



Nathaniel Lichfield
& Partners
Planning. Design. Economics.

Employment Land Review Update

Final Report

Redcar & Cleveland Borough Council

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1.0 Introduction

- 1.1 Redcar & Cleveland Borough Council (RCBC) appointed Nathaniel Lichfield & Partners (NLP) to prepare an Employment Land Review (ELR) update for the local authority area, building upon a previous commission undertaken by NLP and DTZ in 2013. The study is intended to provide RCBC with an understanding of:
- Anticipated future development needs in the Borough (drawing upon a range of forecasting techniques) and the implications of this with respect to demand for employment land over the period 2015 to 2032; and
 - The extent to which the Borough's current supply of employment land aligns with future need (in both qualitative and quantitative terms).
- 1.2 It is important to note that the updated assessment of the Borough's employment land supply draws heavily upon the site assessment work undertaken as part of the 2013 ELR. Site availability and site areas have been amended by RCBC officers to reflect the impact of any development activity or site clearance that has taken place since the previous ELR exercise. However, no site visits or appraisals have been undertaken by NLP as part of this commission. It is understood from discussions with RCBC officers that the overall conclusions arrived at in 2013 regarding the relative attractiveness of available parcels of land are expected to remain valid.
- 1.3 Notwithstanding the above, the methodological approach applied by NLP in producing the updated ELR has regard to the *National Planning Policy Framework* ('the Framework') and the *Planning Practice Guidance* ('the Practice Guidance'). It also takes into account the *Employment Land Reviews: Guidance Note 'Brown Book'* published by ODPM in 2004.

Scope of the Study

- 1.4 The focus of this report is on the employment space needs for the B Class sectors outlined below:
- B1 Business (offices, research & development, light industry);
 - B2 General Industrial; and
 - B8 Storage and Distribution (wholesale warehouses and distribution centres).
- 1.5 Demand for B Class employment land and floorspace is considered in this report. References to 'employment space' relate to both land and floorspace across all B Class uses, unless otherwise stated. References to 'industrial space' relate to both land and floorspace across manufacturing and distribution uses.
- 1.6 Whilst the Framework defines economic development as including a wider range of non-B Class uses (including retail, leisure and community uses) an

assessment of demand for and provision of such uses is beyond the scope of this study.

- 1.7 The purpose of this ELR is to provide evidence to support the development of RCBC's Local Plan. It is not a policy or strategy document per se, but instead provides an evidence base input to specific planning or economic development policies being developed by the Council. An important consideration for work of this type is that it is inevitably a point-in-time assessment. The study has, however, drawn upon the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources have not been checked or verified by NLP.

Structure of Report

- 1.8 The remaining sections of this report are structured as follows:
- Policy Review (Section 2.0) – a summary of key planning policy and economic strategy documents from the national to the local level;
 - Economic Context (Section 3.0) – a review of current economic conditions and recent trends in Redcar & Cleveland and the Borough's economic strengths and weaknesses. Consideration is also given within this section to the Functional Economic Market Area (FEMA) within which Redcar & Cleveland is located;
 - Overview of B Class Employment Space (Section 4.0) – an assessment of the current stock and distribution of employment space in Redcar & Cleveland, as well as recent growth performance. Consideration is also given to the supply of employment space in adjacent local authority areas;
 - Market Commentary (Section 5.0) – a summary of key messages identified through consultation with locally active commercial agents;
 - Assessment of Supply (Section 6.0) – a review of the current availability of employment land and the relative quality of the Borough's employment locations;
 - Understanding Business Needs (Section 7.0) – a summary of key messages identified through consultation with local businesses, stakeholders and RCBC's Duty to Co-operate Partners;
 - Economic Drivers (Section 8.0) – an assessment of those sectors that could be expected to drive employment growth (and the demand for employment land) in Redcar & Cleveland over the period to 2032;
 - Future Requirements for B Class Employment Space (Section 9.0) – estimates of future employment space requirements for B Class sectors in quantitative terms, drawing on employment forecasts and other factors;

- Demand-Supply Balance (Section 10.0) – assesses the balance between current land supply and future needs, in both quantitative and qualitative terms, by comparing forecast requirements with availability of existing sites; and
- Conclusions (Section 11.0) – draws together overarching conclusions, having regard to the preceding sections.

2.0 Policy Context

- 1.1 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 Local Plan 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, 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.
- Local Authorities are required to plan positively for growth, taking into account Duty to Cooperate, business needs and market signals.

Sub-Regional

- Tees Valley Unlimited (TVU) aim to drive forward economic growth supporting the creation of 25,000 new jobs and £1 billion additional GVA over the next decade. Central to achieving this aim is the need to provide support for a number of strategically important sectors, including (*inter alia*):
 - Advanced manufacturing/engineering;
 - Digital and creative industries; and
 - Logistics and distribution.
- Key challenges to the delivery of these objectives as outlined within the LEA include:
 - An ageing population;
 - Skills shortages presented by an ageing workforce;
 - Lower than the national average performance for skills attainment, business stock, commercialisation, productivity and output;
 - Low employment levels;
 - Poor connectivity and broadband connections in some areas; and
 - A need for additional high quality housing.

Local

- Recognising these challenges, the Council's Core Strategy seeks to diversify the economy and improve connectivity within and beyond the Borough. A total of 160ha of land is allocated for general employment uses and 230ha is land safeguarded for chemical and steel manufacturing.
- The Core Strategy also sets out a range of recommended measures to help strengthen and diversify the local economy, including:
 - Supporting the development of renewable energy, recycling and other knowledge-based industries at Wilton International;
 - Safeguarding land required for the chemical and steel industries at Wilton International, Redcar and Skinningrove;
 - Supporting the continued expansion of Teesport;
 - Improving the image and quality of the South Tees business parks;
 - Supporting the development of Kirkleatham Business Park as a high quality employment site; and
 - Providing a range of employment sites to meet the demands and aspirations of local entrepreneurs and businesses in Guisborough and East Cleveland.
- In addition, Redcar & Cleveland's Regeneration Masterplan aims to drive growth, creating 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; and
 - East Cleveland: support the development of local and rural businesses.
- The three EZ sites at Wilton, South Bank Wharf and Kirkleatham Business Park offer further opportunity to support business growth through a range of incentives.

- However, the emerging Growth Strategy highlights that whilst business growth has been stronger than the regional and national average, employment growth is lower than expected and remains focussed in 4 sectors. As a result, the emerging Growth Strategy identifies key opportunities in supporting jobs, business and productivity growth, supporting a greater alignment between skills and opportunities across the Tees Valley and capitalising on the volume of available development land.
- Redcar & Cleveland's emerging Growth Strategy also seeks to support economic growth through skills development and capitalising on key economic assets. For land specifically, the strategy seeks to ensure that land capacity is available with appropriate pre-conditions to secure investment from the private sector.

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 135,000¹, representing the third largest authority in the Tees Valley in population terms. The largest town is Redcar, with a population of circa 37,000. Four miles to the west of Redcar, the urban area of Greater Eston comprises a series of settlements with a total population of almost 40,000.² 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 the key drivers of local economic performance and represent major economic assets of regional/national significance including:
- Petrochemicals: 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 (2015) data which indicates that the chemicals sector supports c.760 direct jobs in the Borough and contributes £109m in GVA; and
 - Teesport: representing the UK's second largest port in terms of tonnage handled, 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.

¹ ONS, (2014), Mid-year population estimates

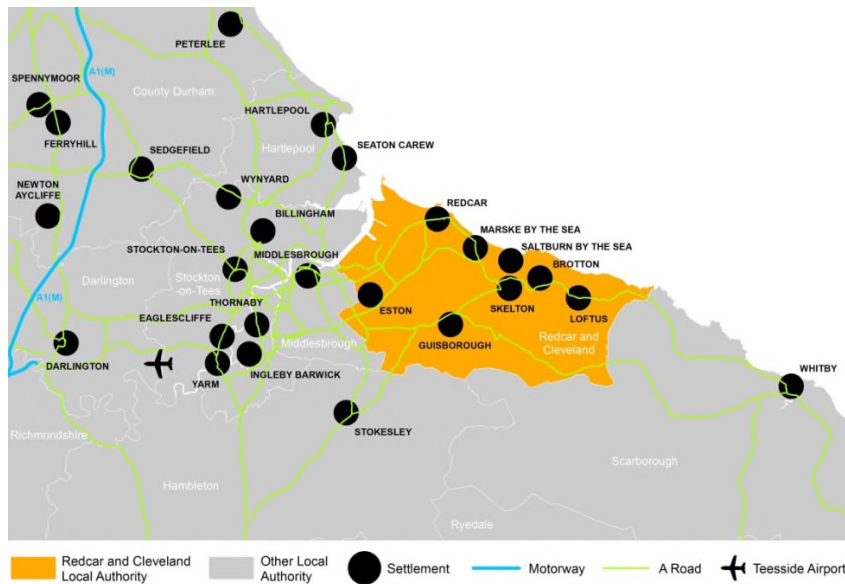
² ONS, (2011), Census Population Data. (Greater Eston population estimates based on Middle Super Output Areas: 009, 011, 015, 021 and 022).

- 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 of 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, running 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 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 3 flights per day to Amsterdam Schiphol.

Figure 3.1 Context Plan



Source: NLP

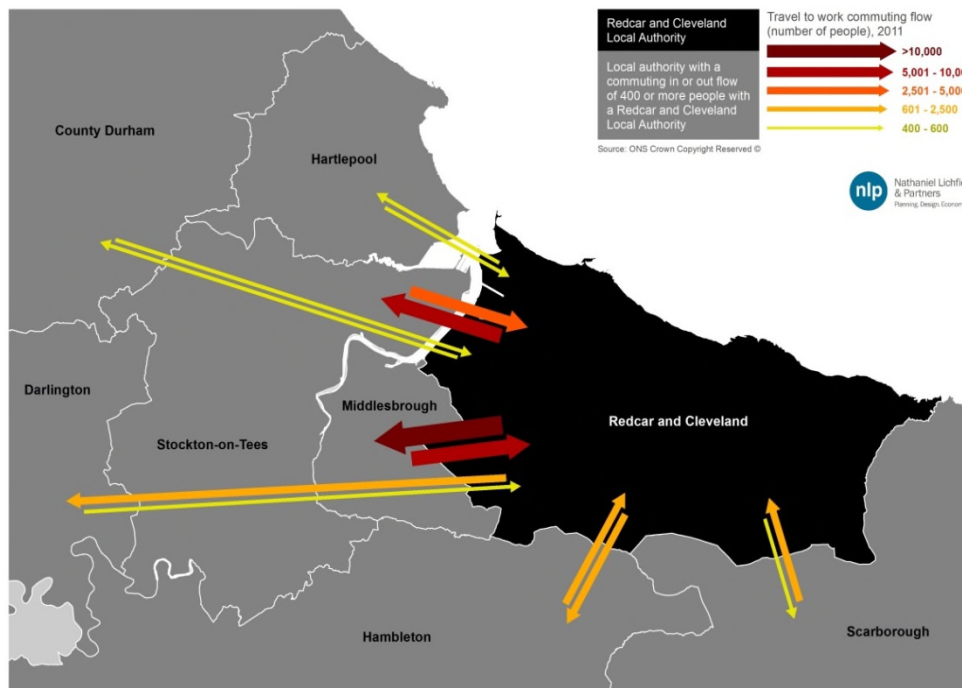
Functional Economic Market Area

3.8 Examining commuting flows can help to define the functional economic market area (FEMA) within which Redcar & Cleveland is located.³ Commuting flows can be assessed using the latest travel-to-work flow data from the 2011 Census.

3.9 In 2011, approximately 39.5% of Redcar & Cleveland’s working residents travelled outside the local authority for employment. The authority’s self-containment rate (i.e. share of residents also working within Redcar & Cleveland) was equivalent to 60.5%, which is comparable to the self-containment rate of 60.6% at the time of the previous Census in 2001. The worker outflow in 2011 equated to 22,333, with the largest flows to Middlesbrough (10,570), Stockton-on-Tees (5,390) and Hambleton (1,320).

3.10 At the same time, around 12,813 workers commuted into Redcar & Cleveland for work in 2011, primarily coming from the adjoining authorities of Middlesbrough (5,110), Stockton-on-Tees (3,650), and Hambleton (930) (Figure 3.2).

Figure 3.2 Travel-to-Work Flows for Redcar & Cleveland, 2011



Source: Census 2011 / NLP analysis

3.11 The analysis presented above demonstrates that Redcar & Cleveland is a net exporter of labour, with a net outflow of around 9,520 workers - equivalent to around 22% of all workplace jobs within the local authority.⁴

³ CLG, Functional Economic Market Areas: An Economic Note, 2010

⁴ Experian (2011) Workforce jobs

- 3.12 The current criteria for defining Travel to Work Areas (TTWAs) – which can be used as a starting point for identifying a FEMA - is that generally at least 75% of an area's resident workforce are employed in the area and at least 75% of the people who work in the area also live in the area. The area must also have a working population of at least 3,500.
- 3.13 Applying this methodology to the 2011 Census, it is possible to define Redcar & Cleveland's TTWA as the two local authority areas of Redcar & Cleveland and Middlesbrough, which together comprise the workplace for 79.2% of Redcar & Cleveland's resident working population and the place of residence for 83.6% of Redcar & Cleveland's workers.
- 3.14 This TTWA is also consistent with the Housing Market Area (HMA) analysis set out within the Strategic Housing Market Assessment⁵ which indicates that Middlesbrough is the local authority most closely linked to Redcar & Cleveland through both migration and commuting.
- 3.15 Between 2001 and 2011, the net outflow of workers to Redcar & Cleveland increased by 1,448 workers as the number of residents commuting out of the local authority increased (2,151 workers), at the same time as the number of workers commuting in declined (-297). However, the self-containment rate for the area decreased by only 0.1% as the number of residents living and working in Redcar & Cleveland also increased by 1,711, effectively reducing the effect of the outflow of workers.

Table 3.1 Change in Travel-to-Work Flows in Redcar & Cleveland, 2001 - 2011

	2001 Census	2011 Census	Change (2001 - 2011)
Out-Commuting Working Residents	21,182	22,333	+ 2,151
In-Commuting Workers	13,110	12,813	-297
Net Out-Commuting Flow	8,072	9,520	+ 1,448
Self-Containment Rate	60.5%	60.6%	- 0.1%

Source: Census 2001 & 2011 / NLP analysis

- 3.16 Growth in the number of people living and working within Redcar & Cleveland is likely to reflect that employment growth in Redcar & Cleveland has been stronger than the growth of the working age population in recent years (as discussed below).

Economic Conditions and Trends

Employment

- 3.17 Redcar & Cleveland's population is estimated to be in the order of 135,000. Between 2009 and 2014 the number of residents fell by 2.6% - in stark contrast to the population growth observed across the North East (3.1%) and UK

⁵ Peter Brett Associates, (2016), Strategic Housing Market Assessment, Volume 2: Objectively Assessed Housing Need

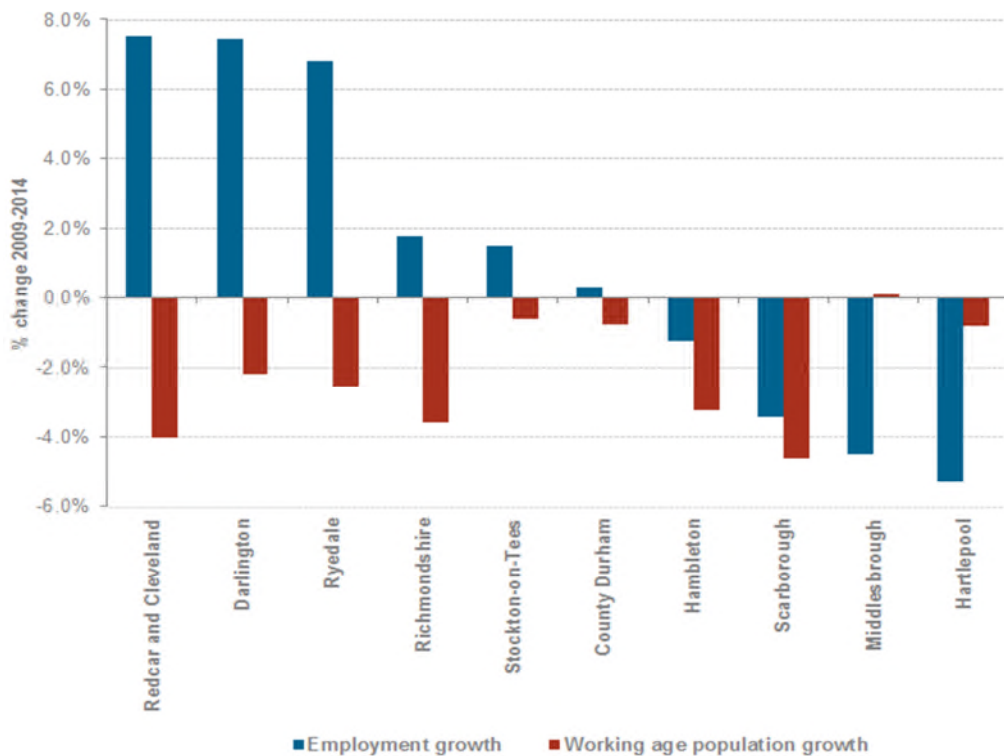
(7.8%). The 2012-based Subnational Population Projections forecast that by 2032 the Borough's population will remain at 135,000.

3.18 As shown in Figure 3.3, growth of the working age population has also declined in Redcar & Cleveland in recent years. In 2014, the number of working age residents within the Borough totalled 82,130, compared to 87,130 in 2009. This represents a decline of almost 3,455 working age residents, or -4.0%. This compared to a change of -0.7% at the regional level and +1.5% at the national level over the same period.

3.19 In contrast, data from the Business Register and Employment Survey (BRES) indicates that there were 41,230 employee jobs in Redcar & Cleveland in 2014, compared to 37,880 in 2009. This represents an increase of just under 3,350 jobs, or 8.8%, which is higher than the increases observed regionally (2.1%) and nationally (4.9%).

3.20 This trend of jobs growth during a period of working age population decline is similar to that experienced in the surrounding authorities of Darlington, Ryedale, Richmondshire, Stockton-on-Tees and County Durham, as shown in Figure 3.3 below.

Figure 3.3 Employment and working age population growth 2009-2014 in surrounding local authorities



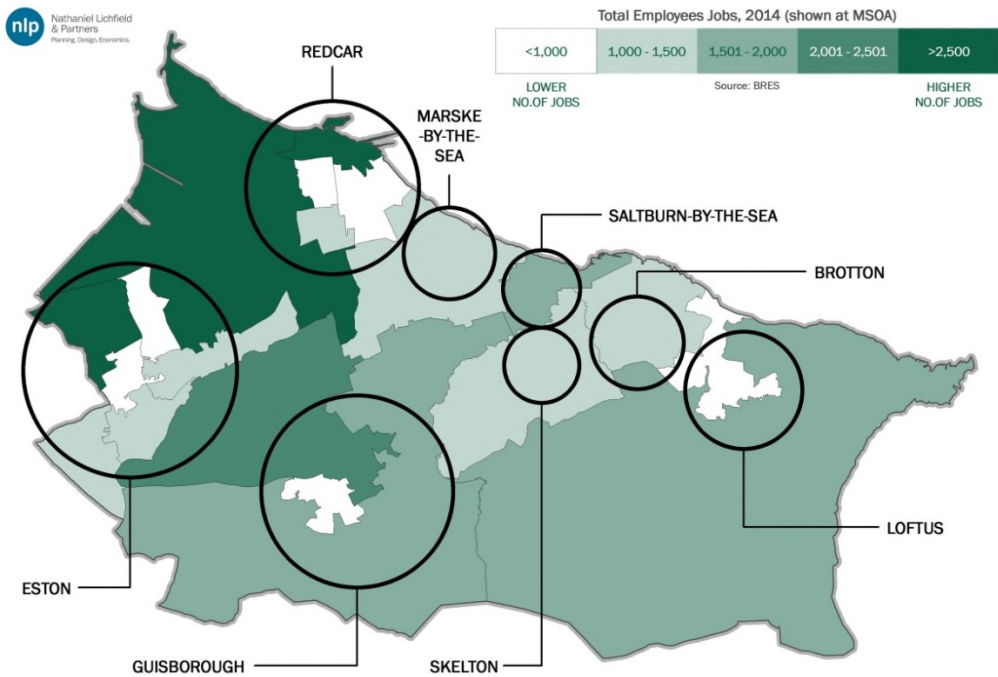
Source: ONS Mid-year population estimates / BRES / NLP analysis

3.21 It is necessary to consider employment change using BRES data (which covers a period from 2009) in order to compare local trends with the surrounding authorities. However, it should be noted that data from Oxford Economics suggests that Redcar & Cleveland's employment performance has

been much weaker over the longer term, falling by 4,065 workforce jobs between 1997 and 2015.

3.22 In geographic terms, the distribution of jobs in 2014 is heavily skewed towards South Tees including Redcar and Greater Eston, with far lower concentrations of employment in East Cleveland, as shown in Figure 3.4.

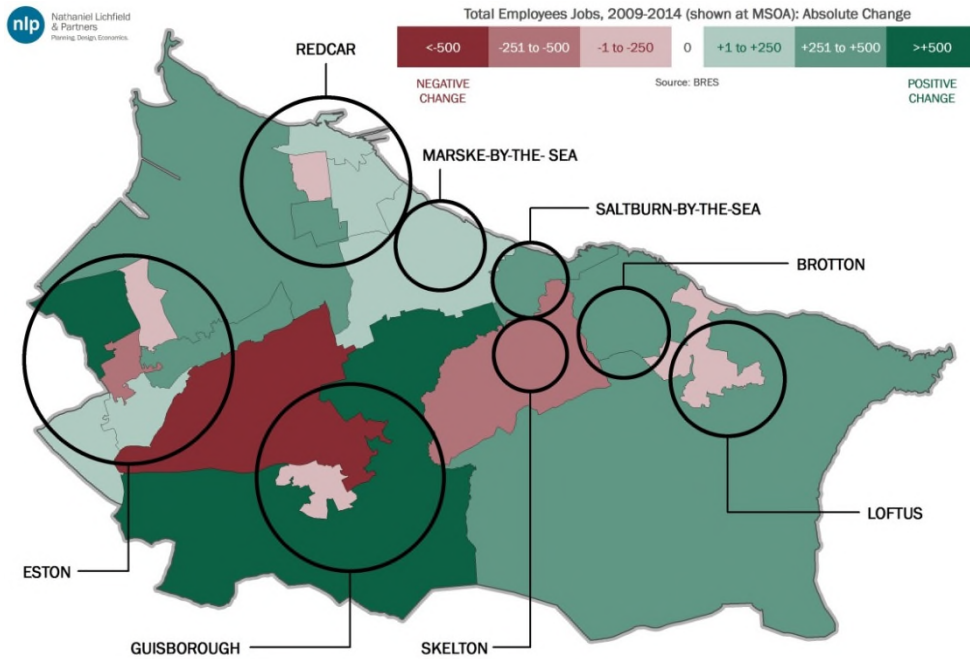
Figure 3.4 Distribution of Employment (2014)



Source: BRES 2014 / NLP Analysis

3.23 Jobs growth over the period 2009-2014 has also been driven primarily by activity in South Tees, with Greater Eston experiencing the greatest number of job increases. As shown in Figure 3.5 below, jobs growth was additionally observed in the rural areas surrounding Guisborough and Loftus, as well as Brotton, Saltburn-by-the-Sea.

Figure 3.5 Employment growth by MSOA 2009-2014



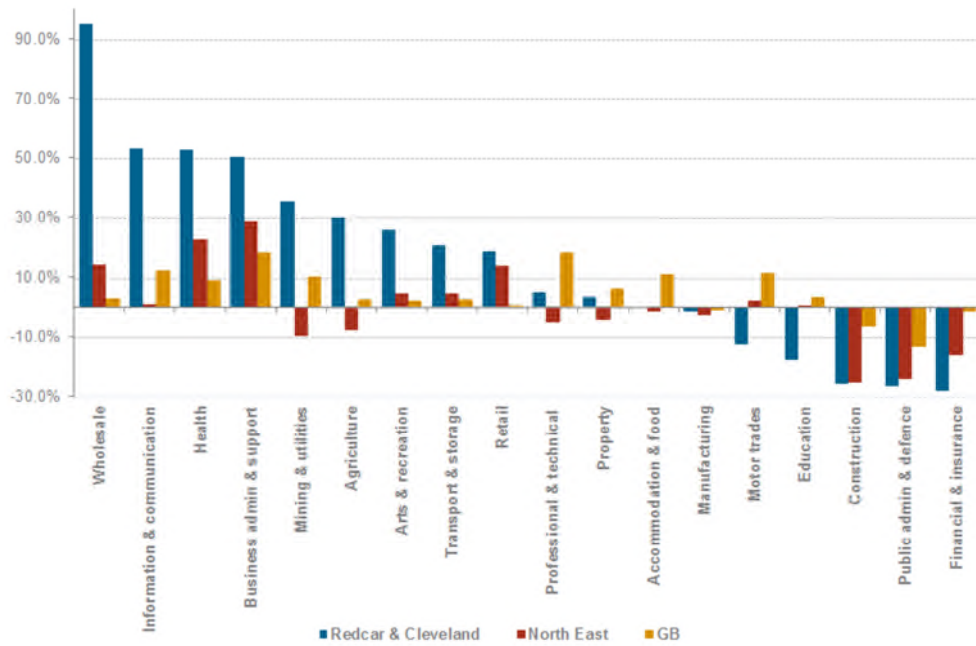
Source: BRES 2014 / NLP Analysis

Sector profile

3.24

Figure 3.6 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 wholesale, information & communications and health experienced the largest percentage increases in employment. Indeed, growth within Redcar & Cleveland exceeded the national level for all three sectors.

