



**Nathaniel Lichfield
& Partners**

Planning. Design. Economics.

**Redcar & Cleveland Employment Land
Review Update**

Final Report

Redcar & Cleveland Borough Council

August 2013

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1.0 Introduction

- 1.1 This study has been commissioned by Redcar & Cleveland Borough Council (RCBC) to provide a robust and transparent assessment of the demand for employment land to 2029 and identify a suitable portfolio of sites to meet this requirement. The work updates the Council's earlier Employment Land Review (ELR), which was published in 2008 and was underpinned by analysis undertaken prior to the global recession of 2008/11.
- 1.2 In December 2012, a study team comprising of Nathaniel Lichfield and Partners (NLP) and DTZ was appointed by RCBC to prepare an updated ELR for the Borough. The work will help to shape a series of policy recommendations which will feed into the development of the Council's future Local Plan. The principal aims of this study are to provide:
- An assessment of employment land demand and supply to 2029;
 - An identification of areas where there is current, emerging or potential oversupply of land and premises for specific industry sectors;
 - A tested and realistic assessment of the existing and future local market demand for employment development in the Borough, with recommendations for likely phasing of delivery; and
 - A set of recommendations regarding the optimum amount of land and preferred locations for future employment land allocations and sectoral clusters.

Approach and Methodology

- 1.3 The methodological approach applied in undertaking this study generally follows Government guidance on undertaking Employment Land Reviews¹. It focuses on employment space needs for the group of B Use Classes indicated in Table 1.1. Other non B Class economic uses such as retail and commercial leisure uses have been excluded from the analysis on the basis that an existing and up-to-date evidence base relating to these Use Classes has been compiled separately by RCBC².
- 1.4 The requirements for both employment land and floorspace are considered in the study, and references to 'employment space' are intended to mean both these elements.

¹ *Employment Land Reviews: Guidance Note*, ODPM (2004)

² *Strategic Retail, Leisure and Office Study* (2011)

Table 1.1 B-Class Employment Land Definitions

B1	Business <ul style="list-style-type: none"> Commercial offices other than in a use with Class A2 Research and development – laboratories and studios Light industry
B2	General Industrial <ul style="list-style-type: none"> General industry (unless B1)
B8	Business <ul style="list-style-type: none"> Storage or distribution centres – wholesale warehouses, distribution centres and repositories

1.5 Key inputs to the process included a business survey and consultation with a variety of organisations with an interest in employment land issues in the Borough, including: landowners; property agents; developers; and economic development agencies. Engagement with stakeholders took the form of telephone discussions, one-to-one meetings and a visioning workshop.

1.6 The remainder of the report is structured as follows:

Table 1.2 Report Structure

Section	Content
2.0 Policy Context	Summary of key planning policy and economic development strategies from the national to the local level
3.0 Economic Context	Review of economic conditions and recent trends, to inform a SWOT analysis of the Borough's economy
4.0 Market Context	Commercial market overview outlining the key drivers of demand and the relative attractiveness of Redcar & Cleveland
5.0 Current Employment Sites	Qualitative and quantitative appraisal of the Borough's stock of employment land
6.0 Consultation	Summary of the key messages emerging from a variety of consultation approaches adopted to help inform the study
7.0 Economic Drivers	Identification of potential growth sectors that may have specific space requirements, taking into consideration the potential future economic role of the Borough, key drivers that could influence this and its competitive advantages.
8.0 Future Requirements for B Class Space	Draws upon a range of forecasting techniques to estimate the level of employment land required over the Plan period
9.0 Demand/Supply Balance	Draws together the analysis of demand and supply in order to identify a suitable future portfolio of land. Sets out a range of site-specific recommendations, including those areas of land to be de-allocated, or developed for mixed-use
10.0 Key Policy Choices	Summarises the overall portfolio of land identified for the Plan period and sets out a range of recommendations for key locations within the Borough
11.0 Conclusions	Overview of the key messages identified in the preceding sections

2.0 Policy Context

- 2.1 The production of this ELR has been informed by the aims and objectives of a variety of planning policy and economic strategy documents to ensure that the outputs form a robust part of RCBC's LDF evidence base. A full policy review can be found at Appendix 1. This section provides a summary of the key points identified by the policy review at the national, regional, sub-regional and local level.

National

- NPPF is a pro-growth policy document, recommending that planning should “do everything to support sustainable economic growth”
- Development plans should identify a broad range of sites for economic development, and avoid carrying forward existing allocations without evidence of need and a reasonable prospect of their take-up during the plan period
- Development plans should provide a portfolio of land that supports existing business sectors and plans for new or emerging ones. Flexible policies are needed to respond to changing economic circumstances

Regional

- Redcar & Cleveland is recognised as a key industrial location, underpinned by the importance of the petrochemical industry, as well as the steel, port and energy sectors
- The Tees Valley petrochemical complex (including sites at Wilton) must be maintained and allowed to grow
- The Regional Strategy states that RCBC should, through the Local Plan:
 - Make provision for **up to** 160ha of general employment land subject to locally assessed need
 - Safeguard **up to** 230ha of additional land (over and above the general allocations) for chemical and steel manufacturing
 - Support and encourage the sustainable development of Teesport

Clearly, there is no longer a requirement for the Local Plan to conform to these requirements, and it is for the Local Plan, drawing upon its evidence base, to arrive at an appropriate strategy, in line with the NPPF.

Sub-Regional

- Tees Valley Unlimited (TVU) aim to drive forward economic growth over the next 15 years. Central to achieving this aim is the need to provide support for a number of strategically important sectors, including:
 - Advanced manufacturing/engineering
 - Digital and creative industries

- Logistics and distribution
- The sub-region's Enterprise Zone (EZ) sites (including Wilton International, South Bank Wharf and Kirkleatham Business Park) will play a key role in delivering the area's economic objectives

Local

- Redcar & Cleveland's Regeneration Masterplan aims to deliver 14,000 new jobs over the next 15 years, through the implementation of four distinct area frameworks:
 - Redcar: develop the tourism and leisure economy and grow a business economy focused around the digital and creative industries
 - South Tees: maximise the attractiveness of South Tees as a destination for major industry and strengthen the area's role as the engine room of the UK industrial economy
 - Eston: transform the area into a small town comprising distinct neighbourhoods with a big 'heart' focused on shops, schools and community facilities
 - East Cleveland: support the development of local and rural businesses
- Redcar & Cleveland contains three EZ sites offering a range of benefits to investors:
 - Wilton – one of a small number of sites nationally that can offer large-scale occupiers enhanced capital allowances against the cost of plant and machinery
 - South Bank Wharf (Teesport & Tata Steel) – identified as enhanced capital allowance sites
 - Kirkleatham Business Park – business rate discounts worth up to £275,000 per eligible business over a five year period (as well as superfast broadband and a simplified planning regime)
- There is a need to improve connectivity both within Redcar & Cleveland and beyond the Borough
- The industrial economy will remain a key employer; however, the Borough is seeking to diversify the economic base through the expansion of the service sector (notably the creative industries, tourism and leisure)
- The Core Strategy sets out a range of recommended measures to help strengthen and diversify the local economy, including:
 - Support the development of renewable energy, recycling and other knowledge-based industries at Wilton International
 - Safeguard land required for the chemical and steel industries at Wilton International, Redcar and Skinningrove
 - Support the continued expansion of Teesport
 - Improve the image and quality of the South Tees Business Parks

- Support the development of Kirkleatham Business Park as a high quality employment site
- Provide a range of employment sites to meet the demands and aspirations of local entrepreneurs and businesses in Guisborough and East Cleveland

3.0 Economic Context

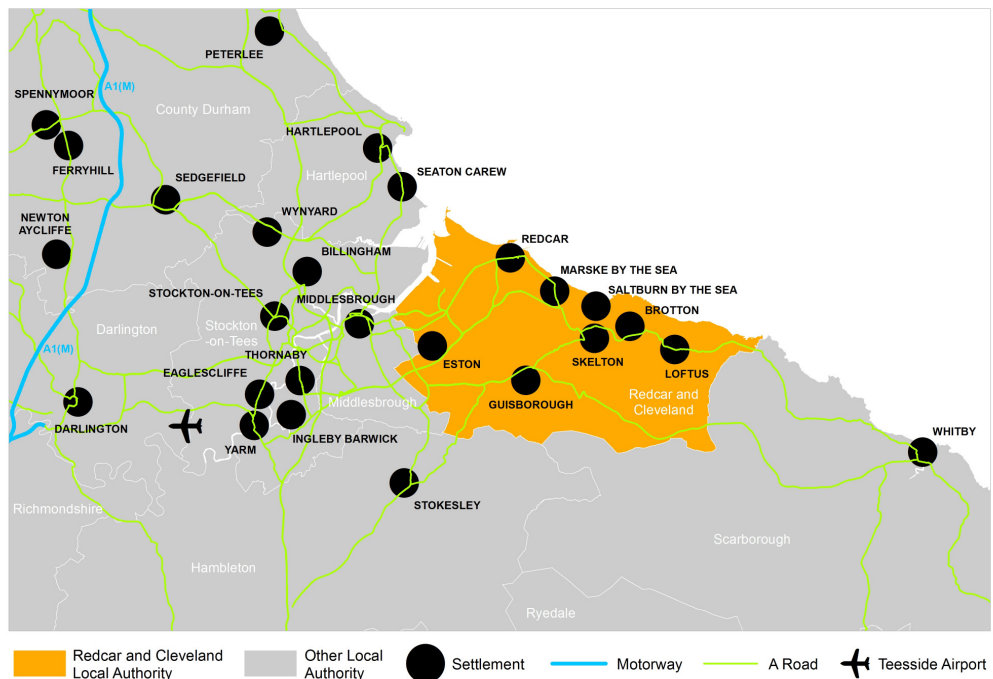
- 3.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within Redcar & Cleveland, relative to national and regional performance. This is important in understanding the existing strengths and weaknesses of the local economy and those factors likely to influence the scale and nature of future demand for employment space.

Geography and Connections

- 3.2 Located in the south east of the Tees Valley, Redcar & Cleveland lies to the south of the Tees estuary. The Borough is bounded by the local authorities of: Hartlepool (to the north west); Stockton-on-Tees and Middlesbrough (to the west); and Hambleton and Scarborough (to the south). Comprising of approximately 245 square kilometres, it is the largest of the five local authorities in the Tees Valley.
- 3.3 The total population of the Borough is in the order of 135,200. The largest town is Redcar, with a population of circa 36,000. Four miles to the west of Redcar, the urban area of Greater Eston comprises a series of settlements with a total population of almost 40,000. To the south of Redcar, along the coast, are a number of smaller towns and villages including Marske, Saltburn and Skelton. Inland from the coast is the market town of Guisborough, which borders the North York Moors National Park.
- 3.4 The Borough is one of significant contrasts, and includes the attractive coastal towns of Marske and Saltburn and the historic market town of Guisborough, as well as the vast industrial complexes of the steel and petrochemicals industry and Teesport. These concentrations of industrial activity are key drivers of local economic performance and represent major economic assets of regional/national significance:
- **Petrochemicals:** the petrochemical cluster focused on both banks of the Tees in Redcar & Cleveland and Stockton is the largest integrated chemicals complex in the UK in terms of manufacturing capacity and the second largest in Europe. The importance of the sector to the local economy is demonstrated by Experian (2012) data which indicates that the chemicals sector supports almost 900 direct jobs in the Borough and contributes £120m in GVA. This represents 8% of the local authority's total economic output, whereas the sector accounts for just 2% at the regional level; and
 - **Teesport:** one of the largest ports in the UK – handling 10% of all UK traffic. Teesport is integral to the success of the Tees Valley economy, supporting the import and export of goods and materials for a range of key sectors including steel, petrochemicals, manufacturing and engineering.

- 3.5 Connectivity in parts of the Borough is challenging, with locations in East Cleveland in particular poorly connected to the strategic highway. The principal road links in the area comprise the following routes:
- The A174 providing an east-west link through the urban areas of the authority to the A19 and the A1053;
 - The A66 runs from Teesport, west to Middlesbrough, and across the Tees Valley linking the Borough to Durham Tees Valley Airport, as well as the A1(M) and A19 – the main regional and national north-south routes; and
 - The A171 passes through Guisborough and links the rural parts of Redcar & Cleveland to Middlesbrough and Whitby.
- 3.6 With respect to rail access, the Tees Valley railway line runs from Saltburn, Redcar, Marske, British Steel and South Bank providing links to:
- Middlesbrough - where there are connections to the Transpennine line which serves York, Leeds, Manchester and Liverpool; and
 - Darlington – located on the East Coast Mainline and providing regular services to London, Edinburgh and Newcastle.
- 3.7 The nearest airport is Durham Tees Valley, which straddles the boundary of Darlington and Stockton-on-Tees. Whilst the airport does not currently operate flights to London, access to an international hub airport is provided via flights to Amsterdam Schipol.

Figure 1 Context Plan

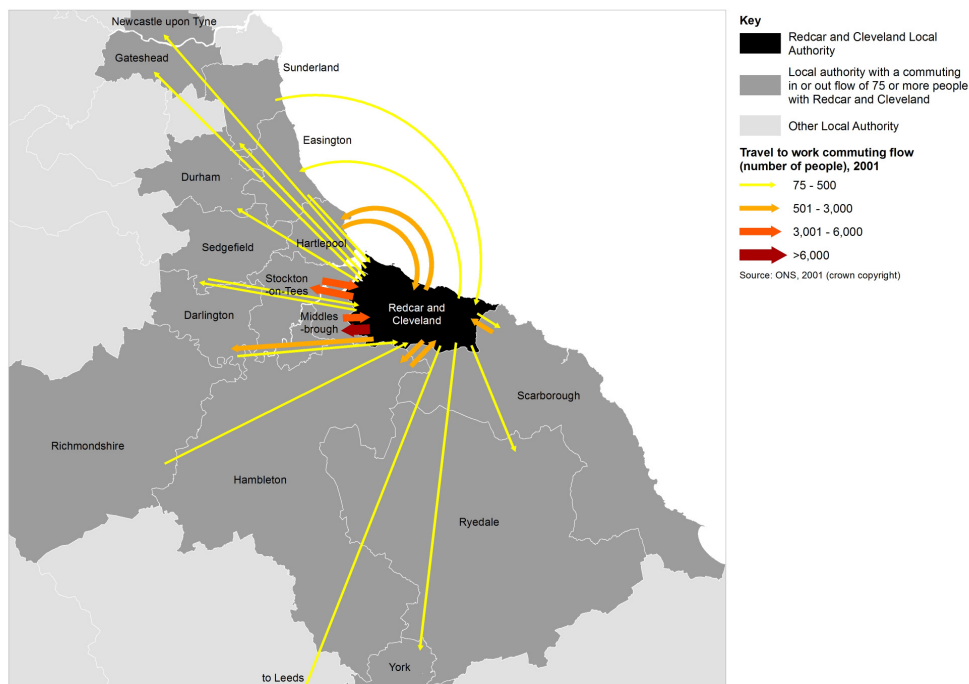


Source: NLP

Functional Economic Area

- 3.8 Examining commuting patterns can help in defining the functional economic area within which Redcar & Cleveland is located. Census 2001 data shows that 40% of the Borough's working residents were employed outside of the local authority area, representing a moderate-high level of out-commuting. In total, 21,800 residents worked elsewhere – predominantly in Middlesbrough (10,500) and Stockton-on-Tees (5,100). Smaller flows of residents to the remaining Tees Valley authorities and North Yorkshire were also observed.

Figure 2 Travel to Work Patterns



Source: Census 2001 / NLP Analysis

- 3.9 At the same time, approximately 13,100 workers commuted into Redcar & Cleveland from elsewhere, with the influence of the Tees Valley and North Yorkshire economies once more apparent. Inflows are dominated by the movement of Middlesbrough (5,600) and Stockton-on-Tees (3,500) residents, with smaller inflows from Hambleton, Scarborough, Hartlepool and Darlington also observed.
- 3.10 Drawing together the analysis, it is clear that Redcar & Cleveland is a net exporter of labour, with a net outflow of 8,700 workers.
- 3.11 A commonly accepted approach to defining a Functional Economic Area is where at least 75% of a Travel to Work Area's resident economically active population also work in the area, and of all those working in the area at least 75% also live in the area. On this basis, the Borough would fall within a wider

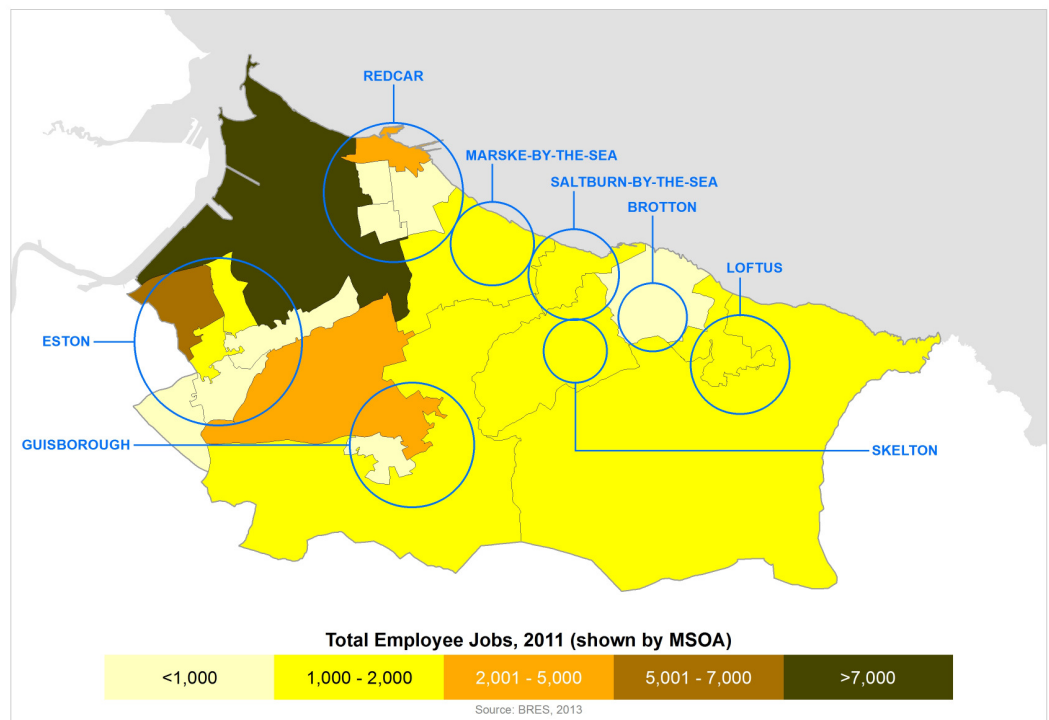
economic area comprising of Redcar & Cleveland and Middlesbrough (albeit with strong linkages to other parts of the Tees Valley and North Yorkshire).

Redcar & Cleveland's Economy

Economic Conditions and Trends

- 3.12 Redcar & Cleveland's population is estimated to be in the order of 135,200. Between 2001 and 2011 the number of residents fell by 3% - in stark contrast to the population growth observed across the North East (2%) and Great Britain (7%). The 2010-based Subnational Population Projections forecast that by 2031 the Borough's population will have declined further to 134,000.
- 3.13 Data from the Business Register and Employment Survey (BRES) indicates that there were 36,800 employee jobs in Redcar & Cleveland in 2011. As can be seen from Figure 3.3, the distribution of jobs is heavily skewed towards South Tees, with far lower concentrations of employment in East Cleveland.

Figure 3 Distribution of Employment



Source: BRES 2011 / NLP Analysis

- 3.14 The number of employee jobs in the Borough has fallen significantly over the last 10 years. Indeed, in 2001 there were 41,500 jobs in Redcar & Cleveland, which had reduced to 36,800 by 2011. This represents a contraction of 11.4%, which is in stark contrast to the increases observed at the regional (0.5%) and national (3.0%) level.

3.15 An analysis of pre and post-recession employment change within the Borough reveals, unsurprisingly, that the greatest reduction has been observed since the economic downturn of 2008/09. Indeed, employment fell by 8.9% between 2008 and 2011, compared to a contraction of 2.7% between 2001 and 2008. The decline in employment during the pre-recession period is, however, noteworthy in so far as it represents a stark contrast from the *growth* in jobs observed at the regional (5.4%) and national (4.7%) during this period of strong economic performance.

3.16 Figure 3.4 below provides a summary of employment change by sector. This is shown in proportionate terms, in order to facilitate a comparison with national and regional performance. From this it can be seen that manufacturing, agriculture and energy & water experienced the largest percentage decreases in employment. Smaller percentage falls were also observed in relation to: distribution, hotels & restaurants; and other services. An analysis of the absolute data identifies manufacturing as the key driver of decline within Redcar & Cleveland, with the sector shedding 5,500 jobs during the 10 year period.

3.17 Figure 3.4 also shows that strong growth was observed at the local level with respect to: construction; transport & communications; and financial & business services. Indeed, growth within Redcar & Cleveland exceeded the national level for all three sectors.

Figure 4 Employment Change (2001-2011)

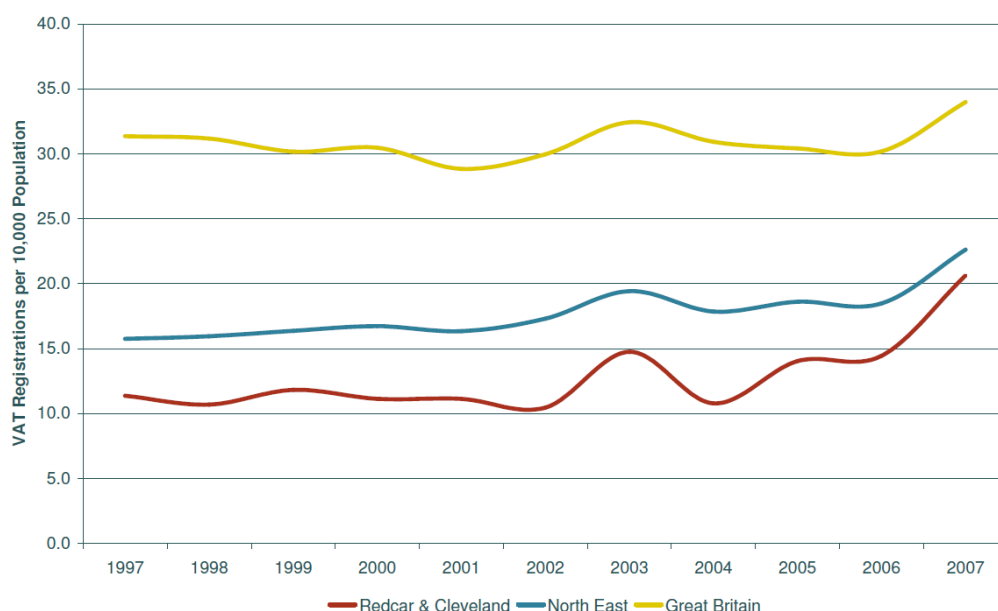


Source: ABI & BRES / NLP Analysis

3.18 An assessment of the size of businesses in Redcar & Cleveland shows that the Borough's business base is dominated by smaller firms comprising of 0-9 employees (79%). This is broadly in alignment with the regional average (78%) but lower than the national figure of 83%.

- 3.19 This is offset by a higher than average representation of businesses with 10-99 employees. Firms in this size banding account for 20% of Redcar & Cleveland's business base. This is in alignment with the North East average (20%) but higher than the corresponding figure for Great Britain (16%).
- 3.20 Between 1997 and 2007 (the most recent data available from ONS), the number of VAT registered firms in the Borough increased by 19%. This is significantly lower than the rate of growth observed at the regional (22%) and national (21%) level, reflecting the lower business formation rates observed within Redcar & Cleveland. Indeed, across this 10 year period, annual business formation rates for the Borough are estimated at 13 per 10,000 population, compared to 18 for the North East and 31 for Great Britain. It should, however, be noted that business start-ups have increased significantly at the local level over the period (as shown in Figure 3.5) increasing by 82% in Redcar and Cleveland between 1997 and 2007. This growth rate far exceeds the corresponding figures observed at the regional (44%) and national (8%) and as such, Redcar & Cleveland has been able to narrow the gap in terms of business start-ups.
- 3.21 Whilst data for 2008 onwards is not publically available, the Council's *Regeneration Masterplan Delivery Plan 2012-17* indicates that high levels of business formation have continued beyond 2007. Indeed, the document states that Redcar & Cleveland recorded one of the highest business start-up rates in the country between 2010 and 2012 (6.6%) resulting in the creation of 296 new businesses within the Borough.

Figure 5 Business Formation Rates (1997-2007)



Source: BERR / ONS / NLP Analysis

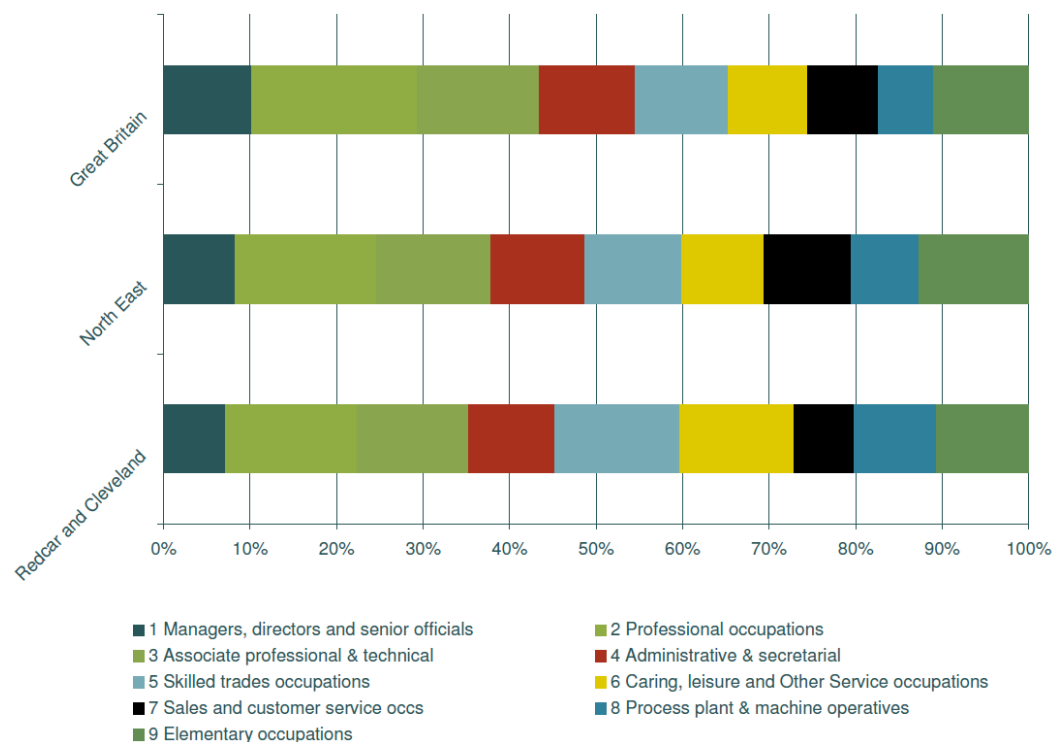
- 3.22 Claimant unemployment in Redcar & Cleveland is high and has risen sharply as a consequence of the recession from 3.6% in early 2008 to 6.6% in November

2012. The current figure exceeds both the North East (5.5%) and Great Britain (3.8%) averages. The proportion of long-term unemployed (34.8%) observed locally is also higher than the corresponding figures at the regional and national level (31.5% and 27.9% respectively).

- 3.23 The wider Annual Population Survey³ measure of unemployment also shows unemployment to be higher in the Borough (13.7%) in comparison with the North East (11.3%) and Great Britain (8.1%).
- 3.24 In November 2012 there were 8.7 claimant unemployed workers for every unfilled job centre vacancy in Redcar & Cleveland – above the regional (7.3) and national (3.8) averages. This indicates that the prospects of local residents finding work are poorer in the Borough than across the North East (or Great Britain) as a whole.
- 3.25 Redcar & Cleveland's resident workforce has a below average skills base. The Borough contains a lower proportion of graduate level workers (23%) than at the regional (27%) or national (33%) level and a greater number of workers with no qualifications (14% compared to 12% and 11% respectively).
- 3.26 The occupational profile of the Borough is broadly comparable with that of the North East region, although both differ from that of Great Britain. In comparison with the national average, Redcar & Cleveland is characterised by a lower proportion of residents in professional and managerial jobs. In contrast, the Borough has a higher concentration of semi and lower skilled workers (including: skilled trades; and process, plant and machinery operatives) reflecting the economic structure of the area and the relative strength of the manufacturing and process industries.

³ This records all those who are currently unemployed, regardless of whether they are claiming JSA or not

Figure 6 Occupational Breakdown of Resident Population



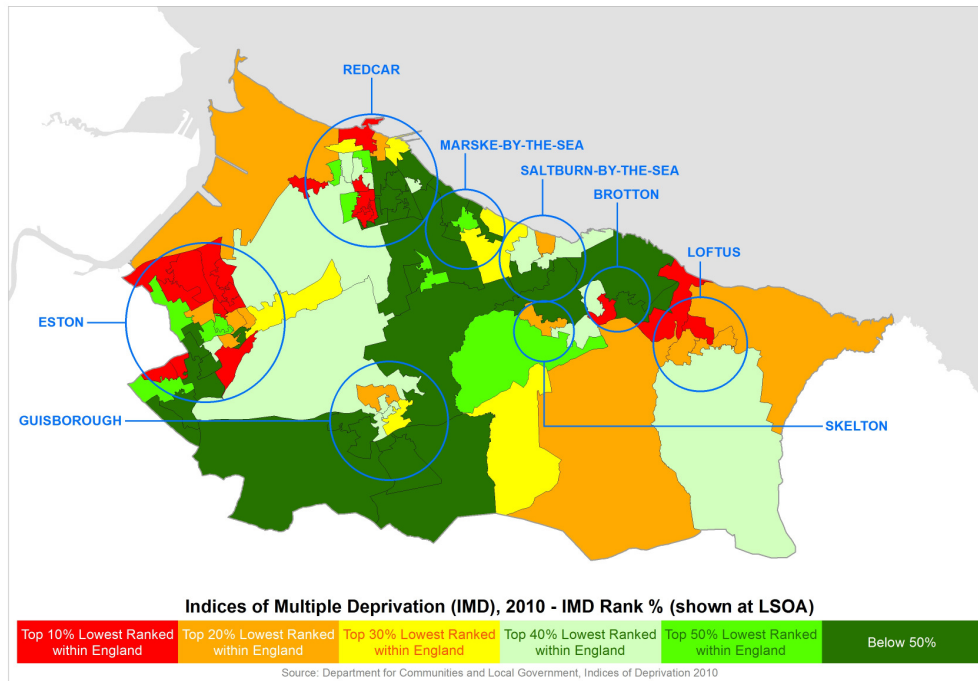
Source: Annual Population Survey / NLP Analysis

- 3.27 An analysis of the type of jobs required by claimant unemployed residents reflects, in part, the occupational structure outlined above. Semi and lower skilled occupations are the most commonly sought by those residents looking for work, including: elementary occupations (32%); sales and customer service occupations (22%); skilled trades (11%); and process, plant and machinery operatives (11%).
- 3.28 Resident wages in Redcar & Cleveland (£19,126 per annum) stand at 89% of the national average – broadly in alignment with the North East region as a whole. However, workplace wages are significantly lower (£17,828) representing just 83% of the national average and falling well below the regional figure. This would suggest that a significant number of residents are commuting beyond the local authority boundary to higher paid employment opportunities elsewhere.
- 3.29 Redcar & Cleveland is ranked as the 71st most deprived local authority out of 326 in England⁴, making it one of the 25% most deprived areas nationally. Analysing the data at a more localised level (Figure 3.7) shows that deprivation varies significantly across the Borough, with contains pockets of acute deprivation located in close proximity to some relatively affluent communities.

⁴ English Index of Multiple Deprivation

It can be seen that deprivation is a particular challenge in and around the towns of Redcar, Eston, Loftus and Brotton.

Figure 7 Deprivation



Source: English Indices of Deprivation 2010) / NLP Analysis

Inward Investment

3.30 Quantitative data on inward investment inquiries and activity within Redcar & Cleveland is monitored by Tees Valley Unlimited and this cannot be disaggregated by local authority. Nevertheless, the Borough's Commercial Investment Team has provided a useful qualitative understanding of the area's performance and positioning within the sub-region. Discussions with the team indicated that in general, the level inquiries for employment space is significantly lower than in the period leading up to the recession, although there have been signs in recent months of activity beginning to pick up.

