



Employment Land Study Update

Prepared on behalf of

Solihull Metropolitan Borough Council

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DTZ
1 Colmore Square
Birmingham
B4 6AJ

www.dtz.com

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1 Introduction

- 1.1 Solihull Metropolitan Borough Council (SMBC) commissioned DTZ to carry out an Employment Land Study to review the supply of, and demand for, employment land and premises in the Borough. The study updates the findings of Coventry, Solihull and Warwickshire (CSW) Employment Land Study published in 2007.
- 1.2 The key objectives of this study are to identify:
 - How much employment land is needed within the Borough over the Local Development Framework (LDF) Core Strategy period to 2026 taking into account changes in policy and the economic environment, anticipated population growth and potential opportunity sectors for the Borough.
 - How much land will be needed to provide a continuing supply of employment land always sufficient to meet development needs for the next five years (i.e. the employment land reservoir)
 - Whether the employment sites identified in the emerging Core Strategy (and other existing main employment sites) provide an appropriate range and choice and are in the right locations in terms of market access and policy requirements.
 - Whether the identified supply of land is available or likely to become available to enable a continuing five year supply.
 - What type of land and premises, in what formats and in which locations, should be provided if gaps in supply are identified.
- 1.3 The study will ensure an up-to-date and robust evidence base that underpins the employment policies contained within the emerging Solihull LDF Core Strategy.

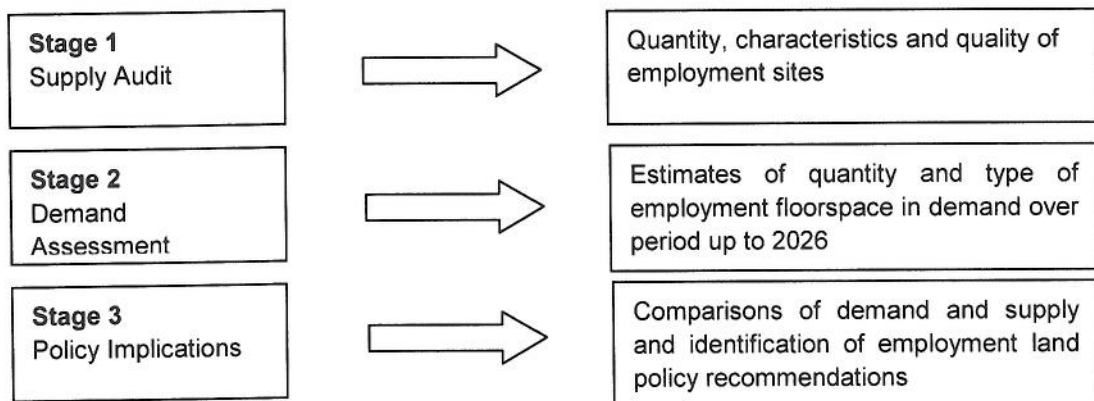
CSW Study 2007 Summary

- 1.4 The CSW study concluded that for the period up to 2011 there is a comfortable supply of employment land within Solihull to meet forecast needs via Cambridge Econometrics (CE) and Previous Take Up (PTU) forecasting methods and this has since been realised.
- 1.5 For the period to 2016 (effectively the first five year period from the date of this report), the CSW study concluded that about 24 hectares would be required under the CE method figures i.e. potentially, there would be a surplus of land of about 10 hectares. Against the PTU forecast figure of 32 hectares there would remain a very small land surplus (about 2 hectares). Taking into consideration 'market churn' and choice, an ongoing level of vacancy ('frictional vacancy') required to accommodate the changing requirements of occupiers and ensure a suitable range of premises is available at all times, the employment land supply can be said to be a relatively tight one.
- 1.6 Between 2016 and 2026 the CSW study concluded that there is likely to be a need to identify a significant amount of employment land to meet projected demand under either methodology. Projections for the PTU method are not given for the 10 year period from 2016 to 2026 but based on projections for the preceding 10 year period there is a potential shortfall of employment land of about 30 hectares.
- 1.7 The CSW study recommends a plan, monitor and manage approach through the LDF process, adopting regular review to more finely determine how much employment land is needed. The LDF will, of course, need to also take on board guidance that emerges through the review of the Regional Spatial Strategy relating to employment land issues and policy and this may have a significant bearing on the quantity of employment land identified in the LDF and its location. As discussed later in this study the RSS requires a larger amount of land to be allocated for employment use.

- 1.8 The CSW study notes the capacity of Solihull Borough to find further employment sites is constrained. Opportunities in the urban area are scarce, particularly in North Solihull where there is the greatest employment need. Solihull does have a number of older employment sites and some restructuring is taking place on them, for example, some of the older parts of the Cranmore Industrial Estate have been redeveloped in recent years for offices and modern industrial/warehouse units. However, these older sites remain in active use. Solihull does not have significant, redundant employment sites in the urban area for recycling purposes. Any significant requirement for new sites may therefore put pressure on the release of green belt land beyond the urban areas. This may raise issues related to sustainability and climate change policy.
- 1.9 The CSW study concludes that Solihull's main employment sites, including land making up the identified employment land supply is of generally good quality, is generally located in close proximity to the highest densities of employment age population, is relatively accessible and is likely to remain attractive within the employment land market. Solihull's identified general employment land supply makes, or can make, an important contribution to the portfolio of 'second tier' sites required by the Regional Spatial Strategy (Policy PA6).
- 1.10 For all of the above reasons the CSW study concluded that it is important to continue to protect employment land and premises in Solihull from alternative uses.
- 1.11 The CSW noted that North Solihull, i.e. the 4 wards of Chelmsley Wood, Fordbridge, Kingshurst and Smiths Wood, is located within the East Birmingham and North Solihull Regeneration Zone. North Solihull residents can experience significant barriers to employment and access to employment opportunities in the area are very limited. The area has a low business base and levels of unemployment are persistently high. The area demonstrates significant levels of deprivation with pockets of severe deprivation in some neighbourhoods. A number of initiatives to address unemployment are being pursued through the North Solihull Strategic Framework (SPG - February 2005). The document seeks to deliver regeneration through new housing, stronger communities and improved services including schools, community facilities and improved access to employment. A recent planning permission on Birmingham Business Park enabling a wider range of employment uses demonstrates SMBC's commitment to improving access to employment in this area.
- 1.12 The CSW study recognised that the key challenges for Solihull will be to ensure the continued competitiveness of the Borough as an investment location, to close the gap on inequality by addressing high unemployment in North Solihull, to retain and further promote a skilled, qualified workforce and to promote economic development in a way that supports sustainable development principles.

2 Method of Approach

- 2.1 The approach that we have taken to this assignment broadly accords with the advice contained in the 2004 Employment Land Reviews Guidance Note (produced by the ODPM - now DCLG) and the South East England Partnership Board Guidance on Employment Land Reviews (2009). We have undertaken a comprehensive review of relevant adopted and emerging planning and economic policy, which sets the context for the report.
- 2.2 As such, there are three stages to the study:
- Stage 1: Supply Audit - Take stock of the existing situation to understand the key employment land supply issues for Solihull and assessing existing allocated sites to confirm whether they are 'fit for purpose'.
 - Stage 2: Demand Assessment – Understand the future quantity of employment land required in Solihull up to 2026 and identify any gaps in supply, which could be met through additional land allocations.
 - Stage 3: Policy Implications – Undertake a qualitative review of all significant sites (and premises) to confirm which sites (if any) are unlikely or unsuitable for continued employment use.
- 2.3 The flow diagram below illustrates the purpose of each of these stages and how they each link together:



- 2.4 The table below provides a more detailed summary of the stages, tasks and outputs:

Employment Land Review Methodology

Stage	Purpose	Tasks	Outputs
Stage 1 Supply Assessment	To assess the portfolio of employment sites in Solihull	Prepare a sites database Site audits Detailed assessment of supply characteristics Report & Assessment	Employment sites database - Appraisal of defined employment sites - Available supply assessment

			Report of Stage 1 including data, analysis and mapping.
Stage 2 Demand Assessment	To establish the likely future employment land and floor space requirements in the district	Establish a baseline of the past, current and likely future economic and employment characteristics of the borough Present conclusions on the overall employment land requirements for the borough.	Report of Stage 2 setting out employment projections and the forecasted floorspace demand for Solihull in terms of: - sq m of floorspace - five year periods up to 2026 - B1, B2 and B8 use classes
Stage 3 Policy Assessment and Recommendations	To compare demand against supply and highlight implications for development of policies	Compare demand and supply and identify mismatches Develop policy recommendations Provide advice on site-specific and policy-specific issues	Final report incorporating: - Summary of supply - Summary of demand - Analysis of demand and supply - Conclusions and policy recommendations

3 Policy and Economic Policy Context

3.1 The section reviews planning and economic policy relevant to this study, which affects the Borough.

National Planning Policy

PPS1 – Delivering Sustainable Development (2005)

3.2 PPS1 establishes the key principles that should be applied to ensure that Development Plans contribute to the delivery of sustainable development.

PPS4 – Planning for Sustainable Economic Growth (2009)

3.3 This document replaces PPG4, 5 and 6 and sets out national planning policies for economic development, which includes development within the B Use Classes, public and community uses and main town centre uses. Importantly, it directs office development towards town centres, i.e. Solihull, Shirley and Chelmsley Wood town centres.

3.4 The document establishes the Government's overarching objective as sustainable economic growth, which is to be achieved through the following objectives for planning:

- build prosperous communities by improving the economic performance of cities, towns, regions, sub-regions and local areas, both urban and rural
- reduce the gap in economic growth rates between regions, promoting regeneration and tackling deprivation
- deliver more sustainable patterns of development, reduce the need to travel, especially by car and respond to climate change
- raise the quality of life and the environment in rural areas by promoting thriving, inclusive and locally distinctive rural communities whilst continuing to protect the open countryside for the benefit of all

3.5 Policy EC1 establishes the evidence base required to plan positively for economic development, which is specifically relevant to this study. It states:

- Unitary Authorities should prepare local economic assessments (LEA) to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market¹. (EC1.1)
- At the local level, the evidence base should be informed by regional assessments, assess the detailed need for land or floorspace for economic development² over the plan period (i.e. up to 2026) and assess the existing and future supply of land available for economic development.

3.6 Policy EC2 establishes how Development Plans can plan for sustainable economic growth. It requires LPA's to ensure that their Development Plan, i.e. the Solihull Local Development Framework, does the following:

- Sets out a clear economic vision and strategy for their area³ which positively and proactively encourages sustainable economic growth identifying priority areas (e.g. North Solihull) with high levels of deprivation that should be prioritised for regeneration investment, having regard to the character of the area and the need for a high quality environment.
- Supports existing business sectors, taking account of whether they are expanding or contracting and, where possible, identifies and plans for new or emerging sectors likely to

¹ SMBC's LEA is currently being prepared by Ecorys.

² Defined as B1b, B1c, B2, B8 and uses that provide employment opportunities, generate wealth or produce economic output.

³ An economic development strategy for Solihull 2008 – 2011, SMBC

locate in their area, such as those producing low carbon goods or services. However, policies should be flexible enough to accommodate sectors not anticipated in the plan and allow a quick response to changes in economic circumstances.

- Positively plans for the location, promotion and expansion of clusters or networks of knowledge driven or high technology industries. The regional level should set criteria for, or identify the general locations of strategic sites, ensuring that major greenfield sites are not released unnecessarily through competition between local authority areas.
- Seeks to make the most efficient and effective use of land, prioritising previously developed land which is suitable for re-use and reflects the different location requirements of businesses, such as the size of site required, site quality, access and proximity to markets, as well as the locally available workforce.
- Identifies, protects and promotes key distribution networks, and locates or co-locates developments which generate substantial transport movements in locations that are accessible (including by rail and water transport where feasible), avoiding congestion and preserving local amenity as far as possible.
- Plans for the delivery of the sustainable transport and other infrastructure needed to support their planned economic development and, where necessary, provides advice on phasing and programming of development
- Where necessary safeguard land from other uses, identify a range of sites, to facilitate a broad range of economic development, including mixed use. Existing site allocations should not be carried forward from one version of the development plan to the next without evidence of the need and reasonable prospect of their take up during the plan period. If there is no reasonable prospect of a site being used for the allocated economic use, the allocation should not be retained, and wider economic uses or alternative uses should be considered.
- Encourages new uses for vacant or derelict buildings, including historic buildings
- Considers how sites for different business types can be delivered, including by the use of compulsory purchase to assemble sites and other planning tools including area action plans, simplified planning zones and local development orders.
- Facilitates new working practices such as live/work.

3.7 Policy EC6 refers to economic development in rural areas, which is relevant to Solihull's rural hinterland. It requires LPA to:

- Ensure that the countryside is protected for the sake of its intrinsic character and beauty, the diversity of its landscapes, heritage and wildlife, the wealth of its natural resources and to ensure it may be enjoyed by all.
- Strictly control economic development in open countryside away from existing settlements, or outside areas allocated for development in development plans identify local service centres and locate most new development in or on the edge of existing settlements where employment, housing, services and other facilities can be provided close together.
- Support the conversion and re-use of appropriately located and suitably constructed existing buildings in the countryside for economic development.
- Set out the criteria to be applied to planning applications for farm diversification, and support diversification for business purposes that are consistent in their scale and environmental impact with their rural location.
- Where appropriate, support equine enterprises, providing for a range of suitably located recreational and leisure facilities and the needs of training and breeding businesses that maintain environmental quality and countryside character.

- 3.8 Policy EC10 establishes criteria against which applications for economic development should be determined. It is useful to consider these criteria within the study, as they inform our qualitative review of employment sites and allocations. The criteria require:
- LPA's to adopt a positive and constructive approach towards planning applications for economic development where those that secure sustainable economic growth being treated favourably.
 - The proposal to have been planned over the lifetime of the development to limit carbon dioxide emissions, and minimise vulnerability and provide resilience to, climate change.
 - The proposal to be accessible by a choice of means of transport including walking, cycling, public transport and the car.
 - The proposal to secure a high quality and inclusive design which takes the opportunities available for improving the character and quality of the area and the way it functions.
 - Consideration of the impact on economic and physical regeneration in the area including the impact on deprived areas and social inclusion objectives. As well as the impact on local employment.