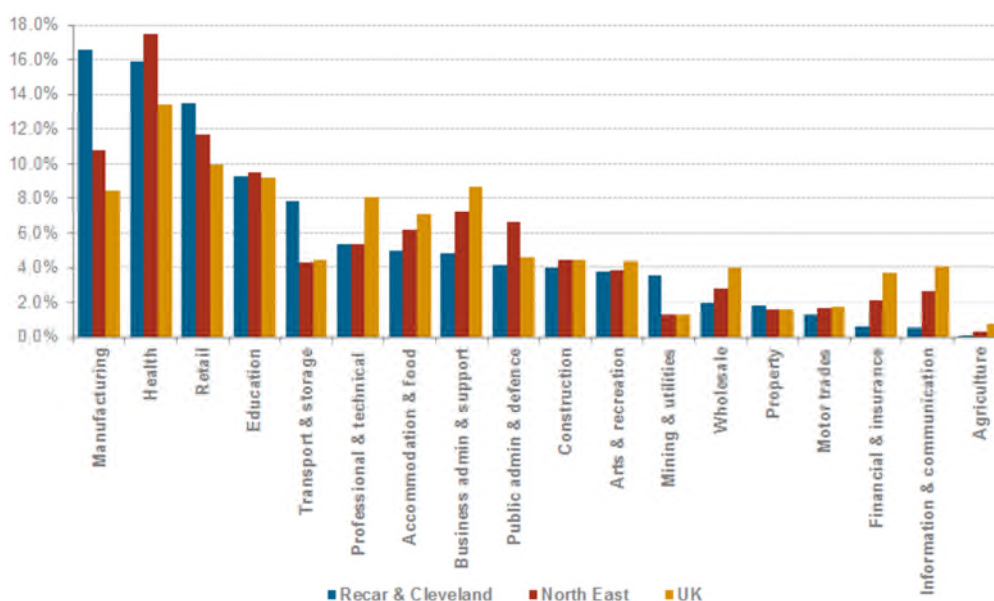
Figure 3.6 Employment Change (2009-2014)



Source: BRES / NLP Analysis

- 3.25 An analysis of the absolute data identifies health, retail and business administration & support services as the key drivers of recent employment growth within Redcar & Cleveland, generating a total of 3,810 new jobs during the 5 year period.
- 3.26 As a proportion of total employment, the largest sectors in Redcar & Cleveland in 2014 were manufacturing (16.5%), health (15.9%), retail (13.5%), education (9.3%) and transport & storage (7.8%) (Figure 3.7).

Figure 3.7 Sectors as proportion of total employment base (2014)



Source: BRES / NLP Analysis

3.27 As demonstrated above, in comparison with the regional and national average, sectors that are over-represented in Redcar & Cleveland include:

- Manufacturing: accounting for 16.5% of total employment, compared to 10.8% in the North East and 8.4% nationally;
- Retail: accounting for 13.5% of employment, compared to 11.7% in the North East and 10.0% nationally;
- Transport & storage: accounting for 7.8% of employment, compared to 4.5% in the North East and 4.5% nationally; and
- Mining & utilities: accounting for 3.6% of employment, compared to 1.3% for both the North East and UK.

3.28 A number of sectors are also under-represented in Redcar & Cleveland, including:

- Accommodation & food: accounting for 5.0% of total employment, compared to 6.2% in the North East and 7.1% nationally;
- Business administration & support services: accounting for 4.9% of employment, compared to 7.3% in the North East and 8.7% nationally;
- Wholesale: accounting for 2.0% of employment, compared to 2.8% in the North East and 4.0% nationally;
- Financial & insurance: accounting for 0.6% of employment, compared to 2.1% in the North East and 3.7% nationally; and
- Information & communication services: accounting for 0.5% of employment, compared to 2.6% in the North East and 4.1% nationally.

Business profile

- 3.29 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 (87.7%). This is broadly in alignment with the regional (86.8%) and national average (88.7%). The proportion of large enterprises with over 250 staff (0.3%) is also broadly in alignment with the regional (0.4%) and national average (0.4%).
- 3.30 The total number of active enterprises in Redcar & Cleveland (3,210) indicates that there are fewer businesses per 10,000 residents (391), in comparison to the North East (413) and national (622) average.
- 3.31 However, between 2009 and 2014 (the most recent data available from ONS), the number of active enterprises in Redcar & Cleveland increased by 12.0%. This rate of growth is higher than the regional (8.0%) and national (8.9%) average over the same period. This is a result of:
- Higher business birth rates in Redcar & Cleveland (49.2%) in comparison to the regional (45.7%) and national (48.5%) level between 2009 and 2014; and
 - Falling business closure rates in Redcar & Cleveland over this period, falling by -14.3%, compared to a regional decline of -6.4% and national decline of -11.4%.
- 3.32 This suggests that a higher proportion of business start-ups in Redcar & Cleveland have been successful in comparison to the regional and national average. However, in relative population terms, annual business formation rates, equivalent to 57 new businesses per 10,000 working age residents – whilst similar to the North East average (58) – fall significantly behind the UK average (85).

Labour Market Conditions

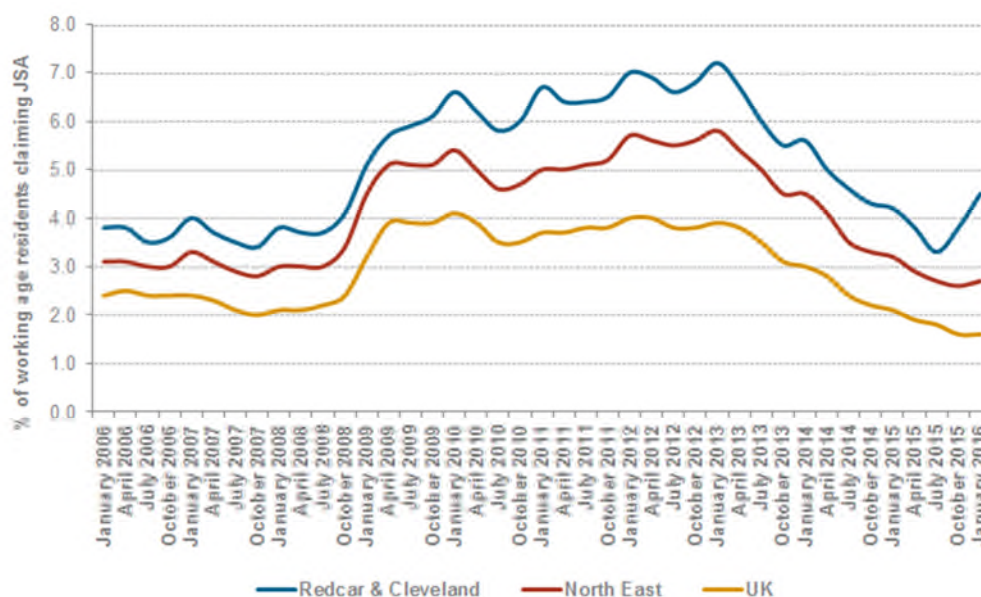
Unemployment

- 3.33 The economic activity rate (i.e. the share of working-age residents either in or seeking employment) in Redcar & Cleveland, at 73.8%, is slightly lower than the regional (74.9%) and national rate (77.7%).⁶ This suggests the existence of some limited capacity to grow the labour supply from current residents.
- 3.34 Unemployment in Redcar & Cleveland has largely followed national and regional trends from 2008 to late 2015, albeit with a higher overall level of unemployment. As demonstrated in Figure 3.8, unemployment rose from mid-2008, peaking at 7.2% in January 2013. From this point onwards, unemployment continued to fall, before a spike in Redcar & Cleveland in late

⁶ ONS Annual Population Survey (October 2015-September 2015)

2015. This is likely to reflect the recent closure of SSI in Redcar⁷, during a period of national unemployment decline.

Figure 3.8 Employment Change (2009-2014)



Source: ONS JSA Claimant Data / NLP Analysis

3.35 On the wider Annual Population Survey measure⁸, Redcar & Cleveland's unemployment rate (8.6%) is also higher than the regional average (7.6%) and significantly higher than the UK average (5.4%).⁹

3.36 The proportion of working age residents claiming Employment and Support Allowance (ESA) and incapacity benefits provides another indicator of labour market participation. In Redcar & Cleveland this is equivalent to 8.8% of working age claimants, which is above the regional average of 8.4% and national equivalent of 6.3%.¹⁰

Skills

3.37 Redcar & Cleveland's resident workforce has a below average skills base. The Borough contains a lower proportion of residents with graduate level (NVQ level 4+) qualifications (24.5%) than at the regional (28.4%) or national (36%) level. The proportion of residents with no qualifications (9.9%) is also higher than the national average (8.8%), but broadly in alignment with the North East (10.0%).

3.38 However, as shown in Figure 3.9, the Borough has a higher proportion of residents with NVQ level 3+ qualifications (22.8%) than the regional (19.8%) and national (17.2%) average. A higher proportion (5.9%) of working age

⁷ <http://www.bbc.co.uk/news/uk-england-34509329>

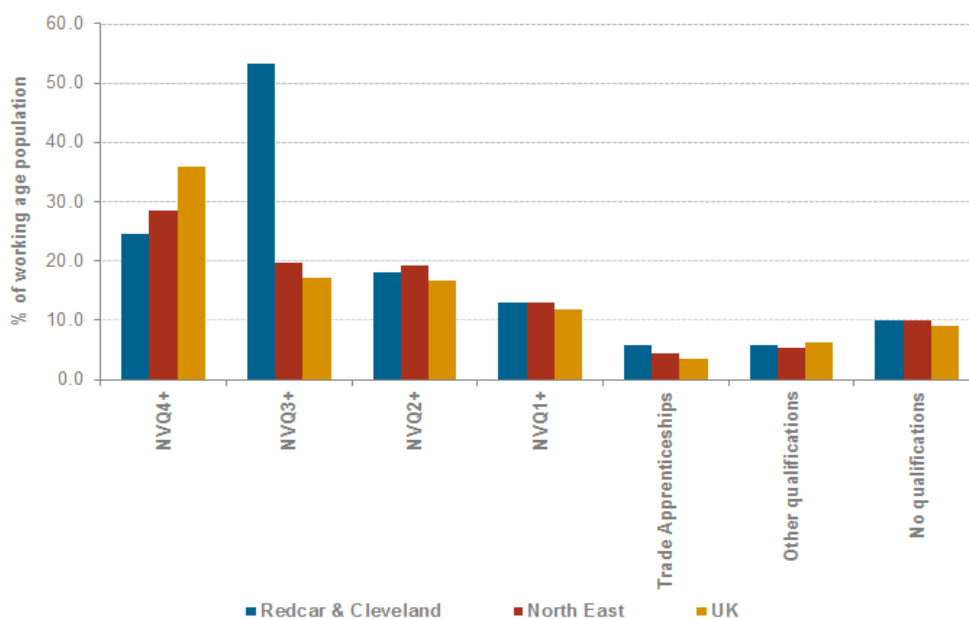
⁸ This records all those searching for work but who are currently unemployed regardless of whether they are claiming jobseekers allowance or not

⁹ ONS Annual Population Survey (October 2015-September 2015)

¹⁰ DWP benefit claimants - working age client group (August 2015)

residents also hold trade apprenticeships than the regional (4.3%) and national (3.5%) average.

Figure 3.9 Highest qualification of working age residents



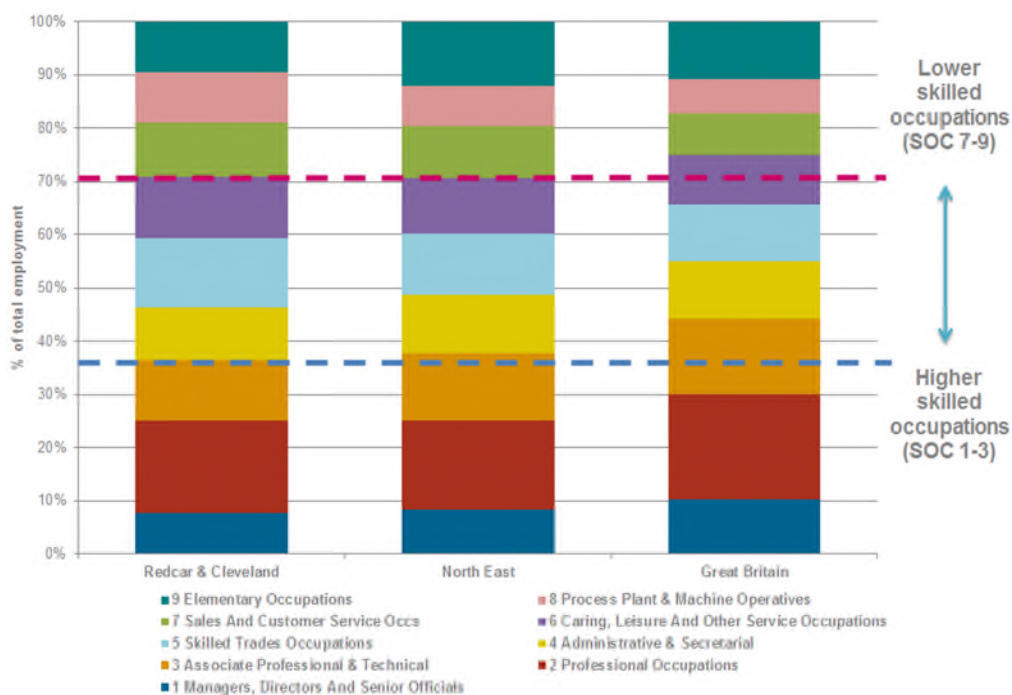
Source: Annual Population Survey Jan 2014-Dec 2014

Occupational profile

3.39

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 (36.4%) of residents in managerial, professional and associate professional/technical jobs than the national average (44.3%). In contrast, the Borough has a higher concentration (29.0%) of semi and lower skilled workers (including: sales and customer service occupations; elementary occupations; and process, plant and machinery operatives) than the national average (24.8%), reflecting the relative strength of the manufacturing and process industries.

Figure 3.10 Occupational Breakdown of Resident Population (October 2014- September 2015)



Source: Annual Population Survey / NLP Analysis

3.40 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: sales and customer service occupations (59%); elementary occupations (16.6%); and process, plant and machinery operatives (5.8%).

Wages

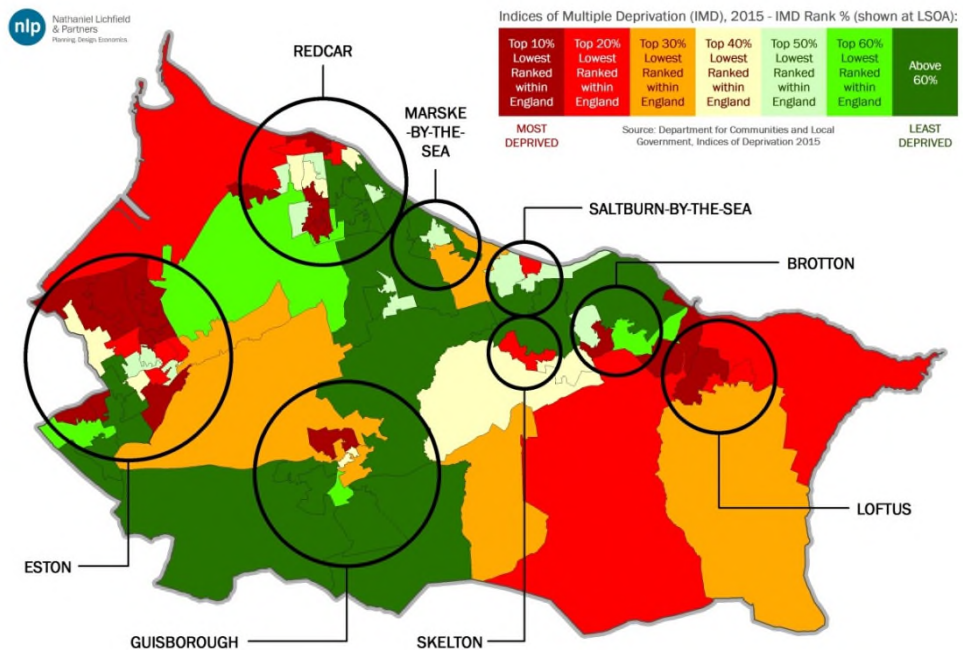
3.41 Resident wages in Redcar & Cleveland (£505.50 gross per week) stand at 96% of the national average (£529) and are higher than the North East average (£484.80). The wages of workers within Redcar & Cleveland broadly align with resident earnings (£506.40 gross per week), and are again higher than the North East average (£488.70).

Deprivation

3.42 Redcar & Cleveland is ranked as the 78th most deprived local authority out of 326 in England¹¹, making it one of the 30% most deprived areas nationally. Analysing the data at a more localised level (Figure 3.11) shows that deprivation varies significantly across the Borough, with pockets of acute deprivation located around the towns of Redcar, Eston and Loftus.

¹¹ English Index of Multiple Deprivation (2015)

Figure 3.11 Deprivation



Source: English Indices of Deprivation 2015 / NLP Analysis

Inward Investment

3.43

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 Council's Business Growth Team has provided a useful qualitative understanding of the area's performance and positioning within the sub-region. Discussions with the team indicated that demand is primarily driven by the strength of key sectors such as:

- Petrochemicals – Wilton International is a globally recognised location within the petrochemicals sector. Demand for land and premises at Wilton is therefore comparatively strong, however, the nature of the industry and the scale of investment means that the profile of development activity is lumpy;
- Advanced Manufacturing & Engineering – strength in sectors such as steel, automotive and renewable energy have attracted demand to Kirkleatham Business Park and Skippers Lane Industrial Estate. Both locations are understood to be popular with supply chain companies; and
- Port Operations & Logistics – at Teesport, demand for logistics and distribution premises is also lumpy. Nevertheless, the sector has resulted in a small number of significant requirements including developments by Tesco and ASDA.

3.44

The Council's Business Growth Team indicated that levels of interest had remained relatively stable in recent years, until late 2015 when an upward

spike in the number of enquiries was observed. The closure of SSI at Redcar is understood to have raised the profile of the Borough, whilst also alerting potential investors to the availability of large tracts of land and skilled workers. In addition, falling commodity prices have helped to drive down the cost of raw materials and this has in turn had a positive impact on levels of interest from the petrochemicals, advanced engineering and offshore sectors. Additional factors that RCBC's Business Growth Team believe have contributed to the recent upturn in enquiries include:

- Concerted efforts by Sembcorp to market Wilton International more extensively have been successful in attracting interest from new sectors – in particular renewable energy; and
- Teesport is attracting new investment interest as a result of growth in the site's container operations as well as the impact of the Hitachi rail contract.

3.45 It is understood that demand from the service sector is currently weak within Redcar & Cleveland. The Council's Business Growth Team acknowledged that other locations in Tees Valley (such as Stockton/Middlesbrough and Darlington) have a better established premises offer for the sector 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.

3.46 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 was intended to address this and 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. Occupancy levels at the Palace Hub have, however, remained low. It is understood that this reflects a number of factors, including: the strength of demand from the digital sector in Redcar & Cleveland being lower than originally projected; the pull of the existing digital cluster in Middlesbrough; and a lack of on-site parking at the Palace Hub.

3.47 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.

3.48 A lack of good quality, available land at South Tees (a location where demand is comparatively strong) was identified as a perceived 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.

SWOT Analysis

- 3.49 Table 3.2 provides a summary of the analysis contained within the preceding paragraphs.
- 3.50 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.

Table 3.2 SWOT Analysis of Redcar & Cleveland

Strengths	Weaknesses
<ul style="list-style-type: none"> • Jobs growth stronger than regional and national average during 2009-2014 • Existing expertise and concentrations of industrial activity in the petrochemicals and renewable energy • Teesport – one of the largest ports in the UK • Strong links to strategic road network from the north of the Borough through the A66 and A174 • Business births in alignment with national trends and business deaths lower than regional and national averages • Attractive coastal towns of Marske and Saltburn and the historic market town of Guisborough 	<ul style="list-style-type: none"> • Weak employment performance over the longer term – with a net decline in workforce jobs of more than 4,000 since 1997 • Connectivity in parts of the Borough is challenging- particularly in East Cleveland • Issues with variable and poor broadband coverage across the Borough • High levels of out commuting • Declining working age population • Employment base heavily skewed towards South Tees, with far lower concentrations of employment in East Cleveland • Higher levels of unemployment than regional and national average and recent increase in JSA claimant rates widening gap • Lower proportion of residents with NVQ level 4+ skills
Opportunities	Threats
<ul style="list-style-type: none"> • Building on major economic assets of Teesport, petrochemicals and renewable energy sectors • Strong links to Middlesbrough and wider Tees Valley employment opportunities • Jobs growth evident in rural areas surrounding Guisborough and Loftus , as well as Brotton and Saltburn-by-the-Sea • Wholesale, information & communications and health biggest drivers of jobs growth • Economic activity rate of working age population slightly lower than regional and national average 	<ul style="list-style-type: none"> • Closure of SSI and impacts on unemployment • Low population growth and an ageing population • Under-representation of high value sectors including financial & insurance • High concentrations of deprivation in Redcar, Eston and Loftus • Strong competition from elsewhere in Tees Valley particularly in office based sectors

Source: NLP Analysis

4.0

Overview of B Class Employment Space

4.1

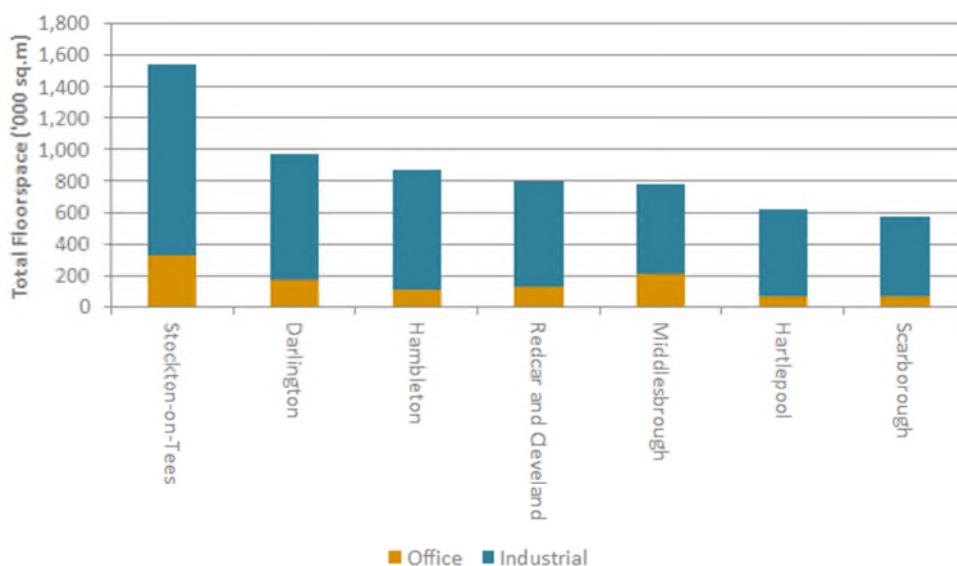
This section provides an overview of the current stock of B class employment space in Redcar & Cleveland, whilst also summarising recent trends and changes to the supply of this employment space. The analysis is presented in respect of the three main B class uses (i.e. offices [B1a/b], manufacturing [B1c/B2] and warehousing and distribution [B8]) where the data permits. In some instances, however, B1c/B2 and B8 data has been aggregated at the source to comprise of 'industrial' space.

Current Stock of Employment Space

4.2

In 2012 (the latest comprehensive dataset available) Redcar & Cleveland contained 797,000sq.m of employment floorspace. A breakdown of the total employment floorspace by type is provided in Figure 4.1. This includes a comparison with the levels of space recording in the local authorities that surround Redcar & Cleveland Borough and elsewhere in the wider Tees Valley.

Figure 4.1 Commercial floorspace in Redcar & Cleveland and surrounding areas (2012)



Source: VOA / NLP analysis

4.3

From this, it can be seen that the supply of commercial floorspace in the Borough is lower than that recorded in Stockton-on-Tees, Darlington and Hambleton, but greater than the corresponding figures for Middlesbrough, Hartlepool and Scarborough.