3.31 Demand is primarily driven by key locations such as:

- Wilton – a globally recognised location within the petrochemicals sector. Demand is therefore comparatively strong, however, the nature of the industry and the scale of investment means that the profile of development activity is lumpy;
- Kirkleatham – a popular location for a variety of businesses, including those with supply chain linkages to the steel and petrochemicals sectors; and

- Teesport – demand for logistics and distribution premises is lumpy, but has resulted in a number of significant requirements including 110,000sq.m for the Tesco Distribution Centre in 2009/10.
- 3.32 Notwithstanding the above, the Council's Commercial Investment Team has also observed an increase in inquiries for smaller business premises (4,000-5,000sq.ft) over the last 9-12 months. This is a function of:
- Business owners/managers with a connection to Redcar & Cleveland making a lifestyle decision to move back to the area and relocating the business as a consequence;
 - Businesses relocating from elsewhere in the Tees Valley and North Yorkshire for commercial/cost reasons; and
 - Local residents taking the decision to start their own business.
- 3.33 It is understood that demand from the service sector is currently weak within Redcar & Cleveland. The Council's Commercial Investment Team acknowledged that other locations in Tees Valley (such as Stockton/Middlesbrough and Darlington) have a better established premises offer and clusters of activity in sectors such as digital and creative and financial and business services and that this was a key factor behind the muted level of demand.
- 3.34 Digital City in Middlesbrough, for instance, has traditionally been perceived as a brake on Redcar & Cleveland's ability to attract digital and creative businesses to the area. Digital City benefits from proximity to and links with Teesside University as well a strong brand and a recognised a clustering of activity within purpose built accommodation. The opening of the Palace Hub on the Redcar seafront in 2013 is intended to enable the Borough to compete more effectively for investment in the sector moving forwards, by providing a fit for purpose premises offer and a physical hub for digital and creative activity.
- 3.35 The Borough's key economic assets (petrochemicals and steel sectors and Teesport) were identified as particular strengths in relation to Redcar & Cleveland's inward investment offer. In addition, the Borough benefits from being the location of 3 of Tees Valley's 12 EZ sites and whilst it was acknowledged that the current EZ is unlikely to skew the market in the way that previous iterations did, the financial incentives on offer are expected to help increase the area's appeal as a business location. The availability of good quality office space at Kirkleatham and a good spread of light industrial space across the Borough were also identified as strengths.
- 3.36 A lack of good quality, available land at South Tees (a location where demand is comparatively strong) was identified as a constraint to attracting inward investment, so too was the stronger profile and brand of locations elsewhere in the Tees Valley with respect to creative/digital and other service sectors.

Knowledge-based Industries

- 3.37 Knowledge-based industries are those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors. As such, the relative representation of such firms is considered to be an important indicator of an economy's competitiveness and future growth prospects⁵.
- 3.38 It is estimated that 16.7% of all businesses in Redcar & Cleveland are knowledge-based. This is significantly lower than the national figure (21.8%) but broadly in alignment with the regional figure of 16.9%⁶. Within the regional context, therefore, the Borough has an average representation of those businesses that are more likely to generate strong future growth.

SWOT Analysis

- 3.39 Table 3.1 provides a summary of the analysis contained within the preceding paragraphs. In some instances, it also reflects the findings of the commercial market analysis undertaken by DTZ (and discussed in the following sections).
- 3.40 The information is drawn together in order to identify the economic strengths and weaknesses of Redcar & Cleveland, as well as the key potential opportunities and threats. Clearly, all of the factors summarised in the table offer the potential to influence the Borough's ability to support the delivery of, and demand for, new employment space over the Plan period.

⁵ Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high technology manufacturing such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development

⁶ UK Competitiveness Index (2010)

Table 3.1 SWOT Analysis of Redcar & Cleveland

Strengths	Weaknesses
<ul style="list-style-type: none"> • Global expertise and reputation in the steel and petrochemicals sectors • Teesport – one of the largest ports in the UK • Cost competitive office and industrial locations • Recent high levels of business formation • Attractive residential locations – Guisborough and East Cleveland 	<ul style="list-style-type: none"> • Poor recent employment performance – severe contraction since 2008 recession • Poor connectivity (in parts) with some locations peripheral to the highway network • Shortage of good quality office premises • Issues of functional obsolescence affecting premises in some locations • High levels of unemployment • Pockets of deprivation and poor quality housing stock • Poor perceptions of the area as a place to live
Opportunities	Threats
<ul style="list-style-type: none"> • EZ sites at Wilton, Teesport and Kirkleatham Business Park • Growth potential in the renewable energy sector • Planned expansion of Teesport – opportunity to grow the logistics and distribution sector • Palace Hub to provide a focus and brand for creative and digital firms • Increasing demand for premises from individuals/businesses with ties to the Borough 	<ul style="list-style-type: none"> • Other locations (including 9 EZ sites elsewhere in Tees Valley) will compete for demand • Footloose nature of large, global businesses – RCBC vulnerable to external investment decisions • Availability of land is constrained by ownership issues • FBS and creative/digital industries – stronger demand (and brand) elsewhere in Tees Valley • Low population growth and an ageing population

Source: NLP Analysis

4.0 Market Context

4.1 This section provides an overview of the commercial property market within Redcar & Cleveland, considering the key drivers of demand and the attractiveness of the area in comparison to competing locations across the North East. The findings are based primarily upon discussions with a number of commercial agents, developers and landowners active in the area. This work has been supplemented by desk based research, drawing upon sources such as DTZ Research, EGi and PROMIS.

The Office Market

4.2 The UK office market has remained subdued in recent years, reflecting the impact of the prevailing economic uncertainty. Whilst overall take-up in the regional office market increased to 86,399 sq m (930,000 sq ft) during 2012, it remains below the 10 year quarterly average of 92,903 sq m (1,000,000 sq ft).

4.3 The current environment of economic constraint – coupled with the number of large requirements satisfied in 2010 (and to a lesser extent 2011) – means that regional take-up for 2012 was subdued. Activity remains focussed on the smaller end of the market, with a large proportion of deals for accommodation under 464.50 sq m (5,000 sq ft).

4.4 Take-up remains driven by lease events such as: break clauses and lease expiry; consolidation; corporate cost saving; and opportunism. In most cases, tenants are only moving if they have to, or if they have the opportunity to downsize or reduce their costs. There are now a greater number of opportunistic mid-sized professional firms interested in the value and flexibility of the highly specified Grade B space available.

4.5 Despite the increasing proportion of grade B transactions, there remains an abundant overhang of available grade B space, as well as a shortage of grade A space. The latter is due to the lack of new developments, with finance and appetite for new speculative office developments having fallen away considerably since 2008. Without a pre-let in place it is unlikely that new development will be brought forward over the short and medium term.

4.6 Overall, regional availability is forecast to fall from 2012 over the medium term. However, the fall in total availability is expected to be gradual due to the relatively low proportion of new entrants or expansions expected in the near term. As the amount of available stock begins to fall, headline rents will begin to increase on quality space in the best locations, with landlord incentives also reducing.

The Industrial Market

4.7 The North East industrial market has experienced a significant shift from its traditional reliance on heavy industry to today where there is now a strong

presence of domestic, international and global companies who have chosen to locate in Tyne and Wear, County Durham, Northumberland and Teesside.

- 4.8 Nissan can be seen as one of the more successful companies and one that influences demand for industrial accommodation across the region. The Nissan plant in Washington, Tyne & Wear, is now recognised as one of the most productive in Europe and the UK's largest car producer.
- 4.9 The firm continues to be a topic of discussion in the region, having secured the production runs for the Leaf and new Qashqai lines, with a projected growth in production from 2013. Whilst this is yet to transfer into take up, there are registered requirements from Nissan and their suppliers totalling 46,450 sq m (500,000 sq ft) in 9,290 sq m (100,000 sq ft) units.
- 4.10 More recently, it has also been announced that the Washington plant has been awarded the contract to build a new model (currently known as the Invitation). It is anticipated that this could create additional demand for 74,320 sq m (800,000 sq ft) from Nissan and Tier 1 suppliers across the region.
- 4.11 Other regional drivers of demand include the approval of Hitachi's £4.5 billion state contract to build express train carriages. It is envisaged this will create 1,000 jobs and bring a £660 million boost to the North East economy over the next 20 years with significant knock-on effects to markets across the region.
- 4.12 Take-up for Q3 2012 within the North East was 47,194 sq m (508,000 sq ft). This is over three times the Q3 2011 level but represents a fall from Q2 2012 when take-up was 92,902 sq m (1,000,000 sq ft); the highest level since 2009 and over three times the average.
- 4.13 Despite being restricted by a lack of available stock, one grade A letting was completed in Q3. CMP Products, part of British Engines, bought 79,000 sq ft of warehouse space at Nelson Park, Cramlington. Another key transaction was the letting of 22,947 sq m (247,000 sq ft) of space at Drum Industrial Estate to Simpsons Brothers Transport.
- 4.14 The North East now has the second lowest amount of available Grade A space in the UK at 46,451 sq m (500,000 sq ft). This should be somewhat eased over the coming months by the return to the market of 24,154 sq m (260,000 sq ft) at Fox Cover 7 and 8 due to Cumbrian Seafood's going into administration.
- 4.15 In terms of other market activity, the region has experienced a recent resurgence within the oil industry with renewed confidence generating growth. There is a large subsea sector supplying equipment used to recover oil and gas from the seabed. Recent forecasts have highlighted an expected average growth rate of 29% over the next two years.
- 4.16 The North East subsea sector serves a global market, with a presence across Europe, Africa, North and South America, the Middle East and the Far East.

- 4.17 The renewable and offshore energy sector has also played its part in encouraging growth, with the North East positioning itself as a focal point for associated business and occupiers supporting the industry.

Employment Premises

- 4.18 The following paragraphs consider the quantum of existing employment premises across Redcar & Cleveland. This analysis is intended to help understand the total amount of accommodation, its composition and its distribution across the Borough.

Approach to Analysis

- 4.19 For the purpose of this analysis DTZ have used data from the Valuation Office Agency on the number of rateable hereditaments (that is to say, the number of properties identified by the Valuation Office Agency (VOA) as being “rateable”) and the total amount of commercial floorspace by property type.
- 4.20 It is a legal requirement that the rateable values of all non-domestic properties are revalued every five years. The latest revaluation occurred in April 2010 and the Valuation Office Agency notes that the changes occurring for each revaluation have a significant and unavoidable impact on the continuity of the statistics between valuation dates. It is therefore necessary to treat with caution the statistics for each valuation cycle when comparing them directly to the datasets from the immediately preceding period. Nevertheless, it is considered that the comparison between these datasets provides an indication of the trends of both rateable hereditament numbers and floorspace.
- 4.21 The total number of rateable hereditaments provides an indication of the total stock of premises in the market and can be analysed over time to identify the net addition (or reduction) in stock over this period. It should be noted that this does not account for the quality of space, nor does it take account of changes in vacancy rates.
- 4.22 In considering this data DTZ have also utilised an analysis of hereditaments across local authorities published by the Office for national Statistics (ONS) between 1999 and 2008 (the last date for which this analysis was published). DTZ have then updated this same analysis for today’s date. It should be noted that the approach of DTZ is based upon the same methodology adopted by ONS; however, comparison between the studies should only be taken as a guide due to the limitations of the VOA data as referred to above.

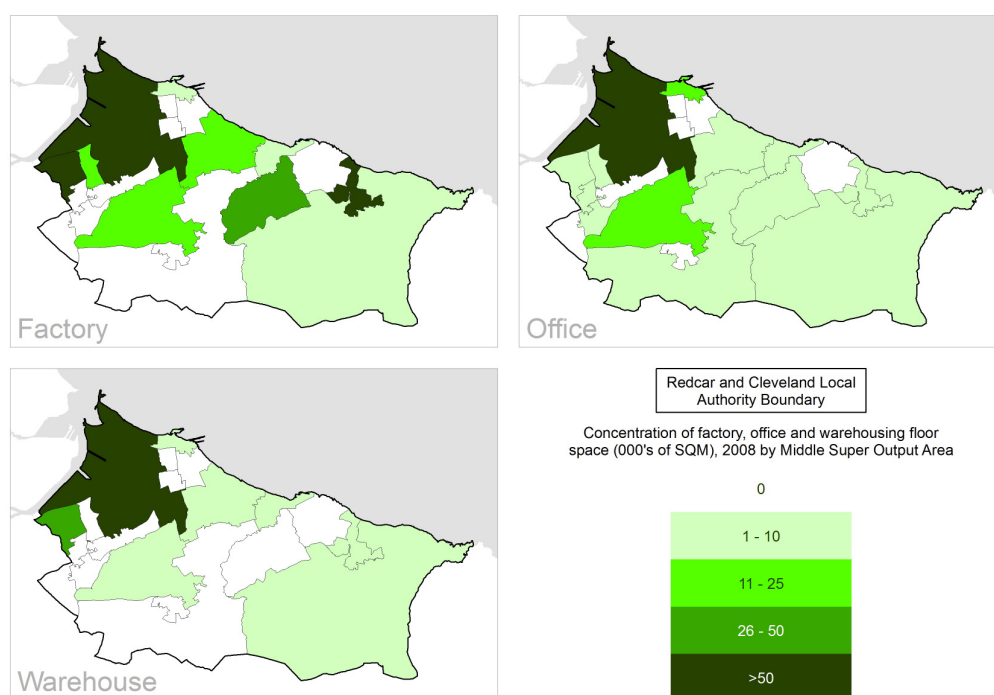
Distribution of Premises

- 4.23 The graphic overleaf shows the distribution of office, factory and warehouse accommodation across Redcar & Cleveland as at 2008 and based on the total amount of floorspace (as measured in 000’s of sq.m.).

4.24

This clearly demonstrates the concentration of accommodation in the South Tees and Greater Eston area across all three uses, with the concentration of employment premises declining as those parts of the Borough located further away from the Teesside conurbation and the key linkages around Teesport, the A19 and A66. This balance must therefore be considered in the allocation of land for future employment development.

Figure 8 Distribution of Employment Floorspace



Source: VOA / NLP Analysis

4.25

In 2008, Redcar & Cleveland contained almost 2 million sq.m of B class floorspace. A breakdown of this space, by main uses, and a comparison with employment space levels in the surrounding local authorities, are provided at Figure 4.2.

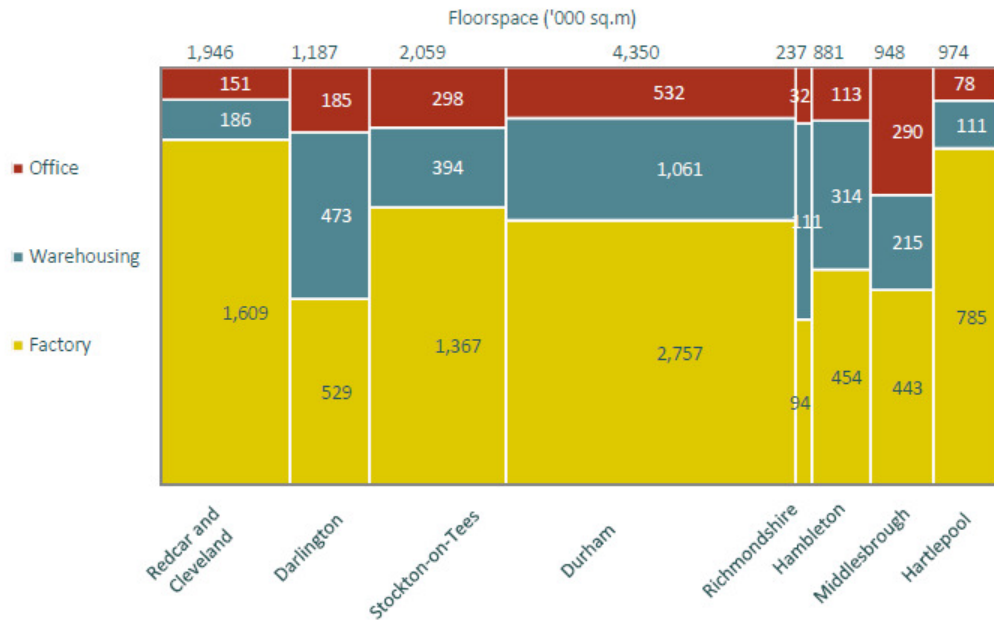
4.26

This indicates that 92% of the Borough's employment space is industrial, with a much smaller level (8%) of office provision. It can also be seen that the provision of office space is dominated by factory, rather than warehousing, space. The graph also indicates that Redcar & Cleveland has a larger supply of employment space overall than many nearby authorities (excluding County Durham and Stockton-on-Tees) and that the Borough has a particularly large supply of factory space.

4.27

It can also be seen from Figure 4.2 that Redcar & Cleveland has a relatively small supply of office floorspace, particularly when considered within the Tees Valley context. Indeed, within the Tees Valley, only Hartlepool has less office floorspace.

Figure 4.2 Employment Floorspace in Adjoining Districts (2008)



Offices

4.28

Turning to office accommodation within Redcar & Cleveland, the first analysis undertaken by DTZ considers how the total number of office premises has changed between 1999 and 2008. This analysis is presented for Redcar & Cleveland and the immediately surrounding or competing Local Authorities.

Table 4.1 Total Premises (1999-2008)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change	%
Redcar & Cleveland	400	434	467	467	512	523	493	494	494	501	101	25%
Darlington	519	530	538	533	536	535	531	544	591	586	67	13%
Stockton on Tees	662	712	742	778	785	806	789	838	861	903	241	36%
Durham	1,518	1,519	1,607	1,690	1,728	1,806	1,729	1,869	2,083	2,151	633	42%
Richmondshire	172	167	177	188	191	200	191	205	217	244	72	42%
Hambleton	412	419	436	455	460	468	472	485	516	574	162	39%
Middlesbrough	823	821	811	805	816	814	797	779	763	761	-62	-8%
Hartlepool	235	250	254	257	254	256	242	282	281	286	51	22%
Total	4,741	4,852	5,032	5,173	5,282	5,408	5,244	5,496	5,806	6,006	1,265	27%

- 4.29 As can be seen from the table above, the number of office premises in Redcar & Cleveland has grown at a rate consistent with the average of the sample area, although it remains smaller in market size than many of the neighbouring Teesside authorities.
- 4.30 The largest growth in office premises was observed within both Stockton and Durham. These markets became dominated during this period by Enterprise Zones that encouraged large scale development through a myriad of tax incentives that divorced the construction of accommodation from market demand. As such the relationship between the supply of accommodation and market requirements became somewhat distorted.
- 4.31 Table 4.2 draws upon the same data sources in order to compare changes in the total floorspace of office accommodation across the eight Local Authorities.

Table 4.2 Total Floorspace 1999-2008 ('000 sq.m)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change	%
Redcar & Cleveland	77	153	157	158	165	159	148	150	151	151	74	96%
Darlington	140	163	161	161	162	169	167	177	185	185	45	32%
Stockton on Tees	212	246	247	264	276	281	271	285	296	298	86	41%
Durham	334	411	426	434	445	452	441	521	524	532	198	59%
Richmondshire	20	20	22	22	22	24	21	24	26	32	12	60%
Hambleton	74	85	89	94	96	97	97	105	106	113	39	53%
Middlesbrough	243	300	289	281	289	289	286	286	292	290	47	19%
Hartlepool	70	77	78	80	81	80	75	78	78	78	8	11%
Total	1,170	1,455	1,469	1,494	1,536	1,551	1,506	1,626	1,658	1,679	509	44%

- 4.32 As can be seen from Tables 4.1 and 4.2, the total amount of office accommodation (in floorspace terms) within Redcar & Cleveland grew at a

faster rate than the number of premises. This would indicate a move towards slightly larger premises, perhaps replacing outdated or outmoded older stock.

- 4.33 Despite strong growth over the period, the total amount of office floorspace in Redcar & Cleveland remains below that observed in the immediately adjoining areas of Middlesbrough and Stockton, which represent the largest office markets within the Tees Valley.

Warehouses

- 4.34 The following paragraphs consider the existing supply of warehouse premises within Redcar & Cleveland. This category (as defined by the VOA) includes a wide range of industrial accommodation from large distribution depots through to showrooms and small storage premises.

- 4.35 Table 4.3 provides a summary of ONS data regarding the change in the total number of warehouse premises in the Borough between 1999 and 2008. This is benchmarked against data for the seven neighbouring Local Authorities.

Table 4.3 Total Premises (1999-2008)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change	%
Redcar & Cleveland	436	446	445	445	436	429	339	344	339	333	-103	-24%
Darlington	379	382	389	390	392	386	419	442	431	426	47	12%
Stockton on Tees	406	408	407	418	420	409	150	164	159	164	-242	-60%
Durham	1,560	1,552	1,547	1,500	1,492	1,464	1,501	1,518	1,523	1,509	-51	-3%
Richmondshire	232	232	235	238	235	231	242	250	250	266	34	15%
Hambleton	452	449	437	449	456	454	488	508	548	558	106	23%
Middlesbrough	417	412	401	402	390	391	178	174	176	186	-231	-55%
Hartlepool	181	189	194	204	204	206	194	199	208	214	33	18%
Total	4,063	4,070	4,055	4,046	4,025	3,970	3,511	3,599	3,634	3,656	-407	-10%

- 4.36 As the table illustrates, a number of authorities experienced a fall in the total number of premises over the period including Redcar & Cleveland. This is likely to reflect a combination of factors including: the redevelopment of older stock; the de-allocation of some employment accommodation; and the impact of empty rates liability which has encouraged increased demolitions in many instances.

- 4.37 Changes in the total amount of warehousing floorspace across each authority are summarised in Table 4.4. This shows that Redcar & Cleveland experienced an above average increase in floorspace. When compared to the change seen in number of premises, this indicates a small number of larger premises coming on stream, possibly driven by a change in occupiers' requirements brought about by business growth in one of the areas key industries of Steel, Chemicals and port related industries.

Table 4.4 Total Floorspace 1999-2008 ('000 sq m)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change	%
Redcar & Cleveland	140	162	163	166	164	159	148	157	180	186	46	33%
Darlington	321	323	337	334	337	333	339	412	426	473	152	47%
Stockton on Tees	521	527	570	583	587	575	306	308	343	394	-127	-24%
Durham	833	843	873	898	937	969	914	1,017	1,063	1,061	228	27%
Richmondshire	101	104	106	107	105	107	109	111	110	111	10	10%
Hambleton	279	289	290	297	322	320	278	291	327	314	35	13%
Middlesbrough	296	296	296	296	294	310	228	207	211	215	-81	-27%
Hartlepool	102	215	209	223	224	225	130	132	120	111	9	9%
Total	2,593	2,759	2,844	2,904	2,970	2,998	2,452	2,635	2,780	2,865	272	10%

Factory

- 4.38 An analysis of factory premises is set out in the following paragraphs. Factory accommodation is defined by the VOA as including a range of premises from small workshops to very large manufacturing units.
- 4.39 Table 4.5 summarises the change in the total number of premises between 1999 and 2008. ONS data indicates that the increase in the total number of premises observed within Redcar & Cleveland exceeded the average for the area. Indeed, the Borough experienced the second largest rise of all the authorities considered within the table.

Table 4.5 Total Premises (1999-2008)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change	%
Redcar & Cleveland	470	483	505	497	506	515	623	608	616	616	146	31%
Darlington	572	574	567	576	580	574	572	573	581	578	6	1%
Stockton on Tees	750	753	749	754	759	749	1,042	1,038	1,022	1,024	274	37%
Durham	2,352	2,369	2,399	2,396	2,416	2,398	2,333	2,361	2,346	2,324	-28	-1%
Richmondshire	273	268	275	278	284	298	305	308	314	320	47	17%
Hambleton	568	570	552	573	573	591	589	595	604	601	33	6%
Middlesbrough	603	597	593	583	573	566	791	783	779	759	156	26%
Hartlepool	424	431	437	441	444	449	468	467	464	471	47	11%
Total	6,012	6,045	6,077	6,098	6,135	6,140	6,723	6,733	6,726	6,693	681	11%

- 4.40 It is also important to consider the change in factory floor space over the same period. An analysis of the data (Table 4.6) illustrates that there has again been an above average increase in floor space. It is also important to note that across the same period many authorities also saw a decline in total floor space as many industries move towards smaller more efficient processes; however,

this growth demonstrates the potential continued importance of larger heavy industries to the local economy.

Table 4.6 Total Floorspace: 1999-2008 ('000 sq m)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change	%
Redcar & Cleveland	1,321	1,414	1,410	1,408	1,401	1,405	1,704	1,833	1,602	1,609	288	22%
Darlington	658	650	637	631	623	616	628	623	604	529	-129	-20%
Stockton on Tees	960	977	944	933	935	937	1530	1454	1382	1367	407	42%
Durham	2,850	2,895	2,904	2,889	2,862	2,848	2,894	2,901	2,833	2,757	-93	-3%
Richmondshire	95	92	97	96	99	99	97	100	100	94	-1	-1%
Hambleton	361	356	372	388	389	408	464	469	434	454	93	26%
Middlesbrough	401	409	399	391	390	379	448	459	455	443	42	10%
Hartlepool	622	642	626	628	630	647	748	721	784	785	163	26%
Total	7,268	7,435	7,389	7,364	7,329	7,339	8,513	8,560	8,194	8,038	770	11%

Employment Space in Adjoining Areas

4.41 It is also important to understand the extent of available employment land in adjoining districts and any major new economic developments coming forward there which might compete with the Borough for future demand. A brief review has therefore been undertaken below of the current position in each area.

Stockton-on-Tees

4.42 Located within the Tees Valley, Stockton is situated to the east of Darlington. The largest settlement within the Borough is the town of Stockton. The Borough's ELR was undertaken in 3 stages, with Stages 2 and 3 completed in 2007-8.

4.43 The work identified a requirement for 340ha of general employment land over a 25 year period, with the total supply of land estimated at 909ha. In order to address this clear oversupply, the ELR made the following recommendations:

- One site of 31ha should be de-allocated from the Borough's employment land portfolio;
- Eight sites totalling 317.68ha should be safeguarded for restricted uses; and
- 26 sites totalling 323.2ha should be retained for employment land uses.

4.44 The ELR concludes that the restricted use sites listed in Table 4.7 should be excluded from the supply of general employment land on the basis that they are restricted for a particular purpose and represent a requirement that is over and above that identified by the demand forecasts used to estimate the future requirement for general employment land. Due to the specific nature of these sites, the ELR states that their retention will not give rise to any adverse effects in terms of over-supply of general employment land.

- 4.45 Taking account of the above, the ELR recommends the retention of 323ha of general employment land. This is broadly in alignment with the identified requirement for 340ha over a 25 year period.

Table 4.7 Restricted Employment Use Sites

Site	Restricted Use	Adjusted Area (ha)
Durham Tees Valley Airport	Airport	40.35
North Tees Pools	Chemicals	93.97
Chemplex (former ICI) North	Chemicals	32.52
Sand Seals	Chemicals	71.15
Billingham Reach	Port	9.30
Casebourne Site	Port	6.17
Port Clarence	Port	39.63
Haverton Hill	Port	24.59
Total		317.68

- 4.46 Strong growth prospects were identified in the ELR for some of the Borough's key clusters including chemicals and process industries, renewable energy and engineering, finance and business services and logistics sectors.

- 4.47 The following sites were identified as being of regional or sub-regional significance:

- Wynyard (104.99ha) – important to the image of Stockton and the development of the sub-regional economy providing high quality office premises and units suitable for large scale warehousing and distribution.
- North Shore (17.94ha) – Flagship regeneration scheme that will help transform a brownfield riverside site providing a high profile, mixed-use development. Identified in the Local Plan Preferred Options (LPPO) as an EZ alongside Belasis Business Park (20.76 ha) and Seal Sands (167.63 ha).
- Port Related Development – Billingham Reach (9.79 ha), Port Clarence (11.36 ha), Haverton Hill (24.59 ha) and the Casebourne (6.17ha) site are all restricted for port related development and it is considered important to retain these.
- Potentially Polluting and Hazardous Industrial Uses – It is considered important to retain North Tees Pools (113.25 ha), Seal Sands (167.63 ha) and the Chemplex (111.69 ha) sites for potentially hazardous and industrial uses.
- Airport (84.24ha) – The study recommended that land for the development of Durham Tees Valley Airport be retained.

Hartlepool

- 4.48 Situated to the north west of Redcar & Cleveland, Hartlepool is also located within the Tees Valley. Published in 2008 the Borough's ELR forecast a need

for 50-75ha of general employment land over a 25 year period and initially identified a supply of 372.86h of employment land across 54 sites.

4.49 The study recommended that the following could be stripped from the general supply of employment land on the basis that they are restricted for a particular purpose and represent a requirement that is over and above that identified by the demand forecasts used to estimate the future requirement for general employment land:

- 12.89ha to be restricted for chemical and steel industries; and
- 29.31ha to be restricted for port-related uses.

4.50 In addition, the ELR recommended that 185.06ha of land at Key Employment Locations (Wynyard and North Burn) be removed from the general supply on the basis that they are of regional significance and serve a market that extends far beyond Hartlepool.

4.51 12 sites comprising a total of 46.37ha were also recommended for retention, thereby leaving the Borough with 99.23ha of general employment land. This is largely in alignment with the upper end of the demand projections considered within the ELR (75ha). However, the document highlighted that the Council would need to consider further deallocations if it considered it more appropriate to plan for a level of demand closer to the bottom end of the forecasting range (50ha).

4.52 Analysis contained within the ELR concludes that the following sectors are likely to drive future economic growth: renewable energy; the electronic economy; and the process industry.

Middlesbrough

4.53 Middlesbrough is located to the west of Redcar & Cleveland and also lies within the Tees Valley. Middlesbrough Council has not undertaken an ELR. Whilst the adopted Core Strategy (February 2008) (CS) Policy CS1 sets out the RSS requirement for 185ha of employment land (based on the requirements of the RSS) it is understood this is not supported by any local assessment of demand.

4.54 The adopted Regeneration Development Plan Document (February 2009) sets out that following the development of 5ha of land for employment between April 2004 and March 2007, this requirement has reduced to 180ha.

4.55 Policy REG12 of the Regeneration DPD allocates 9 sites for employment totalling 180.30ha including:

- General Employment
 - Riverside Park – 34.58ha;
 - Cargo Fleet – 16.89ha;
 - Hemlington Grange – 15.00ha; and
 - Town Centre – 8ha.

- Major Mixed Use Brownfield Sites

- Middlehaven – 100ha

- 4.56 The CS recognises that the poor quality and choice of existing accommodation and sites remains a significant constraint on economic growth. It recommends that the needs of all forms of employment are catered for.
- 4.57 The priorities for economic development are identified (in the CS) as the regeneration of Middlehaven, development along the A66 corridor and developing the town centre as a focus for office and retail development.
- 4.58 Riverside Park remains the most significant employment location outside of the town centre. Where possible the loss of the traditional industrial estate should be prevented.
- 4.59 The LDF Regeneration DPD (February 2009) states that the Tees Valley Joint Strategy Unit Strategic ELR recognised that Hemlington Grange is no longer required as a prestigious employment site and instead described the site as a key development opportunity; representing an opportunity for mixed-use development.

Scarborough

- 4.60 Scarborough is situated in North Yorkshire and lies to the south east of Redcar & Cleveland. Whilst the 2006 ELR, undertaken by external consultants, concluded that employment land supply and demand within the Borough were broadly in equilibrium, the Council's Core Strategy Preferred Options (November 2009) (CSPO) supersedes this and acknowledges that this position is outdated.
- 4.61 It is of note that on 17 January 2012 Cabinet agreed to the principle of rebranding the LDF. The new approach is to produce a 'Local Plan' covering strategic policy, land allocations and more detailed development management policies. However, all the evidence and consultation undertaken with the LDF over the past few years will be taken into account in informing the Local Plan.
- 4.62 The CSPO highlights that since the publication of the ELR in 2006, the RSS was adopted in May 2008. The RSS identified demand for approximately 10ha of employment land to 2021 and the CSPO highlights that it became evident that the findings of the ELR were unrelated to the new levels of housing growth required by regional policy.
- 4.63 Whilst the LDF Allocations and Policies Document has not been progressed, the CSPO states that there is approximately 159ha of existing employment land comprising of:
- 101ha - Developed B1/B2/B8 land
 - 11ha - Undeveloped, vacant or derelict land; and
 - 47ha - Undeveloped land at Scarborough Business Park.
- 4.64 Further the CSPO forecasts a requirement of 12.2ha to 2021, representing an oversupply. The 12.2ha requirement relates to office use (1.7ha requirement),

manufacturing and industry (7.4ha requirement) and storage and distribution (3.1ha requirement).

- 4.65 The CSPO states that the mix offered by the Council's existing portfolio of sites and premises is sufficient to allow the employment market to operate in a sustainable manner and to meet the forecasted requirements. Mindful of this, the Council will seek to protect the best quality employment sites from redevelopment for other non-employment uses; including through safeguarding vacant and occupied land at Business Parks across the Borough for B1, B2 and B8 uses.
- 4.66 The CSPO identifies that Scarborough Business Park is a key driver of the local economy - providing more than half of all employment land in the Borough.

Hambleton

- 4.67 Hambleton is situated to the south of Redcar & Cleveland, within North Yorkshire. The District's Strategic Housing and Employment Land Availability Assessment⁷ (SHELAA) (December 2012) states that the sites allocated in the document provide an adequate supply of employment land to 2021.
- 4.68 The SHELAA sets out that there are 122ha of employment land available across 31 sites, most of which are suitable for B1, B2 and B8 uses. However it is highlighted that some of these sites are mixed-use allocations and are therefore intended to deliver housing and recreational space in addition to employment uses. Taking out the mixed-use sites leaves around 80ha (gross) of employment land. This figure is more closely aligned with the CS requirement of 75ha employment land to 2021.
- 4.69 CS Policy CP11 states that most employment development will be encouraged to locate within the development limits of the Service Centres.
- 4.70 Policy DP16 of The Development Policies Development Plan Document (February 2008) states that support will be given to measures including:
- assisting the main industrial clusters represented in the area, particularly food, digital, biomedical and steel/engineering;
 - increasing manufacturing productivity;
 - encouraging local new and young businesses, particularly in key growth sectors such as IT, e-business, digital media and creative technology;
 - provision of high quality sites and mixed use sites; and
 - supporting the tourism sector.
- 4.71 The AMR states that the Council is delivering further targeted premises schemes aimed at high value, high skilled, growth sectors.

⁷ An assessment listing suitable employment sites falling below the 0.3ha threshold used in the assessment is expected spring 2013.

Competitor Locations

- 4.72 There are a number of established, emerging or potential employment sites in the wider region which will compete with Redcar & Cleveland for enquiries for both office and industrial accommodation. Whilst it is not possible to fully appraise each site or area, DTZ has provided a brief summary (below) of those sites and/or employment areas which are considered to be of most relevance to this ELR.