Development Plan Policy

- 3.9 The Government revoked Regional Spatial Strategies (RSS) on 6th July 2010, however, this decision has now been quashed by the High Court following a Judicial Review. The implications for this study are that the RSS for the West Midlands still forms part of the Development Plan for Solihull although it seems likely the RSS will be revoked in the short to medium term. This study considers the employment land requirement for Solihull Borough contained within the West Midlands RSS Phase 2 Review.
- 3.10 The evidence on which the RSS is based identified Solihull Borough should provide a continuing 15 hectare (i.e. a five year supply) reservoir of readily available employment land outside town centres throughout the Plan Period. It also required account to be taken of the likely long term employment land requirements for the Borough. The principle of a rolling five year reservoir of employment land was supported in the Panel report into the RSS revision, however it was also recommended the longer term employment land requirements are increased across the region. If the Panel recommendations are followed then a 10-year supply should be identified along with an indication of where future supply will come from. Using this calculation Solihull should identify 30 hectares in total, applying two of the identified five year requirements of 15 hectares to provide a 10 year supply, which should be supported by an indication of future sites, in this case for the period from 2021-26. This provision excludes Regional Investment Sites (RIS), i.e. Birmingham Business Park and Blythe Valley Business Park.

Solihull Unitary Development Plan (2006)

- 3.11 The UDP was adopted in 2006 and comprises the Development Plan for the Borough until the adoption of the Solihull LDF Core strategy. Chapter four of the UDP contains planning policy for employment development within the Borough. The UDP establishes two tiers of employment sites – Regional Investment [employment] Sites and general business land.
- 3.12 Policy E1 allocates two Regional Investment Sites – Birmingham Business Park and Blythe Valley Business Park. The two sites are restricted in planning terms in that they are only able to accommodate high quality developments falling within Class B1, although this has recently been relaxed on part of Birmingham Business Park taking into account its proximity to North Solihull Regeneration Zone. Birmingham Business Park extends to 53 hectares and comprises 13 hectares of undeveloped land. Blythe Valley Business Park (including the extension site) extends to 49 hectares and comprises 32 hectares of undeveloped land.
- 3.13 Policy E2 allocates general business land and establishes a set of criteria for the determination of employment use proposals in locations elsewhere in the Borough. The following sites are identified

for general business land (Use Classes B1, B2 and B8) under Policy E2. Additional detail of each allocated site is provided in section five of this report.

Table 3.1 Land for General Business – Solihull UDP

Site	Address	Site Size (ha)
E2/1	Highlands Road, Monkspath	18
E2/2	Birmingham International Park	17
E2/3	North of 'clock' Interchange	8
E2/4	Saxon Way, Fordbridge	1
E2/5	Stafford Road / Dog Kennel Lane	18.5
E2/6	Bickenhill Lane	4.2
E2/7	Adjacent to M42 and A34 (Fore)	2.5
Total		69.2

Source: Solihull Unitary Development Plan (2006)

- 3.14 The UDP contains several other relevant employment land policies. Policy E3 encourages general office development to existing town centres, which is consistent with the more recent guidance contained in PPS4. Policy E4 encourages complimentary development associated with the airport. Policy E5 encourages complimentary development associated with the NEC. Policy E6 encourages development associated with Land Rover within the site allocation contained in the Proposals Map. Policy E8 encourages employment development and improved access to employment within the North Solihull Regeneration Zone. Policy E9 seeks to retain the continued use of employment land and contains criteria against which proposals for alternative use are assessed⁴. Finally, Policy E10 encourages the retention and creation of opportunities for small businesses.

Solihull Local Development Framework

- 3.15 The LDF Core Strategy will guide development within the Borough up to 2026. The draft Core Strategy was issued for consultation in September 2010. Policy 6 'Provision of Land for General Business and Premises' states that the Core Strategy will provide for a continuing supply of employment land always sufficient to meet development needs for the next five years, i.e. 15 ha as established by the RSS evidence base. The emerging Core Strategy suggests a number of sites which could provide sites to make up target provision where necessary, and these are shown below to demonstrate how the employment land provision target could be met. These policies will be finalised for the publication version Core Strategy which is due for consultation at the end of this year. The estimated land to come forward is a little below three periods of five years (total 45 ha), i.e. up to 2026.

Table 3.2 Land for General Business – Solihull LDF

Address	Estimated Land to Come Forward (ha)	Proposed Use (From Use Classes Order)
TRW Stratford Road, Shirley	18.5	B1
Solihull Business Park, Highlands Road, Shirley	7.0	B1/B2/B8
Fore Business Site A34 Stratford Road, Monkspath	2.0	B1

⁴ Since 2001 approximately 14.5 hectares of employment land have been redeveloped for alternative uses. During the monitoring year there have been no losses of business land to alternative development on allocated business sites. Source: Solihull MBC Annual Monitoring Report 2009 - 2010

Land north of Clock Interchange A45 Coventry Road, Bickenhill	1.8	B1
Land at Bickenhill Lane, Bickenhill, adjacent NEC	4.0	B1/B2/B8
Land adjacent Birmingham Business Park, Chester Road, Bickenhill	9.3	B1/B8
Total	42.6	

Source: Solihull LDF Core Strategy (2010)

- 3.16 Policy 6 states that most employment land and premises will be protected from alternative uses but that alternative development will be enabled in circumstances where prospects for employment development have become unrealistic, or on relatively small, isolated sites where the alternative use better meets LDF / sustainable development aims.
- 3.17 Policy 6 suggests that new employment land should be allocated adjacent to Birmingham Business Park *'to support its continued success and to provide jobs accessible from within the adjacent regeneration zone'*.
- 3.18 Policy 9 – 'Support Economic Success' seeks to enable a broad range of developments within Birmingham International Airport (BIA) and the National Exhibition Centre (NEC) to support their role and function. Ancillary and complementary development such as mixed use developments and tourism related development of an appropriate scale will be permitted subject to social, economic and environmental impacts.
- 3.19 Additionally Policy 9 states that the development of Birmingham Business Park and Blythe Valley Business Park will be controlled to meet Regional Investment Site (RIS) requirements (to be mainly B1 development). It states that complementary / ancillary development of a suitable scale, commensurate with serving park occupiers (including hotels, health and fitness and leisure facilities, childcare provision, local shopping facilities, restaurants and banking facilities) will be enabled.
- 3.20 Policy 9 also confirms that the National Exhibition Centre, Birmingham International Airport (with main runway extension land), Land Rover and the RIS will be protected for their respective purposes.

North Solihull Strategic Framework

- 3.21 The Strategic Framework sets out a vision and regeneration objectives for North Solihull and a comprehensive plan for development and change in the area. It also outlines an implementation and delivery strategy to take the proposals forward together with mechanisms for future review. In relation to employment the objectives include inter alia:
- To provide new employment sites where appropriate through the recycling of urban land and to protect existing employment sites and allocations.
 - To provide a range of higher quality business space through land use allocations and the development of the Community Hubs.
 - To provide an integrated approach with education and community strategies to pool resources, provide for identified needs and gaps in skills provision and improve the quality of space available.

Summary

- 3.22 The planning policy framework requires SMBC to allocate sufficient employment land to meet its needs for a 10 year period and broad locations for land beyond this time to the end of the plan period at 2026. The economic objectives of SMBC are a prosperous and growing economy for Solihull and to address the inequality gap between the north and south of the Borough. It is within this context that the study has been carried out.

Economic Policy

- 3.23 The Economic Development policy landscape is changing rapidly. In May 2010 the Coalition Government came to power with a commitment to substantial change in this area. The Coalition Government is still forming and shaping new policy and therefore the policy landscape will change further over the next 12 months. With localism a central theme to the Coalition policy, changes at the national level are having substantial impact at regional, sub-regional and local levels. In part, the policy shift is driven by the credit crunch and ensuing recession. These have significantly impacted the economic and fiscal environment since the CSW Employment Land Study was published in 2007. Further discussion of the impact on future economic growth prospects is discussed in later sections of this report. A summary of the key existing and emerging policy environment is set out below.

National

- 3.24 Whilst this is still emerging, two key documents have been published in recent months:

A Strategy for Sustainable Growth, Department for Business, Innovation and Skills (BIS), July 2010

- 3.25 In the wake of the recession and the spending cuts which have been made to rebalance public finances the central aim of this strategy is to create the conditions for sustainable private sector growth, particularly driven through exports. There is a clear ambition for a rebalancing of the economy, both geographically and between industries. This includes encouragement for green industries and our world leading technology based sectors including advanced manufacturing and automotive. There are three key strands to the strategy:

- **Promoting efficient operation of markets to support growth** – this includes reducing regulation and barriers to international trade.
- **Investment in our productive capacity to drive growth** – this includes infrastructure, skills and innovation. There is a commitment to provide certainty to business to encourage private sector investment. This includes changes to the planning regime, including the incorporation of economic growth objectives.
- **Encouraging entrepreneurialism** – including making it as simple as possible to start, run and grow a business. There is a commitment to involve business within decision making.

Local growth: realising every place's potential – White Paper, October 2010

- 3.26 The White Paper reiterates the key themes of the Strategy for Sustainable Growth and sets out further detail of broad commitments in the BIS strategy. The central thrust of the White Paper is the transfer of power to the local level. The regional tier of leadership will be removed including Regional Spatial and Economic Strategies and Regional Development Agencies. In tandem with giving power to the local level there are a series of incentives provided to encourage growth, including the new homes bonus and the commitment to a Local Government Resource Review. Other funding tools made available include the Regional Growth Fund and Tax Increment Financing.
- 3.27 The White Paper confirms the success of 24 proposals for Local Enterprise Partnerships across the UK, with scope for further approvals in the future. The exact role and remit of LEPs will not be specified in legislation to allow flexibility to respond to local circumstances. The Birmingham & Solihull with East Staffordshire, Lichfield and Tamworth LEP proposal was approved. Local Enterprise Partnerships cover functional economic geographies and will bring together the private and public sectors to provide vision, strategic leadership and coordination in the field of economic development.
- 3.28 The White Paper summarises the Local Authorities' role within the new environment. This summarised below, with the provision of a responsive supply of land a critical element in respect of the employment land issue.
- Leadership and coordination
 - Responsive supply of land (business and housing)

- Use of assets to leverage private investment
- Influencing decision making
- Supporting local infrastructure
- Support for local people and businesses
- Providing high quality services
- Keeping markets fair
- Leading efforts to improve health and well being

Regional & Sub-Regional

3.29 As noted in the preceding discussion, the Coalition Government is committed to removing the regional tier of government and administration, with a new range of local and sub-regional mechanisms. Whilst there will be a phased removal of policy, strategy and delivery bodies over the coming months and years, the context for the majority of the LDF period will be post-regional governance and therefore we have not included substantial comment on regional documentations.

Greater Birmingham and Solihull Local Enterprise Partnership (Birmingham, Solihull, East Staffordshire, Lichfield, Tamworth, Bromsgrove, Cannock Chase, Redditch and Wyre Forest).

- 3.30 The LEP has been granted approval to proceed by the Coalition Government. Whilst the establishment of the LEP is still in its early days, the proposal document submitted to the Government gives some indicators of intention and future policy for this functional economic geography which includes Solihull.
- 3.31 The submission proposes to build on the national and global role played by the sub-region with two key strands.
1. Creating a culture and climate where innovation and enterprise can thrive and prosper
 2. Investing in the infrastructure that supports private development and business growth
- 3.32 The second of these strands includes an intention to streamline planning policies across the area in order that they are supportive of economic growth. In keeping with the commitments of central government this includes a presumption in favour of sustainable development. Key sectors identified for the LEP include:
- Automotive
 - Low carbon R&D
 - Business and professional services
 - Financial services
 - Clinical trials
 - Creative and digital sectors
 - Environmental technologies and services

Local - One Borough: An Equal Chance for All - Solihull Sustainable Communities Strategy 2008-18

3.33 The Sustainable Communities Strategy sets out a vision for how the borough could be in 2018 through the development of healthier, safer, stronger and more prosperous communities. Of most relevance to this study is the Prosperous Communities theme.

- 3.34 The recurrent issue within this theme is the wide gap between the wealthiest and poorest within Solihull which is largely manifest spatially between the more deprived North Solihull and more prosperous southern area. This is compounded by the fact that only 5% of jobs are in the north, although 20% of the population is in this area. There are also lower levels of car ownership and relatively poor public transport links between North Solihull and the major employment sites in the south. Key areas for future focus are identified as developing local enterprise, particularly in North Solihull, and ensuring people can get to jobs in a sustainable manner.

Draft Prosperous Communities Priorities Framework

- 3.35 This framework sits beneath the Sustainable Communities Strategy, with greater detail on the implementation of the Prosperous Communities theme. The vision is:

To ensure a prosperous and growing economy for Solihull, where people can live in a quality environment and everyone has an equal opportunity to access employment and education

- 3.36 A key target is to narrow the inequality gap, particularly through addressing issues in the North of Solihull.
- 3.37 In relation to employment sites and premises the framework identifies a shortage of suitable and affordable enterprise and business space in North Solihull with key issues being not enough high quality office premises and flexible grow on space for expanding businesses as well as a lack of digital connections in existing stock.

An Economic Development Strategy for Solihull 2008-11

- 3.38 The EDS recognises that Solihull has experienced strong growth in the period preceding the strategy period and the economy is characterised by a strong presence of high value added sectors. Solihull is the most productive economy in the West Midlands region, it has a highly qualified workforce both within the boundaries of the Metropolitan Borough and within the wider travel to work area. In addition to a skilled workforce, the success of the economy is built on high quality of life assets (including retail, leisure, housing, environment and schools) and high quality sites, premises and infrastructure including Blythe Valley Business Park, Birmingham Business Park, the NEC and International Airport.
- 3.39 As the strategy was drafted pre-recession the context in which it was developed is somewhat different to the current time. The vision of the EDS is that

Solihull's economy continues to grow and prosper – being globally-competitive, entrepreneurial, innovative and highly skilled; significantly reducing the gap of inequality facing some residents; and increasingly based on environmentally-sustainable forms of economic activity (both production and consumption).

- 3.40 The key issues identified for the future were:
- Equality of opportunity (particularly the disparity between the affluent south and more deprived north of the borough);
 - Global competitiveness;
 - Climate change and the need to deliver sustainable development in environmental, social and economic terms; and
 - Pressure for housing development.
- 3.41 The regeneration of North Solihull is a key issue within the EDS, in keeping with other local strategy and policy. Key challenges are to increase the business population in the area, tackle worklessness, low qualification levels and wider social exclusion. The EDS identifies key sectors for Solihull as:
- Business and professional services
 - ICT
 - Construction

- Retails, hotels and catering
 - Business tourism
 - Transport and communications
- 3.42 In addition, target clusters with growth potential are identified as:
- Building technologies
 - Medical technologies
 - Creative industries
 - Environmental technologies
- 3.43 In respect of employment land key actions in the EDS include:
- Ensuring key investment sites continue to contribute to success;
 - Tackling constraints on employment land supply, particularly in North Solihull;
 - The need for a wider range of business use (including general business); and
 - The need to safeguard quality of life assets.