4.4

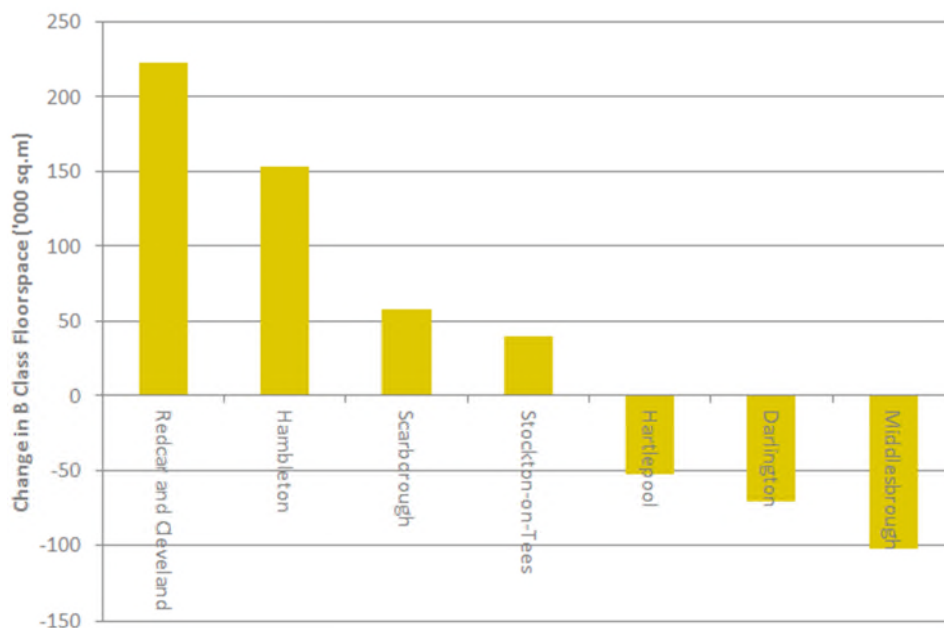
The graph also shows that the supply in Redcar & Cleveland is dominated by industrial space, which accounts for 670,000sq.m – equivalent to 84% of the Borough's total stock. Offices account for the remaining 16% of B class floorspace – comprising of 127,000sq.m.

4.5 The balance between office and industrial stock observed in Redcar & Cleveland is not untypical of many of the surrounding authorities. Within this context, however, the scale and relative share of office provision within Stockton-on-Tees and Middlesbrough would appear to suggest that they represent the principal office market locations within Tees Valley and North Yorkshire. Indeed, Stockton-on-Tees contains 330,000sq.m of office space (accounting for 21% of the Borough’s total stock), whilst Middlesbrough contains 212,000sq.m of office space (accounting for 27% of total stock).

Growth in Stock of Employment Space

4.6 Between 2000 and 2012, the total stock of floorspace in Redcar & Cleveland increased by 223,000sq.m (equivalent to growth of 39%). This rate of growth is considerably higher than that observed at the national (1%) and regional (3%) level over the same period. In addition it is at least double the rate of increase observed in any of the surrounding authorities.

Figure 4.2 Change in Floorspace (2000-2012)



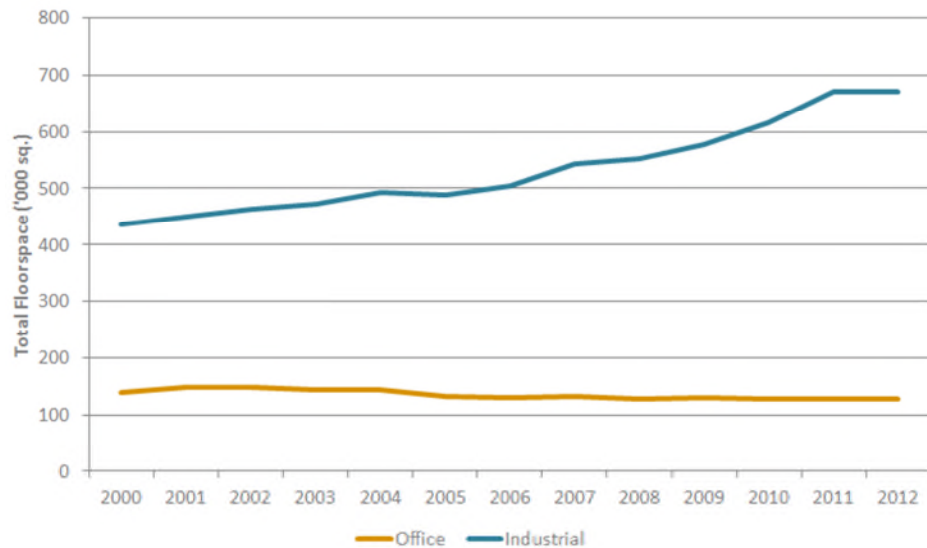
Source: VOA / NLP analysis

4.7 The graph clearly shows that the absolute change in floorspace recorded within Redcar & Cleveland between 2000 and 2012 was greater than that experienced by any of the surrounding authorities. Indeed, it can be seen that a reduction in the stock of space was observed in a number of areas (Middlesbrough, Darlington and Hartlepool), whilst comparatively modest increases were recorded in Stockton-on-Tees, Scarborough and – to a lesser extent - Hambleton.

4.8 The increase in floorspace in Redcar & Cleveland was entirely driven by the provision of new industrial stock. Between 2000 and 2012 the total stock of

industrial floorspace in the Borough rose by 234,000sq.m (54%). This is in marked contrast to the reduction observed across all other Tees Valley authorities, as well as at the national and regional level. The increase in industrial floorspace in the Borough has helped to offset the modest contraction in office space recorded during the same period (11,000sq.m or 8%).

Figure 4.3 Change in Office and Industrial Floorspace in Redcar & Cleveland (2000-2012)



Source: VOA / NLP analysis

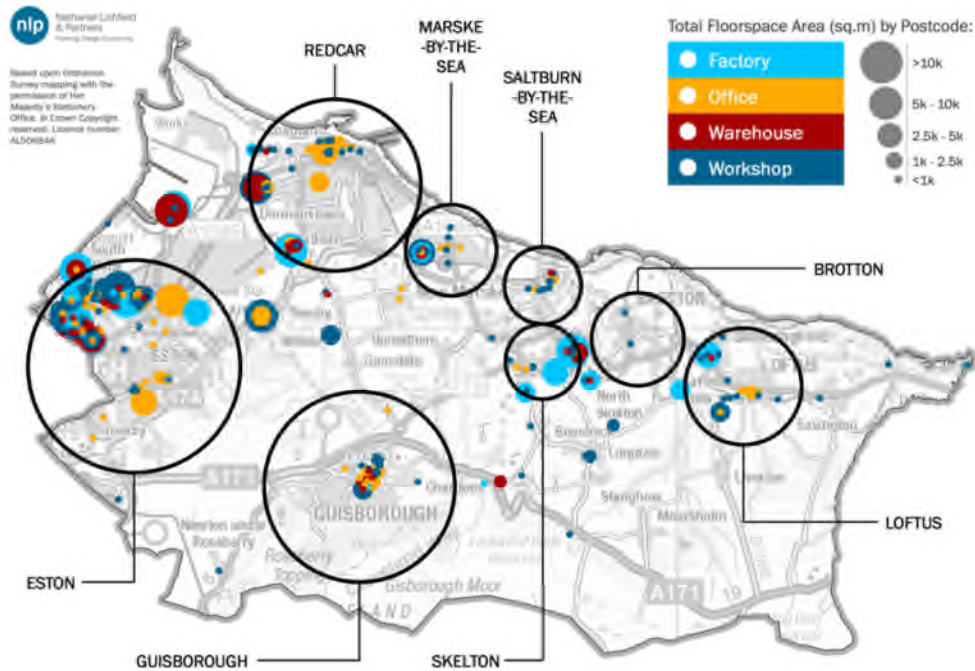
Spatial Distribution

4.9 Both Figure 4.4 and Table 4.1 provide an overview – underpinned by the latest property valuation data from VOA – of the spatial distribution of B class floorspace within Redcar & Cleveland.

4.10 The geography of the Borough’s commercial markets is considered in greater detail in Section 5.0 of this report. In summary, however, the analysis presented overleaf demonstrates:

- The importance of the South Tees and Greater Eston area as an employment location – particularly in relation to industrial uses;
- The comparatively high proportion of office floorspace in the towns of Redcar and Guisborough; and
- The existence of pockets of employment space in settlements throughout East Cleveland which, in total account for a significant quantum of employment space.

Figure 4.4 Spatial Distribution of B Class Floorspace in Redcar & Cleveland



Source: VOA / NLP analysis

- 4.11 The table clearly demonstrates that the overwhelming majority of space (526,770sq.m) is to be found within the South Tees and Greater Eston. Whilst the area accounts for a large proportion of the Borough's office stock, the emphasis is on industrial uses, which account for 83% of all floorspace in the area.
- 4.12 East Cleveland is estimated to contain 105,150sq.m of employment floorspace in total. This comprises of pockets of space in a variety of settlements including Loftus, Broton, Skelton, Saltburn and Marske. The majority of employment space in the area (89%) is categorised as factories and workshops. Located further away from the Teesside conurbation, the A19/A66 and the key linkages around Teesport, employment premises in East Cleveland these settlements primarily accommodate demand from the indigenous business base.
- 4.13 Redcar is estimated to contain 81,010sq.m of employment floorspace in total. This includes a high proportion of office premises relative to the balance of provision throughout the Borough as a whole. Indeed, office space accounts for an estimated 30% of all employment space within the town and the immediately surrounding area.
- 4.14 The overall quantum of employment space in Guisborough is, at 20,370sq.m, relatively modest. An analysis of the local stock by use class, however, demonstrates that the town includes a high proportion of office premises (49%) in comparison to the local authority average.

Table 4.1 Distribution of B Class Floorspace by Type and Location

	Floorspace (sq.m.)				
	Offices	Factories	Workshops	Warehouses	All B Class Uses
South Tees & Greater Eston	87,505	98,720	113,115	227,430	526,770
Redcar	24,405	28,505	19,515	8,585	81,010
Guisborough	9,955	1,720	6,380	2,315	20,370
East Cleveland	5,830	56,150	37,020	6,150	105,150

Source: VOA / NLP analysis

Vacant Commercial Premises

4.15 Information regarding vacant space in the Borough was provided to NLP by RCBC's Estates Surveyors. It is understood that this data does not provide an exhaustive breakdown of vacant space in the Borough. In addition, the time periods that relate to data regarding vacant space (provided by RCBC) and total employment space (extracted from VOA) are not entirely consistent. Mindful of these issues, no quantitative analysis relating to vacancy rates is presented by NLP within this report. Nevertheless, the information is helpful in seeking to understand, in more general terms, the broad balance between the demand for and provision of commercial premises across the Borough.

4.16 The data regarding vacant space would appear to suggest that:

- The market for commercial premises is broadly in equilibrium within Guisborough and East Cleveland;
- There is a modest undersupply of commercial premises within South Tees and Greater Eston. This would appear to reinforce the views of the RCBS' Business Growth Team that occupiers can often experience difficulties in finding suitable industrial premises within the area. This is discussed in greater detail in Section 5.0; and
- An oversupply of commercial premises exists within Redcar and the immediately surrounding area.

Tees Valley Enterprise Zone

4.17 The Tees Valley Enterprise Zone (TV EZ) was among the first Enterprise Zones (EZ) to be approved by Government. The EZ is made up of twelve individual sites across the Tees Valley (Figure 4.5) with a total area of c.420ha. It is intended to attract investment in a number of priority sectors:

- Advanced Engineering;

- Advanced Manufacturing;
- Chemicals;
- Digital; and
- Renewable Energy

Figure 4.5 Tees Valley Enterprise Zone Sites



Source: Tees Valley Unlimited

4.18

Eligible businesses locating on EZ sites are able to access a range of financial incentives as summarised below. Simplified planning regimes are also in place, in order to de-risk and accelerate development:

- **Enhanced Capital Allowances (ECA):** companies locating on four of the larger EZ sites will potentially qualify for ECA. Eligible companies are able to apply to receive first year capital allowances at 100% on qualifying plant and machinery to a maximum of £100m to offset against corporation tax. TVU anticipate that ECA sites will be most suitable for businesses companies looking to make significant investment in plant and machinery in the renewable energy, chemicals and advanced engineering sectors; and
- **Business Rate Relief (BRR):** companies locating on the remaining eight EZ sites may qualify for BRR of up to £55,000 per annum for five years, up to a total of £275,000. TVU anticipate that the BRR sites will be attractive to small and medium sized businesses which are: part of the petro-chemicals, renewable energy and advanced engineering supply chain; or operating within the digital sector.

4.19

Three TVU EZ sites are located within Redcar & Cleveland, with each summarised in turn below. Site plans relating to each EZ designation can be found at Appendix 2.

South Bank Wharf (ECA site)

- 4.20 Located immediately adjacent to Teesport and in close proximity to Wilton, the site is intended to target investment from the renewable energy and advanced engineering sectors. It is understood that 80.7ha of available employment land has been identified for development and awarded EZ status.
- 4.21 Incentives available to eligible businesses locating at South Bank Wharf include ECA, whilst a Planning Performance Agreement (PPA) is also in place. A PPA is an agreement between the developer, local planning authority and other relevant statutory consultees. It sets out agreed key milestones and timescales, consultation arrangements and information requirements to ensure that a planning application meets the required quality standards and a speedy decision can be made. Whilst a formal planning application must still be submitted on PPA sites, a successful PPA process should make it relatively straightforward to obtain planning approval.

Wilton International (ECA site)

- 4.22 Wilton International is a fully serviced chemical complex. It provides the opportunity for companies to connect to an existing infrastructure network including power, steam and water to the necessary specification, as well as pipe linkages to North Tees (offering jetty and storage facilities). The site is intended to compete for investment for investment in the chemicals and renewable energy sectors.
- 4.23 Five plots at Wilton International have been identified by TVU as being available for development and awarded EZ status. In total, these plots account for 164ha of land. Incentives available to eligible businesses locating at Wilton include ECA, whilst a PPA is also in place.

Kirkleatham Business Park (BRR site)

- 4.24 Kirkleatham Business Park is located in close proximity to Wilton International and is intended to compete for investment in the advanced manufacturing and engineering, chemicals and renewable energy sectors.
- 4.25 It is understood that 12.6ha of available land at Kirkleatham has been awarded EZ status. Incentives available to businesses locating on the site include BRR, whilst a Local Development Order (LDO) is also in place. Any development proposals that accord with those specified within the LDO will automatically be granted planning permission, thereby removing the need to submit a formal planning application and wait for approval.
- 4.26 Additional land at Kirkleatham (over and above the 12.6ha) is available but does not qualify for any of the benefits associated with EZ sites.

Development Rates

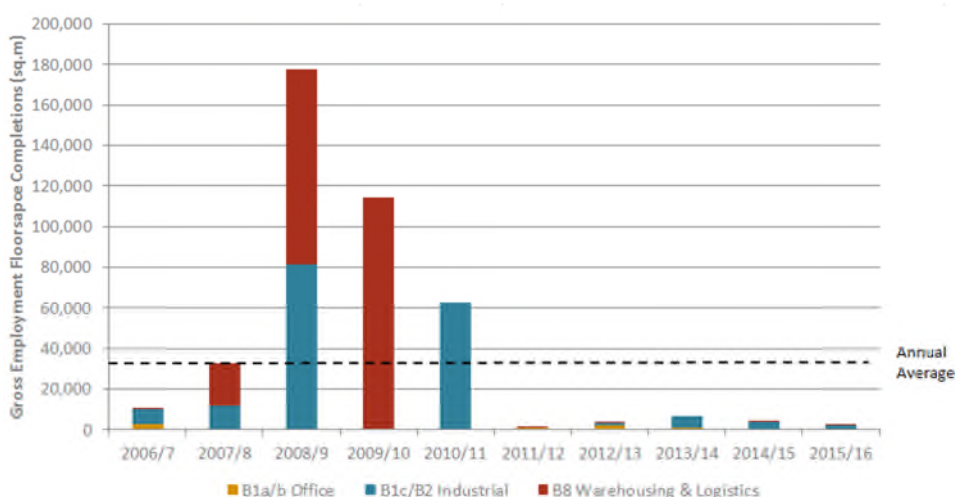
Gross Completions

4.27

The gross amount of floorspace developed for B class employment uses in Redcar & Cleveland over the period 2006/07 to 2015/16 (inclusive) is shown in Figure 4.6. This illustrates that 416,625sq.m of gross floorspace was developed in the Borough over the 10 year period, equivalent to an average take-up rate of 41,663sq.m per annum. The overwhelming majority (98%) of new space delivered during the past decade has been for industrial uses, with a modest provision of office space, as summarised below:

- B1a/b: total take-up of 7,256sq.m (equivalent to 726sq.m per annum);
- B1c/B2: total take-up of 175,992sq.m (equivalent to 17,599sq.m per annum); and
- B8: total take-up of 233,377sq.m (equivalent to 23,338sq.m per annum).

Figure 4.6 Gross Employment Floorspace Completions (2006/07 to 2015/16)



Source: RCBC Monitoring Data / NLP analysis

4.28

As shown in Figure 4.6, the annual level of employment floorspace developed in the Borough has fluctuated significantly during the period, from a low of 1,272sq.m (2011/12) to a high of 177,702sq.m (2008/09). The reporting years of 2008/09 and 2009/10 stand out as years during which particularly high levels of activity were observed. Indeed, those two particular years account for 70% of all take-up recorded over the 10 year period.

4.29

It is understood that the 'spike' in gross completions observed in 2008/09 was driven by the development of a 176,000sq.m polyethylene plant at Wilton International. Similarly, the 'spike' in activity recorded in 2009/10 is primarily a consequence of the development of the Tesco Distribution Centre (110,562sq.m) at Teesport.

- 4.30 Both of these developments have taken place on sites that perform unique roles and functions within the local economy and operate as distinct from the general supply of employment land. The importance of distinguishing between demand for specialist use sites and general employment land within the Borough is discussed in greater detail elsewhere within this report. Against this backdrop, however, it is considered informative to present an alternative assessment of past development rates, which seeks to focus exclusively on the level of activity observed on general employment sites.
- 4.31 In order to do so, it has been necessary to remove the following developments from the past take-up data:
- 2007/08: development of a 4.83ha storage facility at Wilton International (estimated, through the application of a 40% plot ratio, to equate to 19,320sq.m);
 - 2007/08: development of a waste treatment plant on a 2.94ha site at Wilton International (estimated, through the application of a 40% plot ratio, to equate to 11,760sq.m);
 - 2008/09: development of a polyethylene plant at Wilton International, comprising of 80,000sq.m of B2 floorspace and 96,000sq.m of B8 floorspace;
 - 2009/10: development of the 110,562sq.m Tesco Distribution Centre at Teesport;
 - 2010/11: development of a 15.7ha bio-ethanol production plant at Wilton International (estimated, through the application of a 40% plot ratio, to equate to 62,800sq.m);
 - 2013/14: development of 892sq.m of B2 floorspace at Wilton International;
 - 2013/14: development of an 828sq.m blast furnace in Redcar;
 - 2013/14: development of 180sq.m of B2 floorspace at Tata Steel, Grangetown;
 - 2014/15: development of a 120sq.m green energy biomass plant at Wilton International; and
 - 2014/15: development of a 2,000sq.m polyethylene plant at Wilton International.
- 4.32 This indicates that 384,462sq.m of floorspace developed in Redcar & Cleveland since 2006/07 has been for specialist uses, or has occurred on specialist employment sites. Removing this from the completions data outlined in Figure 4.6 shows that 32,163sq.m of general employment floorspace has been developed within the Borough during this time, representing an average delivery rate of 3,216sq.m per annum.

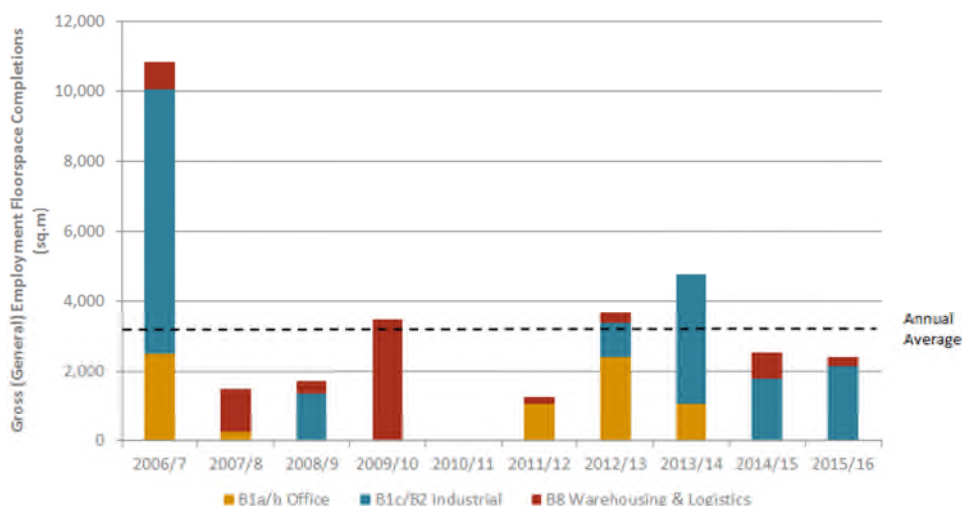
Completions of General Employment Space

4.33

The development of general employment floorspace only (with specialist use developments removed from the analysis as discussed above) is summarised in Figure 4.7. This illustrates that 32,163sq.m of general employment floorspace was completed in Redcar & Cleveland over the period 2006/07 to 2015/16 (an average of 3,216sq.m per annum). The majority of new space (77%) brought forward during this time was for industrial uses, with office provision accounting for almost a quarter (23%) of new space, as summarised below:

- B1a/b: total take-up of 7,256sq.m (equivalent to 726sq.m per annum);
- B1c/B2: total take-up of 17,532sq.m (equivalent to 1,753sq.m per annum); and
- B8: total take-up of 7,375sq.m (equivalent to 738sq.m per annum).

Figure 4.7 Gross (General) Employment Floorspace Completions (2006/07 to 2015/16)



Source: RCBC Monitoring Data / NLP analysis

Net Completions

4.34

Based upon monitoring data provided to NLP by RCBC, it is estimated that 17,307sq.m of employment space was lost to non-B class uses across Redcar & Cleveland over the period 2009/10 to 2015/16. All losses are understood to have occurred on general employment sites.

4.35

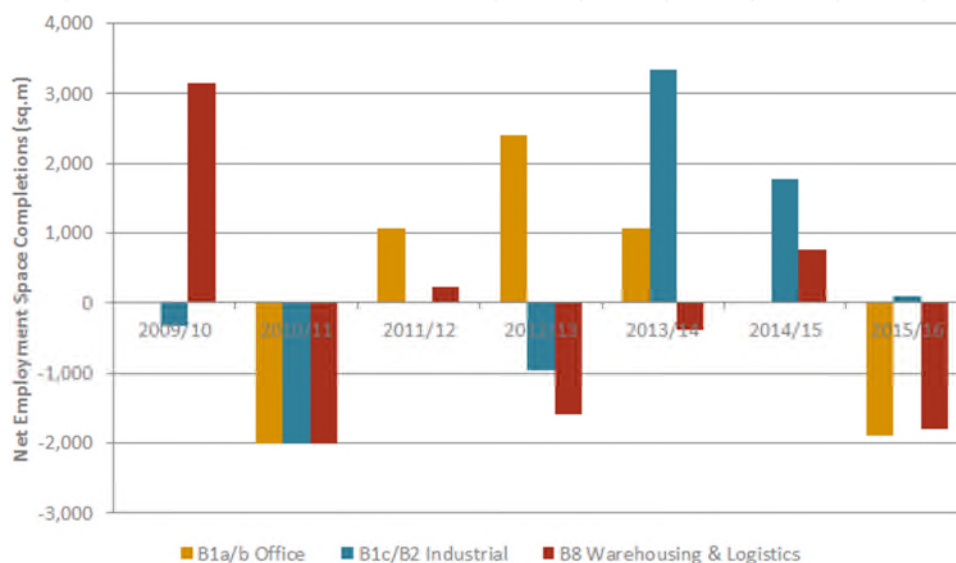
A more detailed analysis shows that the largest losses have been driven by a variety of alternative developments, including: a 2.4ha site at Skelton Industrial Estate for a food store and petrol filling station; a 1.43ha site north of Middlesbrough Road for a residential scheme; and a 1.41ha site at Kirkleatham Business Park linked to the development of an underground gas well. Alongside the above, a series of small scale losses were observed for the development of facilities that fall outwith the B classes but can often be found

on industrial estates, including: soft play centres; health and fitness centres; and training facilities.

4.36 Over the same time period (2009/10 to 2015/16) gross take-up of B class employment space was 18,129sq.m. As a consequence, the net delivery of general B class employment space over this timeframe is estimated to correspond to just 832sq.m or 119sq.m per annum.

4.37 This is shown in Figure 4.8. From this it can be seen that net levels of floorspace delivery have fluctuated year on year, with a net loss of space observed in 2010/11, 2012/13 and 2015/16.

Figure 4.8 Net Delivery of Employment Space (2009/10 to 2015/16)



Source: RCBC Monitoring Data / NLP analysis

4.38 It is important to note, however, that the net take-up data considered above is based exclusively upon activity observed after the economic downturn of 2008/09. Clearly, in using take-up to arrive at a view regarding future land needs(as part of a range of forecasting techniques under consideration) it is preferable to draw upon a longer time series – where available. This helps to ensure that the data is ‘smoothed out’ to reflect the impact of all stages of an economic cycle (i.e. boom and bust) arguably providing a more balanced view of likely requirements over a 15 to 20 year Plan period.