Teesdale Business Park, Stockton-on-Tees

- 4.73 Teesdale Business Park is located adjacent to the A66 and the Tees Barrage, extending to around 182 ha (450 acres). The scheme was developed on the site of the former Head Wrightsons Engineering Works, with work commencing on the site in the late 1980's. At the time it was one of Europe's largest mixed-use regeneration projects. As a consequence, the park was received very well, soaking up the backlog of demand for space within the Teesside area.
- 4.74 The Business Park has been successful in attracting a significant number of blue chip organisations including Barclaycard, Abbey National and Churchill Insurance. In addition, a number of Government organisations have been attracted to this area including the Probation Service. Durham University also has a Stockton Campus on the Business Park.
- 4.75 Teesdale Business Park is now almost built out, with Terrace Hill's 3 Acre scheme taking up some of the last available development land.

Preston Farm, Stockton-on-Tees

- 4.76 Preston Farm Business Park is located to the south of Stockton on Tees, just south of the junction between the A66 trunk road and the A135 Yarm Road. Developed over the last 15 to 20 years, it is a mixed use location offering not only modern warehousing and industrial premises, but also office development and a number of prestige motor trade operations.

Teesside Industrial Estate, Stockton-on-Tees

- 4.77 Teesside Industrial Estate is located to the south of Thornaby-on-Tees within the Teesside conurbation. The estate is 1.6 kilometres (1 mile) from the A19 and 4.8 kilometres (3 miles) from the A66.
- 4.78 Providing some 130 units on a site of 108 ha (266 acres), Teesside Industrial Estate in Stockton on Tees is one of the largest estates in Teesside. However, much of the development took place during the 1970's, resulting in units which are not always compatible with modern requirements.

North Shore, Stockton-on-Tees

- 4.79 Northshore comprises a 23 ha (56 acre) mixed-use regeneration scheme fronting the River Tees in Stockton. Stockton Borough Council has drawn up a

master plan for the area with an aim to deliver 167,225 sq m (1.8 million sq ft) of offices, leisure, and retail accommodation, in addition to high quality housing. The site has also been earmarked for new facilities required to expand Durham University Queen's Campus.

- 4.80 Phase one is located close to the new Infinity Bridge, which provides a pedestrian and cycle route connecting Teesdale Business Park and the University of Durham's Queens Campus. It will comprise a residential scheme creating family housing. As yet there has been no commercial development on the site.

Wynyard Park, Stockton-on-Tees

- 4.81 The Wynyard Park scheme, located just off the A19 east of Sedgefield, is set on around 280 ha (700 acres) and has outline planning permission for 685,150 sq m (7,374,893 sq ft) of commercial employment space, of which some 90,000 sq m (968,751 sq ft) has been built on.
- 4.82 The site has attracted a number of office-based tenants including; Cap Gemini, SEMTA, Glamal, Amkotron, BGM Solutions, Northgate-IS, NG Bailey, In Person Ltd, Mesh Marketing, Westminster Business Centre, Balfour Beatty, Primary Care Trust, Helios, Kilmartin, Wynyard Park Ltd, Catering Design Ltd, GABA, DBA HR Solutions and SK Chilled Foods.
- 4.83 Wynyard has also become an established industrial location, with Helios having developed out 30,000 sq m (322,917 sq ft) of warehousing space. DTS Clipper has recently taken occupation of 32,143 sq m (346,000 sq ft) of new space at Wynyard, alongside the A19, for a distribution hub for George at Asda. This is an expansionary move from 13,935 sq m (150,000 sq ft) of space in Darlington.
- 4.84 It is understood that planning applications have recently been submitted to Stockton Borough Council seeking residential uses on part of the land previously identified for B class development at Wynyard Park.

Riverside Park Industrial Estate, Middlesbrough

- 4.85 Situated close to the A66 and A19, Riverside Park in Middlesbrough is an established estate developed on a piecemeal basis during the course of the past 20 years and providing a total of 102,250 sq m (1.1m sq ft), across a wide range of unit sizes ranging from 93 sq m (1,000 sq ft) to 9,300 sq m (100,000 sq ft). Riverside Park offers a mix of modern smaller industrial units as well as larger sheds developed to serve shipping based activities.
- 4.86 There are a number of large occupiers on Riverside Park including Cleveland Cables Co Ltd, Halifax plc, Parcelforce Worldwide and Berco UK Limited. Riverside Park also comprises a number of small piecemeal developments providing office based schemes these include Drake Court, Collingwood Court, Bowes Road and the Brighthouse Business Village.

- 4.87 The Riverside Park is growing and is nearing full occupancy to be a large employment zone in Middlesbrough. There are over 200 businesses with 4,000 people employed. Companies are attracted due to its location close to the town centre and also adjacent to the flagship Middlehaven development. There is an established infrastructure in place, Middlesbrough Council continue to improve the area through a number of targeted initiatives and ongoing regeneration schemes. It is therefore considered one of Middlesbrough's prime industrial locations competing well within its market place.

Middlehaven, Middlesbrough

- 4.88 Middlehaven comprises a 32 ha (80 acre) mixed-use scheme situated on the south bank of the River Tees, 0.8 kilometres (0.5 miles) north of Middlesbrough Town Centre.
- 4.89 Middlehaven has been subject to a masterplan prepared by Alsop Architects. The £500 million masterplan launched by Tees Valley Regeneration, proposes the following uses:
- 2,400 homes to be built over 20 years;
 - 74,230 sq m (800,000 sq ft) of offices;
 - A campus for Middlesbrough College;
 - 46,450 sq m (500,000 sq ft) of leisure uses including a hotel/casino, Museum of Digital Media; and
 - Shops, restaurants, bars and theatre.
- 4.90 To date two office buildings have been completed on the scheme. The first building to be constructed was Hudson Quay I, which is now fully occupied by the Crown Prosecution Services (CPS) and Hertel. Hudson Quay II was completed in 2010 and is now occupied by Fabrick Housing group. Since the completion of these buildings development has stalled.
- 4.91 It is understood that the Homes and Communities Agency (HCA), in conjunction with Middlesbrough Borough Council, are currently considering alternative uses on employment land at Middlehaven, including small scale residential development.

Queens Meadow Business Park, Hartlepool

- 4.92 A flagship business park scheme with design and build opportunities on a total site area of 65 hectares (160 acres). A total of £22 million has already been invested, with the first phase of the development now complete. The first phase of development has seen the construction of a range of modern business units and the UKSE Innovation Centre that provides managed accommodation for a variety of new start businesses. Further opportunities are available for the development of B1, B2 and B8 uses.

Tofts Farm Industrial Estate, Hartlepool

- 4.93 Tofts Farm Industrial Estate is located 3.2 kilometres (2 miles) south of Hartlepool town centre close to Seaton Carew. Access is provided from Brenda Road (B1277).
- 4.94 Tofts Farm industrial estate is one of Hartlepool's older industrial estates, catering to traditional manufacturing due to the large sheds offered on the estate. Occupiers on the estate include Kalsi Group, Map Hardwood, Expert Cables, Plastic Centre, Minkon and Stadium Plastics.

Faverdale, Darlington

- 4.95 Faverdale is a well established employment area, located on the northern outskirts of Darlington. The area benefits from excellent access to the A1(M). The original Faverdale Industrial Estate has been developed in a piecemeal fashion over the years and a number of older premises have been demolished to provide cleared development sites.
- 4.96 Faverdale East comprises around 35 hectares (86 acres) of development land and is located on the northern outskirts of Darlington Town Centre, opposite the well established Faverdale Industrial Estate. In recent years, Argos has constructed a 740,000 sq.ft. (68,746m²) (distribution centre for its home delivery business - Argos Direct – which takes up half of the site and the remainder being developed out as a second phase. 4 hectares (10 acres) of land has subsequently been developed by developer Easter Group who have constructed 17,650 sq m (190,000 sq ft) of warehouse accommodation adjacent to the Argos unit.
- 4.97 The location is rapidly becoming a location synonymous with Class B8 distribution uses with the 23,335 sq m (250,000 sq ft) Aldi distribution centre also being located on the site opposite. The location has extremely good links to the A1.

Yarm Road, Darlington

- 4.98 Yarm Road is one of the most popular industrial locations in Darlington. The original estate has been developed in a piecemeal fashion and comprises a range of property and occupiers. Some demolition has taken place in recent years providing small parcels of land within the estate itself but there are also some areas available for large scale new development.
- 4.99 Link 66 is located at the junction of the A66 and the Darlington Eastern Transport Corridor, to the east of the existing Yarm Road industrial estate. It comprises a 38 hectare (94 acre development site), for which planning permission has been granted for a mixed use development incorporating offices, industrial/distribution units and ancillary roadside uses such as hotels and restaurants. As yet, no development has taken place.

Aycliffe Business Park/ Heighington Lane, Newton Aycliffe

- 4.100 Newton Aycliffe Business Park is one of County Durham's largest prestige industrial estates, providing accommodation for over 200 companies and employing over 10,000 people on an area of 400 ha (988 acres). The estate benefits from excellent road links, being located in close proximity to Junction 59 of the A1 (M), with access to the estate via the A167.
- 4.101 The estate is home to a number of high profile international companies manufacturing a wide variety of products. Occupiers include Filtronic, 3M, Electrolux Outdoor Products and Hydro Polymers. A number of the units on the estate are relatively poor quality, with selective redevelopment having taken place in recent years.
- 4.102 A key development at Heighington Lane has been the granting of outline planning permission for the delivery of approximately 130,000 sq m (1,400,000 sq ft) of warehouse/distribution space, with unit sizes from 2,787 to 92,000 sq m (30,000 to 1,000,000 sq ft). The scheme, which is known as Amazon Park, occupies a 40 ha site (100 acres). Hitachi will occupy around a third of Amazon Park, with development of a 42,700 sq m (460,000 sq ft) unit due to commence in early 2013.

Fox Cover & Spectrum Business Park, Easington, County Durham

- 4.103 Fox Cover and Spectrum Business Park are situated in Seaham, County Durham. The estates were originally granted Enterprise Zone status, providing tax breaks and incentives to developers and various incentives to occupiers such as rate-free occupation. The Enterprise Zone status expired in 2005, however, the benefits for the developers were continued beyond this date provided that building contracts were signed and the developer committed to developing the whole site.
- 4.104 At Spectrum this has led to the development of six office buildings, providing around 25,000 sq m (275,000 sq ft) of accommodation. A further 7,200 sq m (77,000 sq ft) of accommodation is proposed. However, the incentives previously offered to occupiers in the EZ ceased in November 2005 and to date just 9,433 sq m (101,538 sq ft) of accommodation has been let. DWP, Business and Enterprise North East and Durham County Council are occupiers on the scheme.
- 4.105 At Fox Cover a number of industrial/warehouse units have been constructed by Grantside Developments. Occupiers include Robertson's Timber Kit, Yearsley and ISL Cold Storage.

Gallowfields Trading Estate, Richmondshire

- 4.106 Gallowfields Trading Estate is the primary industrial estate in Richmondshire. The Estate is situated to the north west of Richmond Town Centre and

comprises a mixed-use industrial/trade counter/office development, with a wide mix of occupiers.

- 4.107 Units on the estate vary significantly with respect to their age, size and condition. The most recent development on the estate - Mowbray House/Jackson Court - was undertaken by Richmondshire District Council and completed in 2003. The scheme comprises a mix of office suites and industrial units.
- 4.108 Demand for space on the estate is relatively strong.

Colburn Business Park, Richmondshire

- 4.109 Colburn Business Park is located approximately 2.4 kilometres (1.5 miles) from Richmond. It is accessed off the A6136 Catterick Road and is situated next to Catterick Garrison. Junction 53 of the A1(M) is 3.5 miles to the south east.
- 4.110 The Estate is made up of Bailey and Battalion Court and the Innovate! Centre. A number of plots are also available for design and build opportunities.
- 4.111 Bailey and Battalion Court provide a range of high quality suites and office buildings from 18.6 sq m to 460 sq m (200 sq ft to 4,951 sq ft). Buildings are capable of being subdivided or combined, with units available to rent or buy. Existing stock and design and build opportunities on the scheme are currently being marketed by Sanderson Weatherall.
- 4.112 The Innovate! Centre is a purpose built centre offering meeting rooms, hot desking and office space, ranging from 18.6 to 72 sq m (200 to 780 sq ft). The property also benefits from a 35 seat conference room. The building is run by Richmondshire District Council and is aimed at attracting 'high growth' industries such as IT consultancies, PR, marketing and digital/computer based firms.

Standard Way Business Park and Northallerton Business Park, Hambleton

- 4.113 Standard Way Business Park and Northallerton Business Park are situated on the western edge of Northallerton, adjacent to the A167 Darlington Road. The A167 connects to the A684, which provides access to the national road network via the A1, 10 kilometres (6 miles) west and the A19, 8 kilometres (5 miles) to the east.
- 4.114 Standard Way Business Park extends to around 10 ha (25 acres) and comprises a mix of trade counter and other quasi-retail uses amongst more traditional B1, light industrial and manufacturing occupiers. There are also a number of B8 uses. Units range in size from 46 sq m (500 sq ft) upwards.
- 4.115 Northallerton Business Park is a 7 ha (18 acre) mixed use site.

Stokesley Business Park, Hambleton

- 4.116 The site provides 9 ha (22 acres) of office, industrial and distribution accommodation. Units on the estate typically range in size from around 46 to 929 sq m (500 to 10,000 sq ft).
- 4.117 DTZ are aware that an outline planning application was granted in August 2011 for the development of 7,103 sq m (76,460 sq ft) B1 offices and 1,021 sq m (11,000 sq ft) of industrial accommodation. It is understood that a revised site layout is currently being prepared by the applicant and development is yet to commence on site.

Leeming Bar Industrial Estate and Business Park, Hambleton

- 4.118 Leeming Bar Industrial Estate is located adjacent to the A1, 3.2 kilometres (2 miles) east of Bedale and 9 kilometres (6 miles) west of Northallerton, at the junction with the A684. Scotch Corner and the A66 are located around 20 kilometres (13 miles) to the north.
- 4.119 The estate has been developed for a variety of manufacturing and service industries and is identified by Hambleton Borough Council as a key location for investment in the food sector. Existing occupiers include Dalepak, R & R Ice Cream and Vale of Mowbray.
- 4.120 To support further development within this sector, 70% the Estate has been allocated for use by food and food related businesses, with Hambleton Borough Council also developing Food Enterprise Centre. The Food Enterprise Centre offers 2,062 sq m (22,200 sq ft) of lettable space split between 11 individual and affordable units. With the premises ranging in size from 112 sq m (1,200 sq ft) to 279 sq m (3,000 sq ft), they provide accommodation tailored to the needs of both growing and start-up businesses

Thirsk Industrial Park, Hambleton

- 4.121 Thirsk Industrial Park is located on the edge of the market town of Thirsk. It is situated adjacent to the A19/A168 dual carriageway, which connects to the A1 (M) approximately 9 kilometres (6 miles) to the south west.
- 4.122 The estate extends to around 14 ha (35 acres) and comprises a mixed-use light industrial/trade counter/office business park. Units range in size from 93 sq m (1,000 sq ft) upwards. Current occupiers include Teleware, Royal Mail, Scania, Jewson and North Yorkshire Police.

Scarborough Business Park, Scarborough

- 4.123 Scarborough Business Park is located approximately 4 miles south of Scarborough town centre. Situated just off the A65, the estate provides convenient access to the main arterial route into Scarborough and links with the motorway network. The estate also benefits from rail links; with Seamer station situated a short distance away to the north west.

4.124 The 113 ha business park, represents 58% of Scarborough's identified total employment land. It provides a relatively cheap and plentiful supply of industrial land. The estate has been developed out at a slow pace, with the construction of new units being primarily demand-led.

4.125 At the present time, land is available for development off Hooper Hill Road and Dunslow road, although this would require the provision of roads and infrastructure. Current occupiers of Scarborough Business Park include Morrison's, Toyota and Volkswagen.

Larpool Lane Estate, Whitby

4.126 Located 1 mile from Whitby Train station, Larpool Lane Estate provides a base for new, small companies requiring premises close to town. The estate is currently full with expansion backed on demand. Larpool Lane is located adjacent to the A171, providing good transport links to Whitby and Scarborough.

4.127 The estate has been completed in three phases with the age of the buildings ranging from new builds to 1970's/80's. Current occupiers include: Computer Doctor North East; and Whitby Plumb Centre.

Bridlington Road Industrial Estate, Hunmanby

4.128 Development at the Bridlington Road Industrial Estate has been slow and occurred on a piecemeal basis over a number of years. The estate is located adjacent to Hunmanby train station and is situated in close proximity to Hunmanby town centre

4.129 The majority of development on the site has come from specific occupier requirements, although some speculative development of smaller starter units has also occurred.

4.130 On the basis that there is relatively low demand – as a result of geographical and accessibility constraints – private sector speculation on new industrial units is most likely to be demand-led. Lack of sufficient speculative capital development is a general theme across the district of Scarborough. Current Occupiers include Lab Print UK.

5.0 Current Employment Sites

Our Approach

- 5.1 This section provides an assessment of Redcar & Cleveland's current portfolio of employment land in order to determine its suitability to meet future employment development needs. The Borough's portfolio comprises a total of 32 separate industrial estates. Redcar & Cleveland Borough Council have provided DTZ with details in respect to a total of 59 separate parcels of available employment land located across 18 industrial estates.
- 5.2 The assessment of the available land undertaken by DTZ has been underpinned by site inspections used to inform a criteria-based appraisal of each parcel of available land. The assessment criteria applied are outlined below and were adopted in order to determine the suitability of individual sites for different types of employment uses, as well as their likely attractiveness to the market:
- Strategic road access
 - Local road access
 - Proximity to urban area (including access to labour and services)
 - Compatibility of adjoining uses
 - Site characteristics (including potential for contamination)
 - Market attractiveness
 - Planning and sustainability factors
- 5.3 Each site was scored against the criteria, whilst a judgement was also made regarding whether the land is likely to be available for development in the short, medium or long term. It is important to recognise that any grading category is purely indicative to provide an approximation of the overall quality of the existing supply of sites and to allow identification of potential opportunities for further expansion over the plan period. It should also be noted that whilst such grading provides an indication of a site's quality and suitability for employment use, it does not reflect potentially unknown abnormal development constraints. Furthermore, the suitability of a site for employment use can vary considerably according to the specific use or uses proposed.

Overview of Sites

- 5.4 Table 5.1 contains a summary of the industrial estates that currently make up the Redcar & Cleveland employment land portfolio.

Table 5.1 Total Employment Land Portfolio

Industrial	Site Area (Ha)
Teesport	280.17
River Frontage	108.59
South Tees Food Park	8.23
Skippers Lane Industrial Estate	40.31
Skippers Lane Industrial Estate Extension	5.07
South Tees Industrial Park	53.26
Corus Corridor (2)	360.82
Warrenby Industrial Estate	7.61
Trunk Road	19.07
West of A1053	22.66
Kirkleatham Business Park	68.07
Longbeck Industrial Estate	7.47
Bolckow Road Industrial Estate	13.05
Morgan Drive & Priory Park	12.32
Nelson Street Industrial Estate	9.05
Wilton International	779.61
Corus Corridor (1)	260.33
North of Middlesbrough Road	4.29
Corus Corridor (3)	424.33
Tees Offshore Base	55.72
Old Station Road, South Bank	1.75
Skelton Industrial Estate Extension	25.30
Skelton Industrial Estate	23.25
BS Skinningrove	44.79
Garden Centre Site, Redcar	0.21
Redcar Station Business Centre	0.54
Kirkleatham Street, Redcar	1.11
Land SW of River Viewing Platform, Cargo Fleet	2.91
Old Station Road, South Bank	0.44
Former Bus Depot, South Bank	3.59
South Bank Business Centre	0.57
North Liverton Industrial Estate	4.25
Barmet Industrial Estate	3.08

- 5.5 Redcar & Cleveland Borough Council asked DTZ to focus on the available land within the wider portfolio and these sites are summarised in Table 4.2 below. This table gives summary details in respect to each site's location, whether it was previously developed or greenfield land and site size.
- 5.6 It is understood that the take-up data used to inform this ELR was recorded on a plot-by-plot basis, with take-up therefore equating to net developable area. Similarly, the labour demand and supply scenarios considered make

assumptions regarding plot coverage, but do not take account of the fact that on new allocations or estate extensions, a proportion of land will be lost to the provision of the road network and estate infrastructure. Put simply, a new 20ha allocation will not be able to provide 20ha of developable land.

5.7 It is therefore necessary to ensure that the availability of employment land is also measured on the basis of the net developable area. As such, in assessing the size of available employment sites it has been necessary in some (but not all) instances to apply gross to net adjustments. The adjustment factors applied are summarised at Appendix 2. It should be noted that all availability figures cited within the remainder of this report refer to net available area, unless otherwise stated.

Table 5.2 Available Employment Land

Industrial	Location	Industry	Type	Gross Area (ha)	Net Area (ha)
Barnet Industrial Estate	East Cleveland	GI	Greenfield	0.51	0.48
Barnet Industrial Estate	East Cleveland	GI	PDL	0.52	0.49
Barnet Industrial Estate	East Cleveland	GI	PDL	0.17	0.17
Barnet Industrial Estate	East Cleveland	GI	PDL	0.14	0.14
Bolckow Road	South Tees	GI	PDL	0.26	0.26
Bolckow Road	South Tees	GI	PDL	0.13	0.13
Corus Corridor (1)	South Tees	PPHI	PDL	51.53	46.38
Corus Corridor (2)	South Tees	PPHI	PDL	64.86	58.37
Corus Corridor (2)	South Tees	PPHI	PDL	18.79	16.91
Corus Corridor (3)	South Tees	PPHI	PDL	23.54	21.19
Kirkleatham Business Park	Redcar	GI	Greenfield	49.80	37.35
Kirkleatham Business Park	Redcar	GI	Greenfield	0.22	0.22
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	2.66	2.39
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	0.09	0.09
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	0.30	0.30
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	0.23	0.23
Nelson Street	South Tees	GI	PDL	0.94	0.89
Nelson Street	South Tees	GI	PDL	0.67	0.64
North Liverton	East Cleveland	GI	Greenfield	0.95	0.90
North Liverton	East Cleveland	GI	Greenfield	0.55	0.52
North of Middlesbrough Road	Guisborough	GI	Greenfield	4.29	3.86
Skelton Industrial Estate	East Cleveland	GI	PDL	1.82	1.82
Skelton Industrial Estate	East Cleveland	GI	PDL	1.44	1.44
Skelton Industrial Estate	East Cleveland	GI	PDL	1.28	1.28
Skelton Industrial Estate	East Cleveland	GI	PDL	0.89	0.89
Skelton Industrial Estate	East Cleveland	GI	PDL	0.75	0.75

Industrial	Location	Industry	Type	Gross Area (ha)	Net Area (ha)
Skelton Extension	East Cleveland	GI	Greenfield	25.30	22.77
Skippers Lane	South Tees	GI	PDL	0.79	0.79
South Tees Food Park	South Tees	GI	PDL	3.56	3.38
South Tees Industrial Park	South Tees	GI	PDL	6.81	6.13
South Tees Industrial Park	South Tees	GI	PDL	3.40	3.40
South Tees Industrial Park	South Tees	GI	PDL	1.62	1.62
Teesport	South Tees	PRD	PDL	14.00	12.60
Teesport	South Tees	PRD	PDL	12.00	10.80
Tees Offshore Base	South Tees	PRD	PDL	12.30	11.07
Tees Offshore Base	South Tees	PRD	PDL	3.23	3.07
Tees Offshore Base	South Tees	PRD	PDL	2.52	2.52
Trunk Road	Redcar	GI	Greenfield	2.64	2.51
Trunk Road	Redcar	GI	Greenfield	2.22	2.11
Warrenby Industrial Estate	Redcar	GI	PDL	0.44	0.44
Warrenby Industrial Estate	Redcar	GI	PDL	0.36	0.36
Warrenby Industrial Estate	Redcar	GI	PDL	0.19	0.19
West of A1053	South Tees	GI	Greenfield	22.66	19.26
Wilton International	South Tees	GI	Greenfield	4.77	4.77
Wilton International	South Tees	GI	Greenfield	4.69	4.69
Wilton International	South Tees	GI	Greenfield	4.49	4.49
Wilton International	South Tees	GI	Greenfield	1.11	1.11
Wilton International	South Tees	GI	PDL	42.50	40.38
Wilton International	South Tees	GI	PDL	6.61	6.61
Wilton International	South Tees	GI	PDL	5.02	5.02
Wilton International	South Tees	GI	PDL	2.98	2.98
Wilton International	South Tees	PPHI	PDL	26.20	24.89
Wilton International	South Tees	PPHI	PDL	13.80	13.11
Wilton International	South Tees	PPHI	PDL	13.09	12.44
Wilton International	South Tees	PPHI	PDL	4.83	4.83
Wilton International	South Tees	PPHI	PDL	4.31	4.31
Wilton International	South Tees	PPHI	PDL	4.16	4.16
Wilton International	South Tees	PPHI	PDL	3.99	3.99
Wilton International	South Tees	PPHI	PDL	3.19	3.19
Wilton International	South Tees	PPHI	PDL	2.97	2.97
Wilton International	South Tees	PPHI	PDL	2.15	2.15

5.8

It can be seen from the tables above that the total portfolio of employment land within Redcar & Cleveland extends to a gross area of 2,651ha. Within this

overall supply of land, it is estimated that available sites extend to a gross area of 487ha (comprising a net developable area of **442ha**). It can be seen from the table that current policy designations identify:

- 143ha of land for use within the steel industry;
- 40ha of land for port-related development;
- 141ha of land at Wilton International for use by Potentially Polluting and Hazardous Industries; and
- 118ha of land for general employment use.

- 5.9 Furthermore, there is a distinct split between market areas within Redcar & Cleveland; with the South Tees and Greater Eston area being the primary economic zone and Redcar, Guisborough and East Cleveland representing secondary locations. The existing portfolio of available employment land is split with 360ha (82%) located in South Tees, 43ha (10%) located at Redcar, 7ha (2%) located at Guisborough and the remaining 32ha (7%) situated in East Cleveland.
- 5.10 The following paragraphs provide a short summary assessment of each of available estates within which the vacant land is located.
- 5.11 **Barnet Industrial Estate** is located in the Village of Lingdale in East Cleveland and incorporates four available development sites ranging in size from 0.14ha to 0.49ha, with total available land extending to 1.28ha. Three of the sites are categorised as previously developed land with one of the sites currently greenfield. This estate is primarily focused on meeting the needs of the surrounding rural community and likely to be focused on small and medium sized businesses and start-ups.
- 5.12 The **Bolckow Road Industrial Estate** is located in the Grangetown area, adjacent to the A66 and in close proximity to both Wilton and Corus. It is therefore an established employment area. Within the site, two small parcels of previously developed land are currently available ranging from 0.13ha and 0.26ha. Total available land extends to 0.39ha. Given the size of the available parcels of land, this would only be suitable for small infill development.
- 5.13 Land within the **Corus Corridor** is associated with the steel industry and located in the Grangetown area adjacent to the A66. Within the site, four large parcels of land are allocated for potentially polluting and hazardous industries and range in size between 16.91ha to 58.37ha with a total available land area of 142.85ha. This includes that part of the South Bank Wharf EZ site associated with Tata Steel's landholdings. Given the historic uses in this area, it is expected that much of this land would be heavily contaminated.
- 5.14 The **Kirkleatham Business Park** is Redcar & Cleveland's most prestigious mixed commercial development and is located on the southern edge of Redcar, close to Kirkleatham Hall. Within the estate there are two areas of undeveloped land, both of which are greenfield, with the first extending to 0.22ha and the second 37.35ha. Total available land therefore extends to

37.57ha. This land is expected to make an important contribution to the overall land portfolio.

- 5.15 The **Land West of A1053** is located adjacent to Old Lackenby and Eston residential areas and in close proximity to Wilton International. The A1053 separates the land from the main commercial area, however. In total, this land extends to 19.26ha.
- 5.16 **Morgan Drive and Priory Park** are located on the southern edge of Guisborough Town Centre and contain four small areas of infill development, which currently consist of greenfield land of between 0.09 ha and 2.39 ha. The total of available land extends to 3.01 ha.
- 5.17 The **Nelson Street Industrial Estate** is located at South Bank – adjacent to the A66 – in an established employment area. Within the estate there are two available areas of previously developed land of 0.64ha and 0.89ha, with total available land extending to 1.53ha.
- 5.18 The **North Liverton Industrial Estate** is located on the southern edge of Loftus and includes two undeveloped greenfield areas of land of 0.55ha and 0.95ha. The total available land therefore extends to 1.51ha. This land is suitable for small infill development with the industrial estate focused on serving the needs of the surrounding rural community and is likely to be for small and medium businesses and start-ups.
- 5.19 **North of Middlesbrough Road**, on the edge of Guisborough, comprises a greenfield area of land of 3.86ha. DTZ understand from information supplied by the Council that the site is heavily constrained with the land unserved and the northern part of the site located in Flood Zones 2 and 3. In addition, it is understood that the owner has aspirations for higher value uses on the land.
- 5.20 The **Skelton Industrial Estate** is located on the north eastern edge of Skelton adjacent to the A174. The estate is a well-established employment location and there are currently five parcels of land available ranging in size from 0.75ha to 1.82ha, with total available land extending to 6.18ha. Much of the estate is characterised by large, older industrial units that were originally developed to meet the needs of large scale manufacturers. Land north of Skelton Industrial Estate, is also available as a substantial extension. This greenfield land extends to 22.77ha.
- 5.21 **Skippers Lane Industrial Estate** is located in the South Bank area, an established industrial location. Within the estate a single area of previously developed land is available, extending to 0.79ha. DTZ understand from the Council that the vacant land is likely to be contaminated, given its historic industrial use.
- 5.22 The **South Tees Industrial Park** is a well-established employment location containing three parcels of previously developed land that are currently available. The available sites range from 1.62ha to 6.13ha in size, giving a total of 11.15ha of development land. Given the historic uses in the surrounding area it is expected that the site will be contaminated and will require remediation.

- 5.23 The South Tees Food Park is located adjacent to the A66 and in close proximity to Tees Offshore Base. It is therefore strategically located within the heart of Redcar & Cleveland's industrial area. The site extends to 3.38ha.
- 5.24 Land available at **Teesport** is allocated as part of the Borough's South Bank Wharf EZ site. The site is situated within close proximity to the A66 and Wilton International. There are two areas of land available for development. The first extends to around 12.60ha and fronts onto the River Tees and Tees Dock. There are a number of existing buildings on this site; however, DTZ understand that the site is available for redevelopment. Planning permission has been granted for the development of a biomass plant, although development has yet to commence. The second site extends to approximately 10.80ha. This site also contains a number of existing buildings, but is again understood to be available for redevelopment. Both sites are considered to be suitable for port-related uses, although some remediation is likely to be required.
- 5.25 The **Tees Offshore Base** forms part of the Teesport Commerce Park and is associated with the ongoing operation of Teesport. Within the area there are three parcels of previously developed land that are available for further development (ranging from 2.52ha to 11.07ha) with the total amount of development land extending to 16.66ha. As with the two previous sites, land at Tees Offshore Base will require remediation before being brought forward for development. DTZ understand from RCBC that remediation of the site has commenced.
- 5.26 Located adjacent to the **A1058 Trunk Road**, are two greenfield sites – extending to 2.11ha and 2.51ha – which have been identified for employment uses. The sites are well connected to the surrounding road network, are located in close proximity to Wilton International and within a short distance of Redcar. Access to the land located to the east of the existing estate (2.11ha) is constrained and it is understood that this parcel of land is currently used as part of the adjacent open space.
- 5.27 The **Warrenby Industrial Estate** lies to the west of Redcar and adjacent to the North Sea coast and represents a secondary employment location that has been developed in a piecemeal fashion. The area includes three parcels of previously development land ranging in size from 0.19ha to 0.44ha with total available land extending to 0.99ha. The available land would be suitable for small scale infill development and given the nature of the site, would likely be for small and medium sized businesses or business start-ups.
- 5.28 **Wilton International** represents one of the largest contributors to the supply of employment land across the wider Redcar & Cleveland area. Within the estate there are a total of 146.08ha of vacant development land across 18 separate sites of which 15.06ha are greenfield and the remainder previously developed land.

Available Development Land

- 5.29 This section of the report gives further consideration to the areas that have been identified as available employment land within Table 5.2. In particular, it

provides a summary of the estates where available land is located and their suitability for future employment development over the Plan period. Table 5.3 outlines, for each estate: the quantity of available land; site appraisal score; and overall assessment of quality.

Table 5.3 Quality Assessment of Available Land

Industrial	Available Plots	Site Area (ha)	Site Score (%)	Rank
Barmet Industrial Estate	4	1.28	46	POOR
Bolckow Road	2	0.39	80	GOOD
Corus Corridor	4	142.85	74	AVERAGE
Kirkleatham Business Park	2	37.57	86	GOOD
Morgan Drive & Priory Park	4	3.01	66	AVERAGE
Nelson Street	2	1.53	74	AVERAGE
North Liverton	2	1.42	43	POOR
North of Middlesbrough Road	1	3.86	74	AVERAGE
Skelton Industrial Estate	6	28.95	69	AVERAGE
Skippers Lane	1	0.79	71	AVERAGE
South Tees Food Park	1	3.38	71	AVERAGE
South Tees Industrial Park	2	11.15	71	AVERAGE
Teesport	2	23.40	77	GOOD
Tees Offshore Base	3	16.66	77	GOOD
Trunk Road	2	4.62	71	AVERAGE
Warrenby Industrial Estate	3	0.99	49	POOR
West of A1053	1	19.26	63	POOR
Wilton International	18	140.97	80	GOOD

5.30 Within the above table, the estates can be grouped into three categories based upon their site score and quality.

5.31 5 estates have been classified as being of good quality, providing a total of 218.99ha of available land. These estates are:

- 1 Bolckow Industrial Estate;
- 2 Kirkleatham Business Park;
- 3 Teesport;
- 4 Tees Offshore Base; and
- 5 Wilton International.