A Local Economic Assessment for Solihull – Final Version

- 3.44 The Local Economic Assessment (LEA) is not a formal strategy or policy. However, it provides a common evidence base on which policy can be developed. Later sections of this report consider in more detail the evidence of the LEA, with key points summarised here.
- 3.45 The LEA is particularly relevant given that it has only recently been published as a consultation draft and therefore provides some information in relation to Solihull post recession. It identifies that Solihull has the potential to lead the economic recovery of the wider West Midlands region, acknowledging the strategic role of Solihull for a wider economic geography. In particular, this is due to its relative lower dependency on the public sector than other parts of the region and a concentration of higher value, knowledge based jobs and businesses. A range of sectors are identified to have future growth potential, with the most important being Specialist Business Services. Others include Transport Manufacturing (which has been supported by the recent announcement of Jaguar Land Rover to invest in its Solihull plant), ICT and low carbon technologies – particularly in energy, automotive and construction sectors. The tourism and leisure, creative, health and social care sectors are also noted as potential growth areas.
- 3.46 Whilst not a strategy, the LEA draws some conclusions for future strategy including a need to ensure investment in world class assets, ensuring policy is mindful of sectors with growth potential (including existing businesses), the need to foster higher levels of enterprise. In respect of future employment land supply, the LEA suggests it is vital that this meets the future needs of businesses, particularly growth sectors with a particular need for additional smaller business units and innovation units/incubator space. In line with the evidence and wider Solihull strategy, the issue of inter borough differences is noted, with a particular need to address worklessness in North Solihull.

4 Employment Baseline

- 4.1 This chapter contains a brief summary of the key socio-economic context of the Solihull area which provides an important backdrop to any consideration of future employment land requirements. This chapter draws heavily on existing evidence prepared within the Solihull Local Economic Assessment (LEA). The LEA should be referenced for more detailed discussion of many of the issues covered herewith.

Economic Performance

- 4.2 In the decade leading up to the recent recession Solihull experienced very strong growth in terms of GVA. Solihull MBC was one of the leading local authority areas in England for growth and was identified as one of the key drivers of the West Midlands region. Output per head was the highest of all the local authority areas in England and output per worker the highest in the region.
- 4.3 This strong performance was driven by the area's ability to attract investment in knowledge intensive, high value sectors. Significant contributors to its attractiveness include the skilled labour pool, good strategic connectivity and high quality employment sites. As a result of this growth there was significant development in the commercial office market, particularly at Birmingham and Blythe Valley Business Parks.

Demographics

- 4.4 Solihull MBC area has a population of 205,000, but its location on the southern fringe of Birmingham and with excellent transport connections ensures a very large labour catchment from which employers can draw. In the last ten years population growth in Solihull has been lower than both the West Midlands and Great Britain and the area has a lower proportion of working age within its population.

Labour Market

- 4.5 Due to its location it is unsurprising that there is substantial commuting in to and out from the Solihull area, particularly to and from Birmingham. Around two thirds of the workforce commutes in or out. Economic activity rates in Solihull are lower than West Midlands and GB levels, although unemployment rates are lower.
- 4.6 The high value nature of the economy is reflected in higher proportions of the resident workforce holding higher level qualifications and working in higher order occupational groups than regional and national averages. This feeds through to higher levels of pay than benchmark areas in both the resident and workplace workforces. Resident pay levels are higher than workplace pay levels, which suggests there are high earning out commuters.

Employment Structure

- 4.7 There are 95,700 employee jobs across the metropolitan area. Compared to benchmark areas there are concentrations of employment in the construction and financial and business services sectors. The area is relatively under-represented in terms of manufacturing and public sector employment. Notwithstanding, the area has a strength in high and medium tech manufacturing activity, particularly in the automotive sector. In the ten years 1998-2008 employment growth has primarily been driven by financial and business services, generating a quarter of employment growth, a third of GVA growth and a half of all businesses. A key component of this sector is ICT which shows a high concentration. The area is part of the wider Coventry, Solihull and Warwickshire sub-region hosting the third largest ICT cluster in the UK. Software consultancy and supply is the most significant sub-sector within Solihull.
- 4.8 Whilst public sector employment is under-represented compared to benchmark areas, it has been a significant growth area. Other growth areas include the creative industries, retail as a result of town centre investment and business tourism is important linked to the proximity of the NEC and Birmingham International Airport.

Business Base

- 4.9 Solihull exhibits relatively low levels of business starts compared to regional and national averages, however, this is generally true of more urban locations where employment opportunities are often readily available. For those businesses which are created survival rates are high.

Deprivation and Regeneration

- 4.10 The North Solihull area has been identified as a key focus for regeneration. The area exhibits pockets of deprivation, lower levels of skills among the working age population, lower levels of labour market engagement and higher levels of worklessness. A key issue identified in existing policy documentation is the need for appropriate employment premises to meet the needs of this area, particularly in terms of start up and grown on space for new businesses.

5 Stage 1: Employment Land Supply Audit

- 5.1 This section provides an assessment of Solihull's portfolio of employment sites and premises. It consists of:
- an explanation of the approach used
 - an overview of the relevant elements of the property market
 - a review of the existing stock in employment use
 - an analysis of the existing stock that is currently vacant
 - a summary of the quality of the main employment sites
 - an assessment of the available supply of employment floorspace
 - an overall summary of existing and available supply.
- 5.2 The purpose of this stage of the work is to provide a clear understanding of the quantity, distribution and quality of the Borough's employment sites and premises. The section also presents detail on the policy and market contexts against which employment land supply should be understood.
- 5.3 As explained in stage one of the methodology this section reviews the quantity, quality and availability of employment land supply across the Borough. This assessment allows us to take stock of the existing situation and understand the key employment land supply issues for the Borough. Taking into account the market conditions in Solihull and the anticipated economic performance of the Borough we will consider if the allocated employment sites are 'fit for purpose' in terms of ensuring SMBC's objectives are deliverable.
- 5.4 In order to consider whether existing employment land meets long term requirements a three stage approach has been undertaken to identify:
- The supply of employment land
 - Employment land take-up rates
 - Additional supply (existing premises).
- 5.5 We use the Regional Spatial Strategy definitions of land availability as below:
- Readily available land – A site is defined as being readily available if all the following conditions are met; the site either has planning permission and/or is allocated for economic development in the Development Plan, no major problems of physical condition, no major infrastructure problems, the site is being actively marketed.

Employment Land Supply

- 5.6 Allocated UDP sites collectively comprised 65 hectares and the emerging LDF Core Strategy states that proposed allocations comprise approximately 42 hectares.
- 5.7 In order to ensure the employment land allocations meet the requirement to provide a rolling reservoir (15 hectares) of readily available land we have examined each site to ascertain the level of readily available land.
- 5.8 We have reviewed the readily available land at each of the suggested sites (both UDP sites and emerging LDF Core Strategy sites). We have also reviewed other non allocated employment sites in the borough, as well as the two RIS sites in order to understand the total amount of available employment land in the Borough. Plans of the main employment sites are attached at appendix 1
- 5.9 Table 5.1 below provides a summary of readily available employment land by allocated site against the total land allocation.

Table 5.1 – Land Allocations and Readily Available Land (excluding RIS land)

Site	UDP Allocation (ha)	Draft Allocation (ha)	LDF	Readily available land (ha)
Highlands Road, Monkspath (Solihull Business Park)	18	7		6 ¹
North of 'clock' Interchange (Trinity Park)	8	2		1 ³
Stratford Road / Dog Kennel Lane (TRW – The Green)	18.5	18.5		15 ⁴
Bickenhill Lane (CHEP)	4	4		0 ⁵
Adjacent to M42 and A34 (Fore)	2.5	2		0.5 ⁶
Land adjacent Birmingham Business Park	-	9		-
Total	51	42.5		22.5

Table 5.1.1 – Non Allocated Sites and Readily Available Land (excluding RIS land)

Site	UDP Allocation (ha)	Draft Allocation (ha)	LDF	Readily available land (ha)
Birmingham International Park	17	-		0.6 ²
Saxon Way, Fordbridge	1	-		0.2
Cranmore Industrial Estate	-	-		0.7 ⁷
Elmdon Trading Estate	-	-		3.5 ⁸
Other small sites	-	-		0.5 ⁹
Total	18	-		5.5

Table 5.1.2 – Total Allocated and Non Allocated Sites and Readily Available Land (excluding RIS land)

	UDP Allocation (ha)	Draft Allocation (ha)	LDF	Readily available land (ha)
Allocated sites	51	42.5		22.5
Non-Allocated sites	18	-		5.5
Total	69	42.5		28

Notes:

- 1 Site comprises 5 ha with Class B1 office consent and 1ha with Porsche dealership consent
- 2 Plot not actively marketed

- 3 Comprises land adjacent to Arden hotel and plot 4, Trinity Park
- 4 Site benefits from hybrid planning consent to be developed in phases. 2.55 ha with full consent. 2.99 ha (3 – 5 years), 6.97 ha (5 years), 2.64 ha (5 – 10 years)
- 5 CHEP Higginson site not currently available with expired office consent. Available during plan period
- 6 Available land limited to buildings 3 and 4 of the consented scheme
- 7 Radway Road planning Consent
- 8 Vacant site actively marketed
- 9 Small sites across the Borough source: Solihull MBC

- 5.10 Table 5.1 demonstrates that there is sufficient readily available land to meet the Borough's rolling five year requirement of 15 hectares, and identifies sites within the LDF allocation to provide the ten year requirement of 30 hectares, even without the BBP extension as established in the RSS evidence base.
- 5.11 It also demonstrates that significant proportions of the UDP and LDF employment land allocations have been developed and are therefore not readily available. However, this land currently developed could become available during the Plan Period up to 2026 and, therefore is able to contribute towards the Boroughs future requirements. This includes land adjacent to Birmingham Business Park which amounts to approximately 43 hectares.
- 5.12 It is important to consider the distribution of available land within the Borough taking into account the quality of sites, as well as the flexibility of sites in order that a range and choice can be provided in the Borough's portfolio. For example, on the matter of flexibility, table 5.2 below demonstrates that there is more limited provision of land that is suitable to accommodate Class B2 and B8 development when compared against the significant provision of land for Class B1. Approximately two thirds of readily available land is currently limited to class B1 uses. This is important when taking to account the two RIS sites within the Borough are restricted to 'high quality' Class B1 development⁵ and there remains some 45 hectares of land with planning permission. Additionally, planning policy now directs office development to town centres, i.e. Solihull, Shirley and Chelmsley Wood town centres.
- 5.13 Solihull town centre has particular constraints to its physical expansion for further office floorspace and the RSS Panel Report accepted that due to the existence of the RIS which provide an alternative location within the M42 corridor to accommodate some requirements for office development where there are outstanding commitments, a reduced office requirement for the town centre was accepted.

Table 5.2 Land Allocations Employment Land Supply 2010

Site	Preferred Use
Allocated Sites	
Solihull Business Park	B1
Trinity Park	B1
TRW	B1
CHEP site	B1 / B2 / B8
Fore (Aspire)	B1 (a)
Land adjacent to Birmingham Business Park	B1 / B8
Non-Allocated Sites	
Birmingham International Park	B1 / B8
Saxon Way	B1 / B2 / B8
Cranmore Industrial Estate	B1 / B2 / B8

⁵ With the exception of the recent Goodmans scheme

Elmdon Trading Estate	B1 / B2 / B8
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- 5.14 The quality of readily available land is generally of a good or very good quality. Elmdon Trading Estate current has an available plot extending to 3.5 hectares that is capable of accommodating a building of around 17,000 sq m. Trinity Park is a prime office location and has the potential to accommodate an additional office development. The Green has consent for a substantial amount of Class B1 floorspace with phase one benefiting from full planning permission (later phases require demolition of existing occupied buildings). Solihull Business Park also has consent for a substantial amount of Class B1 floorspace. Fore is a prime office location adjacent to the M42 and is capable of accommodating large floorspace requirements. Equally, the Boroughs readily available portfolio has smaller sites that are able to meet local requirements.

Employment Land Take Up

- 5.15 Table 5.3 below provides an overview of employment land take up since the start of the RSS and UDP Plan Period in 2006. The Solihull Annual Monitoring Reports highlight land developed on an annual basis broken down by Regional Investment Sites (RIS) and General Employment Land (GEL). This confirms a total take up of general employment land of around 10.4 ha at 2.6 ha per annum. This take up rate is slightly above the five year annual rate of 2.32 ha per annum and slightly below the eight year take up rate of 2.9 ha per annum. Overall it demonstrates that a five year rolling supply of 15 hectares should easily accommodate new development based upon past take up rate trends.

Table 5.3 - Employment Development 2006 to 2009

Year to April	RIS / GEL	Offices (sq m)	Other B1 (sq m)	B2 (sq m)	B8 (sq m)
2006	GEL	-	-	-	-
	RIS	-	-	-	-
2007	GEL	15,388 (3.4 ha)	-	-	500 (0.2 ha)
	RIS	-	-	-	-
2008	GEL	9,314 (2 ha)	-	-	-
	RIS	5,881 (1.4 ha)	-	-	-
2009	GEL	7,084 (2 ha)	-	-	13,000 (2.8 ha)
	RIS	1,738 (0.8 ha)	-	-	-
5 year annual rate (2004/09)	GEL	7,343 (1.72 ha)	-	-	2,700 (0.6 ha)
	RIS	4,402 (1.04 ha)	-	-	-
8 year annual rate (2001/09)	GEL	9,020 (2.1 ha)	594	815 (0.2 ha)	3,393 (0.8 ha)
	RIS	6,101 (1.61 ha)	-	-	-

Source: Solihull MBC Annual Monitoring Reports

- 5.16 Table 5.3 indicates the level of employment land take up has slowed recently with development declining across every employment use class on both RIS and GEL sites. Additionally, when compared with employment land completions between 1996 – 2005⁶, the take up of land for Class B2 and B8 development is shown to have consistently reduced. However, development of land for offices is shown to have increased during the early part of the last decade and then reduced again.

