The Demand for Business Space

5.15 In the 15-year period 2001-2016, total employment in Melton is forecast to rise by 900, or 4% (Table 5.2). This is much slower growth than in past; as shown in Chapter 3, in the eight years to 2003 total employment increased by 7%.

5.16 Office employment is forecast to grow by around 1,000 jobs (32%). This is slower than in the past period 1995-2003, but seems broadly consistent with this past record if we bear in mind the small numbers involved.

5.17 Industrial employment is forecast to fall heavily, by 1,200 jobs, or 20%, and warehousing employment is static. In total, industrial and warehousing employment falls by 1,100 jobs, or 12%. This is contrary to the past period, which saw increases in both industrial and warehousing employment, but as shown in Chapter 2 the growth record of this past period may not be conclusive, because the figures for industry are volatile and those for warehousing are small in absolute terms.

Table 5.2 Business Space Employment Forecasts, Melton, 2001-2016

	2001	2006	2011	2016	Change 01-16	Change %
Manufacturing	5,200	4,700	4,400	3,900	-1,300	-171%
Other industrial	600	600	600	700	100	15%
Total industrial	5,800	5,300	5,000	4,700	-1,200	-20%
Warehousing	1,900	1,900	2,000	2,100	100	7%
Total industrial & warehousing	7,700	7,200	7,000	6,800	-1,100	-12%
Offices	3,100	3,700	3,900	4,000	1,000	32%
B Space Jobs	10,800	10,800	10,900	10,800	0	0%
Total Jobs	22,200	22,500	22,900	23,100	900	4%

Source: Roger Tym & Partners, Experian Business Strategies
NB. Figures are rounded to the nearest 100. May not sum exactly due to rounding

5.18 The resulting employment space requirements, calculated as explained earlier, are at Table 5.3. The table shows:

- The forecast demand for floorspace, which is the net change desired by occupiers, in square metres;
- The corresponding demand for land, in hectares, based on a plot ratio of 40% (4,000 sq m of built space per hectare of land); and
- The frictional margin;
- The total land requirements, which equals the forecast demand plus the frictional margin.

Table 5.3 Floorspace and Employment Land Requirement, hectares

	Demand 2001-16 sq m	Demand 2001-16 ha	Margin ha	Requirement ha
Industrial/Warehousing	-31,737	-7.9	8.3	0.4
Offices	17,566	4.4	0.0	4.4

Source: Roger Tym & Partners

5.19 For offices, forecast net demand to 2016 is 17,600 sq m, or 4.4 hectares (0.3 ha per year). This is obviously a faster rate of take-up than in the first four years of the period, 2001-5, in which as noted earlier there was no significant take-up. The frictional margin calculated from past take-up is nil, as explained earlier, so the calculated requirement is also 4.4 hectares. In practice, however, if there is to be any take-up in future then a frictional margin should be provided. Assuming for simplicity that there are no significant losses of office space in future, so that gross and net take-up are equal, the margin should be 0.6 hectares, increasing the requirement to 5 hectares. This small adjustment makes no significant difference to the total requirement.

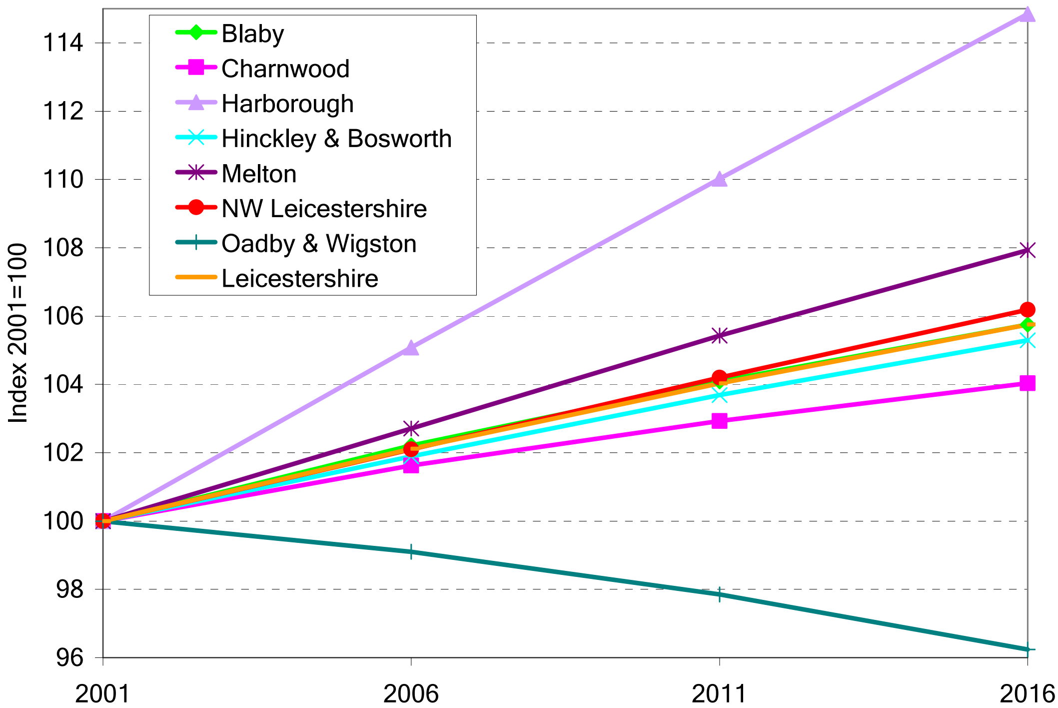
5.20 For industrial and warehousing space, forecast demand to 2016 is for a loss of 31,700 sq m of floorspace, equivalent to around 7.9 hectares of land. The estimated margin adds 8.3 hectares, which is almost equal to the forecast net loss. The resulting net requirement is for virtually no change in industrial/warehousing space.

Labour Market Balance

5.21 To explore the implications of the employment forecasts for travel-to-work patterns, we have estimated a simple labour market balance for 2016, comparing these forecasts with forecasts of the Borough's resident labour force.

5.22 For this calculation, we have used the County Council's population forecasts by district, which are shown in indexed form below.[17]. These forecasts were prepared in 2003 and are consistent with the housing provision proposed in the then Regional Planning Guidance (RPG).