5.32 In addition, 9 estates have been categorised as being of average quality. These sites are listed below and provide a total of 200.14ha of available land:

- 1 Corus Corridor;
- 2 Morgan Drive & Priory Park;

- 3 Nelson Street Industrial Estate;
- 4 North of Middlesbrough Road;
- 5 Skelton Industrial Estate;
- 6 Skippers Lane Industrial Estate;
- 7 South Tees Food Park;
- 8 South Tees Industrial Park; and
- 9 Trunk Road.

5.33 The final 4 estates have been identified as being of poor quality. The estates, listed below, provide a total of 22.95ha of available land:

- 1 Barmet Industrial Estate;
- 2 North Liverton Industrial Estate;
- 3 Warrenby Industrial Estate; and
- 4 Land West of A1053.

5.34 It should be noted that the above scoring is intended to serve as a guide only. As such, some estates that have scored poorly may well be suited to meeting the needs of specific occupiers or for certain uses. This scoring has therefore been considered alongside the other comments and conclusions set out in the report in identifying a final recommended portfolio of land for the Borough.

6.0 Consultation

6.1 The study has been underpinned by extensive engagement with businesses and stakeholders, which has included:

- Business Survey;
- Discussions with developers and commercial agents active in the Borough; and
- Visioning Workshop.

6.2 This section of the report provides a summary of the key findings emerging from each of the consultation exercises listed above.

Business Survey

6.3 A survey of Redcar & Cleveland businesses was undertaken in January/February 2013. Approximately 1,500 firms occupying B class premises and located within the Borough were invited to participate, in an effort to provide a wide range of businesses (by type and location) with an opportunity to feed into the process.

Business Background

6.4 NLP received 76 completed surveys, representing a response rate of just 5%. In absolute terms, however, this represents a fairly healthy level of response and allows some initial conclusions to be drawn regarding the opportunities and challenges facing the local business community.

6.5 Participants included businesses operating across a variety of economic sectors including inter alia: general manufacturing; advanced manufacturing/engineering; process industries; construction; warehousing and distribution; financial and professional services; and creative industries.

6.6 Businesses ranged in size from those with just 1 employee to those with up to 800. The majority of responses (60%) were from small businesses employing fewer than 20 people. 23% of all participants indicated that they currently employ *fewer* people than they did 12 months previously. Reassuringly, however, a significant number of firms (25%) have *increased* the size of their workforce over the same period.

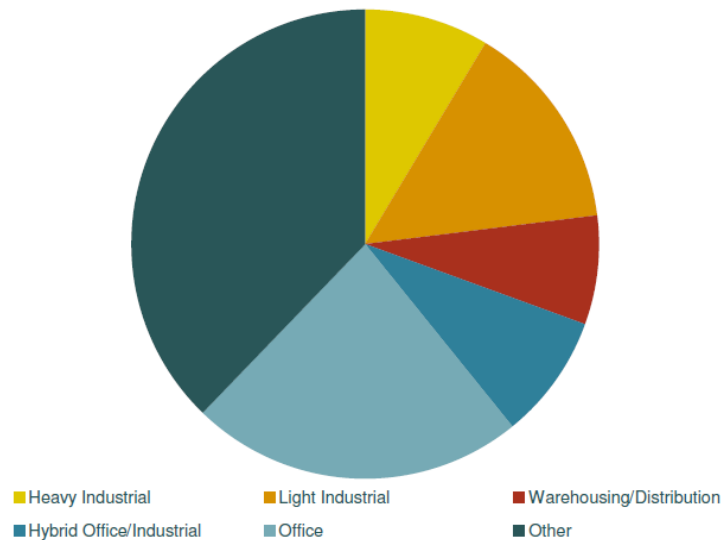
6.7 Just 17% of all respondents indicated that they look to national and international markets for the majority (75% or more) of their custom. Taken in isolation, this would suggest the presence of an insular business population with a localised customer base. However, this is clearly at odds with the outward facing nature (and in some instances international ownership) of many businesses operating in the Borough's key sectors of: process industries; steel production; and logistics and distribution.

Current Premises

6.8 Businesses were asked to classify their business location, with industrial estates (34%) and town centre premises (30%) dominating the responses received. A variety of alternate locations, such as business/office parks (7%), single urban sites (5%) and live/work units (4%) were also cited, albeit in far smaller numbers.

6.9 In addition, businesses were also asked to classify their current premises. The results are summarised in Figure 6.1 below. 21% of participants indicated that they occupy office premises, followed by light industrial (13%), hybrid office/industrial (8%), heavy industrial (8%), and warehousing/distribution premises (7%).

Figure 9 Respondents' Business Premises

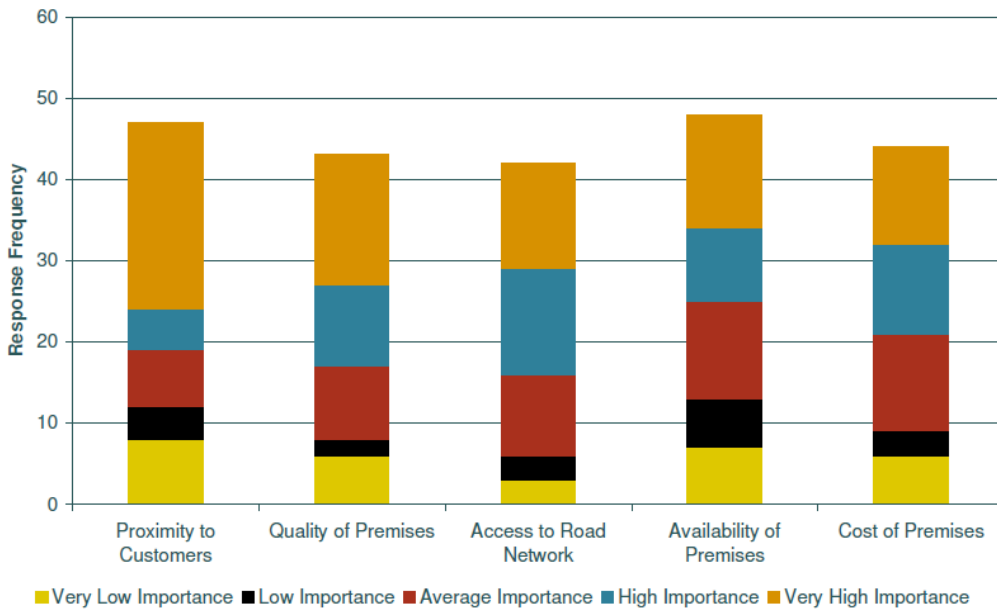


Source: NLP Business Survey

6.10 A moderate proportion (40%) of all respondents had relocated to their current premises from elsewhere. Of those relocating firms, one in three (33%) had moved from premises within the same town, whilst a further 30% had moved from another town/location within the Borough. This would appear to reflect the relatively localised nature of the commercial property market within much of the area. The overwhelming majority of respondents (73%) moving into Redcar & Cleveland from elsewhere had previously been based in the Tees Valley.

6.11 The business survey sought respondents' views on those factors that had influenced their decision to move to or locate in Redcar & Cleveland. The five most significant issues identified are summarised in Figure 6.2 overleaf. This highlights the importance of ensuring the availability of premises of an appropriate quality and price. Proximity to customers was identified as being of particular importance to a large number of respondents. Accessibility to the strategic road network was also highlighted as a key consideration.

Figure 10 Key Drivers of Historic Location Decisions



Source: NLP Business Survey

6.12 The survey sought views on the quality and suitability of respondents existing business premises. Fewer than two in five participants (37%) ranked their premises as being of good or excellent quality. Nevertheless, this is considerably higher than the proportion of business that classified their site as being poor or very poor. Almost two-thirds (64%) of participants indicated that their current building provides the correct amount of floorspace to meet their needs. However, 30% of businesses indicated that their current premises are too small, which could suggest the presence of latent demand within the Borough.

Future Premises

6.13 The survey data indicates that 37% of participants expect their business to grow to such an extent that they will require more floorspace at some stage over the next 5 years. Whilst a number of these businesses anticipate that they will be able to accommodate this growth on their current site, more than half (54%) expect it to result in the need to relocate.

6.14 The overwhelming majority (87%) of those respondents likely to need new premises over the next five years would prefer to remain within Redcar & Cleveland. Clearly, however, the ability to meet their employment space needs within the local area is dependent upon a range of factors.

6.15 Businesses were asked to identify those factors most likely to constrain their ability to expand within the Borough. The most frequently cited responses are summarised below. This clearly demonstrates the continued influence of difficult economic conditions, the cost of finance and limited appetite for speculative development:

- Market conditions (36%);
- Development costs (21%); and
- Lack of suitable premises (17%).

6.16 The availability of suitable land for development and labour shortages were not perceived to be significant obstacles to the growth of individual businesses. This is perhaps to be expected given the level of available land in the Borough and current rates of unemployment respectively.

Commercial Market Views

6.17 DTZ liaised with a selection of local and regional property agents and developers active within the Redcar & Cleveland area, in order to ascertain current views on the Borough's office and industrial markets. The feedback received can be summarised as follows:

Offices:

- The office market remains subdued with limited activity at the current time;
- Developer appetite for new office schemes is also restricted due to lack of demand and restrictions on development finance;
- The Redcar & Cleveland office market is generally viewed as being smaller than that of neighbouring Middlesbrough and Stockton;
- Demand for incubator accommodation – generally from SMEs/start-ups – remains reasonable;
- Levels of office demand and development activity in Redcar & Cleveland have traditionally been strongest in locations close to Stockton/Middlesbrough;
- Enquiries for office accommodation in East Cleveland are limited and the area is not generally viewed as an office location; and
- The Borough's supply of good quality offices is extremely limited outside of Kirkleatham Business Park.

Industrial

- Demand for industrial accommodation has traditionally been strongest in locations - such as South Tees and Greater Eston – that benefit from proximity to the wider Tees Valley conurbation;
- Proximity to urban centres and access to the A19/A66 interchange are key drivers of demand for industrial premises;
- East Cleveland suffers from low demand for industrial accommodation, evidenced by limited enquiries. Interest for sites and premises in the area primarily comes from small and medium sized businesses and business start ups;

- Overall, market conditions across the Borough are subdued, although a small upturn in enquiries has been observed over the last 12 months;
- In relation to requirements for general industrial premises, Redcar & Cleveland is viewed primarily as a local market with only limited enquiries from outside of the immediate surrounding area. Enquiries from more specialist users related to the Port and Wilton are far less localised;
- Where demand is being experienced, enquiries are typically from business start-ups/SMEs;
- Sembcorp/Wilton International and the steel industry remain key drivers of inward investment;
- Development viability remains critical for industrial activity, with many sites in the Borough currently unviable due to limited returns, as well as significant remediation and infrastructure costs;
- Development finance is currently limited for new build industrial accommodation; and
- Vacant rates liability is a significant restriction on industrial accommodation.

Specialist Industries

6.18

DTZ have also spoken directly to PD Ports and Sembcorp – two organisations that support a significant number of local jobs and make a large contribution to the Borough’s supply of employment land. In addition, NLP have consulted with NEPIC (North East Process Industry Cluster). The most salient points arising from the discussions are summarised below:

PD Ports:

- Teesport remains a key contributor to the local economy – looking to the future it will continue to play a key role in attracting new companies to the area;
- Traditionally, Teesport has operated as a bulk port. However, palletised freight is becoming an increasingly significant component of the business, allowing it to compete directly with large southern ports such as Felixstowe;
- The port’s success in attracting Tesco and Asda in recent years provides clear evidence of its ability to secure large multinational occupiers;
- The availability of land within the retained port estate is limited;
- To be successful, the port needs a supply of readily available sites in the immediate vicinity to be able to accommodate new businesses within reach of the port – and deliver cost efficiencies;

- PD Ports do not consider there to be a specific requirement for sites to be only allocated for port use. However, it is critical that an adequate supply of suitable land is maintained to meet their future growth aspirations;
- Whilst many sites within South Tees may be identified as available, contamination and/or access restrictions mean that much of this land is unlikely to be immediately available;
- Access to the port is a potential risk with only a single access road that is liable to occasional flooding;
- Ongoing dialogue is being held between PD Ports and the steel industry over adjoining land interests; and
- Offshore wind energy is viewed as a major potential growth market, although uncertainty regarding Government policy has constrained development to date.

Sembcorp

- Wilton International is a mixed ownership estate with strong links to the chemical industry (reflecting its ICI legacy);
- New occupiers are being sought across a range of related sectors including petrochemicals, renewables and other heavy industries and large scale energy users. It is critical that new occupiers are able to integrate harmoniously with existing development;
- Wilton competes globally for inward investment and new occupiers. Investment decisions are primarily influenced by agglomeration benefits, energy costs and the availability of sufficient power, skills and infrastructure;
- The global economic downturn resulted in a number of large organisations leaving Wilton. However, Sembcorp have been successful in attracting new investment to the site and also have a pipeline of prospective projects;
- Sembcorp suggested that there is a need to maintain a number of large, deliverable sites at Wilton in order to meet potential future inward investment requirements. Demand for development of this nature is unpredictable, making it difficult to accurately plan for;
- Deliverability is an issue for a number of sites at Wilton. Some sites have buildings remaining in situ that will require demolition and are likely to contain asbestos, making this a costly process. In some instances, site remediation and contamination issues will further increase development costs on particular sites; and
- General employment uses would not be suitable on Wilton and the allocation of land on the estate should reflect this.

NEPIC

- Tees Valley is established as a location of global significance with respect to petrochemicals and renewables. Investment decisions are typically driven by the cost of raw materials and access to finance;
- During the last 5 years, it is estimated that Tees Valley has been successful in attracting 55 new investments worth a total of £3bn;
- Direct employment in the sector has remained relatively stable in Tees Valley over the last 5 years (at circa 10,000). This is because the major investments outlined above have been offset by some large closures;
- The Tees Valley offer is centred on 3 major locations: Wilton, Billingham and Seal Sands. Wilton has lost out on a number of recent inward investments to Billingham and Seal Sands. This is understood to be due – in part – to the high cost of servicing land at Wilton, as well as site ownership issues regarding particular parcels of land;
- NEPIC is currently dealing with approximately 65 potential inward investments into the Tees Valley. It is estimated that this pipeline of projects could result in between £3bn and £6bn of investment and generate 10,000 new jobs over the next 10 years.

Visioning Workshop

- 6.19 A visioning workshop was held on March 12th 2013 to help test the emerging findings of the study with a range of local stakeholders. The session was also used to discuss, in broad terms, the future level of demand for employment land that the study should plan for and the trade-off between ambition and realism implicit within the various scenarios considered.
- 6.20 The workshop was facilitated by NLP and DTZ and attended by Council officers, as well as a range of stakeholders from the public and private sector. The session comprised of a brief presentation by the study team, followed by a structured discussion. The paragraphs below provide a summary of the key messages that emerged from the event:

Key Economic Sectors

- The Borough's main economic strengths are centred on the key assets of the chemical and steel industries and the port. The ELR must ensure the provision of sufficient land to support the continued success of these assets;
- The three key sectors outlined above each support significant high value supply chain activity, although much of this is located elsewhere at present. Redcar & Cleveland should position itself to attract a greater proportion of this higher value activity;

- The long-term success of Teesport is critical to the Borough's growth prospects. It is understood that a number of inward investment opportunities have been lost to locations such as Aycliffe and Wynyard and RCBC should seek to understand the factors underpinning these decisions and seek to address any issues where possible in order to strengthen the appeal of Teesport and the surrounding area; and
- Redcar & Cleveland also has a significant presence of small engineering businesses that form part of the wider supply chain for larger firms such as Nissan and Hitachi. The ELR must ensure an appropriate supply of land to meet the needs of these smaller businesses.

Commercial Markets

- Attendees suggested that the delivery of land and premises would always be 'lumpy'; with years of significant activity followed by periods where little new stock is developed. This is considered to reflect the nature of employers within the Borough and the sectors within which they operate;
- Developer appetite is currently limited across the authority with respect to both the office and industrial sectors. The availability of development finance is a key issue in this regard;
- The obsolescence of the Borough's existing stock is an increasing problem, due to limited investment in the upgrading of older premises. The issue has been exacerbated by the imposition of vacant rates liability and the introduction of more stringent building regulations with respect to environmental performance;
- Servicing (including the availability of power and appropriate access from local road networks) was identified as a key barrier to the delivery of many sites. It was suggested that the availability of public subsidy could help to overcome such constraints; and
- Demand for land and premises is typically strongest in those areas closest to the A19/A66 intersection.

Employment Land Supply

- The Borough is considered to suffer from having too much land located in the wrong location – this is a particular issue in East Cleveland where demand is especially weak;
- Within this context, it was felt that consideration should be given to allowing a more flexible and pragmatic approach to uses within employment locations. Suggestions included allowing a greater range of uses on some sites where these are shown to enhance the site's appeal to B class occupiers; and
- It is understood that the availability of land at Teesport is limited and that there may be a requirement for additional land beyond the existing port boundary.

7.0 Economic Drivers

- 7.1 This section considers the future growth potential of the Redcar & Cleveland economy over the study period and seeks to identify some of the employment sectors that could be expected to drive this growth. The analysis focuses exclusively upon those sectors that typically generate demand for B-class premises (i.e. office, light industrial, factory and warehousing floorspace).

Economic Potential and Drivers

- 7.2 Consideration of the Borough's future economic role draws upon the issues and opportunities highlighted via the assessment of the local economic context, presented at Section 3.0. This work identified the following competitive advantages and opportunities that could influence the future role of the Redcar & Cleveland economy:

- A well-established offer in relation to steel and petrochemicals, underpinned by global expertise and a strong international brand/reputation;
- Teesport – currently one of the UK's largest ports and with plans to expand through the creation of a new Deep Sea Container Terminal – provides access to global markets and could underpin the growth of logistics activity in the Borough;
- Three sites in Redcar & Cleveland have been identified as part of the Tees Valley Enterprise Zone (EZ) offering financial incentives and simplified planning measures:
 - Wilton Industrial Site will offer large-scale occupiers (energy production) enhanced capital allowances against the cost of their plant and machinery. It is understood that RCBC intends to work closely with developers and landowners to bring forward development through Planning Performance Agreements
 - South Bank Wharf will offer large scale occupiers (renewable energy and advanced engineering) enhanced capital allowances against the cost of the plant and machinery. As at Wilton, RCBC intends to bring forward development through Planning Performance Agreements
 - Kirkleatham Business Park will offer businesses from the target sectors of petro-chemical, renewable energy and advanced engineering sectors a business rate discount worth up to £275,000, per eligible business, over a five year period. A Local Development Order (LDO) has been prepared for the site, which removes the need to apply for planning permission in most circumstances
- The new 'Palace Hub', an £8.3m development providing a focal point for creative industries in the Borough, opened in Spring 2013; and

- A cost competitive offer with respect to both office and industrial land and premises.

7.3

Weaknesses and potential threats identified include:

- The Borough has experienced a decline in employee jobs over the last 10 years – driven by a sharp contraction since the onset of the recession;
- The local economy has historically been over-reliant upon a small number of large, global businesses which leaves it vulnerable to investment decisions beyond the Borough's control;
- Redcar & Cleveland faces competition for inward investment from elsewhere in Tees Valley (including a further 9 EZ sites), North Yorkshire and beyond;
- Whilst the area benefits from a plentiful supply of undeveloped, allocated employment land, the availability of this land is constrained in parts of the Borough due to ownership issues;
- It is understood that there is a shortage of good quality, modern office floorspace within the local economy;
- Redcar & Cleveland has captured a low proportion of growth in financial and business services and creative industries in comparison with other Tees Valley locations in recent years. Locations such as Stockton and Middlesbrough are perceived to have a stronger 'brand' with respect to such activity and attract greater levels of demand;
- Poor connectivity is an issue in some areas, with parts of the Borough peripheral to the highway network; and
- Redcar & Cleveland experienced a contraction in population between 2001 and 2011, with further decline projected over the period to 2031.

Future Potential

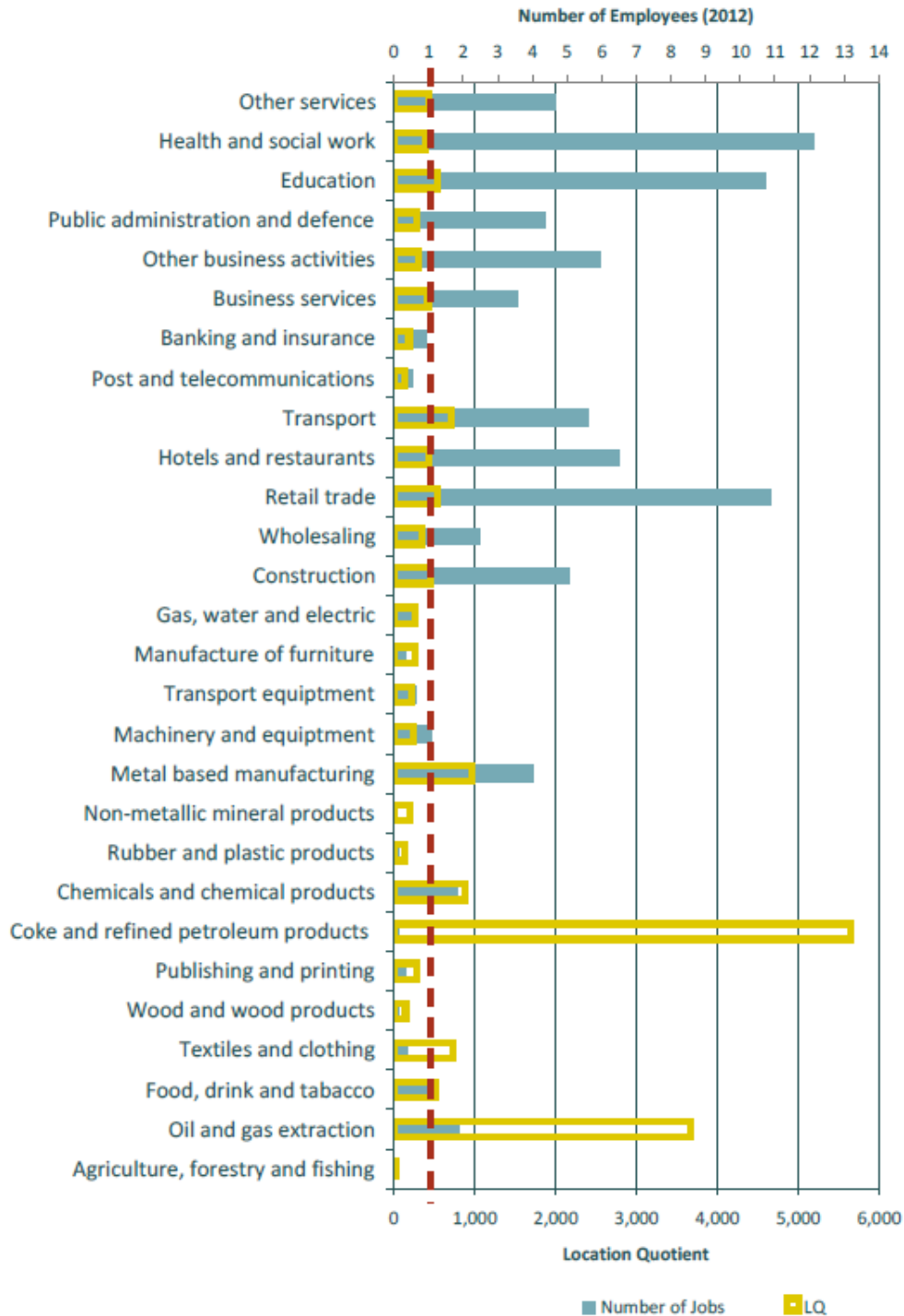
7.4

In order to understand the economic potential of Redcar & Cleveland, it is important to consider which employment sectors are best placed to drive future growth. This is underpinned by an understanding of those sectors that are over or under-represented in terms of local employment, as well as an analysis of their recent growth performance.

7.5

Figure 7.1 overleaf assesses the Borough's sectoral strengths through the use of location quotients, which measure the concentration of employment in an industry, at the local authority level, relative to the regional average. In the graph, which is based upon data from BRES, the location quotients are shown using yellow bars. A value above 1.0 denotes a higher local representation of a sector and anything below 1.0 signifies an under-representation. The further the yellow bar is from 1.0, the greater the extent of any over or under-representation. The blue bars show the absolute level of employment within Redcar & Cleveland accounted for by each sector.

Figure 11 Redcar & Cleveland Employment Location Quotients



Source: BRES and ABI / NLP Analysis

7.6

The graph clearly reflects the strength of the steel and petrochemicals industries within the Borough, as well as the influence of Teesport. It demonstrates that Redcar & Cleveland has a strong representation of employment with respect to: oil and gas extraction; coke and refined petroleum products; chemicals and chemical products; metal-based manufacture; and

transport. Despite the comparative strength of these industries within the local economy, it is noted that a number of them account for relatively low levels of employment in absolute terms. Indeed, only Transport (2,400 jobs) and metal-based manufacture (1,700 jobs) account for more than 1,000 direct employees.

- 7.7 The largest numbers of jobs (in absolute terms) are supported by the service sector and in particular: health and social work; education; and retail. However, with the exception of transport (as discussed above) the Borough does not have a particularly strong representation with respect to any of the service-based industries. Indeed, the retail and education sectors (with a value of 1.26 each) have the highest location quotients.
- 7.8 The picture presented by Figure 7.1 is, however, static and it is useful to supplement this with an understanding of the recent growth performance of these sectors within Redcar & Cleveland in comparison with the regional average. Taken together with the location quotient analysis discussed above, this can give an indication of those sectors which have a competitive advantage in the Borough and may therefore drive future growth. Table 7.1 seeks to categorise detailed economic sectors according to whether their current representation and growth performance (2002-12) in Redcar & Cleveland is above or below that of the North East. Those sectors at the top of the list in each quadrant are those which have recorded the highest nominal growth, whilst those with asterisks are those which have actually recorded a decline in jobs (e.g. a sector is categorised as ‘high growth’ even if it has recorded a decline in jobs, provided the rate of decline was less than that experienced regionally)⁸.

⁸ It should be noted that the sectors chosen here are those which are easily defined in the Annual Business Inquiry. This dataset does not allow the definition of some important cross-cutting economic sectors such as ‘Low Carbon’ industries and ‘knowledge-intensive’ activities.

Table 7.1 Economic Sectors in Redcar & Cleveland by Size and Employment Growth

Higher Representation, Low Growth	Higher Representation, High Growth
Transport (+19.2% growth 2001-2011) Hotels & Restaurants* (-20.0%) Metal-based Manufacture* (-148.2%) Manufacture of Chemicals & Chemical Products* (-262.4%)	Construction (+27.4%) Education (+12.0%) Other Services (+2.6%) Retail (+0.1%) Oil & Gas Extraction * (-9.6%) Manufacture of Coke & Refined Petroleum Products* (-14.8%) Food, Drink & Tobacco* (-45.3%) Textiles & Clothing* (-259.7%)
Lower Representation, Low Growth	Lower Representation, High Growth
Public Admin & Defence (+6.5%) Transport Equipment (+2.1%) Other Business Activities* (-1.6%) Wood & Wood Products* (-10.4%) Health & Social Work* (-12.6%) Manufacture of Rubber & Plastics* (-106.9%) Manufacture of Non-Metallic Mineral Products* (-124.5%) Gas, Water & Electric* (-175.2%)	Business Services (+45.8%) Publishing & Printing (+29.6%) Banking & Insurance (+13.5%) Post & Telecommunications* (-5.3%) Wholesaling* (-10.1%) Machinery & Equipment* (-15.3%) Agriculture, Forestry & Fishing* (-34.2%) Manufacture of Furniture* (-39.4%)

Source: BRES and ABI / NLP Analysis

- 7.9 The top right quadrant of the table contains those sectors with higher representation of employment and that have outperformed the regional average with respect to recent growth. This shows that those sectors related to the Borough's existing expertise and reputation with respect to petrochemicals – oil & gas and coke and petroleum products – have experienced a loss of employment over the past decade, albeit at a lower rate than the regional average. Similarly, it can be seen from the top left hand quadrant that metal based manufacture and the manufacture of chemicals & chemical products also experienced a contraction in employment over the period to 2011 (at a rate that exceeded the regional decline in employment).
- 7.10 The bottom right quadrant of the table contains those sectors that are currently under-represented but have experienced strong growth over the past decade. Of particular relevance in understanding the growth potential of the Borough are those that appear to be on an upward trajectory – i.e. those that have recorded positive growth in employment numbers. This includes the following sectors: business services; publishing & printing; and banking & insurance. With the exception of business services (circa 1,500 jobs) it is noted that these sectors have delivered growth from a particularly low base.

Policy Aspirations

- 7.11 In addition to the analysis set out above, it is important to acknowledge the economic aims and objectives of RCBC, which the Council is seeking to pursue over the Plan period.
- 7.12 A key objective of the Borough – and one cited in a number of policy and strategy documents – is to diversify the local employment base by facilitating the growth of the service sector. This will be achieved – in part – by targeting the growth of creative and digital businesses.
- 7.13 The Council’s focus on diversification is underpinned by a recognition that Redcar & Cleveland’s economy is currently reliant upon a small number of global businesses for a large number of local jobs. This could leave the Borough vulnerable to the impact of extraneous investment decisions or to a downturn in demand for these businesses and their products. Nevertheless, it is understood that RCBC envisage that the industrial economy will remain a key local employer. The Council’s strategy is to complement, rather than replace, the industrial economy with growth in a broader range of sectors.
- 7.14 A range of measures are recommended within the Core Strategy to help strengthen and diversify the economy, including:
- Safeguard land required for the chemical and steel industries at Wilton, Redcar and Skinningrove;
 - Support the continued expansion of Teesport;
 - Support the development of renewable energy, recycling and other knowledge-based industries at Wilton;
 - Promote Kirkleatham Business Park, Redcar & Cleveland Business Park and Guisborough for information and technology-based businesses; and
 - Provide a range of employment sites to meet the needs of local entrepreneurs and businesses in Guisborough and East Cleveland.
- 7.15 The Council’s *Regeneration Masterplan* aims to support the delivery of up to 14,000 jobs over the next 15 years. This will be pursued through the implementation of distinct frameworks for the four key spatial areas of the Borough:
- Redcar: grow the business economy with a particular focus on the development of digital and creative industries;
 - South Tees: maximise the attractiveness of the area as a destination for major industry;
 - East Cleveland: focus on providing support to the development of local and rural businesses; and
 - Eston: transform the area into a small town comprising of distinct neighbourhoods with a big ‘heart’ focussed on shops, schools and community facilities.

- 7.16 It is understood that the 14,000 jobs target set out within the *Regeneration Masterplan* is based upon an aggregation of a pipeline of potential investments and capital development projects. A breakdown of this analysis is provided within the April 2010 draft of the *Regeneration Masterplan*. Drawing upon this information, as well as detailed discussions with Council Officers, it is understood that employment growth is forecast to be concentrated within South Tees and (to a lesser extent) Redcar:
- South Tees: 9,460 jobs;
 - Redcar: 3,050 jobs;
 - Greater Eston: 940 jobs; and
 - East Cleveland: 690 jobs.
- 7.17 It should be noted that the job projections for South Tees are heavily influenced by the impact of development at Teesport. Indeed, the *Regeneration Masterplan* (April 2010 draft) suggests that the expansion of the Port could create 7,000 jobs by 2025.
- 7.18 In seeking to understand how the job growth forecast by the *Regeneration Masterplan* will influence future demand for employment land, it is important to recognise that the pipeline of projects considered by RCBC takes account of investment in sectors such as retail, tourism and leisure – sectors which are unlikely to generate a requirement for B class premises.
- 7.19 It has therefore been necessary for NLP to consider the pipeline in further detail in order to understand which projects are likely to generate a requirement for B class space. This exercise was also informed by a review of the *Regeneration Masterplan*, as well as detailed discussions with Council Officers. The key findings are summarised below, by location:
- **9,460 B class jobs** to be generated in South Tees, comprising of:
 - 7,000 jobs related to the upgrading of capacity at Teesport;
 - 1,500 jobs related to the production of renewable energy at South Bank Wharf and Wilton (driven in part by the Enhanced Capital Allowances on offer)
 - 960 jobs to be created elsewhere in South Tees.
 - **1,600 B class jobs** to be generated in Redcar, comprising of:
 - 300 jobs at Kirkleatham Business Park as a result of EZ business rate discounts;
 - 950 jobs as a result of the creation of new and refurbished B class space in the Redcar area;
 - 220 jobs created through the Redcar & Cleveland College Entrepreneurs programme; and
 - 125 new jobs supported in creative industries within the town.
 - **A minimum 650 B class jobs** to be generated in Greater Eston, by encouraging entrepreneurial activity and improving the availability and quality of employment space; and

- **Circa 540 B class jobs** to be generated in East Cleveland, by encouraging entrepreneurial activity and improving the availability and quality of employment space.

7.20 Based upon the analysis set out above, it would appear that the Council's *Regeneration Masterplan* anticipates that the overwhelming majority of new jobs to be created within the Borough will generate a requirement for B-class space. Indeed, of the 14,000 new jobs projected, it is understood that more than 12,000 (c.85%) will be in B-class sectors.

7.21 It is also important to recognise that job growth of 14,000 over a 15 year period (equivalent to 930 new jobs per annum, on average) would represent a significant departure from the Borough's historic performance. Indeed, over the 10 year period to 2011, Redcar and Cleveland experienced a net *loss* of 4,700 jobs (or 470 jobs per annum). This clearly highlights the scale of the challenge facing Redcar & Cleveland if the Borough is to achieve the jobs target set out within the *Regeneration Masterplan*. Obviously, not all of the jobs to be created through proposals emerging from the *Regeneration Masterplan* would be net additional jobs – some would inevitably replace those lost elsewhere.