Supply of Premises

⁶ CSW Study 2007 table 4.14

- 5.17 In addition to the supply of employment land, there is also an extensive supply of vacant premises available. The most recent figures (Focus Report, November 2010) identify a total of around 109,496 sq m of available accommodation (excluding RIS sites) as summarised in Table 5.4. This would equate to a land supply of approximately 25.8 ha based on the average plot ratios in Solihull (comparison undertaken by DTZ November 2010).

Table 5.4: Supply of Available Properties and Broad Employment Land Equivalents

Use Type	New / Refurbish ed Space (sq m)	Second Hand Space (sq m)	Total	Sq m per ha	ha Equivalent
B1a*	26,022	37,218	63,240	5,000	12.6
B1c / B2 / B8	16,455	29,801	46,256	3,500	13.2
Total	42,477	67,019	109,496	-	25.8

Source: Solihull MBC Property Brochure / Solihull for Success website

Note: densities based on existing Solihull sites

- 5.18 The supply of office and industrial properties within the Borough ranges in location and quality, as summarised in table 5.5 below. It demonstrates the breadth of offer available in the borough excluding properties and sites located in the RIS for comparison. In addition to the supply outlined below there is a good range of small to medium sized accommodation situated within and on the edge of Solihull and Shirley town centres. Indeed, Solihull town centre contains available office suites that are able to accommodate up to 30,000 sq ft.

Table 5.5: Range of Supply by Location

Site	Type	Size Range	Standard
Cranmore Estate	Industrial Office and industrial	1,000 sq ft – 150,000 sq ft	Budget – Good
Birmingham International Park	International Office and industrial	8,104 sq ft – 37,513 sq ft	Good
Elmdon Trading Estate	Office and Industrial	5,000 sq ft – 83,152 sq ft	Moderate – Good
Fore	Offices	25,652 sq ft – 172,055	Very Good
Lode Lane	Offices and industrial	800 sq ft – 26,406	Budget – Moderate
Monkspath Business Park	Industrial	8,564 sq ft – 13,467 sq ft	Moderate – Good
Saxon Way	Industrial	932 sq ft – 2,078 sq ft	Budget
Solar Business Park	Industrial	Up to 32,977 sq ft	Good
Solihull Business Park	Offices	16,178 sq ft	Good
Trinity Park	Offices	15,619 sq ft	Very good

Source: Solihull MBC Property Brochure / Solihull for Success website

5.19 Table 5.6 below shows the range of available units by size within the Borough, however it should be noted that this does include the RIS sites, which increase the available office provision.

Table 5.6: Range of Supply by Unit Size

Industrial / Warehousing		
Band size (sq ft)	Units	Total (sq ft)
Up to 1,000	3	1,935 (180 sq m)
1,000 – 2,000	3	3,816 (354 sq m)
2,000 – 5,000	6	18,021 (1,674 sq m)
5,000 – 10,000	13	93,293 (8,667 sq m)
10,000 – 20,000	9	108,899 (10,117 sq m)
20,000 – 40,000	9	265,044 (24,623 sq m)
40,000+	2	212,997 (19,787 sq m)
Office (including Serviced Offices)		
Band size (sq ft)	Units	Total (sq ft)
Up to 1,000	25	16,054 (1,491 sq m)
1,000 – 2,000	28	40,709 (3,782 sq m)
2,000 – 5,000	43	146,742 (13,632 sq m)
5,000 – 10,000	25	185,315 (17,216 sq m)
10,000 – 20,000	14	204,840 (19,030 sq m)
20,000 – 40,000	10	266,443 (24,753 sq m)
40,000+	3	302,560 (28,108 sq m)

Source: Solihull Property Brochure, 2010 SMBC

5.20 Table 5.7 below compares the existing supply of vacant accommodation against past take up rates. There is a good supply generally and so little immediate development pressure except for large buildings. A proportion of take up is through churn (i.e. occupiers already in the area taking new space) and as a result of this, much of the space vacated will become available for occupation and therefore add to the supply of premises available. It should be noted that there is a need for enough vacant stock in the borough to allow for 'market churn' and choice. This is an ongoing level of vacancy ('frictional vacancy') required to accommodate the changing requirements of occupiers and ensure a suitable range of premises is available at all times.

5.21 Within each of the sectors and the Use Classes there will be churn and replacement, leading to activity in the employment and property markets. A number of factors are likely to stimulate this churn:

- Dilapidated stocks requiring replacement;
- Changing occupier requirements, particularly in the industrial sector – switching to higher value activities;
- Vacated premises which are no longer fit for purpose requiring replacement; and
- Pressure for change of use.

5.22 In addition to churn and replacement of commercial stock, an allowance should be made for choice and flexibility in the market. This is the additional demand required to ensure there is enough choice in the market at all times to enable occupiers to move between premises.

Table 5.7: Vacant Property Take Up (Excluding Regional Investment Sites)

Use	Total Take up Jan 2006 – Jan 2010 (sq m)	Annual Average Take up Jan 2006 - Jan 2010 (sq m)	Current Supply (sq m)	Years Supply
Offices (Use Class B1a)	61,724	15,431	63,240	4.1
Industrial (Use Classes B1c / B2 / B8)	30,793	7,698	46,256	6.0

Source: Focus (November 2010)

Summary of Supply

- 5.23 Table 5.8 provides an overall summary of readily available employment land in Solihull taking into account available premises. It demonstrates that there is a sufficient supply of employment land to meet the five year requirement set within the RSS evidence base. Additionally, it demonstrates there is a good provision of available floorspace to meet the requirements of operators in the short term.

Table 5.8: Employment Land Supply (Readily available)

	Ha	Years
Supply of vacant offices	12.6	4
Supply of vacant industrial space	13.2	6

Source: tables 5.1, 5.3, 5.4 and 5.6

Based upon take-up and floorspace/land conversion rates applied in above tables

- 5.24 Table 5.9 provides an overall summary of employment land (readily available and allocated sites) including available premises. It is important to note the supply of vacant industrial space is higher in this scenario, as it includes available land that is not allocated. It demonstrates that there is sufficient land available and allocated for future development to meet the forecast requirement until 2026. The RSS long term employment land requirement, to identify a 10 year supply of 30 hectares as part of a rolling 15 years supply will be provided through the allocated sites. The contribution of existing available space and the likely 'churn' of occupiers mean there is no immediate pressure for additional allocation of sites at this time, however, we recommend this is kept under review.

Table 5.9: Employment Land Supply (All land)

	Ha	Years
Supply of vacant offices	12.6	4.1
Supply of vacant industrial space	17.8	8

Source: tables 5.1, 5.3, 5.4 and 5.6

Based upon take-up and floorspace/land conversion rates applied in above tables

The Role of Regional Investment Sites (RIS)

- 5.25 The Borough's two RIS – Blythe Valley Business Park and Birmingham Business Park – are recognised as 'regional sites' within the Regional Spatial Strategy. The RSS employment land evidence base excludes the potential contribution both RIS sites might provide to the Borough's employment land supply. Consequently, this study has adopted a consistent approach to calculating the supply of employment land for the Borough.
- 5.26 However, it is important to recognise the evolving role that Birmingham Business Park is playing within the Borough taking into account its location adjacent to the North Solihull Regeneration Zone. Planning permission has already been granted for the development of up to 34,600 sq m of Class B1 / B2 / B8 floorspace on 9.8 hectares of land within the business park. The permission represents a loosening of the planning restrictions beyond those set at regional planning level because of the local benefits that the development would create. If included within the Borough's employment land supply it would increase the readily available employment land by three years.
- 5.27 Additionally, the RSS Panel Report recommended a reduction in Solihull town centre's office floorspace provision of 15,000 sq m given the location of the two RIS sites within the Borough.
- 5.28 It is also important to recognise that in market terms the RIS sites compete on a local basis with employment sites elsewhere in the Borough, as well as competing with other larger regional sites. Accordingly, it is important to recognise the potential RIS contribution to the Borough's employment land supply when considering if additional land is required to meet the long term employment land requirement. This is discussed further in the next section.
- 5.29 As part of our assessment we have considered the current role of RIS in order to determine whether this has changed from the original role that RIS were intended, i.e. to attract high tech, knowledge based employment into the West Midlands to combat the loss of the region's manufacturing base.
- 5.30 The RIS in Solihull have been very successful in attracting knowledge based businesses to the region and, due to their size, they have developed and maintained clusters of knowledge based business. Their success was evidenced by British Land in its submission to the public examination of the Solihull UDP Review. The evidence stated that Blythe Valley Park contributed substantially in terms of established clusters – particularly transport, building technologies and tourism and leisure, specialist business and professional services, ICT and environmental technologies. Evidence of the important role of the Innovation centre on the Park was also made. The park was extended on the basis of the success, need and demand evidenced by the landowner.
- 5.31 The two RIS in Solihull continue to be successful, however, there is much stronger competition from town and city centre locations, which are becoming more popular, as occupiers recognise the benefits to staff and indeed the business of being located centrally with access to services and public transport.
- 5.32 DTZ discussed the role of RIS with the two site owners – Liberty Property Trust (Blythe Valley) and Goodman (Birmingham Business Park). Both park owners considered the sites still perform a role that is different from other business parks, i.e. a regional or sub regional role. Key to this is the high quality managed environment, which the parks both offer and the range and choice of sites that are available to meet occupiers needs. Both park owners also consider that the 'offer' within the parks needs to change to meet with the demands of occupiers and their staff. Specifically, the parks need to be able to provide a range of ancillary services to meet needs of occupiers and their staff, e.g. small scale retail, cafe's, pubs, hotels and other services. In addition, the links between the parks and the surrounding neighbourhoods need to be improved in order to improve accessibility by a choice of means of transport, but also to provide continuous trade for the supporting services to ensure they are viable.

- 5.33 The owners of Birmingham Business Park have recently achieved a widening of the employment uses that can be accommodated on 23 acres of the site (Classes B1c, B2 and B8). The planning permission contained the requirement for a design code to be agreed in order that any large scale buildings will be developed in keeping with the park. It is understood that a single operator is to take the entire site, which demonstrates a clear demand by high tech operators for flexibility in employment uses.
- 5.34 Birmingham Business Park will have approximately 12 acres of land available for development, which are separated into three plots. Consequently, the park is unable to provide larger sites to meet operator demand and it is understood that two potential occupiers have not been able to be accommodated due to the limited space on the site. The owners of the park have submitted supporting representations in relation to the draft allocation of land adjoining the park and confirmed the extension of the park through integration with the surrounding area is the objective for the park.
- 5.35 The owners of Blythe Valley also confirmed that a widening of the employment uses that are considered acceptable in planning terms is vital to the parks future. However, the owners went further to state that housing development within the existing park allocation should be considered in order to create a viable offer for ancillary retail and service uses on the park thereby improving its vibrancy and attractiveness as an employment destination.
- 5.36 It is considered that the important role the two RIS play within Solihull and the West Midlands Region should be recognised within planning policy. However, the policy should also recognise the changing needs and demands of high tech operators and enable the RIS to meet these so that they can remain flexible and vital to the region's economy and continue to fulfil their intended role. The extent of non Class B1 employment development and other services uses (Use Class A1/A2/A3/A4/C1/D1/D2) should be carefully monitored by SMBC, as it is important that the parks remain premium locations for knowledge based and high tech businesses and do not morph into more general industrial and distribution parks. It is important to maintain this balance, as other RIS within the West Midlands are designated to fulfil this role, e.g. Aston, Longbridge, I54.
- 5.37 It is important that the RIS continue to provide a range and choice of sites throughout the plan period. The take up of RIS land from 2001 to 2009 indicates there is sufficient land allocated to meet the requirements throughout the plan period, although this should be kept under review through the plan monitor and manage approach. The residential development aspirations of Blythe Valley parks owners suggest there is sufficient land in this location. However, the expansion/integration plans at Birmingham Business park suggest a more constrained level of provision. This could reflect the greater availability of Class B1 employment land on the A34 corridor near to M42 Junction 4.
- 5.38 In relation to competing sites it is also important to recognise that in market terms the RIS sites do sometimes compete on a local basis with employment sites elsewhere in the Borough, as well as competing with other larger regional sites. Accordingly, when looking at employment growth for the borough it is important to recognise the RIS contribution to the Borough's employment land supply. In order to advise on general employment land provision it is necessary to disaggregate RIS land from this, which is discussed in the later chapters of this report.
- 5.39 The Borough's two RIS – Blythe Valley Business Park and Birmingham Business Park – are recognised as 'regional sites' within the Regional Spatial Strategy. The RSS employment land evidence base excludes the potential contribution both RIS sites might provide to the Borough's employment land supply. Consequently, this study has adopted a consistent approach to calculating the supply of employment land for the Borough, i.e. currently land within the two sites is not counted towards general employment land provision (GEL) in Solihull.

6 Stage 2: Demand Assessment - Long Term Employment Land Requirements

- 6.1 This chapter sets out an assessment of future employment land requirements across the Solihull Metropolitan Borough for the LDF period 2006-2026.
- 6.2 A range of work has already been undertaken including the 2007 Coventry, Solihull and Warwickshire Employment Land Study (DTZ) and evidence prepared to inform the development of the West Midlands Regional Spatial Strategy (WMRSS). The suggested provisions of employment land within these documents are summarised in the table below. The CSW ELS provided an assessment of future requirements aggregated across the SMBC area with subdivision by Use Class, whereas the WMRSS identified future requirements by site typology/hierarchy. The table below summarises the requirements with brief explanatory notes.

Table 6.1 Previous Evidence Summary

	2006-16	2006-26
CSW ELS (2007)	24-32 hectares <i>Based on both employment forecasts and past take up approaches.</i>	41-49 hectares <i>2016-26 figures were indicative based only on employment forecast approach due to unreliability of past take up as an indicator of long term requirements.</i>
WM RSS	n/a	<i>15 hectare minimum rolling reservoir, 35,000 sq m (equates to approx 8.75 ha) town centre office provision, Regional Investment Sites (Birmingham and Blythe Valley Business Parks)</i>

- 6.3 This chapter draws on the earlier work, and further economic and commercial market evidence to provide a balanced assessment of future requirements given current knowledge. In particular, the assessment of future requirements has drawn on economic futures work prepared by Ecorys to inform SMBCs Local Economic Assessment.
- 6.4 As with all future looking assessments, there is a substantial element of risk. Whilst every effort has been made to ensure all conclusions are evidence based, there is a need for care to be taken in interpreting and applying the results. In particular, there is an imperative to monitor progress throughout the LDF period. In line with best practice policy and guidance, there is a need to adopt a 'plan, monitor and manage' approach to employment land, rather than a 'predict and provide' model which fails to allow sufficient flexibility to manage risks.