4.39 Given that gross take-up data is available from 2006/07 it would, therefore, be preferable – all other factors remaining constant – to examine net take-up over the same timeframe. Discussions with RCBC Officers have indicated that losses data was not formally recorded by the authority prior to 2009/10. A review of historic planning records identifies a small number of change of use applications, but no losses of employment land between 2006/07 and 2009/10. Whilst officers have acknowledged the possibility that this may not constitute an exhaustive data set, it is considered unlikely that any losses of significant scale have been omitted. As such, in order to derive an estimate of net take-

up since 2006/07, it is not considered unreasonable to apply an average annual rate of losses between 2009/10 and 2015/16 to the gross take-up figures for 2006/07, 2007/08 and 2008/09. Certainly, such an approach appears – on the basis of the information provided by RCBC – unlikely to overstate net take-up for the years in question.

4.40 The application of the methodological approach outlined above would suggest that net floorspace delivery rates have averaged in the order of 744sq.m per annum¹². This is estimated to be disaggregated by use class as shown below (NB: figures may not sum due to rounding):

- B1a/b: net take-up of 166sq.m per annum;
- B1c/B2: net take-up of 798sq.m per annum; and
- B8: net take-up of -217sq.m per annum.

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.

Middlesbrough

4.42 Middlesbrough is located immediately west of Redcar & Cleveland and also lies within the Tees Valley. Middlesbrough Council has not published 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.

4.43 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.

4.44 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. Riverside Park remains the most significant employment location outside of the town centre. Where possible, the CS recommends that the loss of the traditional industrial estate should be prevented.

4.45 The adopted Regeneration Development Plan Document (February 2009), under Policy REG12, allocates 9 sites for employment totalling 180.30ha. This provision was for a plan period from 2004 to 2021, with the sites shown overleaf:

¹² Derived by subtracting average annual losses of 2,472sq.m (2009/10-2015/16) from average annual gross take-up of 3,216sq.m (2006/07-2015/16)

- 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

4.46 As at March 2013, the Council's Annual Monitoring Report indicated that 174ha of proposed employment land remained available (including 100ha at Middlehaven). This monitoring data would appear to suggest that just 6ha of land were taken up for employment purposes over a four year period (1.5ha p.a.). With eight years of the plan period remaining, Middlesbrough would appear to have a surplus of employment land in quantitative terms.

4.47 Middlesbrough Council is currently preparing a new Local Plan. It is acknowledged by officers that no up-to-date assessment of future needs is available at present. However, consultations with Middlesbrough Council indicate that Council officers consider that Middlesbrough has an emerging shortage of employment land and that this presents opportunities for Redcar & Cleveland and other surrounding local authorities to capture this demand.

Stockton-on-Tees

4.48 Located within the Tees Valley, Stockton is situated to the west of Middlesbrough and Redcar & Cleveland. 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. An updated ELR is due to be undertaken in 2016, however, the results of this are as yet undetermined.

4.49 The existing work from 2007-8 (which represents the most up to date assessment) identified a requirement for 340ha of general employment land over a 25 year period, with the total available supply of land estimated at 909ha. In order to address this clear oversupply, the ELR made the following recommendations:

- Eight sites totalling 317.68ha should be safeguarded for restricted uses; and
- 26 sites totalling 323.2ha should be retained for employment land uses.

4.50 The ELR concludes that the restricted use sites listed in Table X below 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.

Table 4.2 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

Source: NLP, (2008), Stockton ELR

4.51 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.

4.52 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.

4.53 Strong growth prospects were identified within 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.

Darlington

- 4.54 Darlington is located north of Hambleton and west of Stockton and falls within the Tees Valley. The Borough's latest employment land assessment is included within the Review of Darlington Business Sites and Premises, published in 2013. This study identified an overall requirement for 110ha of employment land over the period 2012-26.
- 4.55 The existing portfolio of sites assessed as part of this study comprises 375.96ha of available land. In purely quantitative terms, this represents an oversupply of more than 265ha. However, it is considered that the general supply of employment land totalling 57.90ha at Durham Tees Valley Airport should not be regarded as part of the general portfolio of employment land as it represents a unique function within the Tees Valley economy.
- 4.56 In order to address the remaining oversupply of c.207 ha, the following sites are recommended for deallocation:
- Faverdale Reserve (ELR1): 120.45ha to be deallocated and a further 21.81ha of land at the site to be safeguarded for development beyond the Plan period;
 - Faverdale East Business Park (ELR2): 23.92ha to be deallocated and 8.46ha retained;
 - Drinkfield (ELR4): 4ha site recommended for deallocation in its entirety;
 - McMullen Road Open Space (ELR19): a small parcel of undeveloped land (less than 1 ha) is recommended for deallocation; and
 - McMullen Road East (ELR20): 5.69ha to be deallocated.
- 4.57 In total, this corresponds to deallocations of 154.06ha. It is recommended that a further 50.93 ha of land is safeguarded beyond the Plan period in 2 key employment locations including Faverdale Reserve (21.81 ha) (as outlined above) and Yarm Road South (29.12ha).
- 4.58 Removing these sites from the portfolio of land to be allocated over the Plan period, gives a total available supply of 112.96ha. This is broadly in accordance with the forecast level of future demand – projected to be in the order of 110ha.
- 4.59 The key sectoral drivers of jobs growth in office accommodation are expected to include financial and business services, digital and media, telehealth and telecare. Industrial demand is also expected to be driven by advanced engineering, subsea technologies and transport and logistics.
- 4.60 Within the remaining supply, the following sites were identified as being of regional or sub-regional significance in assisting the Tees Valley in competing for employment at the higher value-added end of the business and financial sectors:
- Morton Palms Business Park Area: offering a prestige out-of-town office location (circa 11ha, with 8.18ha available); and

- Central Park: important in bringing forward future economic growth with employment development focused on B1 uses (26.28ha, with 2.16ha available).

Hartlepool

- 4.61 Situated to the north west of Redcar & Cleveland, Hartlepool is also located within the Tees Valley. Published in 2014, the Borough's updated ELR highlights that there is a substantial surplus of employment land in Hartlepool to accommodate growth up to 2031.
- 4.62 In total, Hartlepool has a total employment land supply of 257.9 ha. Based on a projected requirement of 23-69ha, this represents an oversupply of c.190-235 ha.
- 4.63 In order to address this oversupply, the study recommends land supply reductions totalling 151.8 ha. This includes sites judged unlikely to come forward such as Former Centura, Northburn Electronics Park, Victoria Harbour North Docks west of Marina Way and sites to be developed for alternative uses such as Golden Flatts, Teesbay Retail Park. It also assumes that only around 58 percent of Wynyard Three will be made available for B Class employment.
- 4.64 Taking into account the recommended land reductions of 151.8 ha, this would leave a surplus of between 37.1 ha - 83.1 ha. The level of surplus leaves Hartlepool with considerable scope to rationalise its currently large land supply.
- 4.65 The study does not, however, recommend further rationalisation of the supply due to the following factors:
- Historic take-up figures being influenced by the period of recession;
 - The need to protect large sites for inward investment to be brought forward at short notice;
 - The need to protect Enterprise Zones as full scale of demand for such sites is as yet unknown;
 - The need to protect smaller employment space to provide opportunities for modern small business space;
 - Decommissioning and potential rebuild works around Hartlepool Power Station will generate some land needs which cannot be accounted for at present; and
 - The need to accommodate demand and requirements that may be identified in the Regeneration Masterplan for central Hartlepool.
- 4.66 Key allocations identified as being of sub-regional/regional significance include:
- Oakesway Industrial Estate: budget and moderate quality industrial premises (18.6 ha); and
 - Graythorp Yard: mostly comprises the Able (UK) Seaton Port and recycling facilities (17.6 ha).

- 4.67 Analysis contained within the ELR concludes that the following sectors are likely to drive future economic growth: process engineering, offshore/subsea engineering, energy and the low carbon sector.

Scarborough

- 4.68 Scarborough is situated in North Yorkshire and lies to the south east of Redcar & Cleveland. The latest ELR was undertaken by the Council and published in November 2015. This identified an overall surplus of 18.9 ha of land, with a significant oversupply in the Scarborough Urban Area, but an undersupply in Whitby and Filey, as outlined below.

Table 4.3 Land supply and demand

Land Use	Scarborough Urban Area	Whitby	Filey	Total
Current Supply of Vacant Sites (ha)	51.5	1.7	0.2	53.4
Required Employment Land (ha)	20.7 to 22.4	10.2	3.4 - 1.7	34.5
Net Difference (ha)	+30.8 to +29.1	- 8.5	-3 ha to -1.6	+18.9

Source: Scarborough Council, (2015), Employment Land Review

- 4.69 In order to address the oversupply in the Scarborough Urban Area, the ELR recommends that areas of land at Scarborough Business Park (which currently includes 45ha of allocated land) that are not currently committed for expansion should be de-allocated in the emerging Local Plan. It also recommends the proposed expansion and enhancement of Whitby Business Park and Hunmanby Industrial Estate in the southern part of the borough to address identified shortfalls in Whitby and Filey. These changes are considered to bring demand and supply into alignment, but will be tested through the emerging Local Plan.
- 4.70 Key sectors identified as offering the strongest potential for growth in demand for industrial space in Scarborough include wholesale, distribution, storage, food & drink manufacturing and metal manufacturing. For office space: specialised construction activities, real estate, professional services, administrative & support services and IT services are identified as expanding sectors.
- 4.71 In addition, the ELR identifies 2 business sectors that could potentially have a significant impact on future demand, including the potash mine in North Yorkshire and the off-shore wind industry in Whitby. Outside of the direct locations, it is considered that opportunities will also be generated in the supply chain – although the scale of this employment and implications for land requirements are as yet unknown.

Hambleton

- 4.72 Hambleton is situated to the south of Redcar & Cleveland, within North Yorkshire. An updated ELR is due to be undertaken in 2016, however, the results of this exercise are not available at present. The District's Strategic Housing and Employment Land Availability Assessment¹³ (SHELAA) (December 2012) provides the most up to date assessment of employment land, which states that the sites allocated provide an adequate supply of employment land to 2021.
- 4.73 The SHELAA sets out that there is 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. Removing 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.
- 4.74 Without the removal of these sites, Hambleton could contain an oversupply of c.42ha, although the precise scale of the employment uses to be developed on this mixed-use land is unknown. However, consultations with the surrounding authorities indicate that the existence of any over or under supply of employment land in Hambleton is unlikely to have a material impact upon the market dynamics of Redcar & Cleveland.
- 4.75 CS Policy CP11 also states that most employment development will be encouraged to locate within the development limits of the existing Service Centres. 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.
- 4.76 The AMR states that the Council is delivering further targeted premises schemes aimed at high value, high skilled, growth sectors.

Conclusions

- 4.77 The total provision of employment floorspace in Redcar & Cleveland is lower than the surrounding authorities of Stockton-on-Tees, Darlington and

¹³ An assessment listing suitable employment sites falling below the 0.3ha threshold used in the assessment is expected spring 2013.

Hambleton, but higher than Middlesbrough, Hartlepool and Scarborough. The Borough's supply of space is dominated by industrial (factory and warehousing) uses. The industrial focus of the area is reflected in the target sectors of Redcar & Cleveland's three EZ sites:

- South Bank Wharf: renewable energy and advanced engineering;
- Wilton International: chemicals and renewable energy; and
- Kirkleatham Business Park: advanced manufacturing, engineering, chemicals and renewable energy.

- 4.78 Analysis of the spatial distribution of premises shows that, in absolute terms, the greatest representation of industrial space is to be found in the South Tees and Greater Eston market area.
- 4.79 At the local authority level, the proportion of floorspace accounted for by offices is not untypical of many if the surrounding areas (with the exception of the Stockton/Middlesbrough conurbation). At the market area level, Guisborough and Redcar contain the highest share of office space relative to industrial. However, in absolute terms the largest quantum of office space is located in South Tees and Greater Eston.
- 4.80 Strong growth in the supply of employment space was observed in Redcar & Cleveland over the period 2000 to 2012, with the supply increasing by 39%. This rate of growth was at least double that observed in any of the surrounding local authority areas, and was driven exclusively by the delivery of industrial space.
- 4.81 Take-up of employment land has been 'lumpy' in recent years. An analysis of the data shows that activity has been driven primarily by developments on specialist use sites such as Wilton International and Teesport. Such developments are estimated to have accounted for more than 90% of all floorspace delivered across the Borough over the last 10 years.
- 4.82 An analysis of employment land provision in adjoining local authorities reveals that the demand-supply balance is currently unclear in Stockton and Middlesbrough – the two authorities with which Redcar & Cleveland has the strongest relationship in terms of travel to work flows. It will therefore be important to ensure that RCBC officers establish a regular dialogue with colleagues Middlesbrough and Stockton in order to monitor the issue and the emerging findings of any employment land analysis.
- 4.83 An updated ELR is also currently being undertaken on behalf of Hambleton District Council.
- 4.84 Notwithstanding the issues outlined above that impact upon any assessment of demand and supply in the surrounding authorities, a summary of the current position is provided in Table 4.4, which indicates that Hartlepool and Hambleton appear likely to have an oversupply of employment land.
- 4.85 Any excess supply in Hambleton is unlikely to impact significantly upon the market for land and premises in Redcar & Cleveland. This is due to the

comparatively weak relationship (in economic and commercial market terms) between the two local authority areas. In the event that any oversupply did exert an influence on the Redcar & Cleveland market, it is anticipated that is likely to be observed most keenly in locations such as Guisborough.

4.86

In considering the impact an oversupply within Hartlepool, it is also important to acknowledge that the economic and commercial market relationship between the two authorities is comparatively weak. Nevertheless, Hartlepool is understood to be targeting growth in similar sectors to Redcar & Cleveland (process engineering, offshore/subsea engineering, energy and low carbon).

Table 4.4 Summary land requirements

Local authority	Land requirement	Land supply	Outcome
Middlesbrough	180ha	180.30ha	Unknown – due to the lack of an up-to-date assessment of need. Council Officers have suggested an emerging shortage of land. This does not appear to be supported by available quantitative evidence.
Stockton	340ha	323ha general employment land 317ha for restricted uses	Unknown – previous ELR indicated a broad alignment between demand and supply
Darlington	110ha	112.96ha general employment land 50.93ha safeguarded beyond Plan period	In alignment
Hartlepool	23-69ha	106.1ha	Oversupply of 37.1-83.1ha
Scarborough	34.5	53.4	In alignment
Hambleton	75ha	80ha (excluding mixed-use)	Unknown – previous analysis indicated a potential oversupply including mixed-use space. Expected to have limited impact on Redcar & Cleveland

Source: NLP summary analysis

5.0 **Market Commentary**

5.1 This section provides an overview of the commercial property market in Redcar & Cleveland. Whilst the commentary draws primarily upon discussions with a number of commercial property agents and developers active within the Borough, this has also been supplemented by a review of published reports.

Industrial

5.2 Redcar & Cleveland is viewed primarily as an industrial location, with demand for manufacturing and distribution/warehousing space considered to be markedly stronger than for offices.

5.3 Discussions with local agents and developers highlighted a clear consensus that a ‘two-tier’ industrial market operates within the Borough, as summarised below:

- Demand for general industrial premises is dominated by local enquiries, with limited interest from beyond the Borough; and
- Demand from specialist users – primarily related to Teesport and Wilton International – is far less localised. Both sites were highlighted as key economic assets of the Borough and major drivers of inward investment (both national and international).

5.4 The commentary set out in the following paragraphs focuses principally on the market for general industrial premises.

5.5 In general terms, the location of industrial premises – across the North East of England and beyond – is determined to a large extent by access to markets. In the 19th Century, riversides and railways were the transport networks that provided the focus for industrial development. Whilst their importance has diminished over time, substantial concentrations of industrial activity remain clustered around the River Tees and beside railway lines.

5.6 Accessibility to motorways and dual carriageways has become increasingly significant and is now viewed as the key locational criterion for industrial and distribution businesses. Despite this shift, the importance of some old industrial areas has been sustained by virtue of them also benefitting from good access to the strategic road network.

5.7 This is reflected in the commercial market geography of Redcar & Cleveland. The South Tees and Greater Eston area originally emerged as an employment location due to the proximity to the River Tees and the rail network. However, its status as the focus for industrial demand in the Borough has been maintained in recent years due to its proximity to the A19/A66 interchange.

Key Industrial Locations

- 5.8 In general terms, agents indicated that the market for industrial accommodation in the Borough is strongest in locations – such as South Tees and Greater Eston – that benefit from proximity to the wider Tees Valley, as well as access to the A19/A66 interchange providing strategic connections to County Durham, Tyne and Wear and North Yorkshire.
- 5.9 More specifically, **Kirkleatham Business Park** was identified as a focal point for the development of industrial stock in recent years, as well as one of the better employment locations in the Borough. Industrial units brought forward as part of the 2010 Greensquare development by Ravensworth Property are understood to have let well when they were released to the market and are currently at 100% occupancy.
- 5.10 In addition, industrial space at the Innovation Centre is also understood to have let well. The Centre mainly provides industrial units of between 199sq.ft and 900sq.ft, with a small number of larger (1,500sq.ft.) premises. Originally developed in 2000, the Centre was subsequently extended to accommodate additional demand.
- 5.11 Commercial agents were of the view that the space at Kirkleatham Business Park is of a good quality and is located on the ‘right side’ of Redcar in terms of providing links into the wider Tees Valley. It was generally considered that the provision of further small scale, light industrial units on Kirkleatham (similar to the Greensquare scheme) would likely be well received by the market.
- 5.12 **Skippers Lane Industrial Estate** was also identified as a key industrial location within Redcar & Cleveland – primarily in recognition of its strong relationship and excellent connectivity to large concentrations of industrial activity in Middlesbrough. Commercial agents indicated that – despite some issues of vandalism – space generally lets well as a consequence of the profile and locational advantages of the estate.
- 5.13 **Skelton Industrial Estate** was also highlighted in discussions with commercial agents. It was recognised that the area is one of the Borough’s larger estates and benefits from the availability of significant areas of land for further development. Nevertheless, it was suggested that the overwhelming majority of demand for space is from businesses that are local to the East Cleveland area. As such, take-up on the estate is expected to continue to be modest.

Rental Levels

- 5.14 Whereas industrial premises command prime headline rents of £4.00-£5.00/sq.ft in Stockton/Middlesbrough and c.£5.25 in County Durham¹⁴, it was suggested by agents that it would be reasonable to assume an average of approximately £3.50-£4.00/sq.ft in for general industrial stock in Redcar & Cleveland. This reflects: the localised nature of the Redcar & Cleveland

¹⁴ Source: North East Logistics and Industrial Commentary, H2 2015, Knight Frank

market; and the premium attached to locations with superior access to the strategic road network.

Gaps in Provision

- 5.15 RCBC's Business Growth Team have been clear in discussions with NLP that they consider the economic potential of the Borough is currently being constrained by a need for additional employment land in the South Tees area. Key issues highlighted by the Business Growth Team are summarised below:
- Demand for small workshop units in the area is high and vacant units are in short supply, making it difficult to accommodate such enquiries. The Business Growth Team suggested that there are currently only 2 workshops of under 3,000sq.ft available across Bolckow Industrial Estate, Skippers Lane Industrial Estate, South Tees Business Centre and Nelson Court;
 - Land is available at Teesport, however, the landowners (PD Ports) are understood to have a clear preference for bringing in businesses that have a requirement for port-related activity (thereby generating additional revenue streams). It can, therefore, be difficult for general freight and logistics operators to resolve land and premises needs on available sites on the estate; and
 - Land at South Tees Freight Park is being held as expansion land by a number of businesses. As such, whilst much of the site is vacant, it is not available on the general market to meet the needs of freight and logistics businesses seeking space in the Borough. It is understood from RCBC's Business Growth Team that this is a source of frustration for local firms and potential inward investors with large space requirements struggling to accommodate their needs within the Borough.
- 5.16 Analysis provided by the Council's Business Growth Team highlights a number of ongoing enquiries for industrial land or premises that it has not been possible to fulfil within the Borough. A sample of these enquiries is provided in Table 5.1. This indicates that latent demand for more than 10 acres (4ha) of industrial land currently exists within the South Tees area. It is understood, however, that the sample provided to NLP is not, however, an exhaustive list of live enquiries:

Table 5.1 Live, Unfilled Industrial Land and Premises Enquiries in South Tees/Greater Eston

Source of Enquiry	Business Activity	Requirement
Inward Investor	Heavy Plant Hire & Storage	6 acres
Expanding Local Business	Haulage	3 acres
Expanding Local Business	Coach Hire	1 acre
Start-Up	Motorcycle Trade Supplies	0.06 acre
Start-Up	Property Services	0.01 acre

Source: RCBC Business Growth Team (May 2016)

- 5.17 In order to accommodate these enquiries – and future enquiries that could emerge over the Local Plan period – RCBC’s Business Growth Team believe that a need exists to allocate additional industrial land within the A66 Corridor.
- 5.18 In addition, commercial agents were of the view that the provision of additional small scale, light industrial units at Kirkleatham Business Park are likely to be well received by the market. It should, however, be acknowledged that vacancy data provided by RCBC appears to suggest an existing oversupply of space in the Redcar area.
- 5.19 More generally, discussions with a range of local stakeholders indicated a widely held belief that the Tees Valley as whole is currently suffering from a shortage of good quality industrial space in the 10,000sq.ft to 50,000sq.ft and the 50,000sq.ft plus size bands. Despite the existence (at the Tees Valley level) of an element of unmet demand for such space, delivery remains challenging. This is because the differential between construction costs and end values is currently insufficient to allow viable speculative development. It was suggested by commercial agents that some form of gap funding could help to address the issue.

Offices

- 5.20 Within the Tees Valley, the Stockton/Middlesbrough conurbation is viewed as the dominant office location. Areas such as Teesdale Business Park have been successful in attracting significant investments from national and regional professional and business service occupiers. In contrast, agents were of the view that much of Redcar & Cleveland would generally be viewed as being ‘too far east’ of the strategic road network and main centres of population to appeal to the majority of footloose office enquiries.
- 5.21 This is compounded by the fact that other locations in Tees Valley (such as Stockton/Middlesbrough) are considered, by commercial agents, to benefit from a better established premises offer – as well as existing clusters of activity in sectors such as digital and creative and financial and business services.

- 5.22 As a consequence, the demand for office space in the Borough is primarily driven by local/indigenous business need. This is reflected in the *type* of premises being sought, with the majority of requirements typically for small units. In those instances where office occupiers do relocate to Redcar & Cleveland from beyond the Tees Valley, commercial agents indicated that such investment decisions were typically driven by a particular locational requirement. This could, for instance, be a need to be located in close proximity to a key customer, or the establishment of an office function to support a firm's industrial operations in the area.

Key Office Locations

- 5.23 The office market is considered to be strongest in South Tees/ Greater Eston and Redcar, with demand falling away as one moves further east through the Borough. Indeed, enquiries for office space in East Cleveland are understood to be so limited that this area is not generally viewed by commercial agents as an office location.
- 5.24 The majority of office space in the town centres of Redcar and Guisborough is understood to comprise of dated stock of modest specification that is situated above retail premises. It does, however, provide a focus for local professional services businesses.
- 5.25 Kirkleatham Business Park was identified by a number of stakeholders and commercial agents as one of Redcar & Cleveland's stronger office locations. The office space within the Innovation Centre, with units of between 149sq.ft. and 1,700sq.ft provided on easy-in/easy-out terms is understood to have proved popular, with an occupancy rate of c.90%. There has been some interest in the office premises provided as part of the Greensquare development, with 3 of the 9 units currently let. Agents did highlight, however, that office space at Greensquare had been slow to let in comparison with industrial stock. This was considered to be a reflection of the relative strength of demand across the two sectors and Redcar & Cleveland's role as a predominantly industrial location.

Rental Levels

- 5.26 Commercial agents indicated that the low volume of office transactions in Redcar & Cleveland make it difficult to provide a reliable estimate of rental levels. Discussions did, however, indicate that the office market across the wider Tees Valley is currently difficult, due to an existing overhang of modern, good quality space in Stockton and Middlesbrough. It is understood that a number of developments, providing 'new build' premises of a good specification – but which has remained empty for a number of years – are currently being marketed in Stockton at a quoted rent of £10/sq.ft.
- 5.27 Office space at Kirkleatham Business Park is currently being marketed at a similar price point, although this was considered by agents to represent the very top of the market in Redcar & Cleveland. Moreover, agents indicated that they expected the actual rent secured on office premises at Kirkleatham

Business Park to be lower than on sites in Stockton with a similar initial quoted rent – reflecting the existence of a ‘Stockton/Middlesbrough premium’ within the Tees Valley office market.

Gaps in Provision

- 5.28 No particular gaps were identified with respect to the provision of office premises within the Borough.