Figure 5.2 Population Forecasts, 2001-16



Source: Leicestershire County Council

5.23 Two districts show exceptionally large changes: Harborough, where population in 2001-16 grows by 15%, and Oadby and Wigston's, where it falls by 20%. The remaining Leicestershire districts are closely bunched together, with increases between 4% and 8% between 2001-16. Melton is at the top of this group, with 8%

[17] The forecasts are trend-based, on projections of natural change and past estimates of migration as available in March 2002 from ONS. The figures were rebased in January 2003 to the age/sex structure of the ONS 2001 population estimate. The projection is consistent with the new housing provision for Leicestershire and Leicester as proposed in the then current RPG, but does not reflect Structure Plan proposals for shift to more residential development in Leicestershire and Leicester urban area.

growth. We estimate the corresponding increase in Melton's working-age population as 3,100.

5.24 We estimate the labour market balance in two stages (Table 5.4):

- Firstly, we estimate the labour market balance for 2001. As a reality check, we compare the figures to the Census. As the table shows, the differences are insignificant.
- Secondly, using the same method, we estimate the figures for 2016.

5.25 This calculation suggests that between 2001 and 2016 Melton's net out-commuting will increase by around 1,300 people. This is because the number of economically active people is forecast to increase by 2,200 while jobs are forecast to increase by around 900. This is a small change in the balance. Net out-commuting amounted to 17% of the workforce in 2001; by 2016 this rises to 22%.

Table 5.4 Labour Market Balance, 2001-16

	%	2001	2016	Change
Population		47,900	51,700	3,800
Working Age Population		35,300	38,400	3,100
Economically Active	72%	25,445	27,680	2,235
Unemployed	3%	838	912	74
Resident Workforce		**24,607**	**26,768**	**2,161**
Jobs		22,204	23,103	899
Double Jobbers	5%	1,110	1,155	45
Jobs Filled		**21,094**	**21,948**	**854**
Commuting Balance (calculated)		**-3,513**	**-4,820**	**-1,307**
Commuting balance (Census)		-4,757		

Source: Leicestershire County Council, Census 2001, RTP
Note: Economically active and unemployment rates are taken from the 2001 Census.

Land Supply

Method

5.26 Planned supply is the net physical capacity identified by the planning system for future change in business floorspace. We need to look back in time to 2001, the base year for our market balance calculations. Planned supply at that date is the sum of:

i) Floorspace change from the 2001 base date to the present (2005);

ii) Outstanding *planning commitments* (planning allocations and permissions); and

iii) Current *surplus vacant floorspace.*

5.27 Any of these components can be either positive or negative, indicating either an increase or a fall in the floorspace stock.

5.28 The figures do not take account of any possible intensification at existing employment sites. Nor does it include windfalls, either positive or negative, and therefore they do not take account any future losses of employment land which may occur over and above the existing planning commitments. If there are any such losses, then the land required to replace the sites lost needs to be added to the requirement.

5.29 Below, we look in turn at the components of planned supply.

Floorspace Change 2001-05

5.30 Melton has seen a small loss of employment land to housing since the 2001 base date: 2.8 hectares at the former BRS Depot, Leicester Road, representing 2% of the stock.

Outstanding Planning Commitments

5.31 Planning commitments are listed and discussed in detail in Chapter 6. There is no additional land at all identified for office development, either in the form of planning permissions or allocations. This of course does not imply that there will be no new office development in the future; it simply shows that, until and unless new allocations are made, any development that does occur will be on windfall sites or through intensification of existing sites.

5.32 For industrial/warehousing space, outstanding commitments amount to 34 hectares, mostly made up of allocations.

Surplus Vacant Space

5.33 A certain level of vacant (available) floorspace is required for the market to function efficiently, which is generally held to be around 7.5% of the stock. If availability is above this equilibrium level, the current floorspace market is out of balance, there is surplus capacity and the difference between the natural level of vacancy and the actual level of vacancy is added to the supply total. If vacancy is below the equilibrium level, the imbalance is in the opposite direction. The current market is too tight, and we subtract this deficiency of vacant floorspace from the supply total.

5.34 Ideally, this calculation should use vacant stock at the base date, 2001, but we use 2004 as a proxy because figures for 2001 are not available. The vacancy data used for offices was obtained by Innes England from the Invest Leicestershire Property Bulletin (2004). Vacant office space amounts to just 585 sq m, an insignificant 1.1% of the stock. In the industrial/warehousing sector, vacancy is 8.9%, fractionally above the assumed equilibrium level.

Table 5.5 Vacant Floorspace, 2004

	Offices	Ind/whsg
Stock (ha)	13.25	122.5
Actual vacancy (sq m)	585	43,635
Actual vacancy (ha)	0.1	10.9
Eqilibrium vacancy (7.5%)	1.0	9.2
Actual vacancy (%)	1.1%	8.9%
Over (under) supply (ha)	-0.8	1.7

Source: ODPM floorspace statistics, Invest Leicestershire, Innes England, RTP

Summary of Supply

5.35 Table 5.6 below show the planned land supply at 2001 for offices (including R&D) and industrial and warehousing land.

Table 5.6 Employment Land Supply, 2001, hectares

	Offices (B1a and b)			Industrial (B1c, B2 & B8)		
	Gains	**Losses**	**Net change**	**Gains**	**Losses**	**Net change**
Change 2001-05 (starts)	0.1	0.0	0.1	16.6	-2.8	13.8
Outstanding permissions (not started)	0.0	-1.3	-1.3	2.9	0.0	2.9
Outstanding allocations (not permitted)	0.0	0.0	0.0	31.2	0.0	31.2
Vacant space above 7.5% (2004)	-	-	-0.8	-	-	1.7
TOTAL	0.1	-1.3	-2.1	50.7	-2.8	49.6

Source: Melton Borough Council, ODPM Floorspace Statistics, Invest Leicestershire, Leicestershire County Council

Industrial and warehousing supply is some 50 hectares, mostly accounted for by 31 hectares of outstanding allocations and 14 hectares already developed since 2001.