Context

- 6.5 Solihull has been one of the strongest performing local authority areas in the West Midlands. This performance has been underpinned by its high quality labour force, geographic location, key employers, high quality employment sites and other assets including the nearby Birmingham International Airport, NEC and high quality of life. Looking forward, economic forecasts suggest Solihull will continue to be one of the leading parts of the West Midlands region. However, this continued success relative to the region is in the context of a much changed view of the future scale and nature of economic growth in the UK more generally. The overall level of employment growth being forecast for the Core Strategy period is below the level of growth anticipated when much of the existing evidence base was developed. As a result, there is a need to update some of the previous work to consider this changing context.

Potential Economic Futures

- 6.6 This assessment has considered four potential future scenarios. These were developed by Ecorys as part of a study to inform the Solihull Local Economic Assessment.
- Ecorys Baseline
 - Ecorys Low Growth
 - Ecorys High Growth
 - Ecorys Extended High Growth
- 6.7 Ecorys developed the four scenarios to illustrate potential futures. They are not forecasts or projections, but give some insight into what could happen under particular sets of circumstances and are intended to inform policy making. These reflect the strengths of the Solihull economy and the potential of opportunity sectors. Further details on each of the scenarios is available in the report *Solihull Economic Futures: Employment Trends (January 2011)* and summarised in Appendix 2.
- 6.8 Table 6.2 below summarises the headline employment position under each scenario. The most stark finding from the data, is that in all but the Extended High Growth scenario, there is a net fall⁷ in employment across the Solihull area. However, it is important to note two factors in this regard:
- 6.9 There appears to be a statistical anomaly in reported health sector employment in the period 2006 – 2008 which lead to a *circa* 5,000 fall in employment in the sector. This has a marked impact on all scenarios.
- 6.10 The impact of the recession has a significant effect in the period 2006-2011 and is already historic. From 2011 – 2026 there is net employment growth across all scenarios ranging from 6,600 to 36,700 net new jobs in the study area.

Table 6.2 Total Employment Change in Solihull 2006-26 – LEA Future Scenarios

Scenario	2006	2011	2016	2021	2026	Employment Change 2006-26
Ecorys Baseline	120,500	120,100	106,600	107,800	109,400	-11,100
Ecorys Low Growth	120,500	99,700	102,700	104,200	106,300	-14,200
Ecorys High Growth	120,500	103,300	111,000	114,300	118,500	-2,000
Ecorys Extended High Growth	120,500	103,300	114,000	130,800	140,000	+19,500

N.b. All scenarios include approximately 5,000 jobs lost in health sector at the start of the period which appears to be due to data anomaly.

- 6.11 As a result, the analysis within this report focuses on the need for provision over the period 2011-26. The following table summarises the net changes in employment over these periods. It is clear that in all cases the 2011-16 period is expected to include something of an employment recovery before more modest levels of employment growth post 2016.

Table 6.3 Total Employment Change in Solihull 2011-26 – LEA Future Scenarios

Scenario	2011-16	2016-21	2021-26	2011-26
Ecorys Baseline	4,500	1,200	1,600	7,400
Ecorys Low Growth	3,000	1,500	2,100	6,600

⁷ The potential economic and labour market issues created as a result of the projected levels of employment growth across the scenarios are outside the scope of this study but an area meriting further investigation.

Ecorys High Growth	7,700	3,400	4,100	15,200
Ecorys Extended High Growth	10,700	16,800	9,200	36,700

- 6.12 It should be noted that these employment projections relate to all employment across the SMBC area whether on GEL, RIS, within the town centre or outside the B Use Class. The role of Solihull as a key regional employment centre is inherent within the econometric modelling process which underlies all the presented scenarios. The following analysis does not therefore make a distinction between RIS or general employment provision.
- 6.13 The remainder of this chapter considers the potential implications of these futures upon the future requirement for employment land across the SMBC area.

Converting Employment to Future Employment Land Requirements

- 6.14 The diagram below outlines the process adopted to calculate future requirements. This includes three critical elements:
- An allowance for net projected changes in employment to ensure a larger workforce and economy can be accommodated;
 - An allowance for replacement, recognising the need to update property to meet modern occupier requirements; and
 - An allowance for choice to ensure the market is able to work effectively and occupiers and developers can find suitable opportunities.

Figure 6.1 Calculating Future Employment Land Requirements



- 6.15 Further comment on the method and assumptions at each stage are contained within the remainder of this section and Appendix 4 to this report. Set out below are final results of the assessment.

Employment Change by Sector and Use Class

- 6.16 The figures in Table 7.4 are for total employment across all sectors. This masks substantial variation in anticipated performance within different sectors. Some sectors are anticipated to experience growth and others decline. Appendix 3 set out the sectoral employment projections for each of the scenarios. The sectoral data has been converted to employment by Use Class on the basis of DTZ's SIC/Use Class matrix which is presented at appendix 4. The results of this conversion are shown in the tables below.

Table 6.4 Employment Projections by Use Class 2011-26

Scenario	B1a	B1b/c, B2	B8	Non B Use Class
Ecorys Baseline	1,800	1,300	700	3,300
Ecorys Low Growth	800	1,400	700	3,400
Ecorys High Growth	5,900	3,400	1,000	4,400
Ecorys Extended High Growth	8,500	3,800	3,000	19,700

Table 6.5 Share of Employment Projections by Use Class

Scenario	B1a	B1b/c, B2	B8	Non B Use Class
Ecorys Baseline	25%	18%	10%	46%
Ecorys Low Growth	13%	22%	11%	54%
Ecorys High Growth	40%	23%	7%	30%
Ecorys Extended High Growth	24%	11%	9%	56%

6.17 The tables suggest the following:

- The share of employment by Use Class varies across scenarios substantially, reflecting the assumptions on relative sector growth.
- Under all scenarios a substantial proportion of employment growth is projected to take place outside the B Use Class.

Future Employment Land Requirements

6.18 The following tables summarise modelled future employment land requirements using the method outlined above and expounded at Appendix 4. This therefore includes requirements to accommodate net employment growth, the need for replacement premises to facilitate the modernisation of the economy, and an allowance for choice. The ranges shown in the table relate to the alternative assumptions for the level of replacement.

Table 6.6: Future Employment Land Requirements – Ecorys Baseline Scenario (ha)

Scenario	2011-16	2016-21	2021-26	2011-26
B1a	7.2 - 9.1	4.9 - 6.8	5.2 - 7.1	17.3 - 23.0
B1b/c, B2	15.4 - 17.6	6.0 - 8.2	6.6 - 8.8	28.0 - 34.5
B8	13.1 - 14.3	4.2 - 5.4	4.8 - 6.0	22.0 - 25.7
Sui Generis*	1.9	0.4	0.5	2.8
Total	37.6 - 42.9	15.5 - 20.8	17.0 - 22.3	70.1 - 86.1
Average Annual Requirement	7.5 - 8.6	3.1 - 4.2	3.4 - 4.5	4.6 - 5.7

Figures may not sum due to rounding

* the calculations include an allowance for some Sui Generis and complementary uses that would be expected to locate on employment sites.

Table 6.7: Future Employment Land Requirements – Ecorys Low Scenario (ha)

Scenario	2011-16	2016-21	2021-26	2011-26
B1a	2.8 - 4.7	5.2 - 7.1	6.0 - 7.9	14.0 - 19.7
B1b/c, B2	15.6 - 17.8	6.4 - 8.6	6.8 - 9.0	28.8 - 35.4
B8	13.1 - 14.3	4.6 - 5.8	5.0 - 6.3	22.7 - 26.3
Sui Generis*	1.9	0.4	0.5	2.9
Total	33.4 - 38.7	16.5 - 21.9	18.4 - 23.7	68.3 - 84.3
Average Annual Requirement	6.7 - 7.7	3.3 - 4.4	3.7 - 4.7	4.6 - 5.6

Figures may not sum due to rounding

* the calculations include an allowance for some Sui Generis and complementary uses that would be expected to locate on employment sites.

Table 6.8: Future Employment Land Requirements – Ecorys High Scenario (ha)

Scenario	2011-16	2016-21	2021-26	2011-26
B1a	12.7 – 14.6	8.6 – 10.5	9.6 – 11.5	30.9 – 36.6
B1b/c, B2	25.5 – 27.7	12.7 – 14.9	14.2 – 16.4	52.4 – 59.0
B8	15.9 – 17.1	6.0 – 7.2	6.9 – 8.1	28.8 – 32.5
Sui Generis*	2.3	0.6	0.8	3.7
Total	56.4 – 61.7	27.9 – 33.2	31.4 – 36.7	115.7 – 131.7
Average Annual Requirement	11.3 – 12.3	5.5 – 6.6	6.3 – 7.3	7.7 – 8.8

Figures may not sum due to rounding

* the calculations include an allowance for some Sui Generis and complementary uses that would be expected to locate on employment sites.

Table 6.9: Future Employment Land Requirements – Ecorys Extended High Scenario (ha)

Scenario	2011-16	2016-21	2021-26	2011-26
B1a	13.9 – 15.8	14.2 – 16.1	11.4 – 13.3	39.5 – 45.2
B1b/c, B2	26.1 – 28.3	15.2 – 17.4	14.7 – 16.9	56.1 – 62.6
B8	21.3 – 22.5	30.6 – 31.8	16.5 – 17.8	68.5 – 72.1
Sui Generis*	4.2	9.1	4.2	17.4
Total	65.5 – 70.8	69.1 – 74.4	46.9 – 52.2	181.4 – 197.4
Average Annual Requirement	13.1 – 14.2	13.8 – 14.9	9.4 – 10.4	12.1 – 13.2

Figures may not sum due to rounding

* the calculations include an allowance for some Sui Generis and complementary uses that would be expected to locate on employment sites.

- 6.19 It is important to recognise that the economic futures assessment does not differentiate between the town centres, NEC, GEL and RIS. Consequently only a proportion should be identified within the GEL portfolio.
- 6.20 The baseline and low⁸ scenario most closely relate to RSS figures and previous take-up policy and projection of the economic futures of Solihull MBC area. Both of these scenarios lead to broadly similar employment land implications. The reason for this similarity is the potential impact of public sector cuts in sectors that do not relate closely to employment land.
- 6.21 The high and extended high scenarios illustrate far more positive economic futures. Whilst there is some evidence to underpin assumptions, they also include a level of aspiration and a greater level of uncertainty than the baseline and low growth scenario. The employment land requirements of these two scenarios are substantially higher than either the baseline or low growth scenarios.

Evidence Summary

- 6.22 Take up over the period 2001-2009 (inclusive) has been in the region of 3 ha per annum for GEL and 1.6 ha per annum for RIS land in Solihull, i.e. GEL take-up is twice RIS.
- 6.23 The CSW ELS suggested short term requirements in the region 2.4 – 3.0 ha per annum, and indicative longer term rates of 2.0 – 2.5 ha per annum. This is consistent with 2001-2009 data.
- 6.24 The WM RSS was predicated on GEL take up of 3.0 ha per annum with further provision at RIS and the town centre.

⁸ It should be noted that more recent expectations of public sector job cuts released by the Office of Budget Responsibility are somewhat lower than within the low growth scenario, as a result this may overstate the potential negative impacts of public sector cuts.

- 6.25 This analysis in this chapter has considered requirements over the period 2011-26 and identified an anticipated requirement in the region of 4.6-5.6 ha per annum under the baseline/low growth scenarios across all provision.
- 6.26 The high growth and extended high growth scenarios would require substantially more employment land at 7.6 – 8.7 and 11.8 – 12.9 ha per annum respectively. All these results are summarised in the table below.

Table 6.10 Average Annual Requirements – All B Use Class Employment Land (GEL, RIS)

	Source/Scenario	Average Take-Up / Requirement Per Annum (ha)
Historic Take-Up (excludes Town Centre)	2001-2009	3*
CSW ELS (2007)	2006-16	2.4 – 3.0*
	2016-26 (indicative)	2.0 – 2.5*
WM RSS	2006-16	3*
Current Analysis (all 2011-2026)	Ecorys Baseline	4.6 – 5.7
	Ecorys Low Growth	4.6 – 5.6
	Ecorys High Growth	7.7 – 8.8
	Ecorys Extended High Growth	12.1 – 13.2

* refers to GEL sites only. 'Current Analysis (all 2011-2026)' refers to all land)

Impact of HS2

- 6.27 The proposed government investment into a high speed rail network between London, Birmingham and the north (known as HS2) has potential to deliver a mix of local development and regeneration impacts which have been reviewed by the *HS2 London to the West Midlands: Appraisal of Sustainability (December 2010)* report.
- 6.28 The proposed route includes a key interchange station at Birmingham International which could encourage the location of people and firms to benefit from improvements in commuter services. The extent to which this would occur would depend on the integration between any new rail network and local and regional land use strategies.
- 6.29 The *Appraisal of Sustainability report* defines the potential development, regeneration and employment impacts within the HS2 catchments, and assesses the likely benefits and impacts. The report considers limited potential for retail development at the new station, and that the primary net gains would instead be in the office market.
- 6.30 Given the immediate station catchment area of Birmingham International is a small local population, any additional development would be expected to draw on a wider labour catchment. The sustainability appraisal recognises that Green Belt in the local area has been strongly protected, and that applications to extend existing employment development within the Green Belt have been resisted.
- 6.31 It notes that 230,000 sq m of expansion space exists within permitted schemes, but that the office market has been slow and on current activity levels only 93,000 sq m of the permitted space might be built out, with additional turnover of tenants in the already built stock. In better economic times, and with the HS2 Interchange station in existence, the report considers developers may be prepared to build speculatively again, and assumes that twice this amount might be forthcoming.
- 6.32 The table below, extracted from the Appraisal of Sustainability Report, suggests that HS2 could deliver an additional 47,000 sq m of office space (equivalent to 3,300 jobs), 600 hotel beds (equivalent to 300

jobs), 1,000 sq m of retail (equivalent to 50 jobs) and 10,000 sq m of leisure space (equivalent to 100 jobs). No residential units would be developed and 20 acres of open space would be lost. The net impact would be approximately 3,750 additional jobs.