B Class Sectors

7.22 Building upon this initial analysis of past trends and policy aspirations, the following paragraphs examine the economic potential of a number of sectors. The work draws upon existing research regarding the key drivers of business location for these sectors and the factors that make a location attractive to them⁹. The sectors considered below are those which typically occupy B-class premises and include:

- 1 Financial and business services;
- 2 Distribution;
- 3 Manufacturing;
- 4 ICT;
- 5 Environmental Technologies / Energy;
- 6 Healthcare / Medical Research; and
- 7 Creative Industries / Media.

1. Financial and Business Services

7.23 This is a very broad sector that includes a range of specialist financial, insurance and general business service activities such as: accountancy; legal; architecture; and consultancy. Business location decisions in the sector are driven by factors including: access to markets/suppliers; access to a skilled

⁹ *Spatial Requirements of Key Sectors in the South East*, Atkins for SEEDA (2004)

and diverse workforce; and high quality transport and telecommunications infrastructure. Given the need to attract high calibre staff, quality of life factors including good housing and cultural facilities are also important.

- 7.24 Whilst the Borough offers access to good quality housing in locations such as Guisborough and East Cleveland, accessibility in the East of the Borough is challenging. As a consequence, demand from the sector is likely to be strongest in those areas located in close proximity to Stockton and Middlesbrough, providing access to: skilled, graduate labour from the local universities; a greater variety of cultural activities and a larger pool of customers and suppliers.
- 7.25 The banking and insurance sub-sector within Redcar & Cleveland is currently very small in absolute terms and under-specialised, as demonstrated by a location quotient of just 0.44. The under-representation of activity in part reflects the success of neighbouring locations such as Stockton-on-Tees and Middlesbrough, which have attracted high profile occupiers such as Barclaycard and Churchill. This has been achieved through the provision of high quality, large floorplate office premises on locations such as Teesdale Business Park, as well as proximity to local universities.
- 7.26 Redcar & Cleveland has experienced stronger growth in the sub-sector over the past 10 years than the North East average. However, growth has been small in absolute terms, reflecting the low base from which the increase was achieved.
- 7.27 The business services sub-sector has a location quotient of 0.99 and has seen the number of employees grow from 950 to more than 1,500 during the past decade (+46% in comparison with +39% regionally). The Borough contains major employers including Invista Performance Technologies. A technology licensing group with links to the process industry, Invista is a global business with its European HQ at Wilton. Discussions with Council Officers have indicated that further opportunities may exist to build upon the area's existing strengths (including petrochemicals) in order to attract related professional services firms.
- 7.28 Overall, it is considered that Redcar & Cleveland will experience moderate growth in the business services sub-sector over the study period, whilst little growth is expected with respect to banking and insurance.

2. Distribution

- 7.29 As home to Teesport – a major gateway to Tees Valley and the North East – Redcar & Cleveland has developed a strong logistics industry based around the distribution of chemicals, steel and engineering products. This is reflected in the Borough's above average location quotient for distribution (1.18 based upon an aggregation of the component sub-sectors of wholesaling and warehousing). However, the *Regeneration Masterplan* concludes that opportunities exist to increase the sector's representation by attracting associated logistics and warehousing businesses to support the port's operation, although it is noted that a number of inward investment

opportunities for general logistics/distribution activity have been lost to locations such as Wynyard and Aycliffe .

- 7.30 Key locational factors for distribution and logistics activities include the availability of appropriate sites/premises with access to the strategic road network and large centres of population, as well as an appropriately skilled workforce. As such, future demand from the sector is anticipated to be focused in the South Tees area, in close proximity to Teesport and with good transport links to the remainder of Tees Valley and beyond.
- 7.31 Teesport's ability to attract large-scale inward investment from the sector is demonstrated by the development of major distribution centres for Tesco and Asda over the last decade. In addition, significant growth at the port is forecast as a result of the planned Northern Gateway Container Terminal. Indeed, RCBC's *Regeneration Masterplan* estimates that the upgrading of capacity at Teesport could be expected to create 2,000 jobs in the in the short-medium term, rising to 7,000 over time.
- 7.32 Overall, it is anticipated that growth in logistics and distribution within the Borough will be strong over the Plan period. In order to facilitate this growth, however, it will be important to ensure the availability of sufficient employment land. It is understood that availability is currently limited within the retained port estate and it is critical that this issue is addressed.

3. Manufacturing

- 7.33 This broad sector covers a wide spectrum of activity ranging from craft and traditional industries through to advanced, knowledge-intensive operations. Taken as a whole, manufacturing within Redcar & Cleveland has a location quotient of approximately 1.0 – suggesting that the representation of the sector is broadly in line with the regional average. As can be seen from Figure 7.1, the Borough has particular strengths in the manufacture of petrochemicals, steel and (to a far lesser extent) textiles. Most other forms of manufacturing are currently under-represented relative to the North East.
- 7.34 Key locational decisions for the more traditional sub-sectors will continue to be influenced by: access to a supply of affordable sites and premises; good transport accessibility (including export nodes such as ports and airports) and a skilled local labour force. Whilst Redcar & Cleveland benefits from proximity to Teesport and a strong industrial heritage, parts of the Borough can be perceived as peripheral and accessibility can be challenging.
- 7.35 Manufacturing – and lower value, general manufacturing in particular – generally faces competition from lower cost locations abroad. However, it is recognised that Redcar & Cleveland's *Regeneration Masterplan* aims to ensure that the industrial economy remains a key local employer.
- 7.36 It is anticipated that general, low value manufacturing will experience low (and possibly negative) growth in Redcar & Cleveland over the study period. The growth prospects with respect to high value manufacturing are considered to be

considerably stronger and are discussed later in this section in relation to Environmental Technologies / Energy.

4. ICT

- 7.37 Redcar & Cleveland has a low representation in this sector, with fewer than 300 jobs and a location quotient of 0.43. However, growth in the sector (+9%) has been marginally higher than the North East average (+7%) over the past 10 years. ICT businesses typically choose a location on the basis of: quality of life factors; availability of skilled workers; broadband connectivity; proximity to major conurbations; and often the image of the location.
- 7.38 The Borough does have some advantages in terms of quality of life (in Guisborough and East Cleveland in particular), whilst the anticipated growth of creative and digital industries may serve to increase demand from ICT businesses. However, several locations in Tees Valley and the wider North East have already developed a strong brand with respect to ICT activity, including: Middlesbrough's Digital City and Software City in Sunderland. In comparison with Redcar & Cleveland, these locations – as well as NewcastleGateshead – also offer greater connectivity, access to a larger market and a more vibrant night-time and leisure economy.
- 7.39 Discussions with the Council's Commercial Investment Team revealed that Redcar & Cleveland has recently had some success in attracting ICT businesses to the Borough from elsewhere in Tees Valley. Much of this investment has focussed on locations in the west of the local authority area, providing access to the remainder of Tees Valley, and this geographical focus is not expected to change in the near future.
- 7.40 Overall, growth in ICT within Redcar & Cleveland is likely to be low and driven primarily by indigenous businesses. It is anticipated that, as a general rule, larger and higher profile firms will continue to seek premises in larger cities with an established ICT brand and strong cultural offer.

5. Environmental Technologies / Energy

- 7.41 Within Redcar & Cleveland, this sector includes: petrochemicals; renewable energy; and recycling. Key factors which influence locational decisions within the sector include: proximity to raw materials and transport nodes (e.g. docks), the availability of skilled labour, proximity to relevant research institutions and access to customers/suppliers.
- 7.42 The Borough benefits from the Wilton International Complex, which – alongside Billingham and Seal Sands – forms part of the largest integrated chemicals complex in the UK (and the second largest in Europe). The Borough is also home to the largest private sector petrochemicals R&D facility in Europe (the Wilton Centre). With world-renowned market leaders operating from Wilton, Redcar & Cleveland already holds a world class reputation in relation to petrochemicals and renewables, providing access to global expertise.

- 7.43 It is understood, from discussions with NEPIC that the Tees Valley has been successful in attracting 55 new investments in petrochemicals and renewables over the last 5 years – generating approximately £3bn of investment. It is estimated that the industry supports in the order of 10,000 direct jobs across the sub-region (this has remained largely unchanged since 2007/08, with new investment offsetting a number of significant job losses) and many more in the supply chain.
- 7.44 The economic future for the Borough set out within the Council's *Regeneration Strategy* identifies is predicated upon a continuation of large scale foreign direct investment into Wilton and elsewhere in South Tees. Discussions with NEPIC have indicated that the organisation is currently dealing with a pipeline of 65 potential investments in the sector. This is likely to generate an additional £3bn-£6bn of private investment and circa 10,000 new direct jobs within the Tees Valley. Clearly, not all of this will be captured within Redcar & Cleveland.
- 7.45 It should be noted that the link between employment generation and land-take is complex in relation to such developments. Many projects require significant capital investment and a large development footprint, but create comparatively few jobs. Indeed, in 2008/09 the development of a polyethylene plant at Wilton created just 70 direct jobs on a 17.6ha site.
- 7.46 It is anticipated that environmental technologies / energy offer strong growth potential within Redcar & Cleveland over the Plan period.

6. Healthcare / Medical Research

- 7.47 Locational decisions in the sector are driven primarily by access to research and development activity, with many start-ups requiring close university links and access to appropriate graduate labour. Factors including proximity to existing clusters and an attractive lifestyle can also exert an influence.
- 7.48 It is understood that the Tees Valley universities are both active in the field. Indeed, Teesside University is home to the Health and Social Care Institute, whilst the Wolfson Institute for Health and Wellbeing is based at Durham University's Queens Campus in Stockton. As such, it is considered that any start-up firms or inward investors are likely to view the Stockton/Middlesbrough conurbation as a more attractive location relative to Redcar & Cleveland.
- 7.49 An analysis of the location quotient data reveals that the pharmaceuticals sector does not support any employment within Redcar & Cleveland. The sub-sector of science-based R&D is well represented – with a location quotient of 2.43, however, it is understood that this reflects activity associated with the petrochemicals and renewable energy industries.
- 7.50 Based upon the analysis set out above, it is anticipated that growth in healthcare and medical research will be low over the Plan period.

7. Creative Industries / Media

- 7.51 This diverse sector includes activities such as publishing, graphics, software and web-design. Key locational factors for the sector are comparable with those for ICT and include: access to broadband; image of the location; quality of life benefits; and access to large metropolitan centres. The availability of skilled staff and town centre premises with a good cultural image to reflect the creative nature of the sector can also be important.
- 7.52 Redcar & Cleveland offers low cost accommodation and labour, which can be important in attracting start-up businesses. However, it has traditionally been unable to offer premises specifically tailored to the requirements of the sector.
- 7.53 The Borough faces strong competition from locations elsewhere in Tees Valley (and beyond) which currently benefit from a higher profile and more established offer. Middlesbrough, for instance, is home to Teesside University's highly regarded schools of Arts and Media and Computing. The town also benefits from the purpose-built BoHo development, providing a cluster of university spin-outs and other creative business. In addition, Newcastle-upon-Tyne has a reputation as a creative hub, with a critical mass of activity in both the Ouseburn Valley and the city centre, whilst neighbouring Gateshead has a strong presence in the computer games market. Furthermore, many of the locations outlined above (as well as Leeds, which also has an established offer in relation creative industries and media) perform better than Redcar & Cleveland in terms of access to metropolitan centres (providing a large potential customer base), a more vibrant night-time economy and leisure offer and access to skilled staff.
- 7.54 Nevertheless, the Borough has already been successful in nurturing a burgeoning creative sector. The Council's *Regeneration Masterplan Delivery Plan (2012-2017)* indicates that it already employs approximately 1,000 people across almost 300 businesses – accounting for an estimated 16% of the North East's creative sector output. Whilst the Borough's creative sector is relatively broad based and covers a wide range of activities, it is understood to have a particular strength in crafts at present. Such activity relies less upon the existence of skilled labour and a vibrant, cosmopolitan leisure offer and more on the quality of life appeal of attractive market towns and coastal resorts.
- 7.55 RCBC have a clearly stated ambition to facilitate stronger growth in creative industries. This has been supported by the 2013 opening of the Palace Hub – an £8.3m development on Redcar seafront, providing 35,000sq.ft of purpose-built business space tailored to the requirements of the sector. The building comprises 5 floors of space including offices, studio space, meeting and training rooms and a shared reception. RCBC anticipate that the Palace Hub will:
- Address the lack of employment space tailored to the needs of the sector, which is understood to have constrained growth previously; and

- Provide a physical focus for activity, strengthening the Borough's brand with respect to creative and digital industries and helping to establish a cluster of activity in Redcar.

7.56 Having regard to the above, it is anticipated that growth in creative industries and media will be low-moderate over the Plan period. Growth could however, be stronger in the event that the Palace Hub is successful in establishing a strong brand and critical mass of clustering in the Borough. Taking into account the spatial priorities set out within the Council's *Regeneration Masterplan*, growth in the sector is likely to be focused primarily within Redcar, although demand (predominantly from microbusinesses) may also be observed in the Borough's rural settlements.

Summary

7.57 Table 7.2 summarises the growth potential of the B class sectors outlined above, drawing upon the preceding analysis. A detailed assessment of future requirements for B class space is provided in Section 8.0.

Table 7.2 Growth Prospects of Key B Class Sectors

Sector	Current Representation	Future Growth
Banking & Insurance	Low	Low
Business Services	Medium	Medium
Distribution	Medium/High	High
General Manufacturing	Low/Medium	Low
ICT	Low	Low
Environmental Technologies / Energy	High	High
Healthcare / Medical Research	Low	Low
Creative Industries / Media	Medium	Low/Medium

Source: NLP Analysis

8.0 Future Requirements for B Class Space

8.1 This section of the report assesses the projected level of employment land likely to be required in Redcar & Cleveland over the Local Plan period (to 2029). The type and geographical distribution of employment space likely to be required is also considered.

8.2 To estimate the broad scale and type of additional employment land required, a number of different indicators and factors have been considered. The principal approaches most commonly used when assessing future employment land needs are based on:

- 1 forecasts of employment growth in the main B class sectors;
- 2 projecting forward past take-up trends of employment land, with adjustments (where appropriate) to reflect changing economic conditions;
- 3 population projections and an assessment of future growth of local labour supply and the amount of jobs and employment space that this can support.

8.3 Each of the approaches outlined above has its limitations. As such, it is necessary to consider the outputs from each, along with other indicators in order to give a robust view of future employment space needs. In addition, the economic growth potential and likely demand for employment space in Redcar & Cleveland needs to be assessed under a range of different future scenarios.

Factors affecting Future Employment Space Needs

8.4 Given the differing pictures indicated by the baseline employment estimates and past take-up trends, a range of other indicators have also been reviewed to inform a judgement of where the best estimate of future needs should lie. Some of these factors pull in different directions and a balance has to be drawn between them.

8.5 **Trends in the national economy** will clearly be a significant factor affecting future demand for employment space. The UK is currently experiencing an economic slowdown and credit shortage which has culminated in a 'double-dip' recession. Although technically the country is now out of recession (Q1 data for 2013 suggested the UK posted GDP growth of 0.3%, thereby avoiding a 'triple-dip') economists are generally in agreement that it will be some time before economic output returns to pre-recession levels. Nevertheless, it is important to recognise that this study estimates employment space requirements over a 16-year period, during which period short term fluctuations should even out. In addition, past development rates (based upon floorspace data) used to assess future demand provide information for the period 2006/07 to 2011/12 and so are heavily influenced by the impact of the recession on commercial markets. As such, it is not considered necessary to make any downward revisions to reflect the future outlook.

- 8.6 The need to **replace land or premises lost** (or released) to other uses to maintain the level of the current stock of employment space has been considered. Data provided by RCBC Officers suggests that over the 4 year period 2009/10 to 2012/13, a total of 7.14ha of employment land was developed for alternative non-B class uses, at a rate of 1.78ha per annum. Land was lost to a variety of uses including: gyms; bistros; soft play facilities and a supermarket. Interestingly no land was lost to residential use. It is noted that data provided by the Council covers a relatively short timeframe and one characterised by difficult market conditions for all forms of residential and commercial development. As such, it may well be the case that the rate of losses implied by the data is an underestimate in relation to the long term average (although there is no way of testing this). There remains a need to ensure adequate space exists for the relocation of displaced firms. Some replacement of space lost to non-B class uses may also be needed if the current level of stock is to be maintained.
- 8.7 Looking at **commuting patterns**, the 2001 Census suggests that Redcar & Cleveland experiences a moderate-high level of out-commuting, with 40% of working residents employed outside of the local authority area. In total, 21,800 residents work elsewhere (predominantly Middlesbrough and Stockton) with 13,100 in-commuters travelling in the opposite direction and giving rise to a net outflow of 8,700 workers. Whilst the Borough already contains a number of key economic assets, it would appear that a lack of employment opportunities is contributing to the flow of workers to locations elsewhere in Tees Valley and North Yorkshire. Through supporting higher levels of employment growth, the scale of out-commuting could potentially be reduced, giving rise to a more sustainable local economy and travel-to-work patterns. Clearly, however, increased employment growth must be supported by employment land allocations of sufficient scale and quality.
- 8.8 Redcar & Cleveland's future growth will be underpinned – in part – by the **key economic assets** of Teesport and the petrochemical and steel industries. Investment in the sectors can result in significant land requirements (as evidenced by the 110,562sq.m Tesco Distribution Centre developed at Teesport in 2009/10) but demand can be lumpy and difficult to predict. It is, however, anticipated that the Deep Sea Container Terminal at Teesport can stimulate further growth in logistics within the Borough, whilst enhanced capital allowances at the Wilton EZ and Redcar & Cleveland's global reputation and skills base will enable it to compete for future investment in petrochemicals and related sectors.
- 8.9 In addition, RCBC has a clearly stated ambition to **diversify the local economic base** through the development of the service sector. This is to be pursued by targeting growth in the digital/creative and financial/business services sectors. Traditionally, demand from these sectors has been stronger in other Tees Valley locations, such as Stockton and Middlesbrough. Should the Council be successful in stimulating higher levels of growth in the service economy, this could create a stronger market within the Borough for office premises.

- 8.10 An alternate factor which would tend to reduce the amount of additional employment space needed in the future is the ability to achieve economic growth without corresponding increases in demand for employment space or labour, known as **'smart' or 'landless' growth**. This could reflect increased automation, increased floorspace densities/plot ratios, labour productivity improvements, hot-desking, working from home, or more overtime working by current staff. It is difficult to quantify the extent of this effect.
- 8.11 **Competition** for inward investment and economic growth from the surrounding districts could constrain future demand and hence the scale of employment land provision. Indeed, industrial and engineering activity is well established throughout the Tees Valley, whilst Digital City in Middlesbrough and Teesdale in Stockton are already well established as locations for the digital/creative and financial services sectors respectively. Sites within the Tees Valley EZ will be particularly well placed to compete for new investment. The EZ covers all five Tees Valley districts and is made up of 12 individual sites. Three of the 12 sites are located within Redcar & Cleveland (Wilton, Teesport and Kirkleatham Business Park). This compares with three sites each in Hartlepool and Stockton, two in Middlesbrough and one in Darlington. As such, whilst the Borough will be competing with neighbouring authorities for investment it is perhaps as well placed as any to benefit from the EZ initiative.

Growth Scenarios

Job Forecasts Model

- 8.12 To help inform the ELR, the latest local area-based econometric job forecasts were obtained for Redcar & Cleveland from Experian. This provides a baseline job growth forecast over the study period (2013-2029). Experian's economic model takes account of the existing economic structure of each local authority (broken down by economic sector) and the historical relationship between the regional performance of an industry and the performance observed at the local authority level. The Experian model suggests that the Borough could be expected to experience a net increase of more than 5,900 workforce jobs between 2013 and 2029.
- 8.13 In order to translate the resultant job forecasts into estimates of potential employment space, it was necessary to allocate the level of employment change forecast for office, industrial, and wholesale/distribution uses as follows:
- The office floorspace requirement is related to job growth/decline in the financial and business service sectors¹⁰;

¹⁰ i.e. Media Activities, Computing & Information Services, Telecoms, Finance, Insurance & Pensions, Real Estate, Professional Services, some Administrative & Supportive Services (BRES (SIC 82.1, 82.2, 82.3, 82.9) as % of (SIC 77, 78, 79, 80, 81, 82) and 10% of Public Administration and Defence.

- The industrial floorspace requirement is related to job growth/decline in the manufacturing sectors¹¹; and
 - The wholesale/distribution floorspace requirement is related to job growth/decline in the two SIC sectors of wholesale and land transport, storage and post¹².
- 8.14 In order to translate the resulting figures into employment land projections, employment densities (as recommended in the HCA Employment Densities Guide¹³) and plot ratios by use class were then applied to the job change figures.
- 8.15 It was assumed that:
- One B1a general office job requires 10.5 sqm of employment floorspace (GEA);
 - One B2 industrial job requires 43 sqm of employment floorspace (GEA);
 - One B8 general / smaller warehousing/distribution unit job requires 65 sqm of employment space (GEA); one job in a large scale/high bay distribution unit requires 74 sqm. *Note: whilst it is understood that almost all new logistics development is high bay, as this is viewed as a standard specification, clearly not all demand from transport, storage etc will be for logistics. As such, an assumption has been made that the split will be 50:50 between general and high bay B8 development.*
- 8.16 It has been assumed that a gross area of 1ha is required to develop 4,000sqm of out-of-centre office, industrial or warehousing/distribution space (equal to a plot ratio of 40%).
- 8.17 For town centre office space, previous studies elsewhere in the country (see Arup/Donaldsons' Demand for Employment Land in Greater Manchester, 2006) use 200% as an appropriate plot ratio when calculating employment land requirements in town and city centres. This latter figure necessarily assumes an office building of four stories in height, with 50% plot coverage. However, consultation with agents undertaken by DTZ suggests that there is no proven demand for town centre offices in Redcar & Cleveland. As such, agents consider that most demand will be for a fairly low density product. It has been assumed that even if RCBC can stimulate a town centre office market, around 80% of office development will remain at a low density (plot ratio 40%), with the remaining 20% at the higher density of 200%.
- 8.18 The demand projections generated via this employment forecasting technique represent a net future requirement for employment levels and do not take into

¹¹ Experian Manufacturing sectors, plus car repair, some construction and waste & remediation activities.

¹² Experian wholesaling less car repairs, retail car sales, plus post/couriers and land transport.

¹³ Adapted from HCA OffPAT (2010), Employment Densities Guide, 2nd Edition, converting NIA to GIA/GEA where appropriate and from FTE to jobs

account any future losses to non-employment uses. It is therefore necessary to adjust these figures in order to reconcile them against gross projections generated by analysing historic take up rates.

Sectoral Employment Growth

8.19 Before presenting the job growth outcomes from the Experian Baseline forecast it is worth highlighting the broad limitations of the approach:

- 1 they are heavily influenced by trend-based performance - projecting historic growth patterns into the future;
- 2 such forecasts tend to be most reliable at regional and national scales, rather than at the local economy level. Nevertheless, they can indicate the broad scale and direction of economic growth in different sectors and provide some guidance to assess future land requirements;
- 3 It is important to recognise that there is not always a clear cut relationship between employment change and employment land needs. Additional employment space can be needed even if employment itself is falling, for example if a manufacturing firm requires more space to enable greater automation and achieve job reductions through productivity gains.

8.20 The Experian Baseline (2013) employment scenario for Redcar & Cleveland forecasts that the Borough will experience a net increase of 5,910 jobs (growth of 14.2%) over the period 2013-2029. Analysis of the data for each of the 38 defined sectors suggests that the increase will be driven by growth across a range of sectors including: administration and support services (+1,600 jobs or +89%); land transport, storage and post (+1,410 or +44%); professional services (+1,100 or +39%); accommodation and food services (+760 or +31%); residential care and social work (+570 or +19%); education (+570 or +11%); and retail (+530 or +10%). Clearly, a number of these sectors are unlikely to result in a requirement for B class premises.

8.21 Analysis of the data also highlights that a number of key existing sectors are anticipated to experience a contraction in employment over the period to 2029. Indeed, the Experian Baseline suggests that the largest declines (in absolute terms) will be observed in: metal products (-640 or -29%); extraction and mining (-390 or -50%); and chemicals (-350 or -42%).

Table 8.1 Projected Employment Change 2013-29, Experian Baseline (2013)

Industrial Sector	Total Job Growth 2013-29	% Growth
Agriculture, Forestry & Fishing	-10	-8%
Extraction & Mining	-390	-50%
Food, Drink & Tobacco	-40	-8%
Textiles & Clothing	-10	-33%
Wood & Paper	-60	-25%
Printing and Recorded Media	0	0%
Fuel Refining	0	0%
Chemicals	-350	-42%

Industrial Sector	Total Job Growth 2013-29	% Growth
Pharmaceuticals	0	0%
Non-Metallic Products	210	53%
Metal Products	-640	-29%
Computer & Electronic Products	-20	-10%
Machinery & Equipment	90	24%
Transport Equipment	-20	-12%
Other Manufacturing	-10	-20%
Utilities	20	3%
Construction of Buildings	50	8%
Civil Engineering	50	16%
Specialised Construction Activities	270	18%
Wholesale	170	12%
Retail	530	10%
Land Transport, Storage & Post	1,410	44%
Air & Water Transport	0	0%
Accommodation & Food Services	760	31%
Recreation	-150	-15%
Media Activities	0	0%
Telecoms	0	0%
Computing & Information Services	120	120%
Finance	40	13%
Insurance & Pensions	0	0%
Real Estate	100	16%
Professional Services	1,100	39%
Administrative & Supportive Services	1,600	89%
Other Private Services	-80	-9%
Public Administration & Defence	-210	-11%
Education	570	11%
Health	240	11%
Residential Care & Social Work	570	19%
TOTAL	5,910	14%

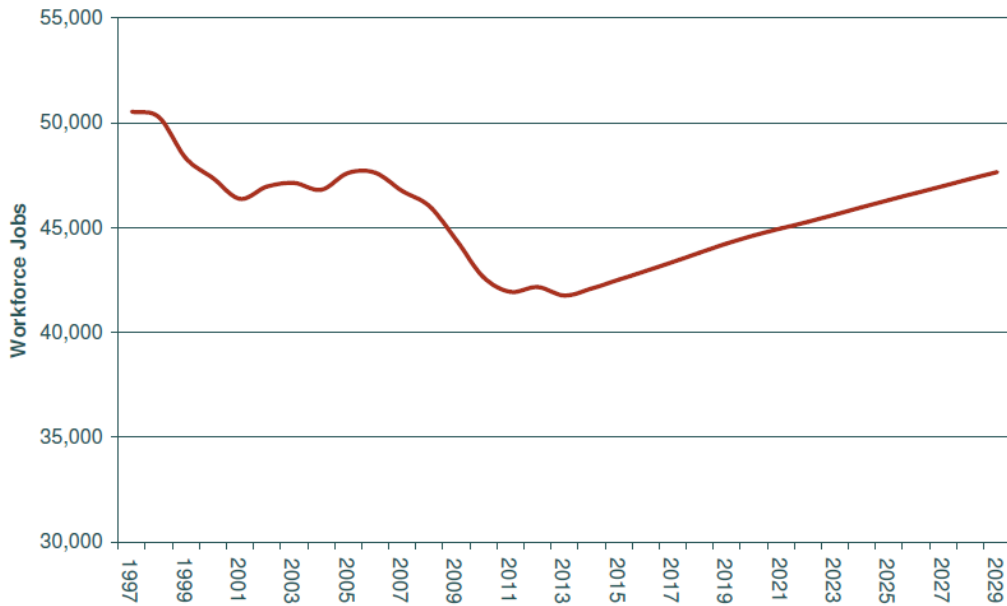
>10% Growth

>10% Decline

8.22

Figure 8.1 summarises the level of total net employment change forecast to occur in Redcar & Cleveland over the period 2013-29 under the Experian Baseline scenario. This is considered within the context of historic performance (as recorded by Experian).

Figure 12 Employment Change, Redcar & Cleveland (Historic and Projected)



Source Experian / NLP Analysis

8.23 Table 8.2 sets out the projected change in employment within the B class categories over the study period. B1a office growth is forecast to increase by almost 1,600 jobs over the period, with warehousing and distribution increasing by nearly 1,200. In contrast, a reduction in industrial jobs (of more than 600) is forecast. Table 8.2 also illustrates the extent to which growth could be driven by employment gains in sectors not traditionally associated with B-class employment land. Indeed, it is estimated that non-B class jobs could account for almost two-thirds (64%) of the projected increase.

Table 8.2 B-Class Employment Growth Forecast 2013-29

	B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	Non B-Uses	All
Experian Baseline	+1,592	-632	+1,181	+3,769	+5,910

Source: Experian / NLP analysis

8.24 It is again stressed that whilst econometric forecasts can provide a helpful starting point in understanding the likely future requirements for employment space, some degree of caution must be applied in interpreting the above due to the wide range of factors that shape economic outcomes at the local level. The base date for the forecasting work (2013) represents a time when economic output was recovering slowly from a historical low point, with significant uncertainty regarding future economic growth trajectories and this will have influenced the work produced by Experian.

8.25 The B-class job forecasts summarised in Table 8.2 were subsequently translated into employment land requirements through the application of

standard employment densities, vacancy rates and plot ratios, using the methodology set out earlier in this section.

Table 8.3 Net Employment Floorspace / Land Forecasts 2013-29 (ha)

	B1a Office		B1b/c B2 Industrial		B8 Storage Distribution		Total	
	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)
Experian Baseline	18,385	3.9	-13,582	-3.4	90,307	22.6	95,110	23.1

Source: Experian / NLP analysis

Demand for General Employment Land

- 8.26 As outlined earlier, the steel, port and chemicals sectors are key drivers of the local economy and it is anticipated that they will continue to make a significant contribution to the future need for employment land within the Borough. In recent years, demand from these key sectors has proved to be lumpy and unpredictable, with periods of inactivity followed by the development of large areas of land.
- 8.27 The existing importance of chemicals, steel and Teesport to the local economy and the potential that they offer to deliver future economic growth makes it critical that these sectors are offered the necessary support within the Borough. This includes the provision of an adequate supply of employment land, whilst ensuring that this supply is protected for use by chemicals, steel and port users only. Nevertheless, it is also important to ensure that Redcar & Cleveland allocates sufficient general employment land to meet the needs of general office, factory and warehousing occupiers.
- 8.28 In identifying an appropriate future portfolio of land for Redcar & Cleveland, it is therefore important to distinguish between:
- Demand for land to meet the needs of the chemical and steel sectors, as well as the port. It is anticipated that this will be met by land at locations such as Wilton and Teesport; and
 - Demand for general employment land. That is, demand arising from other sectors of the economy (manufacturing, business services, non port-related storage and distribution etc) which will result in requirements for space elsewhere in the Borough.
- 8.29 In assessing the future demand for general employment land, NLP adopted the same broad methodological approach as outlined above. The Experian Baseline forecast was used as the starting point for the exercise, with the same assumptions applied with respect to those sectors likely to result in demand for B1a, B1c/B2 and B8 employment space. In estimating general land requirements, however, it was necessary to make a judgement regarding those employment sectors that would typically be expected to generate demand for land on key restricted use sites such as Wilton and Teesport. These

sectors were then stripped out of the Experian job figures, in order to isolate the demand for general employment land. This process resulted in the following amendments to the original Experian Baseline forecast:

- The complete removal of any forecast job change in a number of sectors:
 - Fuel Refining;
 - Chemicals;
 - Metal Products;
 - Utilities; and
 - Air and Water Transport.
- Adjustments (based upon an analysis of the existing spatial distribution of employment) to the forecast job change with respect to a number of sectors:
 - Wholesale: 2011 BRES data revealed that approximately 17% of all wholesale jobs within Redcar & Cleveland are located within the Lower Super Output Areas covering the area of Teesport and Wilton. It was therefore assumed that 83% of all forecast employment job change in the sector over the period 2013-2029 would result in demand for general employment land; and
 - Land Transport, Storage and Post: 2011 BRES data revealed that, across Redcar & Cleveland, approximately 52% of all jobs in the sector are located within the Lower Super Output Areas covering the area of Teesport and Wilton. It was therefore assumed that 48% of all forecast employment job change in Land Transport, Storage and Post over the period 2013-2029 would result in demand for general employment land.

8.30 Applying the adjustments outlined above indicates that Redcar & Cleveland could be expected to experience an increase of 6,120 jobs (excluding chemicals, steel and port-related uses) over the period 2013-2029. Analysis of the data (Table 8.4) would suggest that almost 60% of this growth would be observed in non B class uses. Growth in the B class sectors would be driven primarily by office uses (+1,592 jobs) with small increases experienced in relation to storage and distribution (+596) and industrial (+328).

Table 8.4 General Employment Growth Forecast 2013-29

	B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	Non B-Uses	All
Experian Baseline	+1,592	+328	+596	+3,604	+6,120

Source: Experian / NLP analysis

8.31 The B-class job forecasts summarised in Table 8.4 were subsequently translated into a requirement for general employment space, through the application of standard employment densities, vacancy rates and plot ratios, using the methodology set out earlier in this section.