Market Balance

Forecast Demand versus Planned Supply

5.36 Table 5.7 and Figure 5.3 below show the demand-supply balance. To help the reader grasp the scale of change, figures in the table are expressed as a percentage of the district's estimated stocks of employment space as well as in absolute terms. These stock figures are taken from ODPM Floorspace Statistics and translated into land using the assumed 40% plot ratio.

5.37 As mentioned earlier, in interpreting the demand-supply balance, it is important to bear in mind that our forecast demand and requirement related to net change, which is land gained less land lost; whereas the supply figures generally show future gross gains only, which does not take into account any employment land that may be lost to other uses in future. To estimate gross land requirements - the total land that should be provided for development if market demand is to be met - we need to add to this net requirement a replacement for any land that is lost.

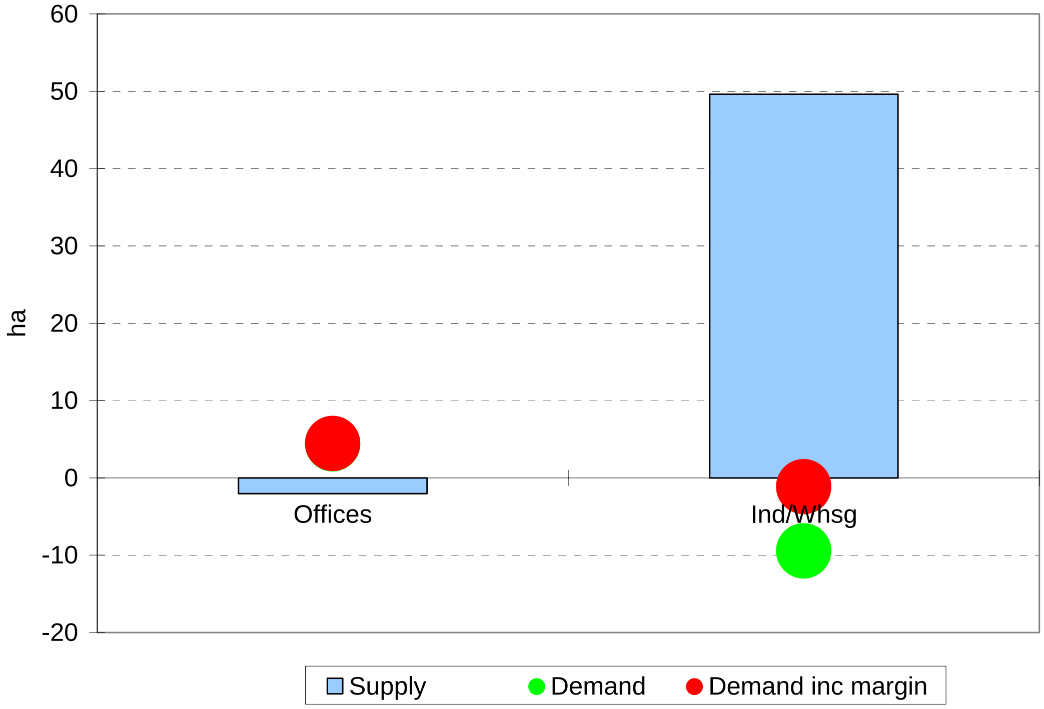
Table 5.7 Market Balance, 2001-16

2001-2016		Offices	*% of stock*	Ind + Whsg	*% of stock*
Floorspace Stock, 2004	sq m	54,000		492,000	
Estimated Stock of Land	hectares	13.5		123.0	
Forecast demand		4.4	*33%*	-7.9	*-8%*
Margin		0.0	*0%*	8.3	*7%*
Total supply		-2.1	*-15%*	49.6	*40%*
Over(under) supply using demand (supply less requirement)		-6.4	*-48%*	57.5	*48%*
Over(under) supply using demand plus margin (supply less requirement)		**-6.5**	***-48%***	**49.2**	***40%***

Source: ODPM Floorspace Statistics, RTP

5.38 The chart below shows supply as the blue bar. Demand is shown by the green circle and the land requirement, which comprises demand plus the frictional margin, is depicted by the red circle. The distance between the circle and the bar measures over- or under-supply.

Figure 5.3 Market Balance, 2001-2016,



Source: Roger Tym & Partners

5.39 For offices, planned land supply is a loss of just over 2 hectares, or 15% of the district's existing stock of offices. This is around 7 hectares short of the estimated requirement to 2016. This shortfall almost half of the district's small existing stock, but in absolute terms it is not large. It should be borne in mind that our calculations assume a development density (plot ratio) of 40%, or 4,000 sq per hectare. Thus, the deficit of office land provision amounts to 28,000 sq m of floorspace. In practice, development densities may be higher, especially on town centre sites, in which case less than 7 hectares would be required to correct the deficit.

5.40 In the industrial and warehousing sector, planned supply is almost 50 hectares, while the forecast requirement is for no significant change. The resulting oversupply of 50 hectares amounts to some 40% of the district's estimated stock. In purely quantitative terms, this represents a considerable surplus of industrial and warehousing land. However, this conclusion is subject to two major caveats.