Table 7.3 Potential development impact of HS2 around Birmingham Interchange station

Use	Existing floor space which would be lost	Future floor space without HS2	Future floor space with HS2	Net additional floor space from HS2
Office (sq m)	0	93,000	140,000	47,000
Residential (units)	0	0	0	0
Hotel (beds)	0	300	900	600
Retail (sq m)	0	0	1,000	1,000
Leisure (sq m)	0	5,000	15,000	10,000
Parkland / open space (acres)	20	0	0	-20

- 6.33 This assumes small parcels of development land could be released for new schemes at the NEC complex which is excluded from the Green Belt. The report notes there is substantial potential for development within the boundaries of the NEC, but that much would depend on how easily accessible both the airport and NEC are from the new station.
- 6.34 Whilst the *Appraisal of Sustainability* report recognises potential for significant additional floorspace to be delivered from HS2, similar to the potential for development at the NEC this will depend on accessibility to the new station, and delivery of the proposed rail line as suggested. Work on the line is not likely to start until 2015 and the London to Birmingham line would not open until 2026.

Conclusion

- 6.35 This chapter has drawn together relevant evidence on future employment land requirements across Solihull MBC area. This includes the previous Employment Land Study, the WM RSS, recent and historic take up data and an updated analysis based on potential economic futures.
- 6.36 Many of the sources have looked at slightly different aspects of employment land requirements and are not directly comparable, it is therefore necessary to make a judgement based on the evidence.
- 6.37 The evidence suggests three broad views:
- Recent take up and the 2007 ELS suggest average annual requirements of around 3 hectares, consistent with the RSS.
 - The recent analysis on baseline and low growth scenarios suggest annual requirements in the range. However this does not distinguish between RIS, GEL, town centres or NEC. If two thirds of land is to be identified as GEL this figure is 3 to 3.8 hectares.
 - Higher growth futures analysis suggests annual requirements in the range 7.7 – 13.2 hectares – approaching disaggregation on the same basis is 5-8.7ha.
- 6.38 As a basis for shaping policy, the mid range estimates would appear sensible given the weight of evidence, e.g. 3 - 4 hectares per annum. The higher growth scenarios include a greater degree of aspiration. These should not be ignored, but should be kept in mind as planning policy is monitored and reviewed. If policy is developed on the basis of lower growth scenarios it may restrict growth. If requirements do tend towards the lower level for an extended period this too can be reflected through the plan review process.
- 6.39 The most recent analysis, which provides a breakdown over five year periods suggests the potential for a more substantial requirement in the period 2011-16. This will be dependent on the speed of recovery and the levels of suitable vacant stock in the market.

- 6.40 Over the LDF period 2011-26 the requirement for employment land across the Solihull metropolitan area has been assessed to be in the region of 45 – 60 hectares.

7 Stage 3: Policy Implications

- 7.1 This section translates the supply of employment land and take up to date against expected demand for additional land over the Plan period to 2026. It identifies where deficiencies lie within the Borough's existing portfolio and how they can be mitigated with new employment land allocations.
- 7.2 For the purposes of this analysis comparison is made between supply, previous assessments of employment land requirements, historical take up and the future requirements assessed in respect of the Ecorys baseline and growth scenario, summarised in the table below.
- 7.3 The Ecorys study includes all employment requirements, i.e. town centre offices, RIS and NEC. The focus of this study is on general employment land within the Borough. For this reason RIS land has been stripped out. In order to do this we have calculated the take up rates of RIS from 2001 – 2009 as a proportion of all take up, which results in a weighting of 33.3% RIS land and 66.6% General employment land, therefore we have stripped out 33.3% of the identified land requirement within the Ecorys study. Whilst land should also be stripped out for office development in Solihull town centre (35,000 sq m over the plan period) it is difficult to fix the development density of the floorspace and, given the town centre is tightly constrained, it is unlikely to result in a significant amount of development in land terms.
- 7.4 Table 7.1 summarises the findings of all previous assessments and Ecorys study scenarios with RIS provision stripped out.

Table 7.1 Average Annual Requirements for General Employment Land

	Source/Scenario	Average Take-Up/Requirement Per Annum (ha)
Historic Take-Up (excludes Town Centre)	2001-2009	3*
CSW ELS (2007)	2006-16	2.4 – 3.0*
	2006-26 (indicative)	2.0 – 2.5*
WM RSS	2006-16	3*
Current Analysis (all 2011-2026)	Ecorys Baseline	3 – 3.7
	Ecorys Low Growth	3 – 3.6
	Ecorys High Growth	5 – 5.8
	Ecorys Extended High Growth	7.9 – 8.7

* refers to GEL sites only. 'Current Analysis (all 2011-2026)' refers to all land

Supply and Demand Phasing

- 7.5 Table 7.2 compares the assessment of requirements across short and long term time periods. This shows a surplus of supply in aggregate. Despite the potential impact of the recovery on short term requirements, the land on available sites is more than sufficient to meet anticipated requirements, although it is important to provide a balanced portfolio of land within the Borough by location.
- 7.6 It is likely that some of the increases in employment projected can be absorbed into existing occupied space as businesses begin to re-hire after the downturn. Market evidence also suggests the property market is not yet in a position to respond to demand with significant constraints on development activity. It is therefore likely that some of the requirements projected for the first five year period will slip into the latter part of the LDF time frame due to market adjustments.
- 7.7 In the period 2011-21 there is sufficient land to meet the lower threshold of anticipated requirements and the upper threshold will be met with an allocation of land adjacent to Birmingham Business Park.

Consequently, the draft allocations in the Core Strategy identify sufficient general employment land to meet the 10 year requirement consistent with RSS guidance. Additionally, the likely surplus from the first five year period will also roll forward to ensure more than sufficient supply up to 2021 and potentially until the end of the LDF period.

Table 7.2 Short and Long Term Supply and Demand

Scenario	2011-16	2016-21	2011-21
Requirements (ha)	15 - 20	15 - 20	30 - 40
Allocated GEL/Readily Available Sites	23	20	43
Surplus Supply	3	0	3

- 7.8 Notwithstanding the above it is necessary for SMBC to identify general locations where additional employment land may be required to come forward during the LDF plan period if the reservoir of employment land should be taken up, i.e. a further 15 – 20 hectares. There is also a need to ensure a supply of land to meet requirements immediately following the end of the LDF period.

Supply and Demand by Use Class

- 7.9 On the basis that a flexible approach to Use Classes is adopted in the allocations there is no immediate concern in respect of the balance of general employment land provision by use class. Several sites currently only benefit from Class B1 consent, however, subject to complying with other policies within the LDF and site specific constraints the widening of employment uses should be supported by SMBC.

Supply and Demand by Location

- 7.10 The assessment of future requirements has considered the Solihull MBC area as a whole rather than in sub areas. Consideration of more local issues includes increasing levels of unreliability. More qualitatively, the only concern evident in respect of the location of employment land in Solihull relates to the provision of sites to support the regeneration of the North Solihull area. The draft allocation of 9.3 hectares at Land Adjacent to Birmingham Business Park would meet the needs of the North Solihull communities and the regeneration objectives for the area as well as improving the range and choice of sites by location in Solihull.

Future Locations for Employment

- 7.11 In identifying locations for future employment development SMBC should have regard to the key objectives of the LDF Core Strategy. Locations should be, or have the ability to be easily accessible by a choice of means of transport. Priority should be given to previously developed land subject to accessibility and sustainability criteria.
- 7.12 It is important that sufficient land is provided throughout the plan period to assist in delivering the objectives of the North Solihull Regeneration Zone. Specifically, employment that is easily accessible to residents in North Solihull is important and SMBC should consider whether land adjoining North Solihull is appropriate to be identified as a location for future employment development.

8 Conclusions

- 8.1 Solihull Metropolitan Borough Council (SMBC) commissioned DTZ to carry out an Employment Land Study to review the supply of, and demand for, employment land and premises in the Borough. The study updates the findings of Coventry, Solihull and Warwickshire (CSW) Employment Land Study published in 2007.
- 8.2 The planning policy framework requires SMBC to allocate sufficient employment land to meet its needs for at least 10 years with locations identified beyond this time to meet requirements for the remainder of the LDF plan period up to 2026. The economic objectives of SMBC are to be a prosperous and growing economy for Solihull and to address the inequality gap between the north and south of the Borough. It is within this context that the study has been carried out.
- 8.3 There is a sufficient supply of employment land to meet the five year requirement set within the RSS evidence base. Additionally, there is a good provision of available floorspace to meet the requirements of operators in the short term.
- 8.4 There is sufficient land available and allocated for future development to meet the forecast requirement until 2021. However, the upper level of the Borough's requirement would not be met without a new allocation such as the draft allocation adjacent to Birmingham Business Park.
- 8.5 The Borough's two RIS – Blythe Valley Business Park and Birmingham Business Park – are important regional sites but also complete on a local level with other sites in the Borough. In this respect it is important to recognise their evolving role, and particularly the role that Birmingham Business Park is playing within the Borough taking into account its location adjacent to the North Solihull Regeneration Zone.
- 8.6 It is also important to consider the potential impact the proposed High Speed 2 Birmingham Interchange station at Birmingham International could have on demand for floorspace, however the timescales for delivery are long term.
- 8.7 As a basis for shaping policy, the estimates of land requirements (i.e. 3 ha to 4 ha per annum) would appear sensible given the weight of evidence. The higher growth scenarios include a greater degree of aspiration. These should not be ignored, but should be kept in mind as planning policy is monitored and reviewed. If policy is developed on the basis of lower growth scenarios it may restrict growth. If requirements do tend towards the higher level for an extended period this too can be reflected through the plan review process.
- 8.8 The most recent analysis, which provides a breakdown over five year periods suggests the potential for a more substantial requirement in the period 2011-16. This will be dependent on the speed of recovery and the levels of suitable vacant stock in the market.

Appendix 1 – Plans of Employment Sites



1:7,000



1:7,000
1 cm = 70 meters



Regional Investment Site

Birmingham Business Park

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 Metropolitan Borough of Solihull - 100023139 [2010]



1:7,000



1:7,000
1 cm = 70 meters

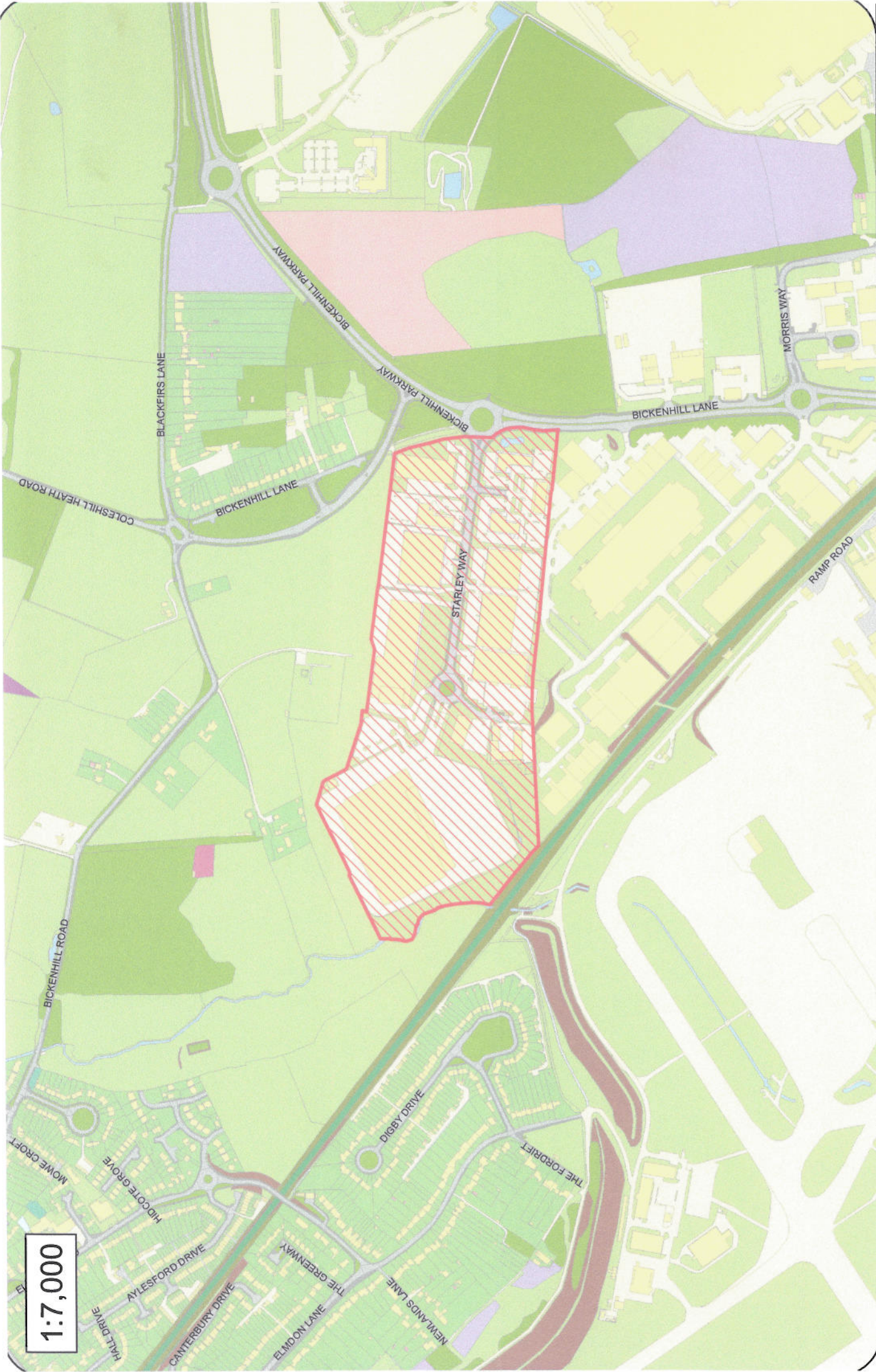


Employment Site

Employment Site:
Land adjacent
Birmingham Business Park

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1:7,000



Employment Site:
Birmingham International Park



1:7,000
1 cm = 70 meters



Employment Site

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Metropolitan Borough of Solihull - 100023139 (2010)

1:3,000



Employment Site:
Saxon Way



1:3,000
1 cm = 30 meters



Employment Site

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1:7,000



Employment Site:
CHEP Site



1:7,000
1 cm = 70 meters



Employment Site

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1:7,000



1:7,000
1 cm = 70 meters

 Employment Site

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Employment Site:
Elmdon Trading Estate

1:7,000



Employment Site:
Land North of Clock Interchange
(including Trinity Park)