Conclusions

- 5.29 Redcar & Cleveland is viewed primarily as an industrial location. Demand for manufacturing and warehousing premises is considered to be markedly stronger than for offices.
- 5.30 A two-tier industrial market operates within the Borough. Demand for general industrial premises is dominated by local enquiries, whereas the market for specialist use land is far less localised. Wilton and Teesport, in particular, are widely acknowledged as major drivers of inward investment.
- 5.31 The industrial market is strongest in locations in Greater Eston and South Tees – areas that benefit from proximity to the wider Tees Valley, as well as access to the A19/A66 interchange. The market preference for well-connected locations with access to supply chains, customers and labour markets is reflected in the lower rental levels for industrial space in Redcar & Cleveland relative to Stockton, Middlesbrough and County Durham.
- 5.32 With respect to the office market, the Stockton/Middlesbrough conurbation is viewed as the key location in Tees Valley. Demand for space in Redcar & Cleveland is primarily local and this is reflected in the size of units typically sought in the Borough.
- 5.33 As with the industrial market, demand is considered to be strongest for office premises in South Tees/Greater Eston and Redcar. Kirkleatham Business Park has provided a focus for recent new office provision in the Borough (alongside a small number of public sector-led schemes in Redcar town centre) and is generally viewed as a strong office location within the local context.

6.0 **Assessment of Supply**

- 6.1 This section provides an overview of Redcar & Cleveland's current portfolio of employment land and its suitability to meet future B class development needs. It should be noted that this section draws largely upon the site assessment work undertaken as part of the Borough's 2013 ELR. Site availability and site areas have been amended by RCBC officers (having regard to monitoring data and consultation with key stakeholders such as PD Ports and Sembcorp) in order to reflect any changes arising from any development activity or site clearance that has taken place since the production of the previous ELR.
- 6.2 Sites considered as part of the 2013 ELR were assessed by DTZ. The process was underpinned by individual site inspections in order to inform a criteria-based appraisal of each parcel of land available at that time. The assessment criteria applied by DTZ, which were adopted in order to determine the suitability and market attractiveness of sites for different uses, are outlined below:
- Strategic road access;
 - Local road access;
 - Proximity to urban area (including access to labour and services);
 - Compatibility of adjoining uses;
 - Site characteristics (including likelihood of contamination);
 - Market attractiveness; and
 - Planning and sustainability factors.
- 6.3 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 applied by DTZ is purely indicative and intended to provide an approximation of the overall quality of the supply of land. It should also be acknowledged that the site scores do not reflect any unknown abnormal development constraints and should, therefore be treated as indicative only. Additionally, the suitability of a site for employment use can vary considerably according to the specific uses(s) proposed.
- 6.4 It should be noted that no site visits have been undertaken by NLP as any such exercise was outwith the terms of our engagement with RCBC. It is understood from discussions with RCBC officers that the overall conclusions arrived at in 2013 regarding the relative attractiveness of available parcels of land are expected to remain valid.

Overview of Sites

- 6.5 Updated availability data provided to NLP by RCBC identifies 64 separate parcels of employment land (of which 61 have ultimately been adjudged to be available) with a combined total gross site area of 589.96ha. In order to assess the net developable area it is appropriate to make adjustments to some, but not all, sites.
- 6.6 It is understood, for instance, that the take-up data provided by RCBC to inform the ELR has been recorded on a plot-by-plot basis, with take-up therefore equating to net developable area. Similarly, the labour demand and supply scenarios modelled by NLP make assumptions regarding plot coverage, but do not take account of the fact that a proportion of land on new allocations or estate extensions 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 net developable land. It is therefore necessary to ensure that the availability of employment land is also measured on the basis of the net developable area.
- 6.7 A guide to the adjustments appropriate in different circumstances is set out at Appendix 3. Available employment sites provide an estimated net developable area of 528.57ha. A summary of all sites is provided in Tables 6.1 to 6.5.

Table 6.1 Available Employment Land by Broad Location

Location	No. of Sites	Area (ha)
East Cleveland	11	28.39
Guisborough	6	4.76
Redcar	5	42.44
South Tees	39	452.98
Total	61	528.57

Source: RCBC analysis

Table 6.2 Available Employment Land: East Cleveland

Estate	Location	Industry	Type	Area (ha)
Barnet IE	East Cleveland	GI	Greenfield	0.49
Barnet IE	East Cleveland	GI	PDL	0.14
Barnet IE	East Cleveland	GI	PDL	0.17
Barnet IE	East Cleveland	GI	PDL	0.49
North Liverton IE	East Cleveland	GI	Greenfield	0.53
Skelton IE	East Cleveland	GI	PDL	1.82
Skelton IE	East Cleveland	GI	PDL	0.75
Skelton IE	East Cleveland	GI	PDL	0.79
Skelton IE	East Cleveland	GI	PDL	1.44
Skelton IE	East Cleveland	GI	PDL	1.28
Skelton IE Extension	East Cleveland	GI	Greenfield	20.49
Total				28.39

Source: RCBC analysis

Table 6.3 Available Employment Land: Guisborough

Estate	Location	Industry	Type	Area (ha)
Morgan Drive & Cleveland Gate	Guisborough	GI	Greenfield	1.12
Morgan Drive & Cleveland Gate	Guisborough	GI	Greenfield	0.09
Morgan Drive & Cleveland Gate	Guisborough	GI	Greenfield	0.23
Morgan Drive & Cleveland Gate	Guisborough	GI	Greenfield	0.30
Morgan Drive & Cleveland Gate	Guisborough	GI	PDL	0.45
North of Middlesbrough Road	Guisborough	GI	Greenfield	2.58
Total				4.76

Source: RCBC analysis

Table 6.4 Available Employment Land: Redcar

Estate	Location	Industry	Type	Area (ha)
Kirkleatham Business Park	Redcar	Prestige	Greenfield	0.22
Kirkleatham Business Park	Redcar	Prestige	Greenfield	37.35
Dormanstown	Redcar	GI	Greenfield	2.11
Dowmanstown	Redcar	GI	Greenfield	2.51
Warrenby IE	Redcar	GI	PDL	0.25
Total				42.44

Source: RCBC analysis

Table 6.5 Available Employment Land: South Tees

Estate	Location	Industry	Type	Area (ha)
Bolckow Road IE	South Tees	GI	PDL	0.26
Bolckow Road IE	South Tees	GI	PDL	0.13
Steel Corridor (1)	South Tees	PPHI	PDL	46.38
Steel Corridor (2)	South Tees	PPHI	PDL	58.38
Steel Corridor (2)	South Tees	PPHI	PDL	16.91
Steel Corridor (3)	South Tees	PPHI	PDL	21.19
Nelson Street IE	South Tees	GI	PDL	0.67
Nelson Street IE	South Tees	GI	PDL	0.94
North Liverton IE	South Tees	GI	Greenfield	0.91
Skippers Lane IE	South Tees	GI	PDL	0.79
South Tees Imperial Park	South Tees	GI	PDL	1.35
South Tees Freight Park	South Tees	GI	PDL	0.00 ¹⁵
South Tees Freight Park	South Tees	GI	PDL	0.00 ¹⁶
South Tees Freight Park	South Tees	GI	PDL	0.00 ¹⁷
Tees Offshore Base	South Tees	PRD	PDL	2.52

¹⁵ It is understood that this site is held as expansion land and is not currently available to the general market

¹⁶ It is understood that this site is held as expansion land and is not currently available to the general market

¹⁷ It is understood that this site is held as expansion land and is not currently available to the general market

Tees Offshore Base	South Tees	PRD	PDL	3.06
Tees Offshore Base	South Tees	PRD	PDL	11.07
Teesport	South Tees	PRD	PDL	13.30
Teesport	South Tees	PRD	PDL	11.40
West of A1053	South Tees	GI	Greenfield	19.26
Wilton International	South Tees	PPHI	PDL	2.97
Wilton International	South Tees	PPHI	PDL	12.44
Wilton International	South Tees	PPHI	PDL	2.15
Wilton International	South Tees	PPHI	PDL	4.31
Wilton International	South Tees	PPHI	PDL	17.55
Wilton International	South Tees	PPHI	PDL	3.99
Wilton International	South Tees	GI	PDL	25.23
Wilton International	South Tees	GI	PDL	2.11
Wilton International	South Tees	PPHI	PDL	13.11
Wilton International	South Tees	GI	PDL	11.29
Wilton International	South Tees	GI	Greenfield	1.11
Wilton International	South Tees	GI	Greenfield	4.49
Wilton International	South Tees	GI	Greenfield	2.36
Wilton International	South Tees	GI	Greenfield	4.69
Wilton International	South Tees	PPHI	PDL	13.29
Wilton International	South Tees	PPHI	PDL	18.97
Wilton International	South Tees	PPHI	PDL	8.33
Wilton International	South Tees	PPHI	PDL	48.85
Wilton International	South Tees	PPHI	PDL	11.14
Wilton International	South Tees	PPHI	PDL	15.22
Wilton International	South Tees	PPHI	PDL	14.20
Wilton International	South Tees	PPHI	PDL	6.67
Total				452.98

Source: RCBC analysis

- 6.8 The tables demonstrate significant differences between the Borough's market areas in terms of the availability of employment land. These differences clearly reinforce the position of South Tees as the principal economic zone within the local authority area, with Redcar, Guisborough and East Cleveland existing as secondary locations in employment land terms:
- South Tees: 452.98ha of available land, accounting for 85% of the Borough-wide total;
 - Redcar: 42.44ha of available land, accounting for 8% of the Borough-wide total;
 - East Cleveland: 28.39ha of available land, accounting for 5% of the Borough-wide total; and
 - Guisborough: 4.76ha of available land, accounting for 1% of the Borough-wide total.
- 6.9 It is important, however, to note that the figures presented above are heavily influenced by the inclusion of the Borough's specialist use sites – all of which are located within the South Tees market area. Defining these sites on the basis of current policy designations highlights the presence of 377.41ha of available land for specialist uses. This rises to 428.68ha if land allocated for general industrial uses – but located within Wilton International – is included:
- Tees Offshore Base: 16.66ha of available land for port-related development;
 - Teesport: 24.70ha of available land for port-related development
 - Steel Corridor: 142.86ha of available land for use by Potentially Polluting and Hazardous Industries; and
 - Wilton International: 193.19ha of available land for use by Potentially Polluting and Hazardous Industries, with a further 51.27ha allocated for general industrial use.
- 6.10 The following paragraphs provide a short summary assessment of each of the estates within which available employment land is located.
- 6.11 **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 1.29ha. 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.
- 6.12 The **Bolckow Road Industrial Estate** is located in the Grangetown area, adjacent to the A66 and in close proximity to both Wilton and the steel works. It is therefore an established employment area. Within the site, two small parcels of previously developed land are currently available; one of 0.13ha and one of 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.

- 6.13 Land within the **Steel 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 58.38ha with a total available land area of 142.86ha. 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.
- 6.14 The **Kirkleatham Business Park** is viewed by the market as Redcar & Cleveland's most prestigious mixed commercial development and is located on the southern edge of Redcar, close to Kirkleatham Hall. Total available land is estimated at 37.57ha. This is made up of a small infill site of 0.22ha and a larger area comprising of three separate parcels of land totalling 37.35ha. All of the available land is categorised as Greenfield. It is understood that the site is in the ownership the Homes and Communities Agency (HCA) who are currently exploring a range of development options for the site, which could include mixed-use proposals. It will be important to ensure that any such proposals do not adversely impact upon the estate's ability to support the Borough's future growth needs, with the area expected to make an important contribution to the overall land portfolio.
- 6.15 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.
- 6.16 **Morgan Drive and Cleveland Gate** are located on the southern edge of Guisborough Town Centre and contain five sites of between 0.09ha and 1.12ha. The total of available land extends to 2.18ha, the majority of which is categorised as Greenfield. Further parcels of vacant land currently exist on the estate. However, they have been discounted from the supply figures on the basis that they are not considered available for employment development purposes. It is understood, for instance, that a planning application was permitted in April 2016 for the redevelopment of the former foundry site to provide a mixed-use scheme comprising of: 4,310sq.m of retail floorspace and 233sq.m of café/restaurant floorspace (as well as 2,648sq.m of B2/B8 workshop space). In addition, an area of land is allocated for housing within the Council's draft Local Plan.
- 6.17 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 0.67ha and 0.94ha, with total available land extending to 1.61ha.
- 6.18 The **North Liverton Industrial Estate** is located on the southern edge of Loftus and includes two undeveloped greenfield areas of land of 0.53ha and 0.91ha. The total available land therefore extends to 1.44ha. 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.

- 6.19 **North of Middlesbrough Road**, on the edge of Guisborough, comprises a Greenfield area of land of 2.58ha. It is understood, based upon information supplied by the Council, that the northern part of the site is heavily constrained with the land unserviced and located in Flood Zones 2 and 3.
- 6.20 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 6.08ha. 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 20.49ha. It is understood, based upon discussions with RCBC Officers, that the landowners are currently exploring opportunities to deliver mixed-use development on part of the site.
- 6.21 **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. It is understood, based upon information provided by RCBC, that the vacant land is likely to be contaminated, given its historic industrial use.
- 6.22 The **South Tees Imperial Park** is located adjacent to the A66 and in close proximity to Tees Offshore Base. It is therefore well located within the heart of Redcar & Cleveland's established industrial area. 1.35ha of land is currently understood to be available at the site.
- 6.23 The **South Tees Freight Park** is a well-established employment location containing three parcels of undeveloped land totalling 9.8ha. Based upon discussions with the Council's Business Growth and Planning Strategy teams, it is understood that this land is held for expansion by various private sector businesses and is not available to the general market.
- 6.24 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, comprising of 24.70ha in total. The first extends to around 13.30ha and fronts onto the River Tees and Tees Dock. There are a number of existing buildings on this site; however, it is understood that the area is available for redevelopment. The second site extends to approximately 11.40ha. 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.
- 6.25 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 16.65ha. As with the two previous sites, land at Tees Offshore Base will require remediation before being brought forward for development.

- 6.26 Located adjacent to the **A1058 Dormanstown**, 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.
- 6.27 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 a single parcel of previously developed land comprising of 0.25ha. This parcel of 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.
- 6.28 **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 244.46ha of vacant development land across 22 separate sites. As outlined above, 193.19ha of land available is designated for use by Potentially Polluting and Hazardous Industries, whilst the remaining 51.27ha is available for general industrial use. It is understood, based upon discussions with RCBC Officers that 15.41ha of the land currently classified as available is reserved for the York Potash project.

Available Employment Land

- 6.29 The following paragraphs give further consideration to those areas of land discussed above and identified as being available for employment development. In particular, it provides a summary of the estates where available land is located and their suitability/attractiveness for future employment development over the Plan period. Table 6.6 outlines, for each estate: the quantity of available land, site appraisal score and overall assessment of quality.
- 6.30 It should be noted that the site score and overall view in relation to the quality of each estate presented within the table reflect the site assessment work undertaken by DTZ as part of the Borough's 2013 ELR. Information regarding site availability and site areas has been updated by RCBC officers, drawing upon monitoring data and consultation with a small number of key landowners.

Table 6.6 Quality Assessment of Available Land

Estate	Available Plots	Site Area (ha)	Site Score (%)	Quality
Barmet IE	4	1.29	46	POOR
Bolckow Road IE	2	0.39	80	GOOD
Steel Corridor	4	142.86	74	AVERAGE
Kirkleatham BP	4	37.57	86	GOOD
Morgan Drive & Cleveland Gate	5	2.18	66	AVERAGE
Nelson Street IE	2	1.61	74	AVERAGE
North Liverton IE	2	1.44	43	POOR
North of Middlesbrough Road	1	2.58	74	AVERAGE
Skelton IE	6	26.57	69	AVERAGE
Skippers Lane IE	1	0.79	71	AVERAGE
South Tees Imperial Park	1	1.35	71	AVERAGE
Teesport	2	24.70	77	GOOD
Tees Offshore Base	3	16.65	77	GOOD
Dormanstown	2	4.62	71	AVERAGE
Warrenby IE	1	0.25	49	POOR
West of A1053	1	19.26	63	POOR
Wilton International	22	244.47	80	GOOD

Source: RCBC / DTZ

6.31 It is possible to group the sites shown in Table 6.6 into three categories based upon their site score and quality.

6.32 Five employment locations have been classified as being of good quality, providing a total of 323.78ha of available land. These estates are:

- Bolckow Road Industrial Estate (0.39ha);
- Kirkleatham Business Park (37.57ha);
- Teesport (24.70ha);
- Tees Offshore Base (16.65ha); and
- Wilton International (244.47ha).

6.33 It can clearly be seen that the overwhelming majority of the Borough's good quality employment land is located on the specialist use sites of Wilton,

Teesport and Tees Offshore Base. Indeed, removing these sites from the analysis would leave 6 available plots – totalling 37.96ha of general employment land – at Bolckow Road Industrial Estate and Kirkleatham Business Park.

6.34 Eight employment locations have been classified as being of average quality. These locations are listed below and provide a total of 182.56ha of available employment land:

- Steel Corridor (142.86ha);
- Morgan Drive & Cleveland Gate (2.18ha);
- Nelson Street Industrial Estate (1.61ha);
- North of Middlesbrough Road (2.58ha);
- Skelton Industrial Estate (26.57ha);
- Skippers Lane Industrial Estate (0.79ha);
- South Tees Imperial Park (1.35ha); and
- Dormanstown (4.62ha).

6.35 As with the good quality sites – albeit to a lesser extent – the overall picture regarding availability is skewed by large tracts of land for specialist users. Excluding land in the Steel Corridor from the analysis would leave 39.70ha of general employment land. This comprises of sixteen available plots across eight different employment locations.

6.36 A further four employment locations have been identified as being of poor quality. These locations are listed below and provide a total of 22.24ha of available employment land:

- Barmet Industrial Estate (1.29ha);
- North Liverton Industrial Estate (1.44ha);
- Warrenby Industrial Estate (0.25ha); and
- West of A1053 (19.26ha).

6.37 It should be noted that the above scoring and quality categorisations are intended to serve as a guide only. In addition, it is important to acknowledge that different types of businesses and occupiers often have very different land and premises requirements. It does not necessarily follow, therefore, that the poorer quality sites should automatically be released.

6.38 Furthermore, it should be noted that the ultimate judgement for inclusion or exclusion from the employment land supply is a matter for the Local Planning Authority, taking account of a range of planning factors, including ones that may be outwith the ambit of this ELR. In this sense, the study's conclusion on the quality of a particular site may not be the only consideration for how it is addressed in the Plan.

7.0 **Understanding Business Needs**

7.1 PPG (paragraph 30) identifies the need to ensure that Local Plans are underpinned by an understanding of business needs. In particular, it highlights the need to consider market intelligence – gathered through a range of approaches – in determining future requirements for employment space.

7.2 This ELR has been underpinned by – and its conclusions informed by – extensive engagement with local stakeholders and businesses, including the following methods of consultation:

- Face-to-face meetings with commercial property agents active in the study area;
- Telephone interviews with key business and economic forums active within the local area;
- A business survey seeking views on a range of issues, including growth aspirations and views of the Borough as a business location; and
- A Duty to Co-operate Workshop.

7.3 This section of the report provides a summary of the main findings emerging from the consultation process. It should be noted, that this work has also been used to inform the analysis and conclusions presented throughout this document.

Business Survey

7.4 A comprehensive business engagement exercise led by TVU was undertaken during 2015 (results were published in November 2015)¹⁸ and covered many of the issues that would ordinarily be explored as part of a bespoke ELR business survey. Mindful of this, as well as the need to ensure that local businesses do not feel that they are being ‘over consulted’, RCBC requested that the ELR drew upon the results of the TVU exercise.

7.5 In addition, a business survey was distributed by NLP as part of the Borough’s 2013 ELR, with 76 responses received. At the request of RCBC, reference is also made to the findings of this exercise, where relevant. It should, however, be noted that the following paragraphs draw primarily upon the results of the more recent TVU exercise, with the findings of the 2013 survey simply presented for comparative purposes.

7.6 In accordance with the confidentiality assurances provided by TVU to participants, NLP were not provided with access to the raw data collated through the exercise. Rather, a summary report was compiled by TVU, which provided an overview of the responses received – from Redcar & Cleveland-

¹⁸ It is acknowledged that the TVU business survey pre-dates the announced closure of SSI in Redcar. As such, there is a need to treat any conclusions regarding business sentiment and growth ambitions with a degree of caution. However, it should be noted that the wider Employment Land Review has been underpinned by extensive engagement with a range of stakeholders which post-dates the closure.

based businesses – to each question identified by NLP as being relevant to the ELR process.

Business Background

- 7.7 In total, 42 businesses located within Redcar & Cleveland participated in the TVU business survey. The sample included businesses of varying sizes, ranging from sole traders to those with in excess of 250 employees. As can be seen from Table 7.1 below, however, more than half of all participating businesses employed less than 10 people.
- 7.8 This is broadly in accordance with the sample of business that responded to the 2013 ELR business survey, with 60% of firms employing fewer than 20 people and ranging in size from 1 to 800 members of staff.

Table 7.1 Size of Business Survey Respondents

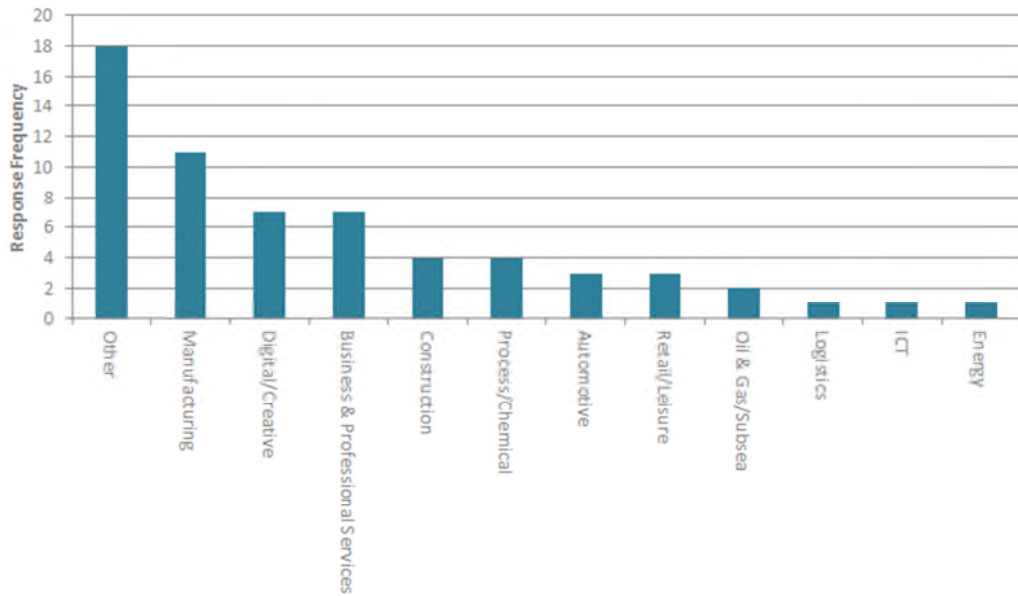
Size of Business	Respondents	Cumulative Distribution
Sole Trader/Self Employed	6	14%
1-4 Staff	11	40%
5-9 Staff	6	55%
10-49 Staff	9	76%
50-99 Staff	4	86%
100-149 Staff	3	93%
150-249 Staff	1	95%
250+ Staff	2	100%
Total	42	

Source: TVU / NLP analysis

- 7.9 The majority (69%) of respondents to the TVU survey classified themselves as operating from a single site located within Redcar & Cleveland. A further 12% classified themselves as being headquartered within the Borough but with operations located elsewhere nationally or internationally.
- 7.10 In addition, to the above, 19% of respondents classified their Redcar & Cleveland operation as a branch or subsidiary governed by a headquarters located elsewhere in the UK or internationally.
- 7.11 Participating businesses span a wide range of sectors, as can be seen from Figure 7.1. It should be noted that businesses had the ability to select more than one sector. Excluding the 'Other' responses (understood to include health, agriculture and aerospace) it can be seen that the highest number of responses came from the manufacturing, digital/creative and businesses & professional services sectors. All three sectors are identified in the SWOT

analysis of the Tees Valley economy presented within the SEP as providing opportunities for growth.

Figure 7.1 Sector of Respondent Business



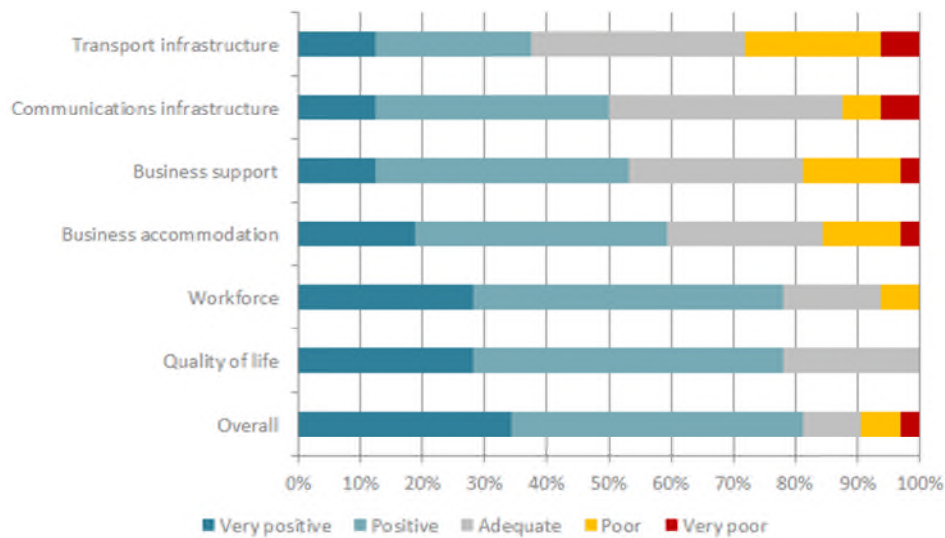
Source: TVU / NLP analysis

Tees Valley as a Business Location

7.12

Businesses were asked by TVU to provide their views on Tees Valley as a business location, both in general terms and specifically in relation to a range of key criteria. The results are summarised in Figure 7.2. In overall terms, 81% of respondents indicated that their view of Tees Valley as a place to do business were positive or very positive.