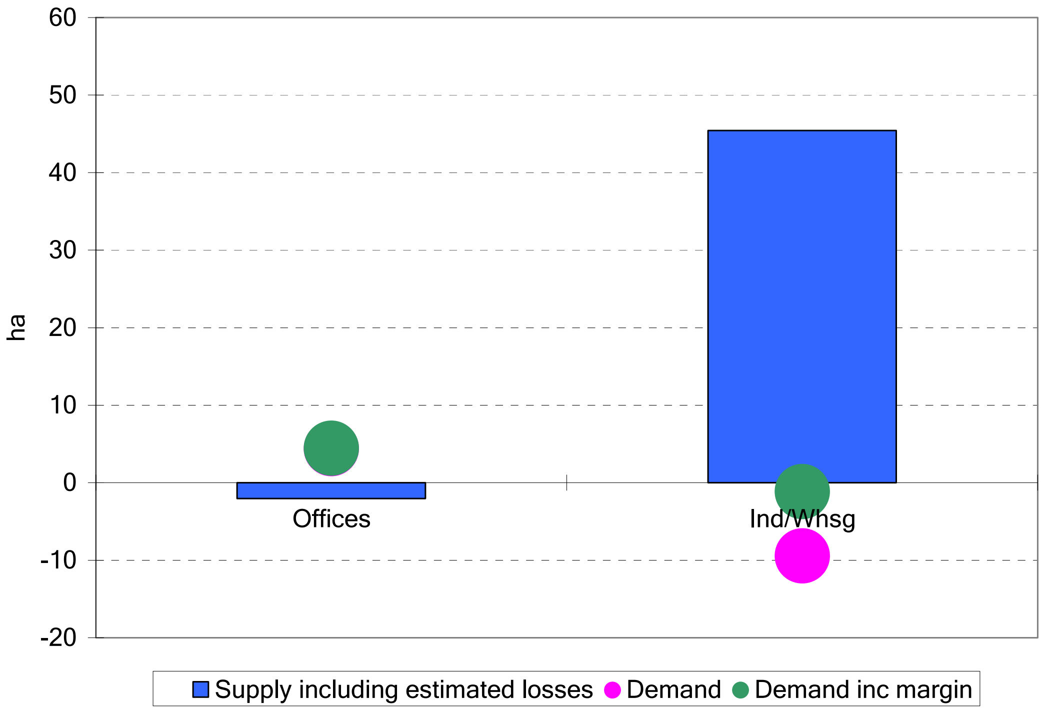
5.41 Firstly, whether the surplus of supply over demand is real depends partly on the quality and practical availability of the planned supply. For example, we know that some of this allocated land - namely part of the Holwell works site - is severely constrained and substantial infrastructure work would need to be carried out on it before it could be developed successfully. The quality and availability of sites is discussed in the next chapter.

5.42 The second caveat is that our forecast demand and requirement relates to net change, which is land gained minus land lost; whereas the supply figures show gross gains only, taking no account of any employment land that may be lost to other uses in future. To estimate gross land requirements - the total land that should be provided for development if market demand is to be met - we need to add to the net requirement a replacement for any land that is lost in future.

5.43 As an indication of potential future losses, we would normally use the annual average of past losses. For Melton the available data on past losses cover only a short period, 2001-2005. In this period, one single industrial site was lost, representing 2.8 hectares.

We understand from Council officers that in earlier years, for which there are no hard data, there had been no significant losses at least since 1995. This suggests that the loss of industrial land over the 10 years to 2005 was roughly 0.28 hectares per year. In the graph below[18], we project this small annual loss into the future, showing an amended market balance calculation, in which the planned land supply is reduced accordingly.

Figure 5.4 Market Balance Including Losses, 2001-2016



Source: Roger Tym & Partners

5.44 Not surprisingly, this amended supply figure makes no significant difference to the earlier conclusion. An annual loss of 0.28 hectares over 15 years reduced the planned supply by just 4.2 hectares, an insignificant fraction.

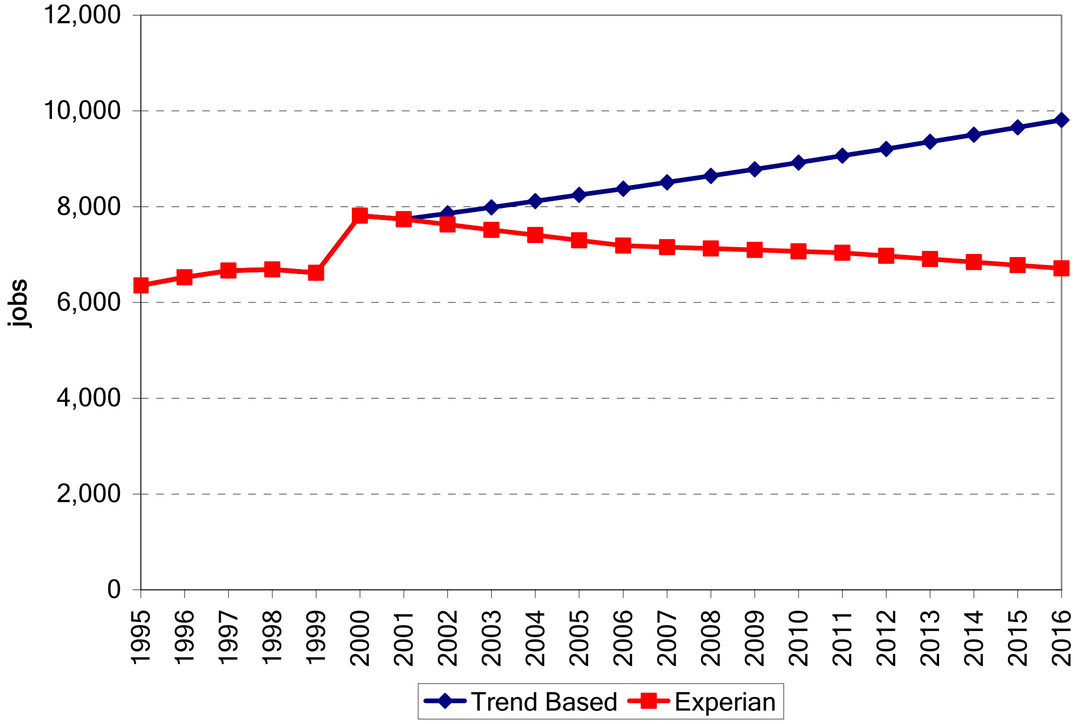
An Alternative Scenario

5.45 As shown earlier, the Experian forecasts show Melton's industrial and warehousing employment falling in the future, contrary to past experience. It may be that the forecasts are wrong, ignoring particular features of Melton that produce industrial growth against the national and regional trend. Therefore, we have constructed an alternative demand scenario, to show what would happen if Melton's industrial and warehousing employment continues to grow in future, continuing the trend it followed in 1995-2003.

5.46 The graph below shows this trend-based employment scenario and compares it with the Experian forecast.

[18] The same scale has been used for Figures 5.4 and 5.5 to give an indication of the different scales.

Figure 5.5 Industrial/Warehousing Employment, 1995-2016



Source: Experian/emda, Annual Business Inquiry, Roger Tym & Partners

5.47 The alternative scenario produces some 3,100 additional industrial/warehousing jobs in Melton by 2016, increasing the land requirement by 16 hectares. Planned oversupply falls to 34 hectares, or, if we also assume future losses at the rate of the last 10 years, 30 hectares.