1:7,000
1 cm = 70 meters



Employment Site

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Metropolitan Borough of Solihull - 100023139 (2010)

1:7,000



**Employment Site:
Lode Lane Industrial Estate**



**1:4,000
1 cm = 40 meters**



Employment Site

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1:7,000



1:7,000
1 cm = 70 meters

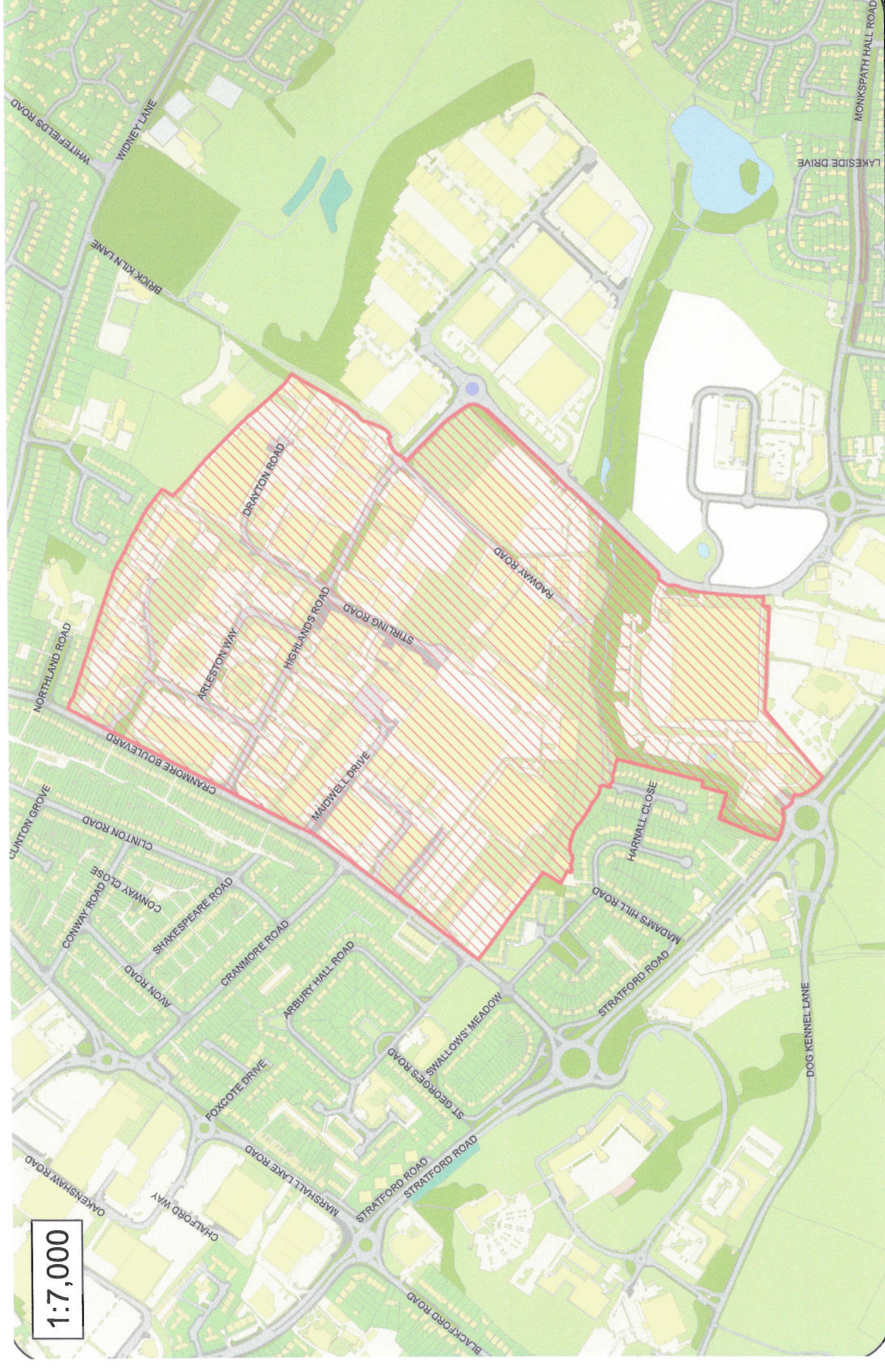


Employment Site

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Employment Site:
TRW, Stratford Road, Shirley

1:7,000



1:7,000
1 cm = 70 meters

**Employment Site:
Cranmore Industrial Estate**

 **Employment Site**

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1:7,000



**Employment Site:
Solar Business Park**



1:7,000
1 cm = 70 meters



Employment Site

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Metropolitan Borough of Solihull - 100023139 [2010]



1:7,000

Employment Site:
Solihull Business Park,
Highlands Road



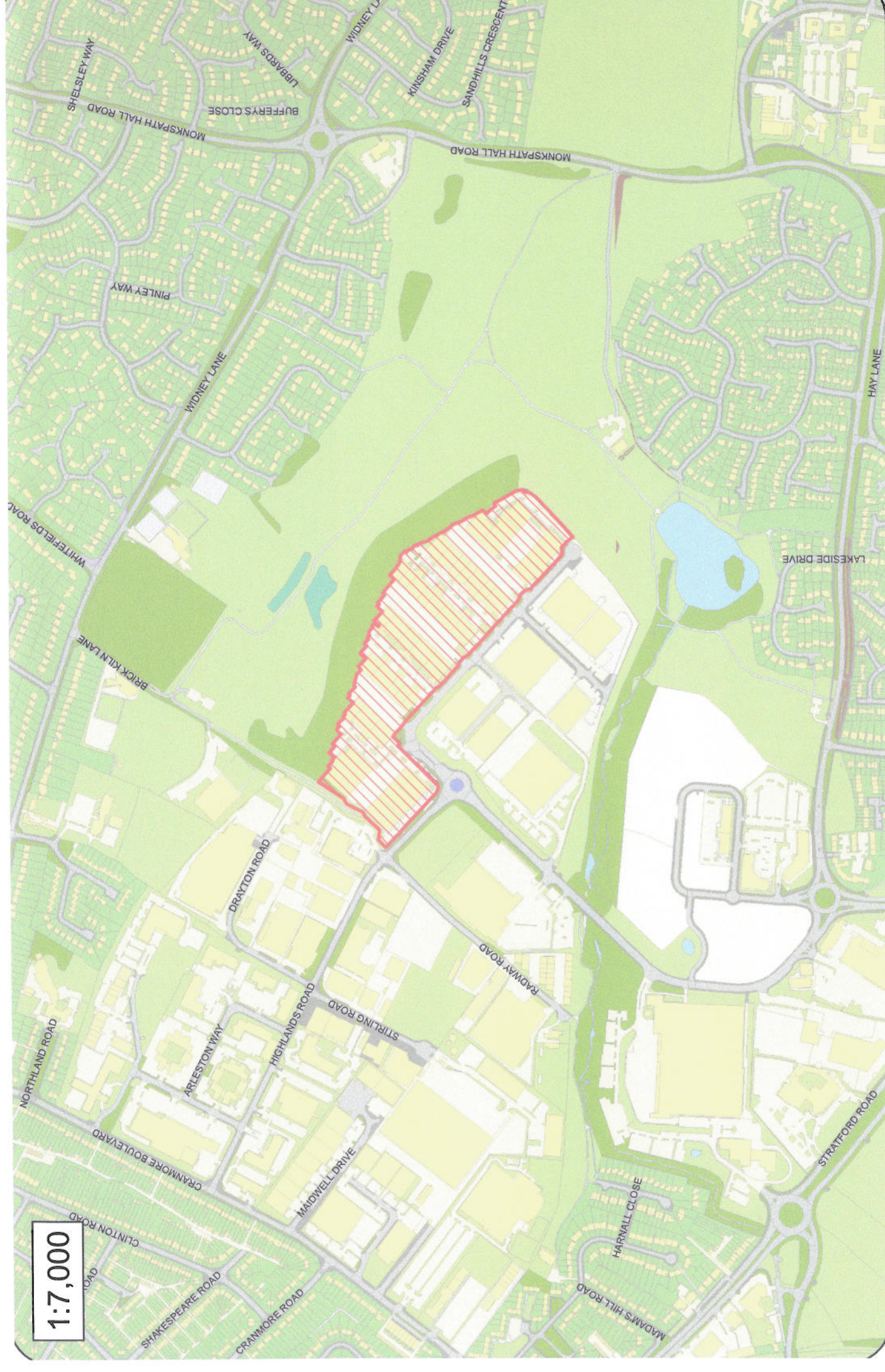
1:7,000
 1 cm = 70 meters



Employment Site

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 Metropolitan Borough of Solihull - 100023139 [2010]

1:7,000



**Employment Site:
Monkspath Business Park**



1:7,000
1 cm = 70 meters



Employment Site

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1:7,000



1:7,000
1 cm = 70 meters

 **Employment Site**

Employment Site:
Fore, A34 adjacent M42

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 Metropolitan Borough of Solihull - 100023139 [2010]



1:7,000



1:7,000
1 cm = 70 meters



Regional Investment Site

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Blythe Valley Business Park

Appendix 2 – Summary of Ecorys Scenarios

Baseline	Low	High	Extended High
<ul style="list-style-type: none"> Local economy remains relatively resilient in the face of current economic conditions and gradually returns to growth. Solihull forecast to lead the West Midlands region's recovery, together with other high growth areas in the south and east of the region. 	<ul style="list-style-type: none"> Substantial public spending cuts are announced and enacted by the Coalition Government. Some 620,000 job losses forecast in the public sector nationally by 2015/16 (Office for Budget Responsibility, June 2010)⁹. In addition to the potential direct job losses within the public sector, the public spending cuts can also be expected to impact substantially on private sector activities, through supply chain linkages (procurement) and consumption effects. Importantly, the impact on private sector activities will not only be dependent on local government spending cuts but also on more general spending cuts at the regional and national government level. A recent study found that public sector services provided by the private and third sector in 2007/08 generated a value added contribution to GDP of £45 billion, representing some 1.2 million jobs. Notably, the public services industry supports a further 1.1 million jobs as a result of indirect and induced impacts¹⁰. Whilst capital expenditure largely appears to be protected from 	<ul style="list-style-type: none"> In successfully developing and nurturing the 'Green Knowledge Economy', significant opportunities are expected to arise in low carbon technologies, particularly in relation to transport and building technologies. For example, there are market opportunities associated with low carbon vehicles, as well as a growing demand for low carbon buildings, together with a need to 'retro-fit' the current building stock and make it more environmentally friendly. A recent study estimated that the UK low carbon and environmental goods and services (LCEGS) sector will support an additional 400,000 jobs by 2014/15, of which some 200,000 will be in emerging low carbon products and services¹². Whilst, inevitably, some of the employment associated with the transition to a low carbon economy will represent displacement of existing activities and not additional employment growth, failure to adequately respond to these market opportunities is likely to incur considerable adverse impacts on economic development and growth. 	<ul style="list-style-type: none"> Increasingly, there is an aspiration in Solihull to develop and stimulate the tourism and leisure sector. Whilst business tourism currently dominates in Solihull, there could exist good opportunities to develop Solihull's leisure tourism offer in the future, by, for example, acting as a gateway to attractions in Warwick and Stratford-on-Avon. Moreover, through the newly formed BID Company, there are aspirations to bring more businesses and visitors to Solihull town centre. Solihull's success as a tourism and leisure destination will be influenced, to a very considerable degree, by its portfolio of tourist and leisure facilities. Currently, the most significant asset in terms of attracting tourists (business and leisure) is the NEC. It is therefore not inconceivable that future development plans at the NEC complex, including the proposed casino, will be a key driver for the future.

⁹ This forecast has subsequently been revised downwards by the OBR (November 2010).

¹⁰ BERR, 2008, The Public Services Industry in the UK

¹² BERR, 2009, Low Carbon and Environmental Goods and Services: an industry analysis

Baseline	Low	High	Extended High
	<p>substantial spending cuts, it is still expected that capital investment will decline in the short to medium-term as a result of the commitments made by the previous governments. Notably, public spending is estimated to account for a third of total construction output¹¹.</p>	<ul style="list-style-type: none"> To boost the scale and pace of the return to economic growth, and to stimulate the demand for higher level skills, it will also be important to attract and develop more businesses and jobs in higher skilled and higher value added sectors, including business & professional services and ICT¹³. Whilst growth in these sectors, particularly ICT, is already expected to be relatively strong, this scenario is predicated on additional growth and strengthening of these sectors. 	

¹¹ ONS, 2008, Construction Statistics Annual

¹³ West Midlands Regional Observatory, June 2010, The West Midlands Economy Post Recession: Key Issues and Challenges

Appendix 3 – Sectoral Employment Projections

Ecorys Baseline Scenario

Sector	Employment ('000)					
	2006	2011	2016	2021	2026	2031
Agriculture	0.4	0.4	0.3	0.3	0.3	0.3
Extraction	0.0	0.0	0.0	0.0	0.0	0.0
Food, Drink & Tobacco	0.3	0.2	0.2	0.2	0.2	0.2
Textiles, Clothing & Leather	0.1	0.1	0.1	0.1	0.1	0.1
Wood & Paper	0.3	0.2	0.2	0.2	0.2	0.2
Printing & Publishing	0.3	0.2	0.2	0.2	0.2	0.2
Manufacturing Fuels	0.0	0.3	0.3	0.3	0.3	0.3
Pharmaceuticals	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals nes	0.0	0.0	0.0	0.0	0.0	0.0
Rubber & Plastics	0.3	0.2	0.2	0.2	0.2	0.2
Non-Metallic Mineral Products	0.0	0.2	0.1	0.1	0.1	0.1
Basic Metals	0.0	0.0	0.0	0.0	0.0	0.0
Metal Goods	0.4	0.3	0.3	0.3	0.3	0.3
Mechanical Engineering	0.1	0.1	0.1	0.1	0.1	0.1
Electronics	0.8	0.4	0.4	0.4	0.4	0.4
Electrical & Instrumental Eng.	0.3	0.2	0.2	0.2	0.2	0.2
Motor Vehicles	6.9	4.6	5.5	5.6	5.6	5.7
Other Transport Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing nes	0.1	0.1	0.1	0.1	0.1	0.1
Utilities	0.7	1.0	0.7	0.8	0.8	0.8
Construction	12.1	11.3	12.3	12.5	12.7	12.9
Retail	11.0	10.6	11.7	11.9	12.0	12.2
Distribution	5.2	4.7	4.7	4.8	4.8	4.9
Hotels & Restaurants	7.0	6.3	6.5	6.6	6.7	6.8
Transport & Communication	9.6	8.5	9.3	9.4	9.6	9.7
Financial Services	3.0	2.9	3.2	3.2	3.2	3.3
Business Services	25.0	23.9	25.1	25.4	25.7	26.1
Public Admin & Defence	2.6	3.1	3.0	3.0	3.1	3.1
Education	9.6	8.5	8.0	8.1	8.2	8.4
Health*	16.9	8.3	8.4	8.5	8.6	8.7
Other Personal Services	7.5	5.5	5.5	5.6	5.7	5.7
Total	120.5	102.1	106.6	107.8	109.4	111.1

Source: Ecorys analysis, 2011; *the apparent fall in employment between 2006 and 2011 is due to the inconsistent reporting of employment for the Annual Business Inquiry by a large employer in the health sector and hence does not represent a 'real' fall in employment.