Figure 7.2 Respondents views of Tees Valley as a business location



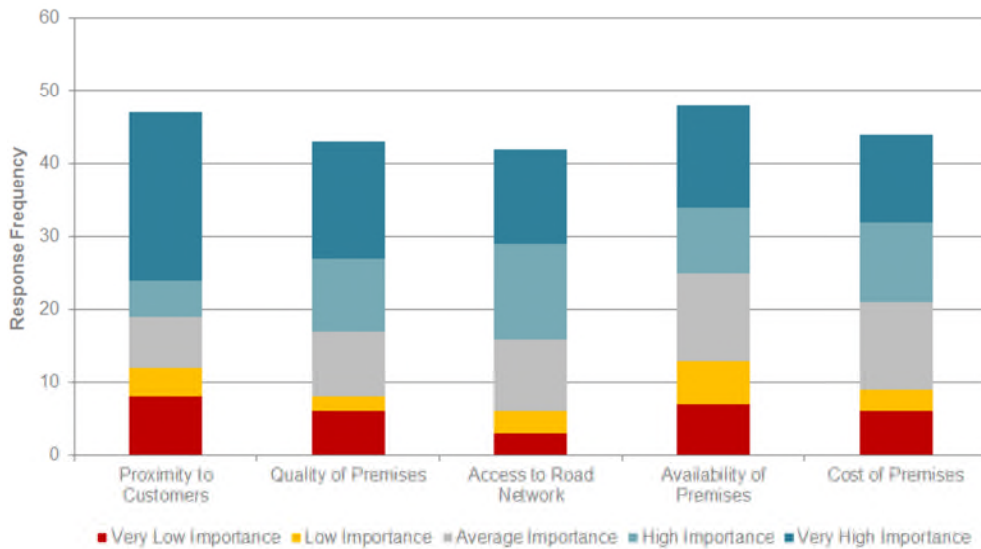
Source: TVU / NLP analysis

- 7.13 As shown in Figure 7.2, the quality of life and quality of the local workforce were highlighted as key strengths of the area, with 78% of respondents identifying this as a positive or very positive element of the Tees Valley offer.
- 7.14 Business accommodation recorded the third highest ranking of all the indicator choices available, with 59% of respondents viewing the Tees Valley offer positively or very positively. In contrast, however, 16% of participants indicated that business accommodation is considered to be poor or very poor.
- 7.15 The results of the TVU survey would appear to compare favourably with those of the 2013 ELR survey on the issue of business premises. Just 37% of participants in 2013 ranked their employment premises as being of good or excellent quality. This was, however, significantly higher than the proportion of businesses that classified their premises as poor or very poor.

Local Property Market

- 7.16 The 2013 survey concluded that 40% of all respondents had relocated to their current premises from elsewhere. Of those relocating firms, 33% had moved from premises elsewhere in 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 majority of respondents (73%) that had moved into Redcar & Cleveland from elsewhere had previously been based within the Tees Valley.
- 7.17 The localised nature of Redcar & Cleveland's property market was also within the 2013 survey in relation to future premises needs, with 87% of those businesses anticipating a move to new premises expressing a preference to remain within the Borough. Clearly, the ability to meet their employment space needs within the local area will be dependent upon a range of factors, including the provision of an appropriate portfolio of sites in the right locations.
- 7.18 The 2013 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 7.3. This highlights the importance of ensuring the availability of employment premises of an appropriate quality and price. Proximity to customers was identified as being of particular importance to a large number of respondents, whilst accessibility to the strategic road network was also highlighted.

Figure 7.3 Key Drivers of Historic Location Decisions

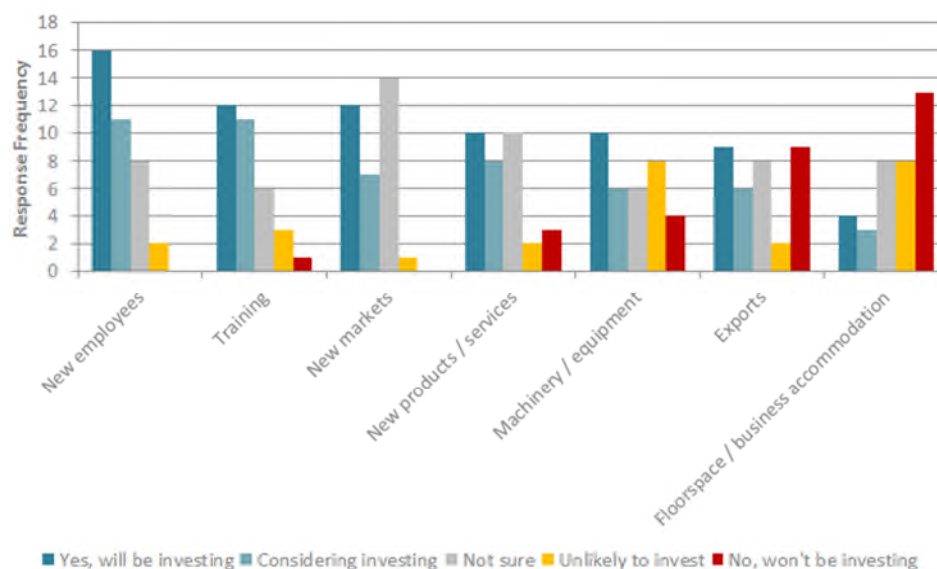


Source: NLP Business Survey (2013)

Growth Plans

- 7.19 An understanding of the short term growth plans of the local business base was also sought through the TVU survey. Participants were asked to outline the likelihood of investment over a 12 month period with respect to a range of potential forms of investment, as outlined in Figure 7.4. It should be noted that respondents had the ability to select more than one option.
- 7.20 Figure 7.4 shows that 27 businesses would be or were considering investing in new employees. This represents almost two thirds (64%) of all respondents in Redcar & Cleveland. The overall outlook emerging from the survey on the issue of investment proposals would appear to be largely positive, with more businesses seemingly likely to invest than not with respect to: employees; training; new market; new products/services; machinery/equipment; and exploring new export opportunities.

Figure 7.4 Respondents investment plans over the next 12 months



Source: TVU / NLP analysis

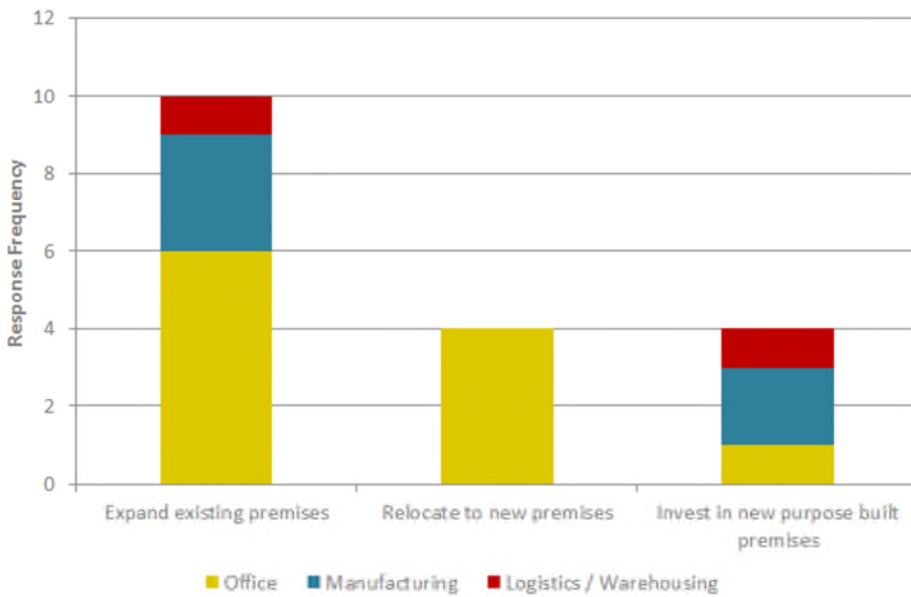
- 7.21 A more muted picture was identified in relation to planned investment in business accommodation. 21 businesses (accounting for half of all participants) indicated that there would not be or were unlikely to be investing in new business floorspace or accommodation within a 12 month period. Given the significant financial commitment and operational upheaval associated with extending or renovating existing premises (or relocating to new premises) in comparison with – for instance – investment in training or recruitment, this is perhaps unsurprising.
- 7.22 Nevertheless, the data does also indicate that seven participant businesses within Redcar & Cleveland (17%) expect to invest or are considering investing in new or improved business accommodation, with a further eight businesses currently unsure regarding their short term accommodation plans. For purposes of comparison, the 2013 survey found that 37% of respondents expected to require new or expanded premises at some stage within a five year time horizon.
- 7.23 Figure 5.4 provides a summary of planned investment in employment premises by type (drawing upon data collected through the TVU survey). The chart is based upon 18 responses - despite only seven businesses indicating that they are committed to or considering such investment. It is understood that companies were able to select more than one option and this is likely to be responsible – at least in part – for the difference between the two figures.
- 7.24 From the chart it can be seen that the expansion of existing premises was most frequently cited as a potential response to anticipated employment space needs. Indeed, ten participants indicated that they are interested in expanding their existing premises. In comparison, four participants indicated that they are

interested in relocating to new premises, with a further four considering the development of purpose built premises.

7.25

Analysing the sectoral breakdown of responses reveals that most responses (11 from 18) were provided by businesses seeking office premises. This is somewhat surprising, given the composition of the Borough’s employment base and stock of commercial premises. It is suggested that this is likely – at least in part – to be a reflection of the sectoral make-up of the business survey sample, with the digital/creative and business & professional services sectors well represented.

Figure 7.5 Planned investment in employment floorspace/premises by type



Source: TVU / NLP analysis

7.26

The TVU business survey asked participants to provide an indication of the likelihood of them increasing their employment base within a 12 month period. The data collated by TVU is in a format that enables it to be disaggregated by sector, with the results summarised in Table 7.2.

7.27

From this, it can be seen that Redcar & Cleveland business across a range of sectors expect to grow in employment terms. The findings show that at least 50% of respondents within each sector represented expect to grow, with the prospects particularly muted in relation to process/chemicals, construction and manufacturing. It is important, however, to acknowledge the small sample size underpinning the survey, which makes it difficult to extrapolate any conclusions up to apply to the Redcar & Cleveland economy as a whole. This issue is exacerbated when one is seeking to drill down into responses for individual industrial sectors and the data in Table 7.2 must therefore be interpreted with caution.

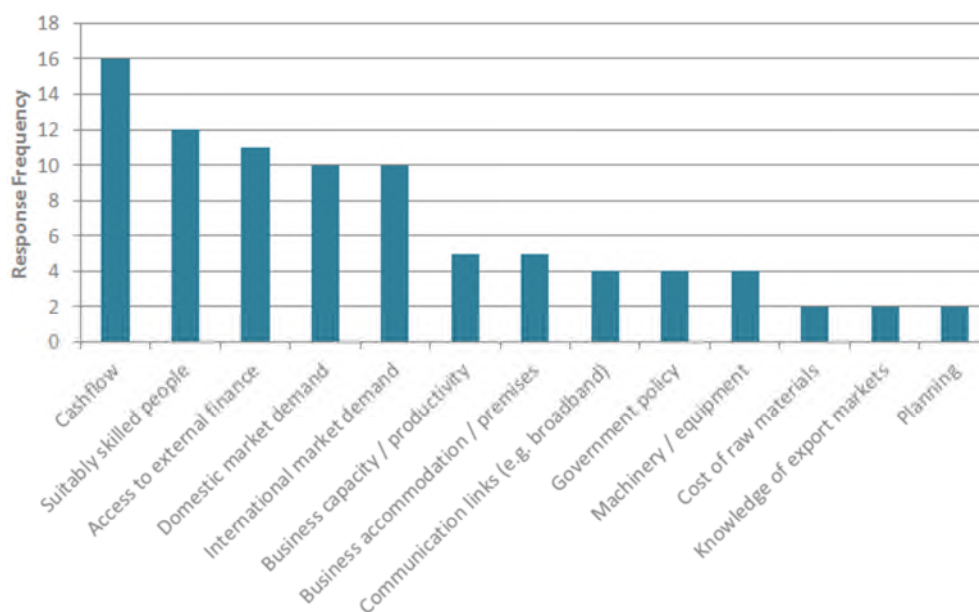
Table 7.2 Proportion of businesses expecting employee growth over the next 12 months - by sector

Sector	Proportion Anticipating Growth	Sample Size
Automotive	100%	3
ICT	100%	1
Retail/ Leisure	100%	3
Transport / Logistics	100%	1
Energy	100%	1
Low Carbon	100%	1
Oil & Gas / Subsea	100%	2
Digital / Creative	71%	7
Business & Professional Services	71%	7
Other	67%	18
Manufacturing	64%	11
Construction	50%	4
Process / Chemicals	50%	4

Source: TVU / NLP analysis

- 7.28 The TVU business survey asked participants to identify any factors which had previously constrained, or were currently constraining, the growth of their business. Figure 7.6 provides a summary of the responses received.
- 7.29 From this, it can be seen that issues related to business accommodation/premises were cited by five participants, with issues related to the planning system cited by two participants. Details of the precise nature of the issues underpinning these responses have not been made available to NLP. Nevertheless, it is hoped that the identification of a portfolio of sites that meets the needs of modern businesses can help to reduce the risk of employment space and planning issues constraining future growth.
- 7.30 Figure 7.6 indicates that employment space and planning issues were, at best, a secondary concern to respondents, with the following factors cited with far greater regularity: cashflow; skills; access to finance; and market demand. Clearly, many of these issues are beyond the influence of the local authority.

Figure 7.6 Obstacles to business growth



Source: TVU / NLP analysis

Stakeholder Interviews

7.31 NLP held one-to-one interviews with a selection of key economic stakeholders and business representative groups. These sessions, which took the form of structured telephone interviews, were used to explore the opportunities and threats facing the Borough’s economy and any employment space response necessitated by such issues.

7.32 The feedback received can be summarised as follows:

Opportunities and Threats

- The existing port and chemicals infrastructure in Redcar & Cleveland was repeatedly identified as a major asset and key driver of inward investment activity. This is considered in more detail below;
- It was suggested that the Borough’s economic role and function is defined by its appeal as an industrial location. This was considered to be underpinned by the following factors: plentiful supply of employment land; a tradition of heavy industry; a skilled workforce; good logistics (with proximity to Teesport and Durham Tees Valley Airport); and a pro-active local authority that is ‘open for business’;

- The closure of SSI was identified as a key downside risk to the Borough's economic future. Whilst significant job losses have already been observed in the supply chain, stakeholders indicated that more could be observed over time. It is understood from the SSI Task Force¹⁹ that 2,066 SSI workers have been made redundant as a result of the closure, with a further 849 jobs lost in the supply chain;
- Data provided by the SSI Task Force indicates that almost 1,500 former SSI and supply chain workers have already moved off benefits, into full-time employment or education. In addition, more than 400 of those made redundant have not made any benefit claim to date;
- The SSI Task Force Fund is understood to have supported SSI and supply chain workers in starting-up 95 new businesses to date;
- The resilience of Redcar & Cleveland – and the wider Tees Valley – to respond to such shocks was, however, highlighted. A number of stakeholders made reference to the way in which the closure of ICI was translated into a major opportunity (through the development of Wilton International), although it was recognised that such a process takes a considerable period of time;
- Despite the uncertainty surrounding the SSI closure, consultees all indicated that they expect future growth in the local economy to be driven primarily by industrial (as opposed to office-based) activity. Key factors underpinning such views included:
 - The strength of the Tees Valley offer in relation to the process industries ;
 - Recent investment by Sabic – to import frack gas – is viewed as potentially very significant. The investment will help to secure the feedstock for activity at Wilton, whilst also breeding confidence by virtue of it being a major investment – and a demonstration of long-term commitment – by a major global company;
 - The Borough benefits from the presence of a genuine (and, in some respects, world class) 'innovation ecosystem' with the Wilton Centre, Centre for Process Innovation and Materials Processing Institute underpinning activity at Wilton International. This was viewed as critically important to supporting the long term growth of the process industries and related activity;
- A number of stakeholders suggested that the high representation of 'branch plant' operations in Redcar & Cleveland (particularly related to major employers in the process industry) means that the scope for future employment growth in the sector at the local level could be significantly under-estimated within official statistics and projections. Mindful of this, stakeholders emphasised a need to be bullish in planning for future industrial land needs; and

¹⁹ All data from the SSI Task Force covers the period to the end of April 2016

- In relation to office-based sectors, it was suggested that the Borough's appeal and recent growth performance has been constrained by poor broadband connectivity. It is understood that this issue is not confined to the more remote rural areas of the Borough, but is also observed in established employment locations such as Kirkleatham Business Park. Stakeholders did suggest that rolling out improved broadband provision could help to attract more office occupiers to Redcar & Cleveland.

Specialist Industries

- Redcar & Cleveland's offer with respect to the process industries is considered to be very strong. NEPIC indicated that Wilton International is the best, most integrated location in the UK (and the second largest in Europe) with few competitors in relation to the production of large chemicals. Its ability to provide serviced sites and a simplified planning regime are considered to represent major competitive advantages, making it particularly attractive to high utility or energy users;
- The location of two major, internationally renowned technical centres in close proximity to Wilton International is considered to significantly strengthen the Borough's offer:
 - The Materials Processing Institute: centre of excellence with international capabilities in relation to materials and processing and a global client base;
 - The Centre for Process Innovation: a technology innovation centre and the processing arm of the High Value Manufacturing Catapult. The CPI helps firms of all sizes to overcome innovation challenges and develop next generation products and process;
- Teesport, was also highlighted as a key positive differentiator of the Redcar & Cleveland (and wider Tees Valley) offer to the process industries. Teesport is the UK's second largest port in terms of tonnage handled and is 70% occupied with the bulk handling of process industry products;
- The need to ring-fence land for specialist uses (including sites such as Wilton International and Teesport) was repeatedly identified, with land to be 'protected at all costs'. Stakeholders highlighted that the status of such locations as nationally/ internationally significant economic assets and viewed them as being 'critically important' to the economic ambitions of RCBC and TVU;

Duty to Co-Operate Workshop

7.33

In order to test the emerging conclusions of the study with RCBC's Duty to Co-operate partners, as well as key local businesses and stakeholders, a workshop session was held on March 22nd, 2016. The session was also used to discuss, in broad terms, the future level of demand for employment space that the study should plan for and some of the key policy choices presented by the emerging analysis of the demand-supply balance in the Borough.

7.34

The workshop was facilitated by NLP and attended by Council officers, as well as a range of stakeholders from the public and private sector. A full list of attendees can be found at Appendix 4. The session comprised of a presentation by NLP, 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 focussed around the key economic assets of the process industries and the port. It was considered to be critical that the ELR ensures the provision of sufficient land to support the success of these assets.
- Stakeholders highlighted that the cost of providing comparable facilities to the deep water port at Teesport and existing infrastructure at Wilton would be extremely high. This, coupled with their importance in attracting investment and jobs to the area, was highlighted as another reason to safeguard available land in such locations;
- Attendees agreed that the need for specialist use sites should be considered separately from the demand for general employment space. It was suggested that Local Plan policies should acknowledge the importance of sites such as Teesport and Wilton and ring-fence them in order to avoid the encroachment of general industrial development that could be accommodated elsewhere in the Borough;
- Whilst Wilton remains a major economic driver, the nature of activity on site continues to evolve. In particular, the green technology, renewable energy and biomass sectors are seen as current and future drivers of demand; and
- It is understood that there are a series of large-scale, strategic projects in the pipeline that could help to offset the impact of recent job losses at SSI. Specific projects identified included: a deep sea container terminal, MGT power station and the York Potash project²⁰, with stakeholders keen to stress the need to ensure the availability of sufficient land to accommodate projects of such scale. More generally, it was suggested that the levels of enquiries at Wilton have increased in recent months.

²⁰ The York Potash project spans the planning authorities of Redcar & Cleveland, Scarborough and the North Yorkshire National Park – including a processing plant at Wilton International. The overall project is projected to create 1,000 direct jobs and a further 1,100 jobs in the supply chain.

Commercial Markets

- Attendees expressed a view that the delivery of land and premises (including specialist uses) in Redcar & Cleveland is likely to remain 'lumpy' – with instances of significant development activity followed by periods where little stock is brought forward – over the Plan period. This is considered to reflect the nature and sectoral focus of employers in the Borough;
- Take-up data made available to NLP by RCBC covers the period 2006/07 to 2015/16. Attendees highlighted that commercial markets are cyclical and raised some concerns that the take-up data was skewed heavily towards post-recession market conditions, with very few years of pre-recession data to balance this out. It was suggested that this could risk under-estimating long term need for land and premises in the Borough;
- Demand for land and premises is typically strongest in those areas located closest to and with good access to the Stockton/Middlesbrough conurbation;
- The importance of simplified planning regimes (Instrument of Consent at Wilton and Permitted Development Rights at Teesport) were recognised by stakeholders as playing a key role in attracting investment to Redcar & Cleveland;
- It was suggested that access to Teesport (currently via a single road) is seen as a constraint of the area. Stakeholders indicated that they would be keen to see RCBC explore opportunities to resolve this that may be presented by the availability of land at the former SSI works;
- Developers active in the Borough were of the view that simply allocating land may not be sufficient to stimulate development. Available land being promoted in Redcar & Cleveland often attracts little interest over a prolonged period of time, whilst speculative development in the same locations tends to be well received by the market; and
- It was suggested – by the development industry – that mixed-use schemes, where appropriate, could help to cross-subsidise the speculative development of new space. This could help to stimulate economic growth in the Borough.

Duty to Co-Operate Considerations

- It was generally accepted that Redcar & Cleveland shares the strongest functional economic relationships with Middlesbrough and, to a lesser extent, Stockton. As such, it was suggested that the existence of any over or under supply of employment land in other surrounding local authority areas (such as Hartlepool and Scarborough) is unlikely to have a material impact upon the market dynamics of the Borough;
- Stockton-on-Tees Borough Council is currently in the early stages of undertaking an updated Employment Land Review. As such, the balance between demand and supply in the Borough is unclear at present; and
- Middlesbrough Council indicated that there is an emerging shortage of employment land in the area and that this presents a risk that it could become increasingly difficult to accommodate large enquiries moving forwards. It was suggested that this could create a need to 'export' enquiries to locations elsewhere in the Tees Valley and that this could present an opportunity for neighbouring local authorities such as Redcar & Cleveland (particularly in the west of the Borough). It should, however, be noted that an analysis of the data available to NLP does not appear to support the existence of a quantitative shortfall of land.

Balancing Demand and Supply

- It was recognised that the supply of general employment land in Redcar & Cleveland exceeds projected future need by a considerable margin;
- The consensus view amongst attendees was that allocating 10-15ha of general employment land across all of Redcar & Cleveland (in order to align demand and supply in quantitative terms) could give rise to significant qualitative gaps in the portfolio. It was suggested that this could constrain the Borough's growth potential and that a more generous portfolio of land is likely to be required;
- In particular, attendees highlighted the importance of ensuring that Redcar & Cleveland's future supply of land provides opportunities for new development in a range of locations across the Borough. This would include sites in South Tees/Greater Eston and Redcar, as well as more modest levels of provision to meet the growth needs of the indigenous business base in Guisborough and settlements in East Cleveland;
- Attendees also suggested that Redcar & Cleveland should look to allocate at least one site capable of accommodating a large, single user enquiry and that this would be problematic to achieve within a portfolio of 10-15ha. Representatives from the development industry felt that in order to be an attractive proposition to the market, such a site would need to be allocated for employment uses – rather than 'white land' – thereby providing some planning certainty and helping to de-risk the site; and

- It was recognised that allocating a quantum of employment significantly in excess of projected future need could potentially leave the area vulnerable to planning applications for alternative, higher value uses. However, it was generally agreed that much of the employment land in the area is in locations that are unlikely to be attractive to residential developers and that the pressure to release land to alternative uses could therefore be less acute than in other parts of the North East.