Table 8.5 Net General Employment Floorspace / Land Forecasts 2013-29 (ha)

	B1a Office		B1b/c B2 Industrial		B8 Storage Distribution		Total	
	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)
Experian Baseline	18,385	3.9	15,501	3.9	45,531	11.4	79,417	19.2

Source: Experian / NLP analysis

Regeneration Masterplan Projections

- 8.32 In addition to the Experian Baseline forecast discussed above, the ELR also sought to model the impact of the employment growth projected by the Council's *Regeneration Masterplan*. This exercise was undertaken at the request of RCBC.
- 8.33 As discussed in Section 7.0, the *Regeneration Masterplan* identifies a pipeline of development projects that RCBC considers to be capable of creating 14,000 new jobs in the Borough over a 15 year period. For the purposes of this ELR, this jobs target has been applied over the study period of 16 years, thereby marginally reducing the average per annum increase. Clearly a figure of 14,000 is substantially higher (more than double) the net employment growth of 5,900 forecast by Experian.
- 8.34 In reality, it is likely that the job growth arising from the Council's identified pipeline of projects will be offset – at least in part – by contractions in employment within other local businesses. As such, the net employment increase may ultimately be significantly lower. This issue does not appear to have been considered within the *Regeneration Masterplan*.
- 8.35 In order to understand the land requirements generated by the pipeline of projects (and to ensure consistency between this particular scenario and the Council's *Regeneration Masterplan*) NLP have therefore assumed that employment in all other sectors of the economy remains unchanged.
- 8.36 In translating the job projections outlined in the *Regeneration Masterplan* into a future requirement for employment space, it was necessary to allocate the level of employment change forecast for office, industrial and wholesale/distribution uses. The assumptions underpinning this exercise are outlined in table 8.6.

Table 8.6 Regeneration Masterplan Projects

Project	Job Growth	Use Class
South Tees		
Teesport	7,000	B8
South Bank Wharf & Wilton EZ	1,500	B1c/B2
Smaller scale business projects	960	B1a
Redcar		
Kirkleatham Business Park EZ	300	B1a
New Opportunities programme	950	B1a/B1c
R&C College Entrepreneurs	220	B1a/B1c
Creative Industries Hub	125	B1a
Kirkleatham Estate	74	Non-B
Shopping in Redcar	750	Non-B
Leisure & Community Heart	260	Non-B
Redcar House	200	Non-B
Redcar Seafront Improvements	156	Non-B
Windfarm Visitor Centre	20	Non-B
Greater Eston		
New Opportunities programme	350	B1a/B1c
Enterprise Island programme	300	B1a/B1c
Greater Eston and Low Grange Centre Strategies	290	Non-B
East Cleveland		
Rural Enterprise programme	300	B1a/B1c
New Opportunities programme	240	B1a/B1c
Various tourism investments & programmes	85	Non-B
Independent Businesses in Guisborough	30	Non-B
Town Strategies & Housing	25	Non-B
Living in Loftus	15	Non-B

Source: Regeneration Masterplan / NLP analysis

- 8.37 It can be seen from the table that a significant number of pipeline projects are anticipated to generate demand for more than one B class use (office and light industrial in many cases). Given the level of data currently available via the *Regeneration Masterplan* it has not been possible to disaggregate the figures in greater detail. As such, for the purposes of the forecasting exercise, a 50:50 split has been assumed in those instances where demand is likely to be distributed across two B class uses.
- 8.38 Table 8.7 sets out the projected change in employment within the B class categories over the study period. B1a office growth of more than 2,550 jobs is anticipated, with industrial increasing by almost 2,700. Storage and

distribution uses are anticipated to deliver the greatest increase (7,000) – linked to the proposed expansion of Teesport.

Table 8.7 B-Class Employment Growth Projections 2013-29

	B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	Non B-Uses	All
Regeneration Masterplan	+2,565	+2,680	+7,000	+1,905	+14,140

Source: RCBC / NLP analysis

NB: Figures may not sum due to rounding

- 8.39 The B class jobs figures outlined in Table 8.7 above were subsequently translated into employment land requirements through the application of standard employment densities, vacancy rates and plot ratios (as previously discussed).
- 8.40 It should, however, be noted that these standard assumptions were *not* applied to the job growth anticipated to occur on the Borough's EZ sites. This is because the pipeline of projects underpinning the Council's *Regeneration Masterplan* assumes that 1,800 jobs could be created on 195ha of EZ land. It is understood that these figures have been arrived at by RCBC through an analysis of project-specific data which bears little relationship to the standard assumptions. This is somewhat unsurprising, given the nature of development at Wilton and South Bank Wharf, which is likely to be land intensive. As such, developments could be expected to require large parcels of land, whilst generating demand for comparatively modest labour inputs.
- 8.41 Excluding the EZ sites from an initial analysis generates a requirement for 153.3ha of net employment land, to be distributed by B use class as follows:
- 5.5ha of land for B1a office uses;
 - 14.0ha of land for B1c/B2 industrial uses; and
 - 133.8ha of land for B8 storage and distribution uses.
- 8.42 Clearly, however, there is a need to then add the anticipated demand for 195ha of land on the Borough's EZ sites to this figure – resulting in a total net requirement of 348.3ha. In estimating the distribution of the 195ha, NLP has had regard to the proportionate share of the overall EZ allocation accounted for by each of the three sites. For instance, Kirkleatham Business Park accounts for 5% of all EZ land within Redcar & Cleveland. As such, it has been assumed that 5% of the anticipated 195ha of land to be developed will come forward at Kirkleatham Business Park. By applying this methodology it is estimated that the 195ha will be apportioned as follows:
- 10ha of land at Kirkleatham Business Park (B1a office);
 - 60ha of land at South Bank Wharf (B1c/B2); and
 - 125ha of land at Wilton (B1c/B2).

8.43 The total net requirement for employment land is therefore estimated to be 348.3ha. The table below provides an approximation of how this figure could be distributed by B use class:

Table 8.8 B-Class Employment Growth Projections 2013-29

	Net Land Requirement (ha)			
	B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	Total
Regeneration Masterplan	15.5	199.0	133.8	348.3

Source: RCBC / NLP analysis

Demand for General Employment Land

8.44 As discussed above (in relation to the Experian Baseline forecast) it is important that this ELR distinguishes between: demand for land to meet the needs of the port, chemical and steel sectors; and demand for general employment land.

8.45 In assessing the future requirement for general employment land, NLP again used the pipeline of projects identified within the *Regeneration Masterplan* as a starting point. However, a number of projects were then stripped out in order to isolate the 'general' demand:

- Those projects anticipated to create demand for non B class uses (shown in red in Table 8.6) were removed; and
- Those projects anticipated to come forward on sites related to the port and chemicals sectors were removed. This resulted in the exclusion of 7,000 anticipated jobs at Teesport and 1,500 anticipated jobs on the EZ sites of South Bank Wharf and Wilton.

8.46 Taking account of the adjustments outlined above indicates that the successful delivery of the Borough's *Regeneration Masterplan* could be expected to create 5,575 new jobs (excluding chemicals, steel and port-related uses) over the study period. Analysis of the data (Table 8.9) would suggest that growth in the B class sectors would be driven primarily by office uses (+2,565 jobs). An increase of 1,180 jobs is anticipated in relation to industrial, with no employment change expected in relation to distribution uses.

Table 8.9 General Employment Growth Forecast 2013-29

	B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	Non B-Uses	All
	Regeneration Masterplan	+2,565	+1,180	+0	+1,830

Source: RCBC / NLP analysis

8.47 The B class job forecasts outlined above were subsequently translated into a requirement for general employment space, through the application of standard

employment densities, vacancy rates and plot ratios, using the methodology discussed elsewhere in this section.

- 8.48 It should be noted that these standard assumptions were *not* applied to the 300 B1a office jobs anticipated at Kirkleatham Business Park. As discussed previously, the job creation and land-take figures specified by RCBC within the *Regeneration Masterplan* bear little relationship to the standard assumptions. In calculating the total net requirement for office therefore, an additional 10ha of land at Kirkleatham Business Park (as derived at Para 8.42) has been added. The impact of this is shown within Table 8.10.

Table 8.10 Net General Employment Floorspace / Land Forecasts 2013-29 (ha)

	B1a Office		B1b/c B2 Industrial		B8 Storage Distribution		Total	
	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)
Regeneration Masterplan	26,161	15.5 ¹⁴	55,814	14.0	0	0	81,975	29.5

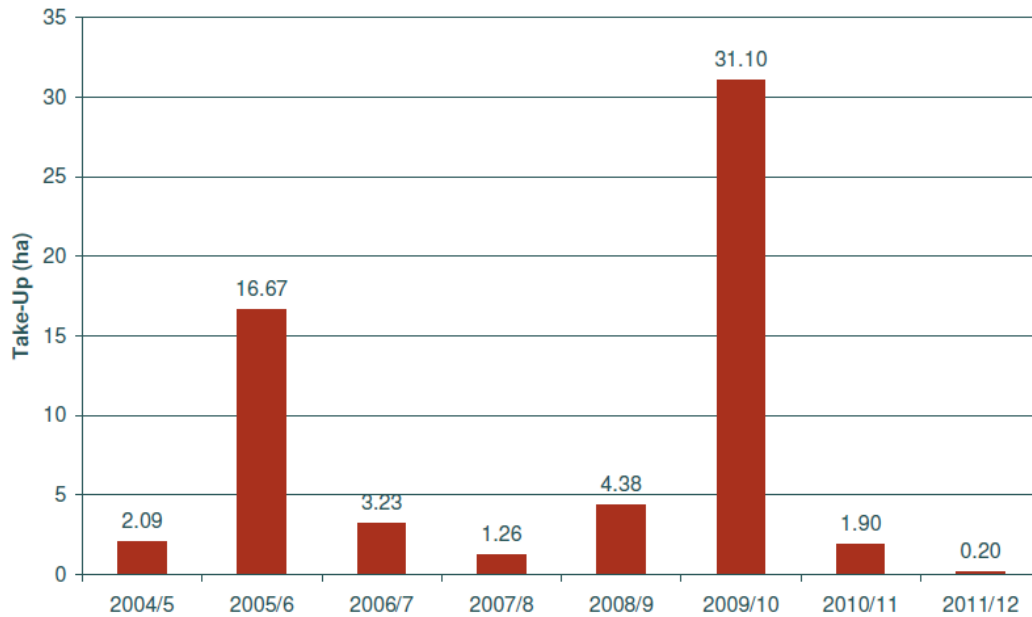
Source: Experian / NLP analysis

Past Take-up Rates – Results

- 8.49 Data regarding the take-up of employment space in Redcar & Cleveland has been provided by RCBC. Data relating to the take-up of *land* is available between 2004/05 and 2011/12. This indicates that 60.83ha of land was developed out for B-class uses during the 8 year period – equivalent to 7.6ha per annum. As Figure 8.2 demonstrates, take-up over the period was lumpy – with almost 80% of take-up occurring in just two years (2005/06 and 2009/10).

¹⁴ Includes an additional 10ha allowance for pipeline projects identified at Kirkleatham Business Park

Figure 8.2 Employment Land Development Rates (2004/05 – 2011/12)

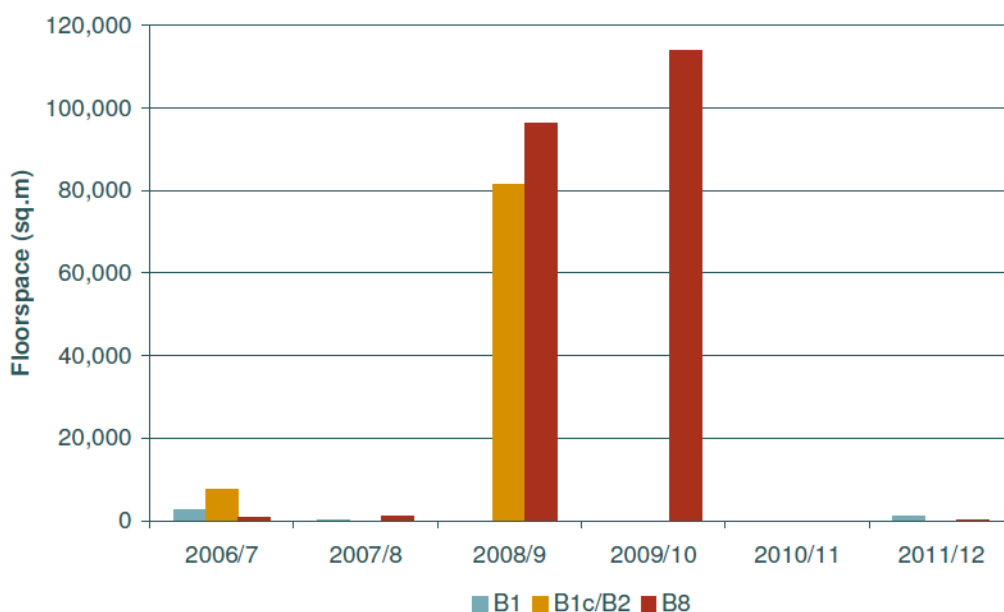


Source RCBC / NLP Analysis

8.50 At a very basic level, projecting the 7.6ha per annum forward to 2029 could suggest a requirement for around **122ha** (net) of employment land. The impact upon development activity of the 2008/09 recession and the continued uncertainty regarding when commercial markets will recover is recognised by the study team. Within this context, it is difficult to predict how accurate past take-up is likely to be in predicting future demand. This is particularly the case for locations such as Redcar & Cleveland, where development activity has fluctuated significantly from year to year.

8.51 It should be noted that the above data cannot be disaggregated by use class. As a consequence it has also been necessary to analyse RCBC data regarding the take-up of *floorspace* (as shown in Figure 8.3). Unfortunately, this data is only available for the period 2006/07 to 2011/12 and is therefore dominated by post-recession data. This shows that 305,342sq.m of employment space has been developed for B-class uses over the 6 year period. A significant proportion of this relates to just two developments – the Tesco Distribution Centre at Teesport (110,562sq.m) and a Polyethylene Plant at Wilton International (176,000sq.m) – which again illustrates the lumpy nature of development activity within the Borough.

Figure 8.3 Employment Floorspace Development Rates (2004/05 – 2011/12)



Source RCBC / NLP Analysis

8.52 Pro-rating the take-up figures over a 6 year timeframe yields an average development rate of 50,890sq.m per annum. This is disaggregated by sector as follows:

- B1a Office: 633sq.m p.a.;
- B1c/B2 Industrial: 14,823sq.m p.a.; and
- B8 Storage and Distribution: 35,434sq.m p.a.

8.53 In simple terms, projecting the above figures forward to 2029 would suggest a requirement for approximately **814,240sq.m or 203ha** (net) of employment land. Clearly this is significantly higher than the level identified by assessing past *land* take. It is understood that the difference is driven by three key factors:

- The figures based on *floorspace* take-up are driven by high levels of activity in 2008/09 (comprising primarily of a 176,000sq.m Polyethylene Plant at Wilton International) and 2009/10 (consisting largely of the Tesco Distribution Centre). However, the Polyethylene Plan (17.6ha) has not been captured by the analysis of *land* take-up. Based upon discussion with RCBC it is understood that this is because the site was already recorded as having been developed);
- Actual land take is unlikely to have occurred consistently at standard plot ratios of 40% and 200% - the figures applied by NLP in projecting forward the development of floorspace; and
- Data regarding the take-up of land and floorspace were collected over different time periods. Floorspace figures compiled by RCBC are based upon a shorter timeframe (6 years).

8.54 Table 8.11 outlines the projected sectoral breakdown of the 203ha (net) requirement. It should be noted that this distribution has been arrived at simply by projecting forward historic rates of development.

Table 8.11 B-Class Past Take Up Forecasts 2013-29

	B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	All
Floorspace (sqm)	10,128	237,168	566,944	814,240
Land (ha)	2.1	59.3	141.7	203.1

Source: RCBC / NLP analysis

Past Take-Up Rates – General Employment Land

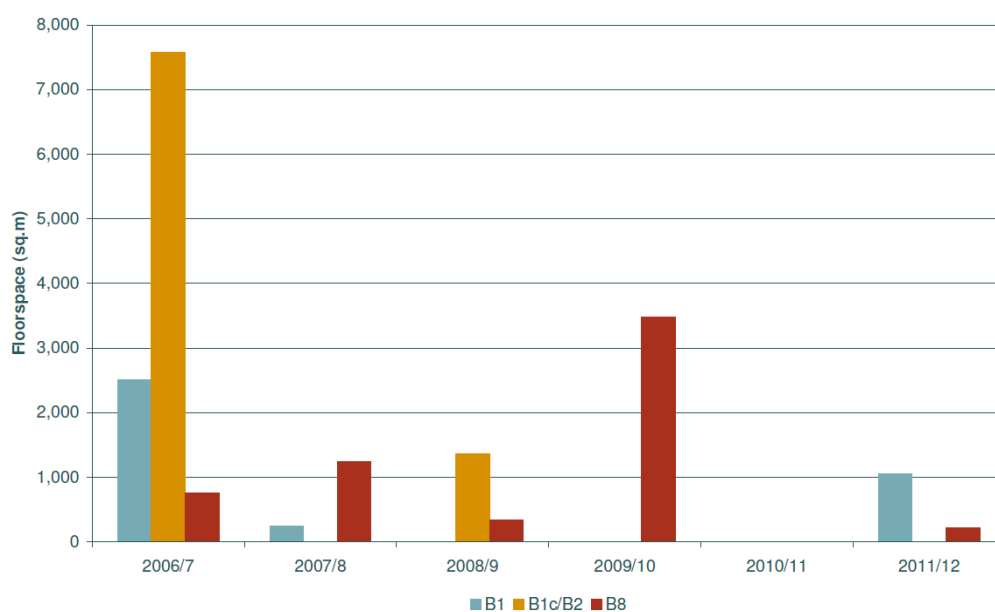
8.55 As previously discussed, it is important that the Borough's ELR distinguishes between the demand for general employment land and demand from the key sectors of chemicals, steel and the port. Figure 8.4 shows the take-up of floorspace for general employment uses over the period 2006/07 to 2011/12, based upon data provided by RCBC Officers. In calculating the figures, Officers used the take-up data discussed above as the starting point and removed any activity recorded at Teesport, Wilton and any other sites with strong links to the chemical, steel and port sectors. This resulted in the exclusion of two schemes:

- The development of a Polyethylene Plant at Wilton in 2008/09 (176,000sq.m); and
- The Tesco Distribution Centre at Teesport, which was completed in 2009/10 (110,562 sq.m).

8.56 Taking account of the adjustments outlined above, it is estimated that the take-up of general employment land within Redcar & Cleveland totalled 18,780sq.m over the 6 year period. This corresponds to average take-up of 3,130sq.m per annum, distributed as follows:

- B1a Office: 633sq.m p.a.;
- B1c/B2 Industrial: 1,490sq.m p.a.; and
- B8 Storage and Distribution: 1,007sq.m p.a.

Figure 8.4 Take-Up of General Employment Land (2006/7-2011/12)



Source: RCBC / NLP Analysis

8.57 In simple terms, projecting the above figures forward to 2029 would suggest a requirement for approximately **50,080sq.m or 12ha** (net) of employment land.

8.58 Table 8.12 outlines the projected sectoral breakdown of the 12ha (net) requirement. It should be noted that this distribution has been arrived at simply by projecting forward historic rates of development.

Table 8.12 B-Class Past Take Up (General Employment Land) Forecasts 2013-29

	B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	All
Floorspace (sqm)	10,128	23,840	16,112	50,080
Land (ha)	2.1	6.0	4.0	12.1

Source: RCBC / NLP analysis

Gross Employment Space/Land Projections

8.59 It is necessary to adjust the net employment land projections, identified above, in order to reconcile them against gross projections generated by analysing the likely amount of land that could be lost for planning purposes. An alternative approach would be to analyse historic losses for planning purposes and take a judgement regarding the extent to which these are likely to continue in future. As discussed at the start of this section, data provided by RCBC Officers suggests that 5,125sq.m per annum of employment land was lost to non-B class uses between 2009/10 and 2012/13. Given that the data was collected over a period characterised by difficult market conditions for all forms of commercial development, NLP see no reason to assume that losses over the Plan period would be lower than those previously recorded.

8.60 The historic data discussed above does not include any losses to residential uses. This is perhaps understandable given the timescales involved. Looking forward to 2029, however, it is possible that some losses to residential may occur as the housing market begins to recover. Whilst the majority of the Borough's employment land would not be suitable for housing development, discussions with RCBC Officers revealed that 4 existing employment sites/allocations¹⁵ (totalling c.40ha of employment land) are identified in the Borough's SHLAA as being potentially developable for housing (although not all of this land would necessarily be lost to housing).

8.61 There is an argument that not all such losses of employment land should necessarily be replaced or reflected in an increased gross land requirement. This would be on the basis that Redcar & Cleveland's stock of employment land contains some older sites less likely to meet future needs and is of a scale that reflects past industrial patterns, rather than the amounts of land needed in future.

8.62 However, against this argument is the fact that the historic analysis is based upon data influenced by challenging market conditions and so could possibly represent an under-estimate relative to longer-term (pre-recession) trends. Unfortunately, however, no data is available to test this. It is suggested that the historic rate of losses, 5,125sq.m, remains a reasonable basis to go forward, although this should be monitored by RCBC over the next few years and adjusted as necessary.

8.63 In summary, **an additional 82,000sq.m of employment floorspace should be provided for in order to meet net losses** over the Plan period (at a rate of 5,125 per annum over 16 years).

8.64 It should be noted that no losses have been recorded at Wilton, Teesport or any other sites with strong links to the chemicals, steel and port sectors. As such the allowance of 82,000sq.m (as derived above) has been applied by NLP in estimating both the total requirement for B class land and the future need for 'general' employment land

Adjusting the Margin of Choice

8.65 Even where the identified demand for employment land is likely to decrease, it is considered that allowance should be made for new development coming forward to reduce the risk of stagnation and further decline in the market and cater for unforeseen requirements. Consequently, it is desirable to allocate more land than is likely to be used, as some land may not come forward for development in the short to medium term (if at all). This is particularly the case

¹⁵ Skelton Industrial Estate Extension, North of Middlesbrough Road, Cleveland Gate Business Park, North Liverton Industrial Estate

for those sites which have been carried over from past plan periods and those with significant constraints to overcome.

- 8.66 It is standard practice to allow for a degree of flexibility, or '**margin of choice**', in the allocations by applying a stated factor in the demand calculations. This reflects the need for a fairly generous additional allowance on top of the initial estimate of employment space needs for a number of reasons, including:
- as a margin for error given the uncertainties in the forecasting process;
 - to allow developers and occupiers a reasonable choice of sites;
 - to allow for reasonable vacancy levels to facilitate 'churn' in the market;
 - to give some flexibility and decanting space while older premises are redeveloped and new premises are coming forward; and
 - to cope with factors such as some allocated sites not coming forward and some redundant industrial sites not being suited for new employment uses.

- 8.67 **A conservative margin of choice equal to 2 years worth of past take up was applied (101,780sq.m).** This is considered to be an appropriate and relatively modest margin of choice on the basis that this allows for flexibility in terms of the likely 1-2 years lag between the grant of planning permission and the implementation of the scheme, and would reduce the risk of oversupply of employment land in the Borough.

- 8.68 **In calculating the future requirement for general employment land,** it should be noted that a **margin of choice equal to 2 years of historic take-up has also been applied. This equates to an allowance of just 6,260sq.m,** reflecting the lower level of development activity observed on general employment sites – as previously discussed.

Net-to-Gross Adjustments

- 8.69 As outlined above, the total net requirement for employment space within Redcar & Cleveland is estimated to be in the order of 23.1ha to 348.3ha. Adding an allowance for the replacement of losses (82,000sq.m or 18.0ha) and factoring in two years of take-up (101,780sq.m or 25.4ha) to allow for a margin of choice gives rise to a **total gross requirement of 66.6ha to 391.7ha.**
- 8.70 The econometric modelling steps applied in generating the demand forecasts (and discussed above) are summarised in Figure 8.5. The same steps have been applied to net employment projections and net historic take-up figures to generate an understanding of gross requirements.

Figure 8.5 Methodology for Defining Gross Requirement



Source: NLP

8.71 The range of indicative total gross land requirements (to 2029) shown in Figure 8.5 draws upon an analysis of three core scenarios, as previously described. These are summarised below, with demand requirements disaggregated by office and industrial uses. Difficulties in distinguishing between manufacturing (B1c/B2) and warehousing (B8) mean that it has not been practical to provide any further disaggregation of the indicative requirements:

- Experian Baseline forecasts: total demand of 66.6ha, comprising of:
 - 16.9ha of land for office uses
 - 49.7ha of land for industrial uses
- Regeneration Masterplan scenario: total demand of 391.7ha, comprising of:
 - 28.5ha of land for office uses
 - 363.2ha of land for industrial uses
- Historic take-up rates: total demand of 246.6ha, comprising of:
 - 15.2ha of land for office uses
 - 231.4ha of land for industrial uses

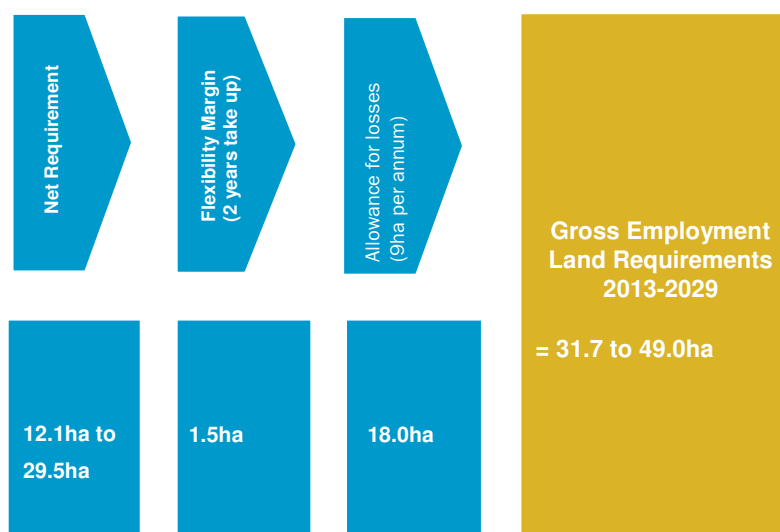
Net-to-Gross Adjustments – General Employment Land

8.72 The anticipated future net requirement for general employment land is estimated to be in the order of 12.1ha to 29.5ha over the period to 2029. Adding an allowance for the replacement of losses (82,000sq.m or 18.0ha) and factoring in two years of take-up (6,260sq.m or 1.5ha) to allow for a margin of choice gives rise to a **total gross requirement of 31.7ha to 49.0ha**.

8.73 Figure 8.6 provides a summary of the econometric modelling steps applied in generating the demand forecasts. The same steps have been applied to net

employment projections and net historic take-up figures to generate an understanding of gross requirements.

Figure 8.6 Methodology for Defining Gross Requirement



Source: NLP

8.74 The range of indicative total gross land requirements (to 2029) shown in Figure 8.6 draws upon an analysis of three core scenarios, as previously described. These are summarised below, with demand requirements disaggregated by office and industrial uses:

- Experian Baseline forecasts: total demand of 38.7ha, comprising of:
 - 16.9 ha of land for office uses
 - 21.8ha of land for industrial uses
- Regeneration Masterplan scenario: total demand of 49.0ha, comprising of:
 - 28.5ha of land for office uses¹⁶
 - 20.5ha of land for industrial uses
- Historic take-up rates: total demand of 31.7ha, comprising of:
 - 15.2ha of land for office uses
 - 16.5ha of land for industrial uses

8.75 It is clear that the three forecasting approaches considered provide a degree of consensus regarding the level of land required to meet anticipated future demand from office occupiers. The future requirement for offices is anticipated to be in the order of 15.2 to 28.5ha of land and is to be focused exclusively on

¹⁶ Includes an additional 10ha allowance for pipeline projects identified at Kirkleatham Business Park

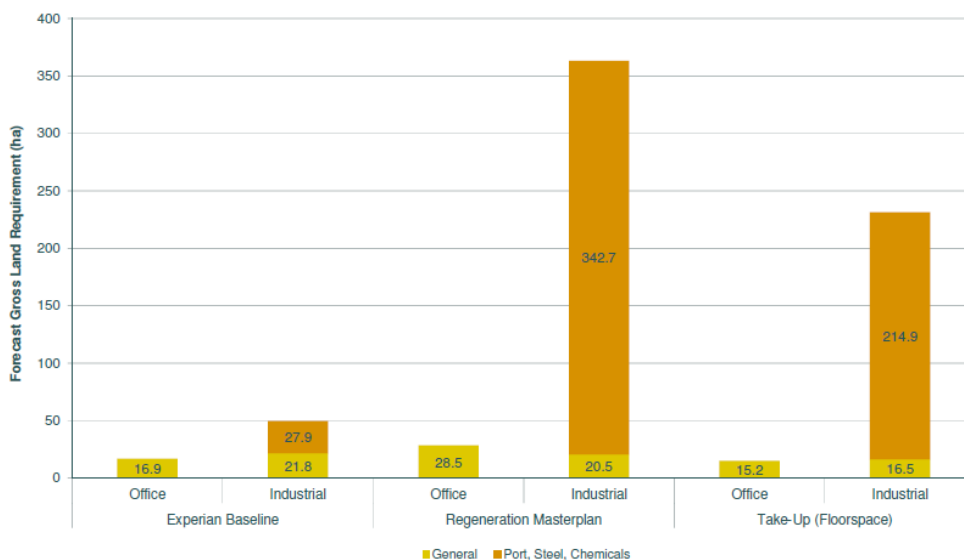
general employment land. The bottom end of the forecasting range is based upon a continuation of historic development activity, whilst the upper end is based upon the Council’s Regeneration Masterplan. The higher figures generated under the latter scenario can be explained, in part, by the Masterplan’s assumption that Kirkleatham Business Park’s EZ status will result in strong take-up of land for office development over the Plan period.

8.76

Turning to industrial space, it can be seen that the projected levels of total demand vary considerably from 49.7ha to 363.2ha. Nevertheless, the three forecasting approaches generate broadly similar requirements in relation to general industrial land (16.5ha to 21.8ha). The scale of difference between the total demand figures is, therefore, driven by differences in the projected level of demand for the key sectors of port, steel and chemicals (considered below):

- The Experian Baseline models the impact of a shift towards a more service-oriented local economy and assumes a significant decline in employment in Chemicals (-42%) and Metal Manufacture (-29%). This is reflected in a low future requirement for land related to the key sectors of port, steel and chemicals (27.9ha)
- The Regeneration Masterplan scenario is underpinned by job growth assumptions published by RCBC. The Council’s work assumes that employment growth across the Borough will be driven by major projects at Teesport and Wilton. As a consequence the scenario generates a large requirement for land related to the key sectors of port, steel and chemicals (342.7ha); and
- Past Take-Up rates demonstrate that development activity at Teesport and Wilton has been significant (if sporadic) over the last six years. As a result, projecting forward historic take-up data also indicates a requirement for significant land related to the key sectors (214.9ha).

Figure 8.7 Gross Employment Land Requirements (2013-2029)



Source: NLP Analysis

Sensitivity Tests

- 8.77 Clearly the level of future demand for B-use class land projected by the Experian Baseline projections differs from the figures suggested by the Regeneration Masterplan (and to a lesser extent those generated through an application of past take-up rates). The Experian projections are largely trend-based and as such reflect the position at the ‘bottom’ of the market. In addition, the work assumes a significant decline in the key sectors of chemicals and steel. The Regeneration Masterplan sets out an ambitious job creation target, based upon achieving significant levels of investment at Teesport and Wilton. It should be noted no authoritative research has been published regarding employment densities for the petrochemicals sector. As such, the basis for (and margin of error associate with) the land take estimates identified within the Regeneration Masterplan is unclear.
- 8.78 In order to provide a clearer steer as to what level of growth the Borough should be planning for, it is important to apply a series of reality checks.

Adjustments to Plot Ratios

- 8.79 The estimated land requirements are clearly highly sensitive to the various assumptions used. The job/floorspace ratios and plot ratios adopted here reflected those in the ODPM guidance¹⁷. At present, it is assumed that the plot ratio¹⁸ of 40% is applied to 80% of the office space; all industrial space and all warehousing, with the remaining office space subject to a higher town centre density of 200%. A sensitivity test was modelled that explored the implications of taking a plot ratio of 200% for all B1a office space (i.e. 4 floors with 50% plot coverage, or 2 floors with 100% plot coverage), with the plot ratios for B2/B8 held constant at 40%. This would result in the following changes to the gross requirements identified under the Experian Baseline scenario:
- A reduction in the total (gross) demand for employment land from 66.6ha to 53.7ha
 - A reduction in gross demand for ‘general’ employment land from 38.7ha to 25.8ha.
- 8.80 Clearly, the development of a higher proportion of office space at higher densities would result in a marked reduction in the overall land requirement for Redcar & Cleveland. At present – having regard to the absence of an established town centre office market – it is considered reasonable to assume

¹⁷ Employment Land Reviews Guidance Note, ODPM (2004)

¹⁸ A plot ratio is the total building square footage (building area) divided by the site size square meterage (area of the plot). Therefore, a plot ratio of 150% would indicate that the total floor area of a building is 1.5 times the gross area of the plot on which it is constructed. For practical purposes, this would equate to a 3 storey building with fifty percent plot coverage, the remaining plot area being occupied, for example, by access roads, parking and landscaping.

that the majority of future office development in the Borough will be at plot ratios closer to 40% than 200%.

Adjustments to the Margin of Choice

- 8.81 Another more significant assumption in terms of sensitivity is the 2-year safety margin added. This increases total demand by 25.4ha and requirements for 'general' employment land by 1.5ha. However, a 2-year margin of choice may ordinarily be seen as being reasonable, particularly in the light of the ongoing recession and the need to provide market ready sites to prevent occupiers from moving beyond the Borough when searching for appropriate sites.