Ecorys Low Scenario

Sector	Employment ('000)					
	2006	2011	2016	2021	2026	2031
Agriculture	0.4	0.4	0.3	0.3	0.3	0.3
Extraction	0.0	0.0	0.0	0.0	0.0	0.0
Food, Drink & Tobacco	0.3	0.2	0.2	0.2	0.2	0.2
Textiles, Clothing & Leather	0.1	0.1	0.1	0.1	0.1	0.1
Wood & Paper	0.3	0.2	0.2	0.2	0.2	0.2
Printing & Publishing	0.3	0.2	0.2	0.2	0.2	0.2
Manufacturing Fuels	0.0	0.3	0.3	0.3	0.3	0.3
Pharmaceuticals	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals nes	0.0	0.0	0.0	0.0	0.0	0.0
Rubber & Plastics	0.3	0.2	0.2	0.2	0.2	0.2
Non-Metallic Mineral Products	0.0	0.2	0.1	0.1	0.1	0.1
Basic Metals	0.0	0.0	0.0	0.0	0.0	0.0
Metal Goods	0.4	0.3	0.3	0.3	0.3	0.3
Mechanical Engineering	0.1	0.1	0.1	0.1	0.1	0.1
Electronics	0.8	0.4	0.4	0.4	0.4	0.4
Electrical & Instrumental Eng.	0.3	0.2	0.2	0.2	0.2	0.2
Motor Vehicles	6.9	4.6	5.5	5.6	5.7	5.7
Other Transport Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing nes	0.1	0.1	0.1	0.1	0.1	0.1
Utilities	0.7	1.0	0.7	0.7	0.8	0.8
Construction	12.1	11.0	12.0	12.2	12.5	12.7
Retail	11.0	10.4	11.5	11.7	11.9	12.1
Distribution	5.2	4.6	4.6	4.7	4.8	4.8
Hotels & Restaurants	7.0	6.3	6.5	6.6	6.7	6.8
Transport & Communication	9.6	8.4	9.2	9.3	9.5	9.6
Financial Services	3.0	2.8	3.1	3.2	3.2	3.3
Business Services	25.0	23.3	24.5	24.9	25.3	25.7
Public Admin & Defence	2.6	2.9	1.2	1.2	1.5	1.7
Education	9.6	8.2	7.8	7.9	8.1	8.2
Health*	16.9	8.0	8.1	8.2	8.4	8.5
Other Personal Services	7.5	5.4	5.4	5.5	5.6	5.7
Total	120.5	99.7	102.7	104.2	106.3	108.2

Source: Ecorys analysis, 2011; *the apparent fall in employment between 2006 and 2011 is due to the inconsistent reporting of employment for the Annual Business Inquiry by a large employer in the health sector and hence does not represent a 'real' fall in employment.

Ecorys High Scenario

Sector	Employment ('000)					
	2006	2011	2016	2021	2026	2031
Agriculture	0.4	0.4	0.3	0.3	0.3	0.3
Extraction	0.0	0.0	0.0	0.0	0.0	0.0
Food, Drink & Tobacco	0.3	0.2	0.2	0.2	0.2	0.2
Textiles, Clothing & Leather	0.1	0.1	0.1	0.1	0.1	0.1
Wood & Paper	0.3	0.2	0.2	0.3	0.3	0.3
Printing & Publishing	0.3	0.2	0.2	0.2	0.2	0.2
Manufacturing Fuels	0.0	0.3	0.3	0.3	0.3	0.3
Pharmaceuticals	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals nes	0.0	0.0	0.0	0.0	0.0	0.0
Rubber & Plastics	0.3	0.2	0.2	0.2	0.2	0.2
Non-Metallic Mineral Products	0.0	0.2	0.1	0.1	0.1	0.2
Basic Metals	0.0	0.0	0.0	0.0	0.0	0.0
Metal Goods	0.4	0.3	0.3	0.4	0.4	0.4
Mechanical Engineering	0.1	0.1	0.1	0.1	0.1	0.1
Electronics	0.8	0.4	0.4	0.4	0.4	0.5
Electrical & Instrumental Eng.	0.3	0.2	0.2	0.2	0.2	0.2
Motor Vehicles	6.9	4.8	6.3	6.7	7.1	7.6
Other Transport Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing nes	0.1	0.1	0.1	0.1	0.1	0.1
Utilities	0.7	1.0	0.8	0.8	0.8	0.8
Construction	12.1	11.3	12.5	12.7	12.9	13.1
Retail	11.0	10.7	11.9	12.2	12.5	12.9
Distribution	5.2	4.7	4.8	5.0	5.1	5.3
Hotels & Restaurants	7.0	6.3	6.5	6.6	6.7	6.8
Transport & Communication	9.6	8.5	9.4	9.5	9.6	9.8
Financial Services	3.0	2.9	3.2	3.3	3.3	3.4
Business Services	25.0	24.6	27.8	29.5	31.5	33.3
Public Admin & Defence	2.6	3.1	3.0	3.0	3.1	3.1
Education	9.6	8.5	8.0	8.1	8.3	8.4
Health*	16.9	8.3	8.4	8.5	8.7	8.8
Other Personal Services	7.5	5.5	5.6	5.7	5.8	6.0
Total	120.5	103.3	111.0	114.3	118.5	122.4

Source: Ecorys analysis, 2011; *the apparent fall in employment between 2006 and 2011 is due to the inconsistent reporting of employment for the Annual Business Inquiry by a large employer in the health sector and hence does not represent a 'real' fall in employment.

Ecorys Extended High Scenario

Sector	Employment ('000)					
	2006	2011	2016	2021	2026	2031
Agriculture	0.4	0.4	0.3	0.3	0.3	0.3
Extraction	0.0	0.0	0.0	0.0	0.0	0.0
Food, Drink & Tobacco	0.3	0.2	0.2	0.2	0.2	0.2
Textiles, Clothing & Leather	0.1	0.1	0.1	0.1	0.1	0.1
Wood & Paper	0.3	0.2	0.2	0.2	0.3	0.3
Printing & Publishing	0.3	0.2	0.2	0.2	0.2	0.2
Manufacturing Fuels	0.0	0.3	0.3	0.3	0.3	0.3
Pharmaceuticals	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals nes	0.0	0.0	0.0	0.0	0.0	0.0
Rubber & Plastics	0.3	0.2	0.2	0.2	0.2	0.2
Non-Metallic Mineral Products	0.0	0.2	0.1	0.1	0.1	0.2
Basic Metals	0.0	0.0	0.0	0.0	0.0	0.0
Metal Goods	0.4	0.3	0.3	0.4	0.4	0.4
Mechanical Engineering	0.1	0.1	0.1	0.1	0.1	0.1
Electronics	0.8	0.4	0.4	0.4	0.4	0.5
Electrical & Instrumental Eng.	0.3	0.2	0.2	0.2	0.2	0.2
Motor Vehicles	6.9	4.8	6.3	6.7	7.1	7.5
Other Transport Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing nes	0.1	0.1	0.1	0.1	0.1	0.1
Utilities	0.7	1.0	0.8	0.8	0.8	0.8
Construction	12.1	11.3	12.6	13.3	13.6	13.8
Retail	11.0	10.7	12.7	16.5	18.3	19.0
Distribution	5.2	4.7	5.3	7.4	8.4	8.7
Hotels & Restaurants	7.0	6.3	7.2	10.2	11.5	11.9
Transport & Communication	9.6	8.5	9.4	9.7	9.9	10.0
Financial Services	3.0	2.9	3.2	3.3	3.4	3.5
Business Services	25.0	24.6	28.1	31.0	33.4	35.3
Public Admin & Defence	2.6	3.1	3.0	3.1	3.1	3.2
Education	9.6	8.5	8.1	8.2	8.3	8.4
Health*	16.9	8.3	8.4	8.6	8.8	9.0
Other Personal Services	7.5	5.5	6.2	9.2	10.5	10.9
Total¹⁴	120.5	103.3	114.0	130.8	140.0	145.2

Source: Ecorys analysis, 2011; *the apparent fall in employment between 2006 and 2011 is due to the inconsistent reporting of employment for the Annual Business Inquiry by a large employer in the health sector and hence does not represent a 'real' fall in employment.

¹⁴ It is estimated that the long-term high growth employment could be increased by a further 1,800 FTE jobs by 2030 as a result of the Airport expansion associated with the extension to the main runway at Birmingham International Airport.

Appendix 4 – Future Requirement Assessment – Method Assumptions

Employment by Use Class

The table below sets out the SIC (Sector) to Use Class matrix employed in this analysis. The proportion of employment in each category in this matrix is based upon the share of reported employment as recorded by the Annual Business Inquiry (ABI) in different activities. This approach was applied to each of the sub-sectors in turn and with analysis going down to 4 digit SIC codes where required.

We have included B1b/c activities (i.e. light industry) with B2 uses as this better relates to the Valuation Office data on commercial floorspace categories which are used elsewhere in this analysis.

	B1	B2 incl B1b/c	B8	Non B	Sui Generis	Total
Agriculture	0%	10%	10%	80%	0%	100%
Extraction	0%	0%	0%	100%	0%	100%
Manufacturing	0%	90%	10%	0%	0%	100%
Utilities	5%	5%	15%	75%	0%	100%
Construction	5%	5%	10%	80%	0%	100%
Retail & Distribution	0%	0%	20%	70%	10%	100%
Hotels & Restaurants	0%	0%	0%	100%	0%	100%
Transport & Communication	5%	10%	20%	55%	10%	100%
Financial Services	60%	0%	0%	40%	0%	100%
Business Services	80%	15%	0%	5%	0%	100%
Public Admin & Defence	85%	0%	0%	15%	0%	100%
Education	10%	0%	0%	90%	0%	100%
Health	10%	0%	0%	90%	0%	100%
Other Personal Services	20%	0%	0%	70%	10%	100%

Employment Densities

Employment densities by Use Class are required in order to develop floorspace estimates. The adopted employment densities per worker are based on the latest available guidance as published in *Employment Densities Guide, 2nd Edition 2010, Drivers Jonas Deloitte for OffPAT and Homes and Communities Agency*.

The following assumptions were applied:

B1a – General Office Use – 12 sq m per worker

B1b/c, B2 – Average of General Industrial and Light Industry (Business Park) – 41.5 sq m per worker

B8 – Average of General and Large Scale Warehousing – 75 sq m per worker

Sui Generis – 36 sq m per worker

Site Density

An average development density of 40% has been adopted across this analysis. This equates to 4,000 sq m of floorspace per hectare. Town centre office densities could be higher, whilst some out of town high quality business parks may achieve a lower level if there are site constraints or particularly high provisions for landscaping. The 40% assumption accords with guidance and is generally accepted within the planning policy sector as a working assumption.

Allowing for Replacement

An allowance for replacement has been included within the methodology to encapsulate the wider changes in the economy not picked up in the employment projections. Within sectors there is constant churn of businesses and employees. Working practices change, new technologies are adopted and the sites and premises used by firms need to adapt to these new ways of working. As a result, there will be a need for some existing employment stocks to be replaced. There will also be instances where existing buildings are so dilapidated that they require complete reconstruction.

Developing a methodology to estimate the scale of replacement activity is not straightforward. However, over recent years DTZ has worked closely with a number of clients to understand this relationship and develop a model to estimate future requirements as a result of replacement activity. In particular DTZ worked closely with Hampshire County Council in 2010 to test and validate this approach and it was deemed logical, reasonable, evidence based and robust.

Typically within the property sector, development appraisals on new buildings consider a 25-30 year time horizon. As a result, one may expect that after this period, a building would be ripe for replacement. However, data on the age of commercial employment buildings indicates a very different picture. This implies that the useful lifespan of some stocks is considerable.

If buildings were replaced every 30 years, one would expect around 3% of all commercial employment property stocks to be replaced each year. Due to the existence of a substantial stock of property aged pre 1970 DTZ believes this to be an assumption that is too strong. As a result, for this analysis an assumption that 1% - 1.5% of existing stock is replaced each year. This effectively equates to a replacement of the entire commercial employment stock every 66-100 years (clearly there will be some property which is not replaced and other buildings which could be replaced more than once).

Applying this percentage to the total stock gives an indication of the average annual replacement requirement. However, not all of this replacement will require the provision of available sites at the beginning of the period. One would expect some replacement activity to take place on the site of the building being replaced. However, one would also expect this not to happen in all circumstances. For example, some sites are not in locations favourable for new employment development, others will be constrained as a result of infrastructure issues, unwilling landowners or unviable development costs/values. That is not to say these sites will not come forward for employment use in the future, it may be that the constraints take time to resolve before the site can be development ready, or it may be that a mix of uses is adopted for the site which reduces the total employment component. As such, there needs to be provision for part of the replacement allowance on sites which are currently unoccupied.

The exact balance between occupied and unoccupied sites is unknown, with no local or regional evidence to provide any firm guidance. In order to progress the analysis an assumption that 50% of replacement demand will occur on currently unoccupied sites and 50% will occur on currently occupied sites is adopted. These assumptions have been tested by Hampshire County Council officers and accepted as reasonable and justified. This same method has also been adopted in other studies by DTZ and found sound by Planning Inspectors.

Choice

An allowance of 10% to the sub-total (net additional + replacement) is included to account for the need to provide occupiers with choice in the marketplace, as different businesses will have different needs and requirements. This choice and flexibility may include choice of location or typology. It also ensures some flexibility to accommodate the frictional movement in the property market (allowing the market to move as one occupier vacates a property and another moves in behind with some delay for fit out etc).