5.48 Before we draw policy conclusions from these figures, we need to consider the qualitative features of supply. This is the subject of the next chapter.

6 THE QUALITY OF EMPLOYMENT LAND

Introduction

6.1 In the sections that follow, we describe and assess firstly Melton's existing, occupied employment areas, and secondly the development sites identified for B class use.

6.2 For each site, we assess quality from a market perspective, aiming to assess how well the sites match market requirements, having particular regard to the following criteria:

- Accessibility by road – This criterion considers access to principal roads and, in particular, takes into account the state of secondary roads that provide linkage from the site to the primary network. Connectivity by road is an important (but not sole) consideration when assessing a site's accessibility to labour markets and the ease with which goods can be distributed to and from manufacturing and distribution facilities. In office markets, sites which are readily accessible to labour will have greater appeal than more isolated opportunities.
- Accessibility by public transport - The range and frequency of services are important factors particularly in relation to activities that employ many workers.
- External environment – This criterion takes into account neighbouring uses, proximity to facilities, proximity to activities similar to the potential use of the site, and availability of main services. Generally, the quality of the external environment has a more significant bearing in office than industrial markets. Attractive outlooks and freedom from noise and other disturbances are pre-requisites of a good quality office scheme. Proximity to facilities - shopping, restaurants, banks etc - is also important, as is connectivity to broadband.
- Internal environment - This criterion takes into account the shape, topography, ease of access and the profile and prominence of a site. Also under this criterion, we include exposure to risk - for example flooding and ground contamination/movement.

6.3 The assessment of existing employment areas includes two additional criteria. The first of these criteria is local market conditions – a view of the balance of supply and demand in the immediate locality, as evidenced by local vacancy, rental levels and of market activity. The second is the condition and fitness for purpose of the buildings on the site. This indicates whether, in the event of the site becoming vacant, the existing building could be re-occupied, or alternatively if the site would need to be redeveloped before it could be re-used for employment.

6.4 We have assessed each site against the above criteria in order to make a judgement about the qualitative balance of supply. For the purposes of the assessment, each site is ranked as either poor, good or average relevant to the market segment for which it is best suited.

6.5 Our qualitative judgments are based on comparison with other sites in Leicestershire. Thus a site rated 'poor' is poor by the standards of Leicestershire, but may be average when compared to locations elsewhere in the East Midlands in for instance former coalfield areas to the north.

6.6 Full schedules and maps of the sites discussed are at Appendix 2.

6.7 The Government's Employment Land Reviews guidance (December 2004) sets out in summary in Box 6.2 (and in detail at Annex A), a list of appraisal criteria for assessing sites. Our method outlined above covers items 1-7 in this list. To take account of the last three criteria – sequential test and brownfield/greenfield; social and regeneration policy; and other policy considerations – we have added a 'policy considerations' column where we have included comments if appropriate.

Existing Employment Areas

6.8 In assessing existing employment areas and sites, our main purpose is to identify those which, should they fall vacant, would likely to be unsuitable for re-use for employment purposes, because they have very little or no relevance to market requirements.

6.9 The assessments are set out in detail in Appendix 2. Our advice on the future of each area is based on the criteria set out in PPG3 and discussed in Chapter 2 above. If an area does not meet these criteria, it may be better used for housing or mixed use developments, subject to the suitability of its location.

6.10 We divide employment areas into three categories – good, average and poor - firstly from a market perspective and secondly with regard to any policy consideration. The market assessment in turn covers two elements, firstly the inherent quality of the site (irrespective of any existing buildings) and secondly the suitability of the buildings for purpose. Table 6.1 below shows how these two elements are combined to provide the market assessment. The underlying rationale is that a vacant site which is inherently good (eg highly accessible) is likely to come back into use even if the buildings are not fit for re-occupation, because values will be high enough to support redevelopment to provide better buildings. Conversely, on a poor site with poor buildings, redevelopment will not be financially viable. But a poor site with good buildings will be more likely to be viable, because it can be brought into use simply by re-letting the buildings, without the expense of redevelopment.

Table 6.1 Market Assessment

	Inherent quality of area/site		
Suitability of buildings for purpose	**Good**	**Average**	**Poor**
Good	Good	Good	Poor
Average	Good	Average	Poor
Poor	Good	Average	Poor

6.11 The three categories of areas are as follows:

i) Good quality employment areas, which under any reasonably likely market conditions would meet the test;

ii) Average quality employment areas, which may or may not be taken up depending on market conditions and the availability of competing areas; and

iii) Poor quality employment areas, with little or no relevance to the market, which regardless of market balance and competing supply are unlikely to be taken up for employment.

6.12 We advise that the areas in the first group be retained for employment and those in the third group, where appropriate, be considered for release for other uses as and when they come forward for redevelopment. For areas in the second, intermediate, group, planning policy and decisions should depend on overall market balance and the performance of each area against criteria, comprising both normal planning considerations such as impact on adjoining uses and the more specific criteria discussed at the beginning at this chapter.

6.13 As a general guide, in our opinion the good quality areas are the equivalent of key employment sites as referred to in Employment Policy 5 of the Structure Plan.

6.14 Most of the Borough's established employment areas are of reasonably good quality and should be safeguarded for employment use. These are shown in Table 6.1 below. The stock includes mixed post war and modern steel portal framed units generally located in Melton Mowbray in locations such as Saxby Road Industrial Estate, Leicester Road Industrial Estate and Snow Hill Industrial Estate.