Labour Supply Analysis

- 8.82 For purposes of comparison, the level of **labour supply** projected for Redcar & Cleveland has also been considered, since this could impact upon the Borough's ability to attract businesses and future job growth. At the time of undertaking the ELR, RCBC were still in the process of refining the housing requirement to be included within the Borough's Local Plan, having regard to a number of scenarios developed by TVU and underpinned by the 2010-based ONS Subnational Population Projection. RCBC instructed NLP to model the employment land requirement associated with a scenario predicated on modest population growth and housing provision of 220 net additional dwellings per annum. Clearly, this may, however, differ from the housing requirement ultimately adopted by the local authority.
- 8.83 The TVU modelling work indicates that such a scenario would see the Borough's population increase by 3,615 between 2013 and 2029. The latest ONS data suggest that 62.6% of Redcar & Cleveland's population is aged 16-64; whilst the Borough's economic activity rate currently stands at 73.0%. Allowing for the fact that the local economy has a net outflow of commuters (with a labour force ratio of 0.65 in 2011¹⁹) and on the assumption that these inputs remain constant over the Plan period, this would suggest that the net additional labour supply resulting from this modest population growth would total circa 1,075 over 16 years. Assuming a ratio of 1:1 labour supply:jobs, this would suggest that the net job growth Redcar & Cleveland should plan to accommodate under this scenario would be in the order of +1,075 between 2013 and 2029.
- 8.84 Based on the Experian Baseline forecast discussed previously, it is estimated that around 35% of these workers are likely to work in B class jobs which further reduces the number of B-class workers. By applying the same proportion of jobs for each B-class sector as per the Experian forecasts in 2029

¹⁹ 56,000 residents in employment (NOMIS economically active) / BRES 2011 workplace-based employment of 36,800

(i.e. 36% of jobs by 2029 are likely to be office related; 38% industrial and the remaining 26% in warehousing) and applying the same employment densities and plot ratios, the labour supply scenario could result in a total gross requirement of 47.4ha, as illustrated in Table 8.13

Table 8.13 Labour Supply Assessment 2013-29

ONS SNPP 2010-based population projections	Net Job Growth 2013-29	Net Floorspace Requirements	Gross Floorspace Requirements	Land requirements (gross)
B1a Office	135	1,420	63,708	13.4
B1b/c/B2 Industrial	142	6,116	46,934	11.7
B8 warehousing	98	6,841	88,953	22.2
Total	376	14,378	199,596	47.4

- 8.85 The labour supply forecast sits below the forecasts generated by the three core scenarios outlined above (and in particular the Regeneration Masterplan scenario). The scale of difference between the requirement indicated by the level of housing growth being planned for by the Council (circa 47.4ha) and the level of employment growth being planned for under the Regeneration Masterplan (circa 391.7ha) is substantial.
- 8.86 As set out in Section 3.0, Redcar & Cleveland currently suffers from high levels of unemployment and out-commuting. These two factors combined would suggest that significant scope exists to meet some of the employment growth anticipated under the Regeneration Masterplan without the need for large scale population growth. Indeed, such a scenario would clearly be beneficial in many respects, helping to reduce levels of unemployment and giving rise to more sustainable travel-to-work patterns. Nevertheless, the scale of difference between housing-led and other methods of forecasting requirements outlined above is such that careful consideration must be given to the alignment of housing and economic policies in the Council's Plan in order to ensure that economic objectives are not constrained by a lack of sufficient housing.

Summary

- 8.87 This section has considered a range of employment land projections for Redcar & Cleveland, drawing upon a variety of methodologies. It is important to identify an appropriate level of need to achieve a balance between market realism and economic and planning policy objectives. A range of qualitative and quantitative factors have been considered within this report that can help to inform a judgement regarding the appropriate level of need. The key issues are set out below:

- Redcar & Cleveland is a key driver of the Tees Valley economy and contains a number of key economic assets including Teesport and Wilton International. Demand for land and premises on these sites has traditionally been strong. Whilst committed to supporting the continued importance of the Borough's industrial base, the Council has a clearly stated ambition to diversify the economy through the growth of the service sector. If successful, this could generate greater levels of demand for office premises than previously observed;
- The Borough does face a number of economic challenges including high unemployment rates, poor recent employment performance and a declining population;
- Future job growth projections from Experian forecast a significant improvement in the employment performance of the Borough, with an increase of 5,900 net additional jobs anticipated to 2029;
- RCBC has, through the Council's Regeneration Masterplan, identified a pipeline of potential investment projects. If successful, it is anticipated that the pipeline could create more than 14,000 new jobs over the Plan period;
- An analysis of recent development rates indicates that take-up activity in the Borough has been lumpy and driven by a small number of large projects. Nevertheless, the data – which is heavily influenced by the impact of the recession – indicates a requirement for 246.6ha of land over the Plan period;
- RCBC is understood to be planning – in housing terms – for modest population growth over the Plan period. Labour supply analysis based upon 220 net additional dwellings per annum (which may not reflect the final housing requirement adopted by the Council) indicates a requirement for approximately 47.4ha of land to 2029.

Port, Steel and Chemicals Requirement – Preferred Scenario

- 8.88 Based upon the above, **it is recommended that RCBC should plan to accommodate demand of 220-340ha for port, steel and chemical uses over the period to 2029.** This recommendation has been arrived at having regard to the strength of demand observed from these sectors during difficult global economic conditions. It also takes account of the pipeline of potential projects identified by the Borough's Regeneration Masterplan, which suggests that the port and chemical sectors in particular could continue to generate significant investment in the local economy.
- 8.89 It has not been possible to narrow the range of demand forecasts down further. This is due to the difficulty in predicting demand for such uses with any certainty, which derives from two key factors:

- Historic activity has been ‘lumpy’ and this is a trend that stakeholders have indicated is likely to persist over the Plan period. As such, it is difficult to anticipate when the next investment project will come forward, but when it does, the land take is likely to be significant; and
- No authoritative research has been published regarding employment densities for the petrochemicals sector. As such, the basis for (and margin of error associated with) the land take estimates identified within the Regeneration Masterplan is unclear.

8.90 Clearly, there are significant risks associated with the failure to provide sufficient land to meet the demands of these key sectors over the Plan period – primarily the investment and employment opportunities that would be foregone as a consequence. At present, the best indications of future demand are considered to be provided by historic levels of take-up and the pipeline of potential projects identified by RCBC. It is therefore considered that in planning for an aspirational economic future, it does not make sense for RCBC to allocate less than 220ha.

8.91 Furthermore, the risks associated with an oversupply of land (in the event that demand is ultimately lower than projected over the period to 2029) are considered to be far less significant. Sites that are likely to be suitable for port, steel and chemical users are unlikely to be appropriate for other forms of development (including general employment, or indeed housing) as a result of their quality, location and surroundings. This is particularly true for land on sites such as Teesport and Wilton. As such, retaining too much land for the key sectors is not expected to constrain the Borough’s ability to bring forward other forms of development.

8.92 An oversupply of employment land is generally considered to be harmful because it can skew commercial markets, increase uncertainty, and make it more difficult for authorities to resist planning applications for non-employment uses on better quality sites. However, should demand from port, steel and chemical uses prove to be lower than anticipated, such issues are unlikely to be relevant. This is because the land for such uses is viewed by the market as being distinct from the general portfolio of employment land.

General Requirement – Preferred Scenario

8.93 **It is also recommended that RCBC plan to accommodate demand for up to 50ha of general employment land over the period to 2029.** This range has been determined having regard to the land requirements identified via an analysis of the Experian Baseline scenario and the Regeneration Masterplan scenario. Both figures suggest a higher level of need than indicated by an analysis of historic take-up, however it is important to recognise that past development rates:

- Are heavily influenced by the impact of the 2008/09 recession
- Reflect the fact that Redcar & Cleveland has not traditionally had an established office market.

- 8.94 The purpose of this ELR is to plan for employment land requirements over a 16 year time frame and, within this context, it does not seem unreasonable to assume that at some point during the study period levels of take-up will increase above those dominated by a period of economic difficulty. Certainly, it is considered inappropriate to risk constraining the future economic growth of the Borough by simply projecting forward past development rates when other demand indicators are pointing towards a higher requirement for general employment land.
- 8.95 The Experian Baseline and Regeneration Masterplan scenarios are also considered to represent the most appropriate basis upon which to plan for future land needs because of the underlying assumptions regarding the structural change of the economy. Both scenarios are underpinned by the assumption that the importance of the service sector within the local economy will increase over time. This is a clearly stated ambition of RCBC and is being actively pursued by the Council through efforts to attract and grow businesses in the creative industries, as well as the designation of Kirkleatham Business Park as an EZ site.
- 8.96 The emphasis placed upon the Regeneration Masterplan in deriving a future requirement for land for both port, steel and chemical uses and general employment purposes should not be misinterpreted as an assumption that Redcar & Cleveland will deliver the 14,000 new jobs assumed within the Regeneration Masterplan. In reality the relationship between employment change and demand for employment land is so nuanced that it is incredibly difficult to arrive at a definitive jobs target for an area and a land requirement that flows from this. Rather, a range of forecasting techniques must be considered 'in the round' in order to identify the most likely future land requirement for a particular location.
- 8.97 The absence of a linear relationship between job change and land take is evidenced by recent performance in Redcar & Cleveland. The number of employee jobs in the Borough has declined markedly since the onset of the 2008/9 recession, whereas development activity has remained substantial (if somewhat sporadic).

Indicative Requirements by Spatial Area

- 8.98 The need to consider the distribution of demand by spatial area (rather than across the local authority area as a whole) was identified by RCBC as a specific requirement of the study brief. It should be noted that a number of data sources used in forecasting future demand cannot be disaggregated beyond the local authority level (most notably the Experian Baseline projections and historic take-up data).
- 8.99 In order to generate an indicative estimate of future requirements by spatial area, therefore, NLP have drawn upon an analysis of two separate data sets:
- [BRES \(2011\) data at Lower Super Output Area was used to assess the current distribution of jobs within the Borough; and](#)

- The pipeline of projects (and the resultant job creation impacts) identified within the Council's *Regeneration Masterplan* were adopted as a proxy measure for the distribution of future job growth in the Borough.

8.100 The results of this exercise are summarised in Table 8.14. The table details the proportionate split by spatial area implied by an analysis of job data from both BRES and the Council's *Regeneration Masterplan*, as well as an average of both figures. These averages have then been adjusted up or down, as a result of applying the professional judgement of NLP and DTZ.

8.101 In applying our professional judgement, the study team sought to take account of:

- Existing and future job distribution;
- Relative strength of the spatial areas in commercial market terms; and
- Size and nature of the spatial areas.

Table 8.14 Indicative Distribution by Spatial Area

	BRES	Regeneration Masterplan (General B Class)	Average	Professional Judgement
Redcar	22%	41%	29%	30%
South Tees and Greater Eston	46%	42%	48%	50%
Guisborough	9%	17%	23%	20%
East Cleveland	24%			
	100%	100%	100%	100%

Source: NLP Analysis

8.102 Applying the proportionate split outlined above to an estimated requirement for up to 50ha of general employment land, it is anticipated that demand could be distributed across the spatial areas as follows:

- Redcar: up to 15ha over the period to 2029 (30%);
- South Tees and Greater Eston: up to 25ha over the period to 2029 (50%); and
- Guisborough and East Cleveland: up to 10ha over the period to 2029 (20%).

8.103 It is not considered necessary to disaggregate the requirement for port, steel and chemicals land using the same process. Rather, the distribution of demand will be focussed in those areas with existing strengths and the availability of suitable employment sites. In general terms, however, it is anticipated that demand will focus primarily on South Tees and Redcar.

9.0 The Demand/Supply Balance

9.1 This section of the report draws together the forecast requirement for B class land with estimates of available development land, in order to identify the balance of demand and supply. This analysis will enable the retention of adequate supply of employment sites and where necessary the removal of any surpluses.

Quantitative Factors

9.2 Section 8.0 highlighted that Redcar & Cleveland is anticipated to require up to 50ha of general employment land over the period to 2029 in order to support the growth of the Borough's economy. The land supply required to meet this need would come from the following sources:

- Allocated employment development land without planning permission;
- Undeveloped plots within industrial estates without planning permission;
- Employment space with extant planning permissions; and
- Windfall sites, underused employment sites and the intensification of existing employment premises. The amount of land likely to come forward from such sources is not clear, nor is it sufficiently certain to come forward to justify it being quantified as part of the demand/supply balance.

Available Land vs. Demand

9.3 As set out in Section 8.0, it is anticipated that future demand in Redcar & Cleveland could require the allocation of up to 50ha of general employment land across the Borough. It is recommended that additional land be allocated specifically to meet the needs of the key growth sectors of port, steel and chemicals – this is dealt with separately later in this section.

9.4 Currently within Redcar & Cleveland available land is estimated to provide approximately 442ha of net developable land. Based upon analysis undertaken by DTZ and presented at Section 5.0, the 442ha of available land is considered to comprise of:

- 324ha of land suitable for use within the key employment sectors port, steel and chemicals development; and
- 118ha of land suitable for general employment uses.

9.5 Drawing upon the analysis presented above, it is considered that Redcar & Cleveland currently has an oversupply of some 68ha of general employment land, in purely quantitative terms. Put simply, current supply equates to more than double the level of projected demand.

9.6 The following paragraphs consider the relationship between the demand for and supply of general employment land within the Borough. The demand-supply

balance as it relates to the key employment sectors is addressed separately at Paragraph 9.28.

Pipeline Supply

- 9.7 In taking account of committed employment space, it should be noted that a number of sites with extant permission were included in the list of available land provided to the study team by RCBC and have been assessed accordingly by DTZ. These sites have therefore been picked up as part of the stock of available land quantified elsewhere in this report. To avoid any double counting of sites or unnecessary confusion, they have been stripped out of the following analysis of pipeline development and considered simply as part of the available supply.
- 9.8 Notwithstanding the above, site recommendations relating to the supply of available employment land have clearly had regard to any extant permissions in arriving at a final portfolio of land.
- 9.9 Removing the above sites, it is understood that the gross amount of potential new general B class land with extant permission at March 2013 stood at 1.01ha. It should be noted that all the sites identified as part of the development pipeline are currently allocated and there are, therefore, no extant permissions for development on windfall employment sites at present.
- 9.10 There are also, however, a small number of applications in the pipeline that could ultimately result in a loss of existing/allocated general employment land within Redcar & Cleveland. As of March 2013, this figure was estimated at 0.58ha.
- 9.11 Taking account of the above it is estimated that the amount of general employment land in the pipeline equates to a marginal net gain of just 0.43ha.

Potential for release of sites

- 9.12 The NPPF is clear that local authorities should avoid stockpiling employment land by rolling forward inappropriate allocations when updating their planning policies. Indeed, Paragraph 22 of the document states that:
- 'Planning policy should avoid the long term protection of sites allocated for employment use, where there is no reasonable prospect of a site being used for that purposes.'*
- 9.13 Taking this into account, and having regard to the clear quantitative imbalance between the supply and demand for general employment land within Redcar & Cleveland, it is evident that there is a need to significantly reduce the stock of general employment land. Forecast demand over the plan period is estimated to be in the order of up to 50ha and this study therefore seeks to bring the availability of land into alignment with this figure.
- 9.14 In considering the future portfolio of employment land, NLP and DTZ have also sought to ensure that supply is appropriately balanced within each of the

Borough's spatial areas (having regard to the indicative demand forecasts derived in Section 8.0). In identifying potential candidate sites for de-allocation, NLP and DTZ have therefore sought to focus on those sites least suited to meeting the future growth drivers within each of the spatial areas, whilst also ensuring that an appropriate supply both in terms of quantity and quality is maintained across the Borough.

9.15 It is important, however, to note that NLP and DTZ have not necessarily sought to simply de-allocate those sites according to the lowest site assessment scores. This reflects the need to ensure an appropriate balance within the overall supply of land, as well as an acknowledgement that sites which may score poorly can often still serve an important role within the local economy by supporting employment and meeting the needs of low value premises – particularly for small and medium sized enterprises.

9.16 Within the context of the above and the wider comments within this report, the following sites are recommended for de-allocation:

Table 9.1 Sites Recommended for De-allocation

Location	Spatial Area	Site Type	Site Area (ha)
North of Middlesbrough Rd	Guisborough	Greenfield	3.86
Skelton Industrial Estate Extension	East Cleveland	Greenfield	22.77
Trunk Road	Redcar	Greenfield	2.11
West of A1053	South Tees	Greenfield	19.26
			48.00

Source: NLP/DTZ Analysis

9.17 As Table 9.1 shows, 4 sites (totalling 48.00ha of land) are recommended for de-allocation. The distribution of the proposed deallocations, by spatial area, is as follows:

- One site of 2.11ha in Redcar;
- One site of 19.26ha in South Tees;
- One site of 3.86ha in Guisborough; and
- One site, comprising 22.77ha of land, in East Cleveland.

9.18 The text overleaf provides a site specific commentary in relation to each of the proposed de-allocations:

- It is recommended that 3.86ha of land north of Middlesbrough Road, Guisborough be deallocated. This land is believed to have significant delivery constraints, with the northern part of the site located in Flood Zones 2 and 3. The southern part of the site has outline planning permission for residential development.

- The de-allocation of the extension land at Skelton Industrial Estate (totalling 22.77ha) is also recommended. There remains a significant supply of employment land within this industrial estate (6.18ha distributed across a number of smaller development plots) which is considered sufficient to meet the primarily local demand for land in the area. Furthermore, the scale of the extension land is such that its retention would significantly distort the overall supply of land in East Cleveland, whilst part of the land has already been developed for non B class uses.
- One of the available plots of land on the Trunk Road estate is recommended for deallocation. The parcel of land comprises of 2.11ha. Access to the site is constrained and it is understood that it is currently used as part of the adjacent open space.
- Land West of the A1053 is recommended for deallocation as it is not well located in relation to the general commercial areas of Redcar & Cleveland. DTZ consider the land to be more suitable as a potential extension to the existing residential area surrounding Eston;

9.19 As discussed above, Redcar & Cleveland currently has an estimated 118ha of land available for general employment uses. The de-allocation of 48.00ha (in accordance with the recommendations outlined above) would see the overall supply of available land fall to approximately 70ha. This is still significantly higher than projected demand over the Plan period (up to 50ha).

9.20 The table below provides a summary of the overall balance of supply and demand by spatial area. From this it can clearly be seen that:

- The portfolio of general employment land recommended for retention within Guisborough and East Cleveland is broadly in alignment with anticipated demand;
- There is a shortfall of employment land in South Tees, with the portfolio of employment land recommended for retention falling below anticipated demand; and
- The anticipated level of demand for general employment land in Redcar is significantly below the quantum of land recommended for retention.

Table 9.2 Demand-Supply Balance by Spatial Area

Location	Demand	Supply			Balance
		Recommended Allocations	Pipeline Supply	Total Portfolio	
Redcar	15ha	41.07ha	-0.07ha	41.00ha	+26.00ha
South Tees	25ha	17.24ha	0.81ha	18.05ha	-6.95ha
Guisborough & East Cleveland	10ha	11.89ha	-0.31ha	11.58ha	+1.58ha
Redcar & Cleveland	50ha	70.20ha	0.43ha	70.63ha	+20.63ha

Source: NLP Analysis

Addressing the Demand-Supply Imbalance: Redcar

- 9.21 The table illustrates that any oversupply of employment land within the recommended portfolio is primarily focused within the Redcar area. This is driven by land at Kirkleatham Business Park, although smaller allocations are also proposed at Warrenby Industrial Estate (0.99) and Trunk Road (2.51ha). It is considered that land should be retained in all three locations in order to achieve a balanced portfolio with respect to the size and quality of sites. It is anticipated that Kirkleatham Business Park will appeal to higher profile occupiers, with Warrenby Industrial Estate and Trunk Road meeting requirements for smaller, local operators.
- 9.22 Based upon the demand forecasting work presented in Section 8.0 it is considered likely that only 15ha of employment land will be taken up in the Redcar area over the Plan period. However, it should be noted that a significant parcel of land on Kirkleatham Business Park (12.6ha gross) was recently awarded EZ status. The granting of EZ status and the resultant fiscal benefits that flow from this could see the pace of development accelerate in this particular location.
- 9.23 Having regard to the above, it is considered that RCBC faces two possible policy choices in addressing the demand-supply balance in the Redcar area:
- 1 Retain all 37.57ha of land currently available at Kirkleatham Business Park in the event that EZ status on part of the site results in higher than anticipated levels of demand. In adopting such an approach, it will be important to recognise that the Borough comprises of a number of smaller, distinct market areas (based largely on the spatial areas considered elsewhere in this report) and that each requires an appropriate portfolio of land and premises in order to meet demand. As such, it is critical that RCBC ensures that any perceived oversupply of land at Kirkleatham Business Park is not used as a means to justify reduced employment land allocations elsewhere in the Borough; or
 - 2 Retain 11.5ha of land at Kirkleatham Business Park for immediate development (which when added to the 3.5ha of land to be allocated at

Warrenby and Trunk Road should be sufficient to meet projected demand) with the remaining 26.07ha retained beyond the Plan period. This approach would serve to bring supply and forecast demand into alignment over the period to 2029, whilst also recognising the need for RCBC to support further employment growth over the longer term (i.e. beyond the plan period) and the importance of good quality, well located employment sites in facilitating this. It is also cognisant of Kirkleatham's location within an HSE consultation zone, which is likely to limit the site's suitability for alternate forms of development. Such an approach should be supported by regular monitoring of the demand-supply balance at Kirkleatham. Clearly, if demand proves to be stronger than anticipated, RCBC should respond by bringing forward further phases of development within the Plan period.

Addressing the Demand-Supply Imbalance: South Tees

9.24 Table 9.2 also clearly highlights a potential shortfall of c.6.95ha of general employment land within the South Tees area. It is recommended that RCBC seek to address this through the allocation of additional land as an extension to Skippers Lane Industrial Estate, cognisant of:

- The strength of demand in the South Tees area;
- The limited availability of land on the existing Skippers Lane estate; and
- The availability of land (comprising of open space, allotments and scrap yards) adjacent to the estate, as identified in RCBC's previous (2008) ELR.

9.25 Having regard to the demand-supply balance as summarised in Table 9.2, it is recommended that 6.95ha of land is allocated as an extension to the estate. This would result in a total portfolio of 25ha of general employment land in South Tees, which would be in alignment with anticipated demand over the period to 2029. It is recognised, however, commercial considerations (such as the need to ensure the allocation is financially viable and capable of delivering a critical mass of development) may necessitate the allocation of more land. It is understood that c.10.3ha of land (gross) is available on the sites identified within the Council's previous ELR.

Phasing of Delivery

9.26 In determining an appropriate portfolio of employment sites for the Borough, it is important to ensure that the identified supply is capable of being delivered over the Plan period. In addition it is important that sufficient land is immediately available, in order to meet demand in the short term.

9.27 The following paragraphs consider the trajectory of demand for employment land in Redcar & Cleveland to 2029, as well as an indicative delivery strategy for the recommended portfolio of sites.

Demand Trajectory

9.28 It is projected that the future requirement for general employment land over the 16 year study period (2013-2029) could be as much as 50ha. If it is assumed that this demand were to be distributed evenly across the time period, then this would translate to a requirement for 3.125ha per annum, resulting in the following demand profile:

- 0-5 years: 15.63ha of demand;
- 6-10 years: 15.63ha of demand; and
- 11+ years: 18.75ha of demand.

9.29 In reality, however, it is unlikely that the demand trajectory will be uniform over the Plan period. In announcing the 2013 Budget, George Osborne halved growth forecasts for the UK economy in 2013 and the latest HM Treasury Forecasts for the UK Economy suggest that growth is likely to remain modest to 2017. As such, requirements in the first 5 years of the study period could conceivably be lower than outlined above, with any shortfall being offset by stronger demand in the later phases.

Site Deliverability

9.30 An attempt has been made to understand which of those general employment sites within the recommended portfolio are readily available and unconstrained and therefore capable of meeting demand in the short term. Drawing upon the site assessment work undertaken by DTZ, sites have been categorised as follows:

- Unconstrained and immediately available (0-5 years);
- Modest constraints (6-10 years); and
- Major constraints (11+ years).

9.31 A site-by-site analysis can be found at Appendix 3, with the headline findings summarised in Table 9.3. This demonstrates that Redcar & Cleveland has an estimated 15.09ha of immediately available employment land. This represents a small shortfall (of 0.54ha) against the requirement of 15.63ha derived above. However, it should be noted that the development pipeline is expected to provide up to 0.43ha of additional employment land and it would appear reasonable to assume that much of this is likely to come forward in the short term. As such, it is considered that the Borough has sufficient available land to meet demand in each of the three phases set out in Table 9.3.

9.32 It should be noted that the analysis set out in Table 9.3 does not include the proposed allocation of an extension to Skippers Lane Industrial Estate. This is because the analysis is underpinned by the site assessment work undertaken by DTZ, which focused exclusively on existing employment land.

Table 9.3 Indicative Delivery Strategy

Location	0-5 Years	6-10 Years	11+ Years
Demand	15.63ha	15.63ha	18.75ha
Supply	15.09ha	29.26ha	25.85ha ²⁰
Balance	-0.54ha	+13.63ha	+7.10ha

Source: NLP/DTZ Analysis

Key Employment Sectors

- 9.33 As the preceding sections have clearly illustrated, the economy of Redcar & Cleveland is dominated by the steel, petrochemical and port related industries. The nature of these sectors is such that requirements for employment land will vary significantly year on year, making it difficult to quantify future demand. In addition, requirements will typically be significant in scale – far greater than any general employment use (as demonstrated by the recent requirements from Tesco at Tees Port and the potential future requirements surrounding the Sirius Minerals Potash processing plant at Wilton International).
- 9.34 Given the importance of these specialist sectors to the Redcar & Cleveland economy, as well as the wider Tees Valley and North East economies generally, it is critically important to ensure that the Borough maintains an adequate supply of safeguarded land retained specifically for the growth of businesses within these key sectors. **It is therefore recommended that a significant supply of sites (totalling 324 ha) is allocated and safeguarded for use by the port, steel and chemical sectors only.** This includes the following:-
- A total of 143 ha situated within the Corus corridor;
 - A total of 17 ha within the Tees Offshore base;
 - A total of 23ha at Teesport; and
 - A total of 141 ha allocated within Wilton International.
- 9.35 As outlined in Section 8.0, it is considered that the potential risks of undersupply (and the resultant lost economic opportunities) far outweigh the potential risk of an oversupply of such sites. This is partly because the quality, location and surroundings of such sites mean they are unlikely to be suitable for other forms of development and will not be viewed by the market as forming part of the general supply of employment land.

²⁰ Assumes that all land at Kirkleatham Business Park is allocated for general employment use during the Plan period

Qualitative Gaps

9.36 Having reviewed the existing portfolio of land and premises, it is considered that the following qualitative gaps exist with respect to the supply of office and industrial uses.

Office Market

9.37 As outlined in the preceding sections, the Borough's existing supply of offices can be characterised as follows:

- A very limited supply of good quality offices, with a large proportion held in smaller older suites that offer modest specification;
- Particular demand from small and medium size enterprises for office premises in incubator accommodation;
- The South Tees area includes a particular concentration of supply;
- Much of the better quality office stock is to be found at Kirkleatham Business Park, which is likely to remain a focus for office growth in the future; and
- Demand for and the supply of office accommodation within East Cleveland is limited.

9.38 At present, the Redcar & Cleveland office market is generally viewed as being smaller than that of Middlesbrough and Stockton. Nevertheless, RCBC has aspirations to grow the service sector and the Borough's stock of premises will need to respond accordingly if these ambitions are to be realised. It is therefore considered that there is a need for further office development to increase the provision of good quality space. Provision should be focused primarily in:

- South Tees and Redcar to provide new premises in close proximity to the existing key sectors of port, steel and chemicals, whilst also capitalising upon linkages to the wider Tees Valley; and
- Kirkleatham Business Park, which is already established as a high quality office location and now benefits from EZ status and the benefits that flow from this (including business rate discounts and a Local Development Order).

Industrial market

9.39 Having reviewed the current stock of employment land suitable for industrial use, it is clear that most of this would be focused in and around the South Tees area and other areas close to key road links providing access to the wider Tees Valley and North East.

9.40 When the existing market is compared against the neighbouring, competing locations and also against the demand from the key economic growth sectors, DTZ consider there to be the following qualitative gaps:

- Land that is capable of meeting large requirements should be protected near to the main highway infrastructure;
- There is a need to maintain a supply of easily developable sites in and around areas surrounding the port, steel and chemicals industry; and
- There is a need to enhance the quality of industrial accommodation in the Borough, with a particular focus on meeting the needs of small and medium sized occupiers. This is apparent in locations such as Skelton Industrial Estate. The Estate is characterised by large, outdated industrial units that were developed to meet the needs of large scale manufacturing. Such premises do not meet the requirements of modern users, who typically prefer smaller, higher specification premises. This is an issue that must be overcome in order to secure the long-term viability of Skelton as an employment location.

10.0 Key Policy Choices

10.1 This section draws together the preceding analysis in order to outline the final portfolio of land that it is recommended RCBC allocate through the Local Plan process. A number of additional policy considerations are also highlighted.

Future Portfolio of Land

10.2 It is anticipated that Redcar & Cleveland is likely to require up to 50ha of general employment land over the period to 2029, to be distributed by spatial area as shown below:

- 15ha in Redcar;
- 25ha in South Tees and Greater Eston;
- 10ha in Guisborough and East Cleveland.

10.3 It should be noted that a further 220-340ha of land associated with the key sectors of port, steel and chemicals is also forecast over the Plan period. NLP recommends that any land suitable for such uses should be safeguarded accordingly. This decision has been arrived at on the basis that the risks of undersupply (and associated harm to achieving economic growth objectives) are considered to be far greater than those associated with an oversupply of land, in the context of the nature of that land and scope for alternative uses.

10.4 At present, it is estimated that Redcar & Cleveland has 442ha of available employment land. In order to ensure that the Borough has an appropriate portfolio of sites over the Plan period (and having regard to the demand projections outlined above) the following recommendations can be made:

Safeguarded Sites

10.5 It is recommended that 324 ha of land is safeguarded for use with the key growth sectors within four key locations:

- 1 Corus Corridor
- 2 Tees Offshore Base
- 3 Teesport
- 4 Wilton International

General Employment Sites

10.6 Pipeline supply is expected to result in a net increase of 0.43ha of general employment land. In addition, it is recommended that between 51.58ha and 77.65ha of land is allocated for general employment use across 14 locations in the Borough. This is to be distributed by spatial area as shown below:

- In Redcar it is recommended that land is retained for employment uses across 3 locations: Trunk Road (2.51ha); Warrenby Industrial Estate (0.99ha); and Kirkleatham Business Park. With respect to the level of land to be allocated at the latter, two scenarios are presented by NLP and DTZ for further consideration by RCBC. The scenarios are outlined below and would result in the retention of between 11.5ha and 37.57ha of land:
 - i Retain all 37.57ha of land currently available at Kirkleatham Business Park, in the event that its status as an EZ location results in higher than anticipated levels of demand. Under such a scenario, it will be important to ensure that any perceived oversupply of land on the site is not used as a means to justify reduced employment land allocations elsewhere in the Borough given the specific circumstances of this site, and its potential to meet longer term needs beyond the plan period; or
 - ii Retain 11.5ha of land for general employment land, which when added to the 3.5ha to be retained elsewhere in Redcar would bring demand and supply broadly into alignment. The remaining 26.07ha of land at Kirkleatham would then be safeguarded for future development beyond the Plan period

- In South Tees and Greater Eston, it is recommended that 25ha of land (across 6 locations) is retained for general employment uses:
 - i Bolckow Road Industrial Estate
 - ii Nelson Street Industrial Estate
 - iii Skippers Lane Industrial Estate
 - iv South Tees Food Park
 - v South Tees Industrial Park
 - vi An extension to Skippers Lane Industrial Estate, comprising of c.6.95ha of land

- In Guisborough and East Cleveland it is recommended that 11.89ha of land (across 4 locations) is retained for general employment uses:
 - i Barnet Industrial Estate
 - ii Morgan Drive & Priory Park
 - iii North Liverton Industrial Estate
 - iv Skelton Industrial Estate

10.7 In addition, land totalling 48ha (across 4 locations) is recommended for de-allocation:

- 1 North of Middlesbrough Road
- 2 Skelton I.E. Extension
- 3 Land West of A1053
- 4 Trunk Road (partial de-allocation)

Facilitating Delivery through the Planning Process

- 10.8 Current market conditions make the delivery of employment land and premises challenging. Nevertheless, the provision of good quality workspace that meets the needs of occupiers is vital in promoting economic growth and attracting/retaining business occupiers. Whilst financial viability is generally recognised as the key constraint to development at the present time, a number of planning and policy tools can also be effective in helping to encourage development.
- 10.9 The paragraphs below provide an overview of key measures available to LPAs at present. These are presented for consideration and further exploration by RCBC. It should, however, be noted that these measures will not be appropriate in every case and delivery strategies should be tailored to meet the specific needs and challenges of individual development sites.

Increasing Planning Certainty

- 10.10 The publication of a planning document which can create greater certainty for potential developers can have a positive impact on bringing forward new employment sites. Such an approach is often already adopted by local authorities and can take the form of an Area Action Plan, Supplementary Planning Document or Development Brief. Documents should be used to provide clarity with respect to the development constraints of a site – including abnormal costs – and approaches to overcoming these, as well as specifying the mix and scale of uses which would be acceptable.
- 10.11 It is critical that documents of this nature are market facing and present a positive but realistic investment prospectus for a site.

Local Development Orders

- 10.12 Local Development Orders (LDOs) can be adopted by local authorities in order to allow specified types of development within defined employment areas, without the need to obtain planning permission. An LDO needs to be prepared in partnership with tenants and land owners and could allow, for example, the construction of new industrial buildings or the sub-division or refurbishment of existing buildings without the need for owners/developers to go through the planning process. This can help to stimulate the upgrading of premises within existing industrial estates.
- 10.13 The introduction of an LDO can also support the delivery of new premises by increasing certainty for developers, thereby making it easier to raise development finance and giving them greater confidence to proceed. RCBC is committed to a proactive approach to facilitating economic development and is using simplified planning tools, like LDOs, where appropriate. LDOs have already been established at Kirkleatham Business Park and Skelton Industrial Estate.