8.0 Economic Drivers

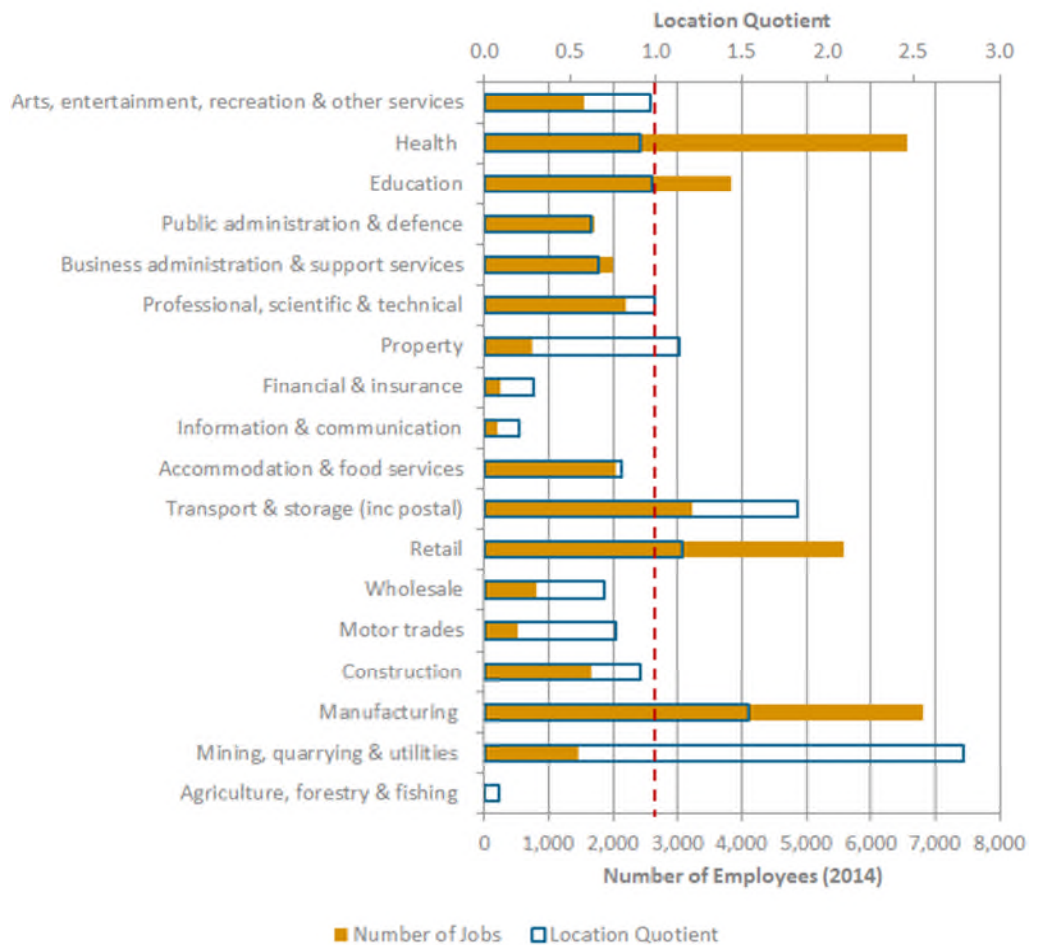
8.1 This section seeks to identify those employment sectors that could be expected to drive economic growth in Redcar & Cleveland over the Plan period. Much of the analysis presented draws a desk-based review of published research and data sources, as well as the outcomes of the various consultation exercises used to inform the ELR.

8.2 The analysis presented focuses principally on those growth sectors that could be expected to generate demand for B class land and premises.

Sector Representation and Growth Performance

8.3 In order to understand those sectors that are best placed to drive future growth, it is instructive to identify those that are over-represented in terms of local employment, as well as these that have delivered demonstrated strong performance with respect to employment change in recent years.

Figure 8.1 Redcar & Cleveland Employment Location Quotients (2014)



Source: BRES / NLP analysis

8.4 Figure 8.1 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, the location quotients are shown using the bars with the blue borders. A value in excess of 1.0 denotes a higher local representation of a sector and anything below 1.0 signifies an under-representation. The further the bar is from 1.0, the greater the extent of any under or over-representation. The yellow bars show the absolute level of employment within Redcar & Cleveland attributable to each sector. The graph clearly highlights, in both relative and absolute terms:

- The strength of manufacturing (6,820 jobs and a location quotient of 1.5) as well as mining, quarrying & utilities (1,465 jobs and a location quotient of 2.8). This reflects – at least in part – the importance of the process industries to local economy, as well as demonstrating the industrial nature of the Borough more generally; and
- The strength of the transport and storage sector (3,230 jobs and a location quotient of 1.8) which is likely to be closely linked to activities at Teesport.

8.5 The analysis presented within Figure 8.1 is, however, static. As such, it is useful to augment this with an understanding of the recent employment performance of sectors in 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 help to drive future growth.

8.6 Table 8.1 seeks to categorise the economic sectors according to whether their current representation and employment performance (2009-2014) 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 levels of nominal growth. Those with asterisks are those which have actually recorded a decline in jobs (a sector has been categorised as 'high growth' even if it has recorded a decline in jobs, provided the rate of decline is less than that experienced regionally).

Table 8.1 Representation & Growth Performance of Sectors in Redcar & Cleveland (2009-14)

Higher Representation, Low Growth	Higher Representation, High Growth
Education (-18.0% growth 2009-2014) *	Retail (+18.6%)
	Transport & Storage (+20.4%)
	Mining, Quarrying & Utilities (+35.6%)
	Arts, Entertainment, Recreation & Other Services (+25.8%)
	Professional, Scientific & Technical (+5.0%)
	Manufacturing (-1.4%) *
	Property (+3.3%)
Lower Representation, Low Growth	Lower Representation, High Growth
Public Administration & Defence (-26.6%) *	Health (+52.9%)
Construction (-25.9%) *	Business Administration & Support Services (+50.5%)
Financial & Insurance (-28.6%) *	Wholesale (+95.0%)
Motor Trades (-12.7%) *	Information & Communication (+53.1%)
	Agriculture, Forestry & Fishing (+30.0%)
	Accommodation & Food Services (0.0%)

Source: BRES / NLP analysis

- 8.7 The top right quadrant of the table contains those sectors with a high representation of employment and that have outperformed the regional average with respect to recent growth. 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 between 2009 and 2014. This includes sectors such as: retail; transport & storage; mining, quarrying & utilities; arts, entertainment, recreation & other services; and professional, scientific & technical activities.
- 8.8 In addition, whilst manufacturing has, overall, recorded a modest decline in employment in recent years, it is important to acknowledge that:
- The sector remains a major employer within Redcar & Cleveland;
 - The level of contraction was lower than that observed across the North East as a whole; and

- Discussions with key stakeholders have indicated that recent performance and future growth prospects remain positive with respect to certain sub-sector of manufacturing, most notably advanced manufacturing and engineering.

8.9 The bottom right quadrant of the table contains those sectors that are currently under-represented within the local economy, but have experienced comparatively strong growth in recent years. This highlights that strong growth has been observed in the sectors of: health; business administration & support services; wholesale; information & communication; and agriculture, forestry & fishing.

Policy Aspirations

8.10 In seeking to identify those employment sectors that might be expected to drive future growth in the Borough, it is also helpful to draw upon the findings of the emerging Redcar & Cleveland Economic Growth Strategy (2016). The Strategy is intended to: identify economic opportunities that can drive change and support economic growth and resilience; and provide a framework for prioritising future resources.

8.11 The economic importance of Wilton International and Teesport are recognised within the Strategy, with both highlighted as key economic assets of the Borough. The Strategy also highlights a number of sectors that Redcar & Cleveland is considered to have competitive advantage in:

- Port & Logistics;
- Energy & Low Carbon;
- Material Processing; and
- Advanced Manufacturing.

Sector Overview

8.12 The analysis presented above does not indicate the existence of any new, emerging sectors within Redcar & Cleveland that could be anticipated to exert a significant influence on the future demand for employment space. Rather, it would appear that RCBC's aim over the Plan period should be to continue to build on the well-established sectoral strengths of the Borough (including port and logistics and the process industries – which continue to evolve in order to respond to opportunities in related sectors such as energy and low carbon).

8.13 The above is considered to be consistent with the discussions held with key local stakeholders during the consultation process. It would also appear to be consistent with the analysis presented in Table 7.2 of the Council's 2013 ELR, which identified the following as the only sectors considered to offer strong growth potential over the Plan period:

- Distribution: with demand expected to be focused at, or in close proximity to, Teesport; and

- Environmental Technologies / Energy: recognising the inter-relationship between renewable energy, recycling and the traditional process industries – whilst also taking into account related advanced manufacturing activity – and reflecting the strength of Redcar & Cleveland’s offer at Wilton International.

8.14 The paragraphs below provide a summary of those sectors identified as offering the strongest potential for future employment growth within Redcar & Cleveland. It is important to recognise, however, that these sectors are considered likely to be the principal drivers of growth in the Borough, rather than the *sole* drivers. As such, it is anticipated that land and premises will be required in locations across Redcar & Cleveland in order to meet the needs of general industrial and office-based businesses.

Process Industries

8.15 The Tees Valley is widely recognised as a globally significant location with respect to process industries. Indeed, NEPIC estimate that the Tees Valley employs 12,000 workers in the process industries and accounts for 58% of UK output in the chemicals sector.

8.16 The area’s competitive position is underpinned by: a long history of engineering, manufacturing and process activity; an appropriately skilled workforce; a well-established supply chain; and strong representation of related consultancies specialising in all aspects of the process industries. Activity is primarily focused around three key sites (including Wilton International) and supported by internationally renowned innovation centres in the form of the Centre for Process Innovation (CPI) and the Materials Processing Institute (MPI). Wilton International, CPI and MPI are all located within Redcar & Cleveland.

8.17 Economic strategy documents at the local and LEP level recognise that the process industries will be critically important to Redcar & Cleveland’s economic ambitions over the Plan period and beyond. This is consistent with the findings of the stakeholder engagement exercises conducted as part of the ELR process.

Wilton International

8.18 Wilton International is a 2,000 acre site managed by Sembcorp. Originally part of ICI’s operations in the Borough, it has subsequently emerged as a major process industry cluster, with occupiers including major international businesses such as SABIC, Lotte Chemical and Huntsman. It is understood, based upon discussions with NEPIC, that Wilton International is the best, most integrated location in the UK (and the second largest in Europe) with few competitors in relation to the production of large chemicals.

8.19 The site provides reliable grid access and available, affordable utility provision from steam and water to power and nitrogen. It also benefits from an infrastructure corridor providing more than 120km of pipelines, cables and

distribution systems, servicing the site and extending out into other key industrial locations in Tees Valley. This ensures that investors are able to get on stream quickly.

- 8.20 It is understood that more than £1 billion has been invested by companies at Wilton International in recent years, to secure their future operations. This represents a significant commitment to the area, whilst also providing a strong platform for future growth. Key investments include:
- £200m by Sembcorp in new and improved assets including the UK's first large scale biomass power station and major steam and gas turbine units in order to provide occupiers with secure and reliable utilities supplies;
 - The development of a £250m energy from waste facility (with Sembcorp a key stakeholder in the project);
 - £250m by SABIC in the development of a new Low Density Polyethylene facility – the largest of its type in the world; and
 - The £350m CropEnergies Ensus' plant, which will help to make Britain's food and fuel supplies greener and more secure.

Materials Processing Institute

- 8.21 The MPI is an open access technology centre that provides international capabilities in relation to materials and material processing to a global client base. The MPI offers expertise, physical capabilities and physical assets that enable customers and collaborators to: explore and develop new materials and processes; improve existing products and processes; and improve their energy efficiency and process reliability.
- 8.22 Founded in 1945, the MPI was originally the r&d function of British Steel and then Tata, before returning to independent ownership in 2015. Historically, activity at the MPI focused almost exclusively on the steel industry. More recently, however, the range of services has broadened, with clients and collaborators now including those working on graphene, nickel, glass and ceramics-based applications.
- 8.23 The Institute is based on a purpose built laboratory and pilot plant complex, with facilities over a range of scales from fundamental laboratory scale experiments through to the construction and operation of demonstration scale pilot plant. These physical assets are supported by a dedicated team of engineers and scientists. The MPI offer provides clients with the opportunity to work at any stage from the fundamental idea or innovation, through to commercial technology delivery.
- 8.24 Recent investments at the MPI intended to support further growth in the materials sector within Redcar & Cleveland include:

- The SME Technology Centre: designed to help SMEs in the sector and the supply chain to grow by providing a tailored package of support. Assistance on offer includes technical support (e.g. engineering expertise, scale-up, process improvement, technical mentoring), facilities support (e.g. equipment access, piloting, lab space, accommodation) and business support services and signposting (e.g. grants, networks, potential partnerships);
- The Doctoral Training Centre: leading on industrially applicable – and industrial facing – research with a strong focus on sustainable processes and systems. The Centre provides technical resources to industry whilst developing the next generation of engineers and scientists.

Centre for Process Innovation

- 8.25 Based at the Wilton Centre, the CPI is a UK based technology innovation centre (and the process arm of the High Value Manufacturing Catapult). Established to support the UK process manufacturing industry, the CPI collaborates with universities, SMEs and large corporates to help overcome innovation challenges and develop next generation products and processes.
- 8.26 Operating across a broad range of technologies, the CPI provides a breadth of support to partners in developing and prototyping products and processes. Support ranges from: concept to market; business support to technology development; scale up to supply chain intervention.

Wilton Centre

- 8.27 The Wilton Centre is located adjacent to Wilton International, offering world-class research and technology facilities and office, laboratory and pilot plant/scale up accommodation. The Centre is home to 60 companies, including a number of prestigious multinationals.
- 8.28 The Innovation Accelerator at Wilton Centre is dedicated to nurturing innovative businesses within the science, technology, engineering and life sciences sectors, combining industry know how and leading edge facilities to support new and established companies in the North East. The Innovation Accelerator is able to offer pilot plants, specialist laboratories and office space to enable fledgling companies to develop new products and processes while reducing peripheral start-up costs, such as provision of industrial services and purchase of general laboratory equipment. Services on offer to tenants of the Innovation Accelerator include:
- Business start-up support;
 - Market intelligence;
 - IP landscaping;
 - Incubation;
 - Technology commercialisation; and
 - An entrepreneur programme.

Port-Related Activity

- 8.29 The strength of the Borough's offer with respect to port-related activity and logistics is underpinned by the presence of Teesport, a major deepsea complex covering 200ha along the southern bank of the River Tees. Teesport handles an estimated 5,000 vessels and 40 million tonnes of cargo per annum, making it the UK's second largest port in terms of tonnage handled. Facilities available on the estate include:
- Two container terminals (TCT1 and TCT2) – each comprising of two berths – providing an overall container terminal capacity of c.650,000 TEU;
 - Three general cargo berths, handling a variety of commodities including steel, dry cargo and project cargoes;
 - Three Ro-Ro (Roll-On, Roll-Off) berths – with two located within the main port area and an additional river berth; and
 - On-site rail connections, including private rail sidings capable of handling a full range of cargoes.
- 8.30 Teesport supports the activities of a diverse range of employment sectors, including petrochemicals, agribulks, manufacturing, engineering and high street retail, as well as the Tees Valley's burgeoning renewable energy sector.
- 8.31 It is understood that PD Ports has invested more than £60m at Teesport since 2010 in developing, upgrading and enhancing capacity in order to meet customer demands and provide a strong platform for future growth. In addition the emerging Redcar & Cleveland Economic Growth Strategy (2016) indicates that land at South Bank Wharf is set to receive investment in highways works through the Government's Local Growth Fund in order to improve the site's accessibility.

Portcentric Logistics Solutions

- 8.32 For many years, PD Ports has promoted the portcentric logistics credentials of Teesport. Portcentric logistics relates to: importing goods closer to the final customer, whilst also locating distribution centres in close proximity to the port; and processing container goods close to their port of entry/exit.
- 8.33 The strength of Teesport's offer in relation to portcentric logistics is underpinned by the Teesport Logistics Park. More than 1 million sq.ft of logistics and distribution floorspace has been provided on Phase 1 of the park, with further development opportunities being promoted on Phase 2 and Phase 3.

Figure 8.2 Teesport Logistics Park Indicative Masterplan



Source: Phase Two Marketing Brochure, PD Ports

8.34 The appeal of Teesport's offer is demonstrated by the presence of a number of major national retailers, including Tesco, ASDA and Barker & Stonehouse. It is understood that Tesco's distribution centre is one of the largest in Europe and that Teesport was the only UK port capable of accommodating, on-site, a facility of this size. This clearly demonstrates the unique opportunity presented by the estate and the need to ensure the continued availability of developable land.

8.35 Asda and Tesco both operate from distribution centres on the Teesport estate. Tesco's 1.2 million sq ft warehouse is one of the largest distribution centres in Europe, and Teesport was the only port that could meet their requirements for a distribution centre of this size.

Container Handling

8.36 Significant recent investment in the expansion of container handling facilities at Teesport has helped the port to become one of the UK's most significant container hubs. A number of major operators already provide feeder services to the area – a response to Teesport's growing portcentric logistics offer – including GMA-CGM, K Line, Maersk and MSC.

Bulk Liquid handling

8.37 Teesport's bulk liquid handling capability plays a key role in supporting the Tees Valley's process industries offer. Major operators Vopak and Inter Terminals offer extensive storage and handling solutions which are fully

integrated (via a network of pipelines) to the petrochemical complexes at Wilton, Seal Sands and Billingham.

9.0 **Future Requirements for B Class Employment Space**

9.1 This section considers the future economic growth needs in Redcar & Cleveland, by drawing upon several methodologies that reflect the requirements of PPG. These scenarios are used to inform the assessment of the Borough's future employment land needs for office and industrial (i.e. manufacturing and warehousing) uses.

Methodology

9.2 Paragraph 32 of the *Housing and Economic Development Needs Assessment* section of the PPG advises that “local authorities should develop an idea of future needs based on a range of data which is current and robust.” In particular, it recommends that Plan makers consider a variety of forecasting techniques:

- 1 Sectoral employment forecasts and projections (labour demand);
- 2 Demographically derived assessments of future employment land needs (labour supply);
- 3 Analysis based on the past take-up of employment land and property and/or future property market requirements; and
- 4 Consultation with relevant organisations, studies of business trends and monitoring of business, employment and economic statistics.

9.3 Within this context, a number of potential future scenarios are considered within this section in order to provide a framework for assessing future B class employment space requirements in Redcar & Cleveland over the 17 year period 2015 to 2032. The quantitative forecasting techniques applied clearly align with items 1-3 outlined above:

- a Baseline employment forecasts (**labour demand**) produced by Oxford Economics;
- b Consideration of **past take-up of employment space** based upon monitoring data provided by RCBC; and
- c Estimated growth in the local **labour supply** – and the jobs and employment space that this could be expected to support – having regard to analysis presented as part of the Borough's Strategic Housing Market Assessment (SHMA).

9.4 All of these approaches have their own individual strengths and limitations. In order to be robust, however, the Borough's economic growth potential (and the likely demand for employment space) needs to be assessed under a variety of future scenarios that reflect alternative growth conditions that could arise over the study period. In reconciling the various scenarios, consideration needs to

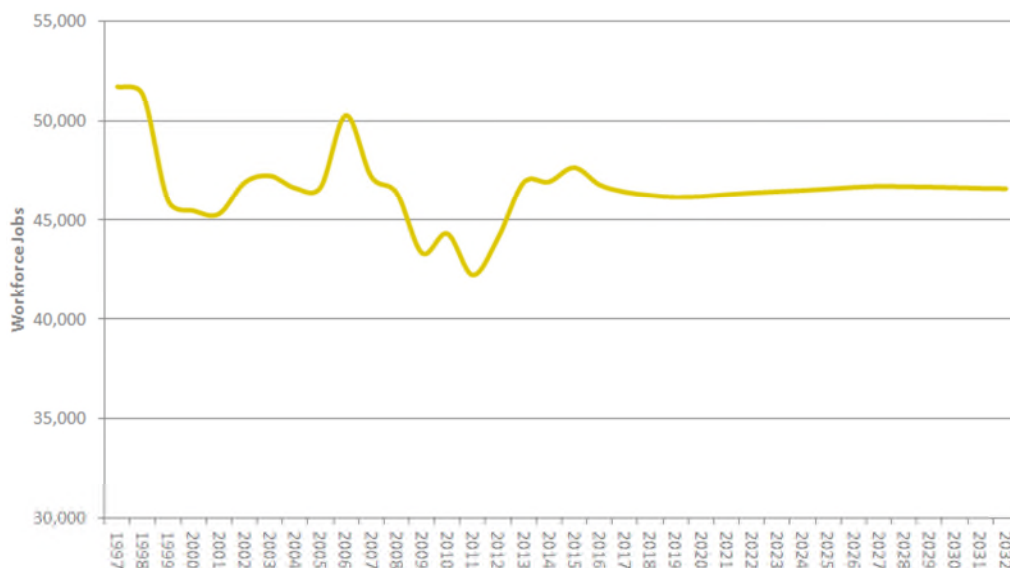
be given to how appropriate each is to the particular circumstances and aspirations of Redcar & Cleveland.

- 9.5 The ultimate judgement regarding the level of employment need that RCBC should plan for is not, therefore, simply shaped by a consideration of quantitative analysis. Rather, a number of qualitative factors must also be taken into account (as discussed in other sections of this report). These factors, which have been identified through an analysis of economic and market conditions – as well as through extensive consultation with economic stakeholders, commercial agents and local businesses (item 4 as outlined above) – will influence the employment space requirements that need to be planned for and must be considered alongside the modelled scenarios (a-c).

a. Baseline Employment Forecast

- 9.6 In April 2016, RCBC commissioned Oxford Economics (OE) to produce a policy neutral forecast of employment growth in the Borough over the period 2015 to 2032. The OE figures – disaggregated by sector – reflect recent trends and economic growth projections at the national and regional level. They also take account of how sectors in Redcar & Cleveland have performed relative to regional growth rates in the past.
- 9.7 The forecasts are not constrained by land supply. In addition, whilst stated government policy is considered by OE in order to help frame the future macroeconomic outlook, the forecasts have not been adjusted to take account of any: local policy interventions; planned major developments; or infrastructure changes at the local/regional level. The figures do not, therefore, take into account any potential economic impact associated with developments such as York Potash.
- 9.8 Econometric forecasts of this nature tend to be most reliable at the regional and national level and less so when considering individual local economies. Nevertheless, they provide a valuable input in respect of understanding future land needs by indicating the broad scale and direction of economic growth in different sectors.
- 9.9 The OE figures forecast an overall contraction of 1,050 jobs (net) in Redcar & Cleveland over the 17 year study period. This is equivalent to a reduction of 60 jobs per annum, on average.
- 9.10 Figure 9.1 summarises the total net employment change forecast by OE over the period to 2032. This is considered within the context of historic performance (as recorded by OE). From the graph, it can be seen that the Borough's future economic performance is forecast to be more stable than historic trends. The period 1997-2015 was characterised by significant fluctuations in the size of the Borough's employment base. Notwithstanding these fluctuations and the fact that any assessment of past trends is consequently heavily influenced by the base date selected, it can be seen that employment in Redcar & Cleveland has generally been on a downward trajectory over the past 25 years.

Figure 9.1 Employment Change in Redcar & Cleveland (Historic and Projected) 1997-2033



Source: Oxford Economics / NLP analysis

9.11

Table 9.1 provides a summary of those sectors expected to experience the largest absolute increases and reductions in employment.

Table 9.1 Fastest Growing and Declining Sectors in Redcar & Cleveland (2015-2032)

Sector	Use Class	Job Change (2015-2032)
Professional Services	GREEN	+550
Administrative & Support Services	ORANGE	+325
Land Transport, Storage & Post	ORANGE	+265
Specialised Construction Activities	ORANGE	+265
Chemicals	GREEN	-205
Public Administration & Defence	ORANGE	-325
Extraction & Mining	RED	-480
Metal Products	GREEN	-1,440

Source: Oxford Economics (April 2016) / NLP analysis

Key: GREEN = B class sector ORANGE = Part B class sector RED = Non-B class sector

9.12

The analysis shows that those sectors forecast by OE to experience the strongest employment growth to 2032 are all likely to generate some requirement for additional B class space. OE anticipate that the greatest growth will occur within Professional Services, a sector that would typically be expected to align with demand for B[1a/b office premises. In addition, growth

is also forecast to occur in sectors that would typically be expected to give rise to *some* need for B class premises: Administrative & Support Services; Land Transport, Storage & Post; and Specialised Construction Activities.

9.13 Sectors forecast by OE to experience the largest employment losses over the Plan period include: Chemicals; and Metal Products (reflecting the closure of SSI in Redcar). Both sectors are considered to align with requirements for employment space (either in the form of general B1c/B8 premises or on specialist employment locations related specifically to the steel and chemical sectors) in the Borough.

9.14 A decline in employment in Public Administration & Defence is also forecast by OE. It is anticipated that *some* jobs within this broad sector would typically occupy B class premises (primarily B1a/b office).

Demand for General Employment Land

9.15 As outlined in the preceding sections of this report, the port and the process industry are key drivers of the local economy and it is anticipated that they will continue to play a significant role in shaping the future need for employment land in Redcar & Cleveland. Historically, 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.

9.16 The existing importance of Teesport and the process industry to the Redcar & Cleveland economy and the potential they offer to deliver future economic growth (both are cited as key growth opportunities within the TVU SEP) makes it critically important that they are offered the necessary support in the Borough. This includes the provision of an adequate supply of suitable employment land, whilst ensuring that this supply is protected for port and process industry uses only.