Table 6.2 Good Quality Employment Areas

Town/Parish	Location	Type	Size	ASSESSMENT
Asfordby	Asfordby Business Park	General Industrial	Large	GOOD
Asfordby	Holwell Industrial Area	General Industrial	Small	GOOD
Asfordby	Stanton PLC	General Industrial	Large	GOOD
Bottesford	Normanton Lane Estate	General Industrial	Small	GOOD
Bottesford	Orston Lane/Longhedge Estate	General Industrial	Medium	GOOD
Bottesford	Normanton Airfield	General Industrial	Large	GOOD
Burton & Dalby	Melton Airfield	Strategic Distribution	Large	GOOD
Harby	Long Clawson Dairy	General Industrial	Small	GOOD
Long Clawson	Long Clawson Dairy	Small Rural	Medium	GOOD
Melton Mowbray	Snow Hill Estate	General Industrial	Large	GOOD
Melton Mowbray	Hudson Road Estate	General Industrial	Medium	GOOD
Melton Mowbray	Saxby Road Area	General Industrial/Strategic Distribution	Large	GOOD
Melton Mowbray	Thorpe Road Area	General Industrial	Large	GOOD
Melton Mowbray	Leicester Road Estate	General Industrial	Large	GOOD
Melton Mowbray	Masterfoods Factory	General Industrial	Large	GOOD
Melton Mowbray	Jeld-Wen Factory	General Industrial	Medium	GOOD
Melton Mowbray	PERA Innovation Park	Offices/Science Park	Large	GOOD
Melton Mowbray	Melton & Kettleby Foods - Samworth Bros.	General Industrial	Large	GOOD
Melton Mowbray	Asfordby Storage & Haulage, Saxby Road	Strategic Distribution	Large	GOOD
Melton Mowbray	Tuxford & Tebbutt	Office/General Industrial	Medium	GOOD
Nether Broughton	Greenwoods Boxes Factory	General Industrial	Small	GOOD
Old Dalby	Crown Business Park	General Industrial	Large	GOOD
Old Dalby	Six Hills Area	General Industrial	Medium	GOOD
Somerby	John O Gaunt Industrial Estate	General Industrial	Medium	GOOD
Waltham	Masterfoods HQ	Offices/R&D	Large	GOOD

Source: Melton Borough Council, Innes England

6.15 Employment areas classified as average quality, shown in Table 6.2 below, include many small employment areas in rural locations. These are often single-user premises located in the more remote rural areas with poor road access, and are some distance from main industrial areas. However, because they serve rural employment needs we classify them as average rather than poor.

Table 6.3 Average Quality Employment Areas

Town/Parish	Location	Market Sector	Size	ASSESSMENT
Asfordby	Asfordby Storage & Haulage	General Industrial	Medium	AVERAGE
Belvior	Belvoir Fruit Farm	General Industrial	Small	AVERAGE
Grimston	Shoby Lodge Farm	Small Rural	Small	AVERAGE
Grimston	Saxelbye Dairy	Small Rural	Small	AVERAGE
Harby	Langar Airfield	General Industrial	Large	AVERAGE
Melton Mowbray	Kings Road Area	General Industrial	Small	AVERAGE
Old Dalby	Old Dalby Trading Estate	General Industrial	Large	AVERAGE
Old Dalby	Woodhill Industrial Estate	General Industrial	Small	AVERAGE
Harby	Former Dairy	General Industrial	Medium	AVERAGE
Hose	Electro Motion	General Industrial	Medium	AVERAGE

Source: Melton Borough Council, Innes England

6.16 We have not assessed any sites as poor.

Development Sites

6.17 Table 6.4 below shows outstanding planning commitments. There are no sites allocated for office development and there are 34 hectares of development land in total for industrial development.

6.18 There are only two large sites on the list; Asfordby Business Park, and Holwell Works, both of which are in Asfordby. There is no significant outstanding supply in Melton Mowbray, where the only site larger than one hectare is the plot at Asfordby Storage and Haulage.

6.19 The allocated sites in the Melton Local Plan that are associated with the new village; South of Kirby Lane (8.6 ha), New Village (2.8 ha) and Dalby Road (3 ha) are not included because they are now unlikely to become available.

Table 6.4 Development Sites

Address	Market Sector	Size (ha)	Status	ASSESSMENT
Asfordby Bus Park, Asfordby	General Industrial	16.00	Development Brief	GOOD
Normanton Lane, Bottesford	Light Industrial	0.70	Outline PP	GOOD
Charlotte St, Melton Mowbray	General Industrial	0.16	Allocation	GOOD
John O Gaunt Ind Est, Somerby	Light industrial	0.36	Outline PP	GOOD
Asfordby Storage & Haulage, Melton Mowbray	Strategic Distribution/General Industrial	1.83	Detailed PP	GOOD

Holwell works, Asfordby Hill	General Industrial	15.03	Allocation	AVERAGE
TOTAL		34.08		

Source: Melton Borough Council, Innes England

6.20 Asfordby Business Park comprises the former Asfordby Super Pit and provides a total gross development area of 16 ha, currently in the ownership of UK Coal. The remaining pit buildings have been let to a range of industrial occupiers and UK Coal will construct buildings on a design and build basis to suit occupiers' bespoke requirements. As discussed earlier, UK Coal will only supply design and build space on leasehold terms, which means no speculative units for small firms and no freehold opportunities.

6.21 Holwell works at Asfordby Hill is located adjacent to Asfordby Business Park and is owned by the British Steel Pension Trust. The site is located on a former steel works and part of it (6 ha) is likely to be contaminated which is an obvious constraint to development. Part of the site (6 ha) is brownfield and may or may not be contaminated. The remaining 3 ha is greenfield, with a road frontage. To be attractive to the market, the site would have to be developed as a whole; a partial development, covering only the greenfield section, is not a practical option. Therefore, the current owner is unlikely to develop on either a speculative or design and build basis in the foreseeable future.

6.22 The Asfordby Storage and Haulage warehouse on the Saxby Road industrial estate in Melton Mowbray provides 1.83 ha of development land which is not available to the general market for development since this has been retained by Asfordby Storage and Haulage for expansion purposes.

6.23 In our opinion, these three sites are all of good quality, and we recommend retention of all except Holwell Works. Whether we consider options for decontaminating Holwell Works depends on both quantitative and qualitative need; we discuss this in our overall conclusions.

6.24 In addition to the sites we have listed, we understand that a planning application is soon to be submitted for an extension of the Long Clawson Dairy site. This is to be a greenfield extension, of over 4 hectares. Although this has not been formally agreed with the Council, we understand there have been discussions for several months. We must also bear in mind this site when listing allocations in Melton. However, we have not included it in our calculations because it is not a current allocation.