Business Improvement Districts

- 10.14 Business Improvement Districts (BIDs) can help to facilitate the enhancement of existing employment areas. BIDs are established for a defined area – such as an industrial estate – within which, after a ballot, businesses agree to pay a levy to fund improvements. Typically this applies over a defined period, such as 5 years.
- 10.15 Many BIDs for employment areas focus upon improving security, landscaping and road access/parking, rather than the direct modernisation of premises. Such interventions can, however, make an estate more attractive and encourage businesses to invest in the upgrading of premises, as well as helping an area to attract new occupiers.

11.0

Conclusions

11.1

There are a number of overriding conclusions from the study. These are summarised below and discussed in the paragraphs that follow:

- 1 Redcar & Cleveland has strong economic ties with Tees Valley and North Yorkshire
- 2 The employment performance of the Borough has been poor in recent years, with a contraction observed in the pre-recession 'boom' years
- 3 The local economy does, however, benefit from a number of sectoral strengths and growth opportunities
- 4 Redcar & Cleveland's office market is viewed as being smaller than that of Stockton and Middlesbrough and is characterised by a clear east/west split
- 5 Demand for industrial space is also strongest in those locations in close proximity to the wider Tees Valley economy
- 6 A significant supply of available employment land has been identified within the Borough
- 7 It is recommended that the Borough plan to allocate between 220ha and 340ha (gross) of land specifically for the key sectors of port, steel and chemicals to 2029
- 8 It is recommended that the Borough plan for the provision of up to 50ha (gross) of general employment land to 2029
- 9 In drafting the Local Plan, RCBC must carefully consider the alignment between housing and employment targets for the Borough
- 10 Following a review of Redcar & Cleveland's existing supply, it is recommended that RCBC's future portfolio should comprise of between 51.58ha and 77.65ha of general employment land (with an additional 0.43ha of pipeline supply). It is recommended that a further 323.88ha be safeguarded for port, steel and chemical uses only

1) Redcar & Cleveland has strong economic ties with Tees Valley and North Yorkshire

11.2

An analysis of travel-to-work data would suggest that the authority falls within a functional economic area comprising of Redcar & Cleveland and Middlesbrough (albeit with linkages to other locations in the Tees Valley and North Yorkshire). The Borough is a net exporter of labour, with the number of residents commuting elsewhere for employment opportunities far greater than the number of workers moving in the opposite direction. The spatial distribution of this net outflow of workers also reflects Redcar & Cleveland's strong economic ties to the Tees Valley (and Middlesbrough in particular) and parts of North Yorkshire.

2) The employment performance of the Borough has been poor in recent years, with a contraction observed in the pre-recession 'boom' years

11.3 An analysis of employment change over time reveals that the number of employee jobs in Redcar & Cleveland fell by 4,700 over the period 2001-2011 – in stark contrast to the increases observed at the regional and national level. Whilst some contraction is perhaps to be expected since the onset of the recession in 2008/09 it is understood that the number of jobs in the Borough also fell during the 'boom' years that preceded the downturn and that were characterised by strong economic growth across the North East and Great Britain more widely.

11.4 Disaggregating this employment change by industrial sector highlights that the decline of manufacturing played a key role in falling employment numbers. Indeed, the sector is estimated to have shed 5,500 jobs during the 10 year period.

11.5 In looking to stimulate a recovery and improve the performance of the local economy, the Borough faces a number of additional challenges, including: high levels of unemployment (and long-term unemployment); a low skills base; concentrations of acute deprivation; and poor connectivity in parts of the local authority area.

3) The local economy does, however, benefit from a number of sectoral strengths and growth opportunities

11.6 Analysis undertaken by NLP, having regard to intelligence previously compiled by RCBC highlights the existence of a number of key specialisms and potential growth opportunities including:

- **Petrochemicals:** underpinned by the global expertise and reputation of Wilton International, the Borough continues to attract large scale investment in the sector. Information provided by RCBC and NEPIC regarding potential future investment would suggest that this is likely to continue over the Plan period;
- **Port-related activity:** Teesport – one of the UK's largest ports – is a key economic asset for RCBC and the wider Tees Valley. Planned investment at Teesport offers the opportunity to deliver significant growth in port-related activity in the Borough;
- **Business services:** RCBC has a clearly stated ambition to diversify the local economy, by strengthening the representation of service-based industries. It is considered that an opportunity exists to develop the business service sector within the Borough, focusing particularly on those firms providing professional services to the existing key sectors of petrochemicals and port-related activity; and
- **Creative industries:** the development of the Palace Hub is designed to capitalise upon the burgeoning creative industries sector within Redcar. The scheme is intended to raise the Borough's profile as a creative centre, whilst also providing a physical focus for activity.

4) Redcar & Cleveland's office market is viewed as being smaller than that of Stockton and Middlesbrough and is characterised by a clear east/west split

- 11.7 Redcar & Cleveland is typically perceived as a weaker office market than the neighbouring centres of Stockton and Middlesbrough. In part, this is understood to be a reflection of the lack of good quality office premises within the Borough. However, it is also likely to be influenced by the area's location on the (geographic) periphery of Tees Valley. Indeed, demand is widely acknowledged to be stronger in the west of the Borough in locations that are closer to Stockton and Middlesbrough, whilst the east is not typically viewed as an office location. It will be difficult to fundamentally change this perception.

5) Demand for industrial space is also strongest in those locations in close proximity to the wider Tees Valley economy

- 11.8 Wilton and Teesport are key drivers of inward investment activity and attract occupiers from a wide area of search. With respect to general industrial space, however, Redcar & Cleveland is viewed as a primarily local market. Demand is typically strongest in those locations that benefit from close proximity to Stockton and Middlesbrough, as well as the A19/A66 interchanges. Levels of activity become more modest as one moves further east, with demand in East Cleveland largely characterised by requirements from local small/medium enterprises or business start-ups.

6) A significant supply of available employment land has been identified within the Borough

- 11.9 Site assessment work has indicated that Redcar & Cleveland currently has available employment sites capable of providing approximately 442ha of net developable land. The existing level of supply is skewed by a small number of large allocations, including: Wilton; Corus Corridor; and (to a lesser extent) Kirkleatham Business Park. All three locations are considered to be critical to the current and future economic success of the Borough.

7) It is recommended that the Borough plan to allocate between 220ha and 340ha of land specifically for the key sectors of port, steel and chemicals to 2029

- 11.10 Drawing upon analysis of a range of forecasting techniques it is recommended that RCBC plan to safeguard between 220ha and 340ha of land specifically for use by the key sectors of port, steel and chemicals. This recommendation has been arrived at having regard to the strength of demand observed from these sectors during difficult global economic conditions, as well as the pipeline of potential projects identified within the Borough's Regeneration Masterplan.

8) It is recommended that the Borough plan for the provision of up to 50ha (gross) of general employment land to 2029

- 11.11 In addition, it is recommended that a further 50ha be retained for general employment uses. As above, this figure has been derived having regard to a range of forecasting techniques and is considered to strike an appropriate balance between aspiration and commercial realism. The preferred scenario also reflects planned structural economic change in the Borough. In particular, it is underpinned by higher levels of office take-up than observed in recent years – in recognition of RCBC’s strategic objective to diversify the local economic base by stimulating growth in business and professional services.

9) In drafting the Local Plan, RCBC must carefully consider the alignment between housing and employment targets for the Borough

- 11.12 The ELR seeks to assist Redcar & Cleveland in delivering a more prosperous economic future, by providing sufficient land to meet a range of opportunities in existing and emerging sectors. Sensitivity testing undertaken as part of the demand forecasting work also tested the employment land requirements generated by the future housing trajectory being planned for by RCBC. This identified a significant gap between the employment land requirements generated by NLP’s central scenarios and the requirement implied by the Council’s planned level of housing growth.
- 11.13 Redcar & Cleveland currently suffers from high levels of unemployment and out-commuting and these two factors combined would suggest that significant scope exists to meet some employment growth without the need for large scale population growth. Nevertheless, in refining the Borough’s Local Plan it is recommended that RCBC give careful consideration to the alignment of housing and economic policies.

10) Following a review of Redcar & Cleveland’s existing supply, it is recommended that RCBC’s future portfolio should comprise of between 52ha and 78ha of general employment land and a further 324ha to be safeguarded for port, steel and chemical uses only

- 11.14 Employment sites across a range of locations were assessed by DTZ, indicating the availability of 442ha of employment land.
- 11.15 It is recommended that 324ha of this land (focussed on 4 sites) be allocated and safeguarded for use by the port, steel and chemical sectors only. This is considered to be broadly in alignment with the projected requirement for 220ha-340ha.
- 11.16 In addition, it is recommended that 14 sites totalling between 51.58ha and 77.65ha be allocated (in full or in part) for general employment use. It should be noted that a pipeline supply totalling c.0.5 ha has also been identified and will contribute towards meeting future demand. The recommended allocations include:

- 25.00ha (6 sites) in South Tees and Greater Eston. It is recommended that this portfolio – which is considered to be in alignment with projected demand of up to 25ha – includes a new allocation of c.6.95ha, to serve as an extension to Skippers Lane Industrial Estate;
- 11.89ha (4 sites) in Guisborough and East Cleveland. This is considered to be broadly in alignment with projected demand of up to 10ha;
- Land to be retained in 3 locations: Kirkleatham Business Park; Warrenby Industrial Estate; and Trunk Road. Proposed allocations at Warrenby and Trunk Road would provide a total of 3.5ha. Given the scale of land available at Kirkleatham Business Park – which is significantly higher than the forecast requirement for 15ha within Redcar – two policy options have been presented by NLP for further consideration by RCBC:
 - 1) Allocating 11.5ha of land for general employment uses at Kirkleatham Business Park, with a further 26.07ha safeguarded for employment use beyond the Plan period; or
 - 2) Allocating 37.57ha of land at Kirkleatham Business Park for general employment uses.

11.17

The above recommendations leave a further 4 sites, totalling 48ha, that it is not considered necessary to retain as part of the Borough's portfolio of employment land over the period to 2029. It is recommended that these sites are de-allocated and that proposals for alternate forms of development are considered on their merits on a case-by-case basis.



Appendix 1: Policy Review

1.0 Introduction

1.1 This note sets out the key national, regional and local policy relevant to the Employment Land Review for Redcar and Cleveland. It specifically reviews:

- National
 - The National Planning Policy Framework (March 2012)
- Sub-Regional
 - Tees Valley Unlimited Partnership Business Plan (2012) and Statement of Ambition
- Local
 - Redcar and Cleveland Regeneration Masterplan (September 2012)
 - Regeneration Masterplan Delivery Plan (2012-2017)
 - Adopted Core Strategy DPD (July 2007)

2.0 National Planning Policy Framework (March 2012)

2.1 The National Planning Policy Framework (NPPF) was published on 27 March 2012 and came into effect from this date. It replaces all previously issued Planning Policy Statements (PPSs) and Planning Policy Guidance notes (PPGs) with a single national planning policy document.

2.2 The cornerstone of the NPPF is to proactively deliver sustainable development¹ to support the Government's economic growth objectives and deliver the development which the country needs. Economic, environmental and social gains are sought jointly and simultaneously through both plan-making and decision-taking to achieve sustainable development.

2.3 Paragraph 17 of the NPPF sets out 12 Core Planning Principles. The most relevant of these states that planning should: *"Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs..."*

2.4 In paragraph 18, the NPPF notes the Government's commitment to securing economic growth, jobs and prosperity to meet global competition and a low carbon future. It also indicates the planning system should do *"everything it*

¹ NPPF paragraph 7 states that: *"there are three dimensions to sustainable development: economic, social and environmental."*

can to support sustainable economic growth” and that economic growth should be given significant weight in planning decisions.

- 2.5 Local authorities should set a clear and positive economic vision and address barriers to investment, including making specific provision for local and inward investment. There is also the requirement for greater flexibility to cater for changing circumstances and new or emerging sectors/clusters. Existing business sectors and their expansion are to be supported and policy flexibility should apply to enable business needs not anticipated in the development plan to be accommodated (paragraph 21).
- 2.6 The NPPF sets out a more positive approach to change in use of employment land and buildings, which avoids the protection of employment land and buildings which have no reasonable prospect of economic development use (paragraph 22/51). Local authorities are encouraged to consider alternative uses on their merits.
- 2.7 Office uses are defined as a town centre use and subject to the sequential test which will have implications in the future for out-of-centre office markets are treated in planning.

3.0 **Tees Valley Unlimited Partnership Business Plan (2012) and Statement of Ambition**

- 3.1 The Tees Valley Partnership Business Plan (2012) and Economic and Regeneration Statement of Ambition set out the economic vision for the Tees Valley for the next 15 years. Together they take forward the work of the Tees Valley Vision (2002) and City Region Business Case (2006), now under the Local Enterprise Partnership.
- 3.2 The vision is identified as:
‘Driving forward growth and economic equity’
- 3.3 The Business Plan outlines in more detail how the vision will be achieved, setting out two key ambitions to: drive the transition to a high value, low carbon economy; and create a more diversified and inclusive economy. The priority actions set out in the Business Plan are:
- Develop infrastructure and place to enable economic development
 - Support sector development and enterprise
 - Develop the workforce within Tees Valley
 - Promote the Tees Valley Economy
 - Secure investment to meet the economic development needs of the Tees Valley.

3.4

The Business Plan identifies a number of strategically important sectors which will be central to achieving sub-regional economic growth ambitions, including:

- Advanced manufacturing/engineering – The strength of this sector is historically due to the process, steel, offshore and energy sector. The trading base for these companies has moved from local to global. As such, Tees Valley needs to build upon this area of existing strength to ensure the companies located in Tees Valley remain competitive, retain their skills base and are positioned to take advantage of new markets and emerging low carbon technologies.
- Digital – The digital and creative sector is a central theme for enterprise development across each LA in Tees Valley. This is focussed on the work of Digital City and Teesside University; mentoring and supporting entrepreneurs to accelerate start up rates of new companies and maximising their growth potential. Whilst viewed as successful at its current scale, the growth of new businesses and employment opportunities in this sector should be optimised.
- Health Care – Tees Valley benefits from Teesside and Durham Universities focus on community based health and social care. Medium term trends in healthcare provision suggests a shift from hospital to community based care using technology. Tees Valley has a small number of companies operating in the healthcare sector however a lack of critical mass and congruence within this commercial sector means this falls short of being a cluster. An opportunity exists to influence the development of the new and emerging systems for community based care.
- Logistics – Tees Valley has seen recent investments in logistics infrastructure supporting the industrial base and the attraction of large scale distribution centres. Tees Valley's port related, rail and pipeline infrastructure are key attractors for new heavy industrial development and when coupled with the road and land assets offer additional potential investment from distribution centre developments.

3.5

The Tees Valley Enterprise Zone is important to supporting these aims and extending the international industrial base and promoting growth in the emerging digital sector. Two incentives that will help achieve these aims are:

- **Enhanced Capital Allowance** will provide a more competitive offer to existing and potential international companies looking to expand or to locate within the Tees Valley
 - Wilton International – 164ha available at the fully serviced chemical with extensive existing infrastructure, including power, steam and water.
 - South Bank Wharf – 80.7ha available. Suitable for renewable energy and advanced engineering.

- **Business Rate Relief** will apply to smaller sites for Small and Medium Size Enterprises (SMEs) and micro businesses, thus encouraging the growth of indigenous businesses.
 - Kirkleatham Business Park – 12.6ha available. Suitable for advanced manufacturing and engineering; chemicals; and renewable energy. Up to £55,000 business rate discount per year for 5 years.

3.6 The Business Plan highlights the Tees Valley’s assets as its heavy industries of petrochemicals, energy and industrial biotechnology, steel industry specialising in construction steels and advanced engineering industries. The Statement of Ambition highlights the ambition to develop the potential for tourism in Redcar.

4.0 **Redcar and Cleveland Regeneration Masterplan (September 2012)**

4.1 The Regeneration Masterplan (Economic Futures: A Regeneration Strategy for Redcar and Cleveland) sets out a 15 year plan for the social, economic and physical development of the Borough; aiming to guide growth and the development of communities. It sets out a vision of the Borough as “*An attractive place to live, work, visit and invest.*”

4.2 The Masterplan identifies the key outcomes over the next 15 years will be around:

- 14,000 new jobs;
- 800 businesses created and supported;
- £1bn direct private investment; and
- £265m direct public investment.

4.3 The Masterplan puts considerable emphasis on quality of place and recognises that the drivers of change will vary across the Borough. Consequently, the Masterplan will be implemented through four distinct frameworks; Redcar, South Tees, Greater Eston and East Cleveland.

4.4 The Masterplan sets out the vision and themes for the four spatial areas:

- **Redcar** – Driving forward the tourism and leisure economy and **growing a business economy around the creative and digital industries**. Support new high quality residential development along the seafront and a new civic, leisure and community heart. Recognising the beach and seafront as a key asset and ensuring better access to public transport and improved access for cars.
- **South Tees** – **Engine room of the UK industrial economy** with major facilities for the **port, petrochemicals and power generation sectors**. Maximising the attractiveness of South Tees as a **destination for major industry** through the provision of appropriate transport.

- **Eston** – Transformed into a small town comprising distinct neighbourhoods with a big ‘heart’ focussed on shops, schools and community facilities. New and sustainable housing including affordable housing. Enhanced pedestrian environment.
- **Cleveland** – Increased and prosperous population with thriving communities and strengthened town centres, maintaining an attractive rural aspect. Increasing number of visitors and its heritage coast reputation. Developing quality and building capacity in the tourism and leisure economy alongside the provision of infrastructure to **support local and rural business development.**

4.5 The Masterplan sets out that whilst the industrial economy will still be a key employer and major player, the service sector (particularly the creative industries and tourism and leisure services) will form a larger part of the economy.

4.6 The Masterplan identifies four themes to realise the economic vision as being:

- **Diversifying and strengthening the local economy** - Including a stronger service sector, creative and visitor economies whilst maintaining and strengthening existing strengths in primary and port related industries.
- **Delivering of healthy, sustainable, inclusive and cohesive communities** - To attract and retain population and reverse population decline.
- **Improving connectivity** - Improve the means of accessibility throughout the Borough and beyond, to connect residents, jobs and visitors to the attractions of the Borough and Tees Valley.
- **Protecting, conserving and enhancing the Borough’s built, historic, cultural and natural environments** - Use existing assets to promote pride in place, underpin the visitor economy and providing a setting for investment.

4.7 The strategies for change are identified as being:

- **Economy** – focuses on the below four interventions:
 - **Industrial excellence** – South Tees in particular is a competitive location for specialist activities and sectors such as port and logistics, petrochemical processes and bio technology. An expanding port and new opportunities around renewable and environmental industries provides considerable potential for new investment and employment.
 - **Tourism and Leisure** – focussed around a renewed Redcar seafront and development of the East Cleveland offer.
 - **Enterprising Borough** – built around small businesses in the creative and digital sector.

- **Skills for the Modern Economy** – enabling local residents to access employment opportunities.
- **Sustainable Communities** – place making, housing choice, access to opportunity for all;
- **Connectivity** – improvements within South Tees and its connections to the wider road and rail networks to support new industrial sectors; convenient and legible transport options for visitors; and improved accessibility, particularly in more rural areas; and
- **Environment** – Focus on new / clean technologies; capitalise on natural assets; investment in green infrastructure; and an industrial heritage trail.

4.8 The drivers identified as key to shaping the future economy are:

- **New Industrial** – An economy based on competitive industrial base, including a focus on green and renewable technologies;
- **New Economy** – Sustained growth in the service sector, especially enterprising digital / creative, tourism and leisure businesses;
- **New people and communities** – Attracting a growing population based on great services and attractive neighbourhoods; and
- **New Connections** – A better connected economy, connecting local residents, visitors, jobs, attractions and services.

4.9 The Masterplan references the Tees Valley Enterprise Zone that offers benefits to the following sites within the Redcar and Cleveland Masterplan area:

- **The Wilton Industrial Site** in South Tees - one of only a small number of areas across the country which can now additionally offer large-scale occupiers enhanced capital allowances against the cost of their plant and machinery;
- **The Kirkleatham Business Park** in Redcar - will benefit from business rate discount worth up to £275,000 per eligible business over a five year period, a simplified planning regime and superfast broadband; and
- **PD Ports / South Bank Wharf** (Teesport) - identified as an enhanced capital allowance site to provide expansion sites.

5.0 **Regeneration Masterplan Delivery Plan (2012-2017)**

5.1 The Delivery Plan sets out how the Council aims to deliver the next phase (2012 to 2017) of the Regeneration Masterplan. It highlights that delivery of the Masterplan will continue to see Redcar and Cleveland maximise external funding and private sector investment.

- 5.2 The Delivery Plan sets out that the focus will be on the key drivers for economic recovery: investing in the economic drivers for change; investing in infrastructure to support growth; and skills for the future.
- 5.3 The Delivery Plan highlights that less grant is available to pump-prime regeneration initiatives and its aims to ensure that all potential investors are presented with a compelling prospectus of available sites and support mechanisms on offer. Within years 2012-2017 the Council will focus on enhancing existing sectoral strengths and niches.
- 5.4 Further, the Council is currently undertaking work to understand / predict net growth in the tax base between 2012/13 and 2026/27. Currently, this is predicted to be around £10.9m,
- 5.5 The Delivery Plan sets out that for years 3 to 8 of the Masterplan, £51m public sector investment and £1.125bn private sector of investment is required.
- 5.6 Key delivery areas are listed as being:
- Safeguarding and Growing SMEs;
 - Improving the quality, choice and supply of employment areas;
 - Attractive Places;
 - Improving Housing Choice;
 - Improving Connectivity
 - Improving Retail Areas;
 - Improving Visitor Facilities; and
 - Improving Young People's Pathway to Work.
- 6.0 **Adopted Core Strategy DPD (July 2007)**
- 6.1 The CS sets out a spatial vision and aims for the LDF including *“diversifying and strengthening the local economy”* and *“improving connectivity within and beyond the Borough.”*
- 6.2 It highlights that the traditional employment base of Redcar and Cleveland (manufacturing based on steel, chemicals and heavy engineering) are now operating in a world market and are therefore increasingly vulnerable to overseas competition. Consequently it highlights that an economy based on a few large business sectors is vulnerable to future change. Whilst it highlights the importance of the chemical industry, particularly at Wilton International as well as the steel industry and Teesport; the importance of diversifying the local economy, whilst building on the skills and expertise in the Borough is affirmed.
- 6.3 Chapter 4 of the CS sets out the Council's objectives to Diversify and Strengthen the Local Economy as being:

- Support the development of the renewable energy and recycling sectors and other knowledge based-industries and businesses at Wilton International;
- Safeguard land required for the chemical and steel industries at Wilton International, Redcar and Skinningrove;
- Support the continued expansion of Teesport;
- Improve the image and quality of the South Tees Business Parks;
- Support the development of the Kirkleatham Business park as a high quality employment site;
- Provide a range of employment sites to meet the demands and aspirations of local entrepreneurs and businesses in Guisborough and East Cleveland;
- Support rural economic regeneration in East Cleveland;
- Develop the tourism, sport and leisure economy in Redcar, Saltburn and East Cleveland;
- Safeguard existing important employment sites and buildings.

6.4 Policy CS8 sets out that up to 160ha of general employment land will be brought forward in the period up to 2021. CS8 sets out that the following overall strategy for economic development will be supported:

- Major employment proposals within the Greater Eston, South Tees and Redcar areas;
- Proposals to create significant employment opportunities in East Cleveland at Skelton and Skinningrove;
- Employment proposals of an appropriate scale and type that enhance Guisborough as a market town; and
- Appropriate local rural regeneration and farm diversification.

6.5 Policy CS9 protects 11 existing general employment areas.² Policy CS10 safeguards 230ha of land for:

- chemical and steel manufacturing industries at Wilton International (for chemical activities);
- Corus Steel Works (for steel activities); and

² South Tees Industrial and Business Park; Skippers Lane Industrial Park; Kirkleatham Business Park; Tees Offshore Base; Skelton Industrial Estate; Warrenby Estate; North Liverton Industrial Estate; Barnet Industrial Estate; Longbeck Industrial Estate; Morgan Drive; and Cleveland Gate Business Park.

- Along the River Tees (for port activities).

6.6 Policy CS11 sets out that Wilton International and the wider South Tees area will be the centres for energy and recycling industries. Kirkleatham Business Park, Redcar and Cleveland Business Park and Guisborough will be promoted for information and technology based businesses.

6.7 Policy CS12 sets out the priority for development and investment in the rural economy, particularly in East Cleveland and Guisborough. Further, it sets out that development of an appropriate scale and nature will be supported in the countryside. Rural economic development will focus particularly on the expansion of the tourism and outdoor leisure industry.

7.0 **Conclusion**

7.1 The Redcar & Cleveland Core Strategy sets out a requirement for 160ha of general employment land and 230ha of land safeguarded for chemical and steel manufacturing.

7.2 The Redcar and Cleveland Regeneration Masterplan sets out the key outcomes of the Masterplan over the next 15 years will be around:

- 14,000 new jobs;
- 800 businesses created and supported;
- £1bn direct private investment; and
- £265m direct public investment.

7.3 The key sectors that will drive economic growth and locational priorities are:

- Petrochemicals – Wilton, Seal Sands and Billingham.
- Steel – Redcar and Lackenby.
- Port – Teesport.
- Energy – Wilton
- Tourism – Redcar / Coastal Arc
- Digital / Creative – Redcar

7.4 Finally, the Tees Valley Enterprise Zone represents key locational priorities that offer benefits to the following sites within the Redcar and Cleveland Masterplan area:

- The Wilton Industrial Site – Enhanced Capital Allowance;
- PD Ports / South Bank Wharf - Enhanced Capital Allowance; and
- The Kirkleatham Business Park – Business Rate Relief.

Industrial	Location	Industry	Type	Gross Area	Net Area	Adjustment Factor
Barnet Industrial Estate	East Cleveland	GI	Greenfield	0.51	0.48	95%
Barnet Industrial Estate	East Cleveland	GI	PDL	0.52	0.49	95%
Barnet Industrial Estate	East Cleveland	GI	PDL	0.17	0.17	100%
Barnet Industrial Estate	East Cleveland	GI	PDL	0.14	0.14	100%
Bolckow Road	South Tees	GI	PDL	0.26	0.26	100%
Bolckow Road	South Tees	GI	PDL	0.13	0.13	100%
Corus Corridor (1)	South Tees	PPHI	PDL	51.53	46.38	90%
Corus Corridor (2)	South Tees	PPHI	PDL	64.86	58.37	90%
Corus Corridor (2)	South Tees	PPHI	PDL	18.79	16.91	90%
Corus Corridor (3)	South Tees	PPHI	PDL	23.54	21.19	90%
Kirkleatham Business Park	Redcar	GI	Greenfield	49.8	37.35	75%
Kirkleatham Business Park	Redcar	GI	Greenfield	0.22	0.22	100%
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	2.66	2.39	90%
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	0.09	0.09	100%
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	0.3	0.30	100%
Morgan Drive & Priory Park	Guisborough	GI	Greenfield	0.23	0.23	100%
Nelson Street	South Tees	GI	PDL	0.94	0.89	95%
Nelson Street	South Tees	GI	PDL	0.67	0.64	95%
North Liverton	East Cleveland	GI	Greenfield	0.95	0.90	95%
North Liverton	East Cleveland	GI	Greenfield	0.55	0.52	95%
North of Middlesbrough Road	Guisborough	GI	Greenfield	4.29	3.86	90%
Skelton Industrial Estate	East Cleveland	GI	PDL	1.82	1.82	100%
Skelton Industrial Estate	East Cleveland	GI	PDL	1.44	1.44	100%
Skelton Industrial Estate	East Cleveland	GI	PDL	1.28	1.28	100%
Skelton Industrial Estate	East Cleveland	GI	PDL	0.89	0.89	100%
Skelton Industrial Estate	East Cleveland	GI	PDL	0.75	0.75	100%
Skelton Extension	East Cleveland	GI	Greenfield	25.3	22.77	90%
Skippers Lane	South Tees	GI	PDL	0.79	0.79	100%
South Tees Food Park	South Tees	GI	PDL	3.56	3.38	95%
South Tees Industrial Park	South Tees	GI	PDL	6.81	6.13	90%
South Tees Industrial Park	South Tees	GI	PDL	3.4	3.40	100%
South Tees Industrial Park	South Tees	GI	PDL	1.62	1.62	100%
Teesport	South Tees	PRD	PDL	26	23.40	90%
Tees Offshore Base	South Tees	PRD	PDL	12.3	11.07	90%
Tees Offshore Base	South Tees	PRD	PDL	3.23	3.07	95%
Tees Offshore Base	South Tees	PRD	PDL	2.52	2.52	100%
Trunk Road	Redcar	GI	Greenfield	2.64	2.51	95%
Trunk Road	Redcar	GI	Greenfield	2.22	2.11	95%
Warrenby Industrial Estate	Redcar	GI	PDL	0.44	0.44	100%
Warrenby Industrial Estate	Redcar	GI	PDL	0.36	0.36	100%
Warrenby Industrial Estate	Redcar	GI	PDL	0.19	0.19	100%
West of A1053	South Tees	GI	Greenfield	22.66	19.26	85%
Wilton International	South Tees	GI	Greenfield	4.77	4.77	100%
Wilton International	South Tees	GI	Greenfield	4.69	4.69	100%
Wilton International	South Tees	GI	Greenfield	4.49	4.49	100%
Wilton International	South Tees	GI	Greenfield	1.11	1.11	100%
Wilton International	South Tees	GI	PDL	42.5	40.38	95%
Wilton International	South Tees	GI	PDL	6.61	6.61	100%
Wilton International	South Tees	GI	PDL	5.02	5.02	100%
Wilton International	South Tees	GI	PDL	2.98	2.98	100%
Wilton International	South Tees	PPHI	PDL	26.2	24.89	95%
Wilton International	South Tees	PPHI	PDL	13.8	13.11	95%
Wilton International	South Tees	PPHI	PDL	13.09	12.44	95%
Wilton International	South Tees	PPHI	PDL	4.83	4.83	100%
Wilton International	South Tees	PPHI	PDL	4.31	4.31	100%
Wilton International	South Tees	PPHI	PDL	4.16	4.16	100%
Wilton International	South Tees	PPHI	PDL	3.99	3.99	100%
Wilton International	South Tees	PPHI	PDL	3.19	3.19	100%

General Employment Land Only

0-5 Years

LOCATION	SUB-MARKET	INDUSTRY	SITE TYPE	GROSS AREA	NET AREA
Barmet Industrial Estate	East Cleveland	GE	Greenfield	0.51	0.48
Barmet Industrial Estate	East Cleveland	GE	PDL	0.52	0.49
Barmet Industrial Estate	East Cleveland	GE	PDL	0.17	0.17
Barmet Industrial Estate	East Cleveland	GE	PDL	0.14	0.14
Bolckow Road Industrial Estate	South Tees	GE	PDL	0.26	0.26
Bolckow Road Industrial Estate	South Tees	GE	PDL	0.13	0.13
Kirkleatham Business Park	Redcar	GE	Greenfield	0.22	0.22
Morgan Drive & Priory Park	Guisborough	GE	Greenfield	0.09	0.09
Morgan Drive & Priory Park	Guisborough	GE	Greenfield	0.3	0.3
Morgan Drive & Priory Park	Guisborough	GE	Greenfield	0.23	0.23
Nelson Street Industrial Estate	South Tees	GE	PDL	0.94	0.89
Nelson Street Industrial Estate	South Tees	GE	PDL	0.67	0.64
North Liverton Industrial Estate	East Cleveland	GE	Greenfield	0.55	0.52
North Liverton Industrial Estate	East Cleveland	GE	Greenfield	0.95	0.9
South Tees Industrial Park	South Tees	GE	PDL	6.81	6.13
Trunk Road	Redcar	GE	Greenfield	2.64	2.51
Warrenby Industrial Estate	Redcar	GE	PDL	0.44	0.44
Warrenby Industrial Estate	Redcar	GE	PDL	0.36	0.36
Warrenby Industrial Estate	Redcar	GE	PDL	0.19	0.19
Total (General Employment Land)					15.09

6-10 Years

LOCATION	SUB-MARKET	INDUSTRY	SITE TYPE	GROSS AREA	NET AREA
Kirkleatham Business Park	Redcar	GE	Greenfield	-	11.5
Morgan Drive & Priory Park	Guisborough	GE	Greenfield	2.66	2.39
Skelton Industrial Estate	East Cleveland	GE	PDL	1.82	1.82
Skelton Industrial Estate	East Cleveland	GE	PDL	1.44	1.44
Skelton Industrial Estate	East Cleveland	GE	PDL	1.28	1.28
Skelton Industrial Estate	East Cleveland	GE	PDL	0.89	0.89
Skelton Industrial Estate	East Cleveland	GE	PDL	0.75	0.75
Skippers Lane Industrial Estate	South Tees	GE	PDL	0.79	0.79
South Tees Food Park	South Tees	GE	PDL	3.56	3.38
South Tees Industrial Park	South Tees	GE	PDL	1.62	1.62
South Tees Industrial Park	South Tees	GE	PDL	3.4	3.4
Total (General Employment Land)					29.26

11+ Years

LOCATION	SUB-MARKET	INDUSTRY	SITE TYPE	GROSS AREA	NET AREA
Kirkleatham Business Park	Redcar	GE	Greenfield	-	25.85
Total (General Employment Land)					25.85