Areas of Search for New Sites

6.25 Should new land be required for office development, the sites allocated should match the profile of local demand, which is for small-scale units. The preferred location for such development should be Melton Mowbray town centre, where the Council could search for small or infill opportunities, where offices could be part of mixed developments. Intensification of existing sites could also contribute, but will depend on sites falling vacant and coming forward for redevelopment. A second option would be to encourage small office developments within the best existing industrial areas, such as Leicester Road.

6.26 For industrial/distribution sites, areas of search should be in and around Melton Mowbray, where at present there are no available development opportunities at all. We would suggest two possible areas of search, both adjacent to the built-up area of the town, to existing good-quality employment areas and to key transport corridors: firstly land on the south west side in the vicinity of Leicester Road and secondly on the east side in the vicinity of Saxby Road.

7 CONCLUSIONS

Policy Objectives

7.1 Our analysis of the local economy suggests some particular objectives which the Borough Council should consider in planning for employment land:

- To upgrade the mix of economic activity towards higher-value, knowledge-based activties, generating higher-paid jobs;
- To provide space for small and emerging firms, with the aim of fostering entrepreneurship in the Borough; and
- To support the development of the Borough's food and drink sector particularly, by encouraging it to diversify towards higher-value activities.

7.2 A further possible objective may be to encourage shorter trips to work by concentrating most new development land in and adjoining Melton Mowbray.

7.3 This last objective may be difficult to implement because it seems that the reason why Melton residents travel unusually far to work is the internal geography of the Borough, with the population thinly spread over a large area, rather than undue dependence on jobs outside the Borough. One way of implementing it will be to safeguard existing employment sites, and to encourage development of new employment space in and around Melton Mowbray.

7.4 These objectives could be set out in the LDF as general criteria which the Council would have regard to in deciding on the future of existing employment sites and the allocation of new sites. These criteria would weigh in the balance against other planning considerations. For example, an industrial estate providing small industrial units in an area of buoyant demand might be safeguarded for employment when a similarly located mainstream site could be released for housing. The rationale for such preferential treatment is that Melton is exceptionally dependent, for its current and future prosperity, on the entrepreneurial SME sector.

The Quantity of Employment Land

Demand and Requirements

7.5 The first key decision that the Council needs to take is how much employment land the Council should aim to provide in the LDF period, 2001-16.

7.6 Subject to the new regional guidance which is yet to emerge, we suggest the following targets, which relate to net change in employment space:

- For offices, an additional 20,000 sq m of floorspace;

  (We express this requirement in terms of floorspace rather than land, because development densities, and hence the land area needed to accommodate the requirement, may vary; furthermore, some of the requirement may be met through mixed use schemes or intensification at existing sites.)
- For industrial/warehousing space, up to an additional 16 hectares, this target to be reviewed in say 2-3 years' time in the light of actual take-up and employment change.

7.7 The upper limit of 16 hectares of industrial space corresponds to the 'alternative scenario' in chapter 5 above, which assumes that Melton's industrial and warehousing employment continue to grow as they have in the past, against the national and regional trend and against the Experian forecast, which is heavily influenced by that trend. The upper limit also allows for any large-scale requirement that might arise from the PGI initiative relating to the Melton Mowbray pork pie.

7.8 This 16-hectare requirement is very much at the upper limit of reasonable expectation, and it may be that actual demand over the plan period falls far short of the requirement. But in the particular circumstances of Melton, we would suggest that over-provision would not have damaging consequences. This is because in strictly quantitative terms the land supply already identified is considerably above the requirement, it seems that this supply consists of land for which there are no competing uses, and furthermore, as discussed later in this chapter, there are strong qualitative grounds for identifying additional sites for employment – which, yet again, would be on land not required for alternative uses.

7.9 Following the Plan/Monitor/Manage principle, any further land releases should be phased, and the quantitative target reviewed within a few years, which would avoid the risk of massive over-provision should the target prove too optimistic.

7.10 As an alternative option, the Council could adopt a quantitative guideline based on the Experian forecast, which would imply aiming for no net change in employment space over the plan period. In terms of site-specific decisions, this may not make a great deal of difference, because, as discussed below, qualitative considerations still indicate that most existing employment sites should be safeguarded and some additional land be identified.

Supply and Market Balance

7.11 Having considered land requirements for the planning period to 2016, we need to compare them with the supply currently identified by the planning system, to see if more sites area required, or conversely if some sites already identified are no longer needed for employment.

7.12 For offices, existing permissions are for a small loss of existing space and there are no outstanding allocations or permissions that would provide additional office space. This may not be a problem in practice: given that permissive planning policies are in place, and that Melton's requirement is for small-scale provision, the market may bring about office development through windfall applications on new sites and intensification of existing sites. But in our view this is unlikely to provide office space in line with occupier demand, because sites that are attractive for offices are also attractive for other uses, especially housing, and given present market conditions and permissive planning policies, housing proposals will usually take precedence.

7.13 As shown in Chapter 4 above, the outcome of current policies is a very tight office market, with a vacancy rate of 1.1%, virtually no new development over the last 4-5 years, no development pipeline and significant frustrated demand for modern office space, albeit on the small scale that is appropriate to Melton. In our view, if the Council planned positively for office development, identifying land for that purpose through the planning system, this would result in additional employment in Borough, in high-value activities that diversify the local economy, and reduce out-commuting especially by the higher-skilled.

Existing Employment Sites

7.14 We have assessed all of the Borough's existing employment sites as being of good or average quality and advised that they be safeguarded for employment.

7.15 As noted in Chapter 2, the current Local Plan reiterates the safeguarding policy of the former Structure Plan, which says that change of use of existing or planned employment sites to other uses will be permitted only if the change will not result in a shortage of employment land in the area, or the land and buildings are unfit for employment purposes, or the proposed use is complementary or ancillary to an existing or proposed employment use.

7.16 In our opinion, this is a robust policy, which should be taken forward in the LDF.

7.17 The Council may consider removing the words ‘and buildings’ from point b of the policy, because, as discussed earlier, the conditions of buildings by itself is not a sufficient reason for transferring a site to other uses: a good site occupied by unfit industrial or commercial buildings should probably be redeveloped to provide better industrial or commercial buildings.

7.18 Planning applications that propose transferring good or average employment sites to other uses should be required to provide supporting evidence against the three criteria. In relation to the first and main criterion – that the change should not result in a shortage of employment land in the area – this supporting evidence should include a study of supply and demand in the immediate locality, to help ensure that small rural settlements in particular are not left with insufficient or non-existent provision of employment land.

Development Sites

7.19 For reasons set out above, we suggest that the Council should consider identifying small urban sites in Melton Mowbray for office development, which may include mixed-use schemes with conditions specifying the quantum and timing of office space. Protection of existing office uses and development of new uses might be taken forward through identification in the LDF of a Melton Mowbray ‘office core’. Alternatively or additionally, office development could be encouraged in the better-quality industrial areas, such as Leicester Road Industrial Estate.

7.20 For industrial/warehousing uses, we have shown that in strictly quantitative terms the planned land supply is far above forecast requirements, even on the alternative (high) scenario where an additional 16 hectares is required to 2016. But in qualitative terms the supply leaves much to be desired. It is mostly made up of two large sites – Holwell Works, which is constrained by possible contaminations problems, and Asfordby Business Park, which only provides design-and-build premises leasehold and not the small-scale, off-the-shelf space that SMEs require. Both these sites are in Asfordby; there is no significant provision in Melton Mowbray.

7.21 We suggest, therefore, that the Council consider allocating new land for employment development close to Melton Mowbray. We suggest two preferred areas of search, comprising land in the vicinity of the Leicester Road industrial area and the Saxby Road industrial area.

7.22 To bring forward Holwell Works for development is likely to require considerable public expenditure to support reclamation of that part of the site previously occupied by the steelworks. It would be difficult to justify this expenditure, given the quantitative oversupply of industrial land in the Borough and the fact that this supply is concentrated in Asfordby while much of the demand is for space in Melton Mowbray. We suggest, therefore, that the Council consider greening the Holwell Works site and designating it as open space.

Plan, Monitor and Manage

7.23 Forecasts are uncertain. However, it is important to use them as they are the only tool available to help plan for the long term. Furthermore, planning for the long term is especially difficult as good planning should really take account of the long *and* the short term; time obviously does not finish at the end date of the Plan period.

7.24 The best way to avoid difficulties is to Plan, Monitor and Manage. This means that the forecasts and stock are periodically reviewed so that if there are changes in circumstance, planning policy can be amended accordingly.

7.25 The Council therefore, ought to consider:

- Frequent reviews of the employment forecasts and the resulting land demand at 3-5 year intervals, and when there are major step changes in the economy or strategic guidance.
- Continuously monitoring planned land supply, including:
  - Actual development (completions) and commitments (the planning pipeline);
  - Both gains and losses of floorspace and land;
  - Vacant floorspace; and
  - B1 floorspace, if possible, split into offices and light industrial sites.
- Based on the data, continuous monitoring of the demand-supply balance, using the method set out in Chapter 5 above.

7.26 This information on the supply demand balance should help to provide a robust evidence base for individual planning decisions.

7.27 Other useful monitoring data includes:

- Employment change by sector against national and regional trends;
- Business relocations and expansions into and out of the local authority area, as well as enquiries for business space; and
- Floorspace vacancy rates, rental and land values in the local authority compared to competing areas.

APPENDIX 1
BUSINESS SPACE SECTORS

The list below shows how we translate economic sectors, based on the government's Standard Industrial Classification (SIC) 1992, into types of space (land uses).

Industrial Sectors	SIC (1992)	Activities
Manufacturing	15.11-37.20 (ex publishing, 22.11-22.15)	▪ Includes all manufacturing, including recycling, but excludes publishing)
Some construction	45.33-45.45	▪ Plumbing ▪ Other building installation ▪ Plastering ▪ Joinery installation ▪ Floor and wall covering ▪ Painting and glazing ▪ Other building completion
Motor vehicle activities	50.20, 50.40	▪ Maintenance and repair of motor vehicles ▪ Sale, maintenance and repair of motor cycles and related parts and accessories
Sewage and refuse disposal	90.00	▪ Sewage and refuse disposal, ▪ Sanitation and similar activities.
Labour recruitment (% share)	74.5	▪ Labour recruitment and provision of personnel

Warehousing Sectors	SIC (1992)	Activities
Wholesale	51.11-51.70	▪ Wholesale on a fee contract basis ▪ Wholesale of goods
Freight transport by road	60.24	
Cargo handling	63.11	
Storage and Warehousing	63.12	
Other supporting land transport activities	63.21	
Post and courier activities	64.11-64.12	
Labour recruitment (% share)	74.5	▪ Labour recruitment and provision of personnel

Office Sectors (including R&D)	SIC (1992)	Activities
Some other business activities	74.60, 74.83, 74.84, 74.1, 74.2, 74.3, 74.4	▪ Investigation and security activities ▪ Secretarial and translation activities ▪ Other business activities nec ▪ Accounting/bookkeeping activities etc ▪ Architectural/engineering activities etc ▪ Technical testing and analysis ▪ Advertising
Some social and personal services activities	91.11, 91.12, 91.20, 91.32, 91.33, 92.11, 92.12, 91.20, 91.32, 91.33, 92.11, 92.12, 92.20, 92.40	▪ Activities: business/employers orgs ▪ Activities of professional orgs ▪ Activities of trade unions ▪ Activities of political orgs ▪ Activities other membership orgs ▪ Motion picture and video production ▪ Motion picture and video distribution ▪ Radio and television activities ▪ News agency activities
Administration of the State	75.1, 75.3	▪ Administration of the State and the economic and social policy of the community

		▪ Compulsory social services activities
Publishing	22.1	▪
Financial intermediation	65, 66, 67	▪ Financial intermediation, except insurance and pension funding ▪ Insurance and pension funding, except compulsory social security ▪ Activities auxiliary to financial intermediation
Real estate and business activities	70, 72, 73	▪ Real estate activities ▪ Computer and related activities ▪ Research and development
Labour recruitment (% share)	74.5	▪ Labour recruitment and provision of personnel

APPENDIX 2

SITE ASSESSMENT