9.17 It is similarly important to ensure that RCBC allocates sufficient general employment land to meet the needs of general office, factory and warehousing occupiers. To ensure that both distinct components of need in the Borough are adequately provided for, it is important to distinguish between:

- Demand for land to meet the needs of the process industries and the port. It is anticipated that this will be met primarily by land at locations such as Wilton, the Steel Corridor 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 generate employment space requirements elsewhere in the Borough.

9.18 In order to do so, it is necessary to make a judgement regarding those employment sectors that would typically be expected to generate demand for land on specialist use sites such as Wilton, Teesport and the Steel Corridor. The associated employment change can then be stripped out of the OE job forecasts in order to isolate the demand for general employment land.

9.19 In doing so, NLP has applied the following adjustments to the OE Baseline forecast:

- The complete removal of any forecast job change in a number of sectors:
 - Fuel Refining;
 - Metal Products;
 - Chemicals;
 - 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: 2014 BRES data indicates that approximately 14% of all wholesale jobs within Redcar & Cleveland are located in the Lower Super Output Area covering Teesport. It was therefore assumed that 86% of all forecast employment job change in the sector over the period 2015 to 2032 would result in demand for general employment land; and
 - Land Transport, Storage & Post: 2014 BRES data indicates that, across Redcar & Cleveland, approximately 42% of all jobs in the sector are located within the Lower Super Output Area covering Teesport. It was therefore assumed that 58% of all forecast employment change over the period 2015 to 2032 in Land Transport, Storage & Post would result in demand for general employment land.

9.20 Applying the above adjustments to the OE Baseline forecast indicates that Redcar & Cleveland could be expected to experience an increase of 130 B class jobs (excluding steel, chemicals and port-related uses) over the Plan period. A more detailed analysis of the data suggests that this growth is likely to be driven by employment gains in the office (+525 jobs) and warehousing/distribution (+120 jobs) sectors. A decline (-515 jobs) is forecast to occur in the manufacturing sector.

Table 9.2 Estimated Change in General Employment in Redcar & Cleveland (2015-2032)

	Jobs (2015)	Jobs (2032)	Change (2015-32)
Offices (B1a/b)	5,840	6,365	+525
Manufacturing (B1c/B2)	3,050	2,535	-515
Warehousing/Distribution (B8)	2,385	2,505	+120
Total B Class Jobs	11,275	11,405	+130

Source: Experian / NLP analysis

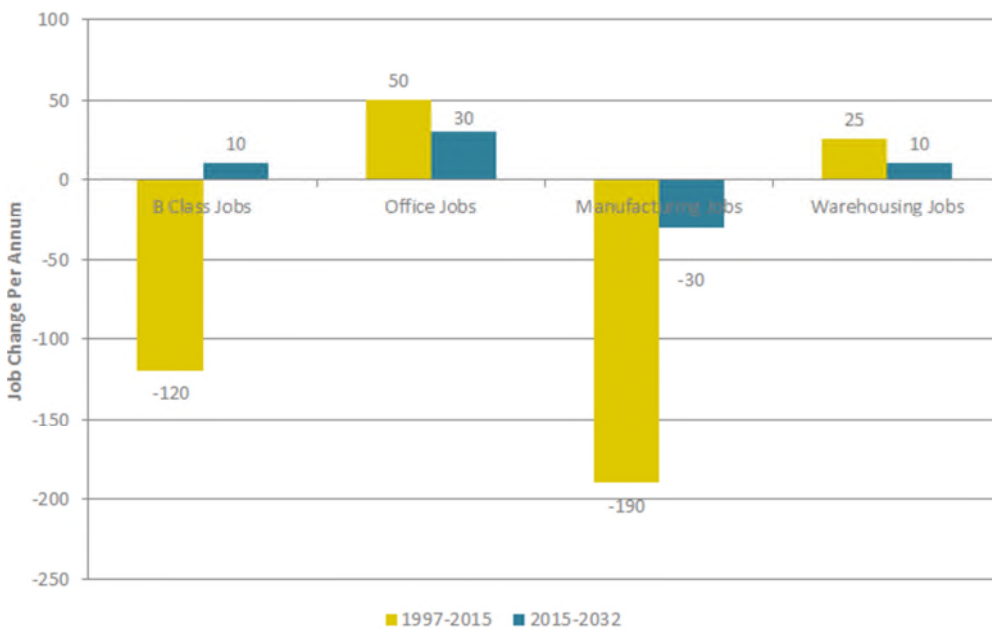
9.21 The overall level of general B class employment change forecast by OE corresponds to approximately 10 additional jobs per annum on average.

Whilst this represents a modest level of growth, it is important to note that it would constitute a marked improvement in comparison with past performance. Between 1997 and 2015, general B class employment in the Borough is estimated to have contracted, on average, by 120 jobs per annum.

9.22 A more detailed analysis of the OE data shows that a significant slowdown in the rate of job losses in manufacturing is anticipated to be the key factor in the overall improvement in the Borough’s employment performance. Between 1997 and 2015, the general employment in the sector contracted by an average of 190 jobs per annum. Looking to the future, OE forecast that employment levels will stabilise considerably, with job losses over the Plan period forecast to average just 30 per annum.

9.23 Employment change in warehousing and office-based sectors is forecast by OE to be positive over the Plan period. In both instances, however, employment growth between 2015 and 2032 is forecast to be lower than the levels observed historically. This is shown in Figure 9.2.

Figure 9.2 Annual Job Growth Implied by Baseline Forecast vs Past Trends



Source: OE / NLP analysis

9.24 The adjusted B class job forecasts summarised in Table 9.2 have been converted, by NLP, into a net future requirement for general employment space by applying the following average employment densities:

- **Offices:** 1 job per 12.5sq.m, which corresponds to general B1a/b office space;
- **Industrial:** 1 job per 44.75sq.m as an average across B1c and B2 uses; and

- **Warehousing/Distribution:** 1 job per 65sq.m for general, smaller scale warehousing (assumed to account for 70% of future space) and 1 job per 80sq.m for large scale, lower density units (assumed to account for 30% of future space).

9.25 These assumptions are based upon the HCA/OffPAT guidance on employment densities, published in 2015. The guidance takes into account recent trends relating to the changing use of employment space, including the introduction of practices such as hot-desking and flexible working.

9.26 An allowance of 10% has been added to all positive floorspace requirements in order to reflect normal levels of market vacancy in employment space. Where a reduction in employment is forecast to occur (i.e. manufacturing) the associated negative floorspace requirement has been halved. This reflects the fact that whilst there may be ongoing job losses in a particular sector, it does not necessarily and automatically follow that all of the associated existing employment space will be lost.

9.27 The relationship between job growth and the demand for general employment space in relation to the manufacturing sector in Redcar & Cleveland is complex. Whilst OE data indicates that employment in the sector (excluding port-related uses and the process industries) contracted by almost 950 jobs between 2006 and 2015, gross floorspace take-up of general employment space remained positive. Based upon monitoring data provided by RCBC, it is estimated that 17,532sq.m of general B1c/B2 floorspace (gross) was developed during the period 2006/07 to 2015/16.

9.28 Mindful of the above, it is considered unlikely that the decline in manufacturing employment (excluding process industry and port-related uses) forecast by Experian will give rise to a commensurate reduction in demand for general B1c/B2 space.

9.29 Table 9.3 provides a summary of the net floorspace requirements, by use class, generated as a result of the methodology described above.

Table 9.3 Baseline Employment Forecast: Net General Employment Space Requirements in Redcar & Cleveland (2015-2032)

	Floorspace (sq.m)
Offices (B1a/b)	7,195
Manufacturing (B1c/B2)	-11,520
Warehousing/Distribution (B8)	9,240
Total	4,915

Source: OE / NLP analysis

b. Past Take-Up Rates

- 9.30 Because they reflect demonstrable market demand, as well as development patterns 'on the ground', long term take-up rates can – in some instances – provide a reasonable basis for estimating future land needs. Completions data covering development activity under pre and post-recession market conditions should help to even out demand fluctuations over a business cycle. As such, they would ordinarily provide a reasonable starting point for estimating future needs in the event that supply has not been unduly constrained.
- 9.31 Within the context of this particular ELR, it is important to note that the take-up data available from RCBC would appear to be skewed towards a period (2006/07 to 2015/16) characterised by the immediate impacts of the economic downturn of 2008/09 and subsequent sluggish economic recovery. As such, consultees have expressed concern that projecting forward past rates of development activity could risk under-estimating long term employment space needs in the Borough.
- 9.32 Monitoring data relating to the historic take-up of B class uses in the Borough was provided by RCBC²¹. This shows that over the period 2006/07 to 2015/16 (inclusive) 416,625sq.m of gross floorspace was developed across the Borough. This translates to an average take-up rate of 41,663sq.m per annum, with a breakdown by use class provided below:
- 726sq.m of B1a/b space;
 - 17,599sq.m of B1c/B2 space; and
 - 23,338sq.m of B8 space.

General Employment Land

- 9.33 As previously discussed, it is important that this ELR distinguishes between the demand for general employment land and demand from the specialist use sectors such as the process industries and port-related activity. Data presented in Section 4.0 indicates that 384,462sq.m (gross) of employment floorspace delivered in the Borough since 2006/07 has been for specialist uses. Removing this from the completions data would suggest that just 32,163sq.m (gross) of general employment space has been brought forward over a ten year period. This represents an average delivery rate of 3,216sq.m per annum.
- 9.34 Whereas the labour demand and labour supply scenarios considered elsewhere in this section express growth in net terms, the take-up data outlined above is presented in gross terms. That is to say, the take-up data has not been adjusted to take account of any non-B class development on employment sites. In order to ensure that all scenarios are considered on a consistent basis, it is therefore conventional to consider net take-up data – by subtracting historic losses from past gross take-up rates.

²¹ It should be noted that this data has not been interrogated or verified by NLP.

9.35 Table 9.4 provides a summary of both net and gross take-up rates recorded by RCBC – by use class – drawing upon the analysis presented in Section 4.0.

Table 9.4 Past Take-Up of Employment Space in Redcar & Cleveland

	Average Annual Gross Completions (sq.m)	Average Annual Net Completions (sq.m)
Offices (B1a/b)	726	166
Manufacturing (B1c/B2)	1,753	798
Warehousing/Distribution (B8)	738	-217
Total	3,216	747

Source: RCBC / NLP analysis

NB: Figures may not sum due to rounding

9.36 Notwithstanding the concerns of stakeholders regarding the time period over which past take-up has been recorded, if it was assumed that demand over the Plan period was to replicate past trends, this would imply a need for 12,695sq.m over 17 years. An indicative breakdown by use class is provided below:

- 2,820sq.m of B1a/b space;
- 13,565sq.m of B1c/B2 space; and
- -3,690sq.m of B8 space (i.e. the amount of warehousing and distribution floorspace occupied in 2032 would – in absolute terms – be lower than that currently occupied).

Specialist Use Employment Land

9.37 NLP are not aware of any published employment densities that relate specifically to the process industries or port-related operations. In addition, developments on sites such as Wilton International and Teesport can often be land hungry, but yield comparatively low levels of job creation – indicating a particularly complex relationship between employment and land take. These issues significantly limit the scope to translate the estimates of employment change by sector, derived under the labour demand and labour supply scenarios, into a land requirement for specialist uses with any degree of accuracy.

9.38 As such, it is considered that an assessment of past take-up rates is likely to be the most meaningful way of assessing future demand for land and space in the Borough from specialist employment uses. It is important, however, to recognise that the requirements derived using past take-up data in the following paragraphs are presented as indicative only. Past take-up represents a backward-looking indicator, which limits its usefulness in predicting future trends and requirements when considered in isolation. In addition, past take-up of specialist use sites in Redcar & Cleveland has been lumpy, with large

developments occurring infrequently. It is also important to acknowledge the time period over which take-up has been monitored by the Council, largely reflects patterns of development influenced by the 2008/09 downturn and subsequent sluggish recovery.

9.39 As discussed above, data from RCBC indicates that 384,462sq.m of employment floorspace has been developed out for specialist uses in the Borough over a 10 year period. This corresponds to an annual average of 38,446sq.m. If it was assumed that this level of development was to continue over the 17 year Plan period, this would indicate a need for 653,582sq.m. Applying a standard plot ratio of 0.40, this translates to a need for 163ha of employment land for specialist uses.

9.40 For most (though not all²²) of the majority of specialist use sites developed since 2006/07, RCBC has also monitored the land take associated with the development. As such, it is possible to generate an alternative estimate of demand by annualising past land take and projecting this forward over the 17 year Plan period²³. This analysis indicates that 73.28ha of specialist use land was developed over the 10 year period to 2015/16 at an average of 7.33ha per annum. This would imply a need for 125ha of employment land for specialist uses over the Plan period.

c. Labour Supply Scenario

9.41 A labour supply scenario – aligned to the modelling work which has informed the identification of RCBC’s Objectively Assessed Housing Need (OAN) – has also been considered. It is understood that the Council’s Strategic Housing Market Assessment (SHMA), undertaken by Peter Brett Associates, concludes that the authority should plan to accommodate an OAN equivalent to 132 dwellings per annum. Discussions with RCBC officers have highlighted that:

- The derivation of the OAN is underpinned by a baseline econometric forecast obtained from Experian, by the Council, in September 2015; and
- The OAN aligns with the baseline econometric forecast to ensure that the level of population growth associated the OAN is sufficient to allow the job growth anticipated by Experian to be met in full.

9.42 Having regard to the above, the Experian baseline econometric forecast has been used by NLP to understand the future demand for employment space that RCBC’s planned level of housing growth could be expected to support. It is important to note, however, that NLP has not given any consideration to the housing implications associated with this scenario.

9.43 The Experian forecast provides a high level breakdown of projected employment growth by sector, with analysis disaggregated on the basis of 12 categories, as summarised in Table 9.5.

²² Land take data is not available for two small developments accounting for approximately 1,000sq.m of B2 floorspace in total.

²³ In this instances where land take is not available, floorspace figures have been used to estimate land figures (through the application of a 0.40 plot ratio)

Table 9.5 Labour Supply Scenario: Growth by Sector (2015-2032)

Sector	Use Class	Job Change (2015-2032)
Public Services	ORANGE	+980
Transport & Storage	ORANGE	+580
Accommodation, Food Services & Recreation	RED	+300
Construction	ORANGE	+210
Professional Services	GREEN	+160
Agriculture, Forestry & Fishing	RED	+160
Extraction & Mining	RED	+70
Finance & Insurance	GREEN	-30
Information & Communication	GREEN	-40
Utilities	ORANGE	-50
Wholesale & Retail	ORANGE	-560
Manufacturing	GREEN	-1,250
Total		+510

Source: Experian (September 2015) / NLP analysis

Key: GREEN = B class sector ORANGE = Part B class sector RED = Non-B class sector

9.44 It should be noted that the level of detail contained within the Experian forecast (in relation to the number of industrial sectors identified) is insufficient to allow for the demand for general and specialist use employment sites to be considered separately with any degree of certainty. As such, the labour supply scenario models future land and space needs on the basis of total employment change. All subsequent adjustments that are applied to the figures, however, in order to translate net employment change into a gross land requirement, are consistent with those applied to employment change on general employment sites under the baseline job growth scenario. Taking this into account – as well as the low level of employment change forecast by Experian and the fact that the baseline employment forecast anticipates a contraction in employment on specialist use sites – it is considered reasonable under the circumstances to use the job figures contained in Table 9.5 to calculate a proxy measure of future demand for general employment space.

9.45 Indeed, it is suggested that the alternative approach of using the figures to derive a *total* employment space requirement risks significantly under-estimating future need within the Borough. This is because the demand for space per worker on developments in locations such as Wilton and Teesport are likely to bear little relationship to standard employment densities.

- 9.46 From the data shown in Table 9.5 it can be seen that the strongest employment growth over the Plan period – as forecast by Experian – is anticipated to occur in those sectors (such as public services, transport & storage and construction) that would ordinarily be expected to give rise to some need for B class premises.
- 9.47 Professional services is also anticipated to experience a more modest growth in employment over the period to 2032. It is anticipated that all new jobs in professional services would ordinarily be accommodated within B1a/b office premises.
- 9.48 All of the sectors forecast by Experian to experience a contraction in employment between 2015 and 2032 would be expected to influence – at least in part – future demand for B class space. The most notable decline is forecast to occur in the manufacturing sector.
- 9.49 Table 9.6 seeks to translate the figures contained within Table 9.5 into an estimate of projected employment change by B use class. The methodology applied by NLP reflects an allowance for jobs in other non-B class sectors that generally use office or industrial space (Appendix 5).

Table 9.6 Labour Supply Scenario: Forecast Employment Change (2015-2032)

	Jobs (2015)	Jobs (2032)	Change (2015-2032)
Offices (B1a/b)	8,300	8,500	+200
Manufacturing (B1c/B2)	7,765	6,500	-1,260
Warehousing/Distribution (B8)	2,900	3,245	+345
Total B Class Jobs	18,960	18,245	-715
Total Jobs (All Sectors)	45,860	46,370	+510

Source: Experian / NLP analysis

- 9.50 This projected change in B class employment can be translated into an estimated requirement for B class employment space. This is done by applying the same standard employment densities used in the baseline employment forecast considered above and adding a 10% vacancy allowance. Where a reduction in jobs is forecast for a particular use class, the associated negative floorspace figure is halved.
- 9.51 In order to meet the job needs of local workers (as projected in the work underpinning the identification of the Council’s OAN) Redcar & Cleveland is forecast to require 980sq.m of general B class employment floorspace between 2015 and 2032.

Table 9.7 Net Employment Space Requirement from Labour Supply Growth (2015-2032)

	Floorspace (sq.m)
Offices (B1a/b)	2,745
Manufacturing (B1c/B2)	-28,240
Warehousing/Distribution (B8)	26,475
Total	980

Source: Experian / NLP analysis

- 9.52 This labour supply-based estimate provides a benchmark for comparison against those scenarios based upon the demand for labour (i.e. the baseline employment forecast) and the demand for employment space (i.e. past take-up rates).

Net Employment Space Requirements

- 9.53 Table 9.8 draws together the preceding analysis. It provides a summary of net floorspace requirements to 2032, as identified under each of the scenarios considered above.

Table 9.8 Net Floorspace Requirements (General Demand) in Redcar & Cleveland by Scenario (sq.m)

	a. Baseline Job Growth	b. Past Take-Up Rates	c. Labour Supply
Offices (B1a/b)	7,915	2,820	2,745
Manufacturing (B1c/B2)	-11,520	13,565	-28,240
Warehousing/Distribution (B8)	9,240	-3,690	26,475
Total	4,915	12,695	980

Source: NLP analysis

- 9.54 The net requirements range from a projected need for an additional 980sq.m of space under the labour supply scenario to an additional 12,695sq.m of space on the basis of past take-up rates.

Net to Gross Adjustments

Safety Margin

- 9.55 In order to estimate the overall level of employment space that should be planned for in allocating sites – and to give some flexibility in provision – it is common practice to add an allowance as a safety margin. This margin is a contingency factor, providing an additional buffer to allow for: delays in some sites coming forward; uncertainties in the forecasting process; and to try and

ensure that a reasonable choice of sites is offered to developers and occupiers.

9.56 Mindful of the relatively unconstrained land supply (in quantitative terms) within Redcar & Cleveland, it is considered appropriate to apply a modest allowance that provides some flexibility, without unduly inflating estimates of future need. As such, a safety margin equivalent to two years of take-up – generally recognised as the average length of time taken for a site to gain planning permission and for development to commence – has been applied.

9.57 Table 9.9 provides a summary of the safety margins applied, by NLP, to each B class use. The margins have been calculated on the basis of two years of adjusted gross take-up²⁴.

Table 9.9 Safety Margin Allowances

	Safety Margin Applied (sq.m)
Offices (B1a/b)	1,070
Manufacturing (B1c/B2)	2,855
Warehousing/Distribution (B8)	825

Source: NLP analysis

Replacement of Losses

9.58 In converting net requirements for employment space into gross requirements (i.e. the amount of space to be planned for and retained/allocated by RCBC) an allowance is also typically made for some replacement of losses of existing employment space that may be developed over the Plan period for other (non B class) uses. This allowance seeks to ensure that sufficient space is re-provided to account for the employment space that could be lost in future. It is intended to provide some protection against the continued erosion of employment space throughout the Borough.

9.59 It is, however, acknowledged that not all losses need necessarily be replaced. Some losses will, for instance, reflect an element of restructuring in the local economy.

9.60 An estimated 17,307sq.m of employment land in Redcar & Cleveland was lost to non B class uses over the seven year period 2009/10 to 2015/16 (inclusive). This corresponds to approximately 2,470sq.m of floorspace per annum. Including an allowance for the replacement of losses at 66% of past trends would therefore equate to 1,630sq.m per annum (in total and disaggregated by use class according to past rates of activity) over the period 2015 to 2032.

²⁴ Adjusted gross take-up is calculated by adding an annual allowance for the replacement of losses to net take-up data

Gross Employment Space Requirements

9.61

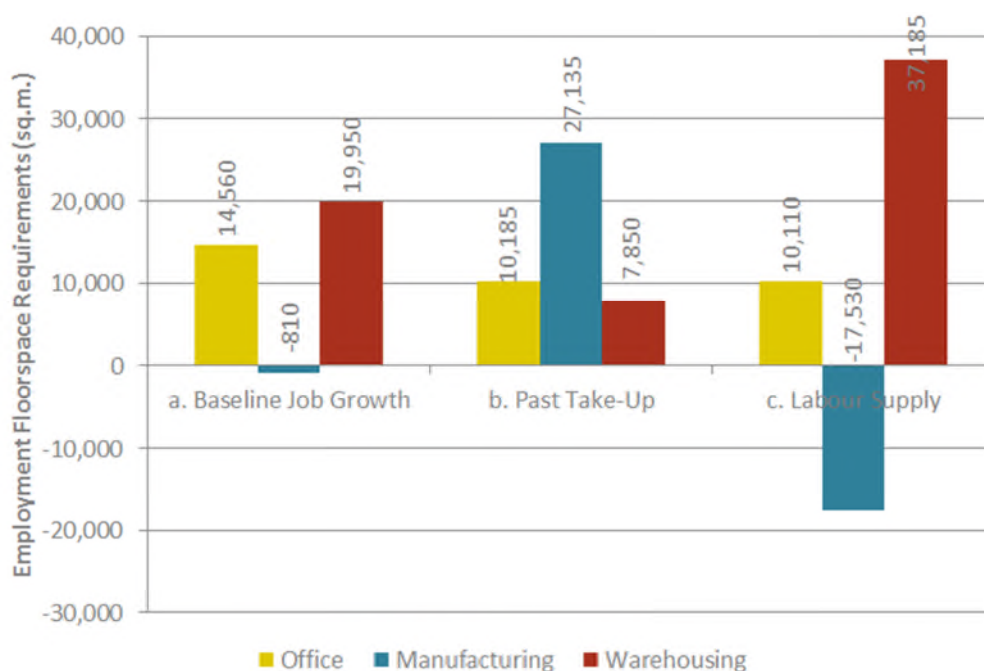
Gross employment space requirements have been calculated by adding a safety margin and an allowance for the replacement of losses (at 66% of past trends) to the net employment space requirements outlined in Table 9.8. The resultant estimates of gross floorspace need (by use class) are set out in Table 9.10 and Figure 9.3.

Table 9.10 Gross Floorspace Requirements by Scenario, 2015-2032 (sq.m)

	a. Baseline Job Growth	b. Past Take-Up Rates	c. Labour Supply
Offices (B1a/b)	14,560	10,185	10,110
Manufacturing (B1c/B2)	-810	27,135	-17,530
Warehousing/Distribution (B8)	19,950	7,850	37,185
Total	33,695	45,165	29,765

Source: NLP analysis

Figure 9.3 Gross Floorspace Requirements by Scenario, 2015-2032 (sq.m)



Source: NLP analysis

9.62

The total floorspace requirements generated using the methodology outlined in the preceding paragraphs vary from 29,765sq.m (on the basis of the labour supply scenario) to 45,165sq.m (on the basis of a scenario predicated on past take-up rates). The lowest requirement corresponds to 66% of the requirement identified at the upper end of the range.

9.63 Looking at the requirements in more detail, it can be seen that the scale of difference – between the upper and lower bounds of the range identified – varies with respect to each individual use class:

- Office floorspace requirements vary from 10,110sq.m (under the labour supply scenario) to 14,560sq.m (under the baseline job growth scenario);
- Manufacturing floorspace requirements vary from -17,530sq.m (under the labour supply scenario) to 27,135sq.m (under the past take-up scenario); and
- Warehousing floorspace requirements vary from 7,850sq.m (under the past take-up scenario) to 37,185sq.m (under the labour supply scenario).

Estimated Land Requirement

9.64 The gross floorspace requirements (derived above) have been translated – through the application of the following plot ratio assumptions – into gross land requirements for the Borough:

- **Industrial:** a plot ration of 0.40 was applied, so that a 1ha site would be needed to accommodate 4,000sq.m of employment floorspace; and
- **Offices:** it was assumed that 85% of new office floorspace would be provided at a plot density of 0.40 (typically observed on business park developments). It was assumed that the remaining 15% of space would be delivered on town centre or edge of centre locations, where a plot ratio of 0.50 was applied – reflecting the higher density of development in such locations.

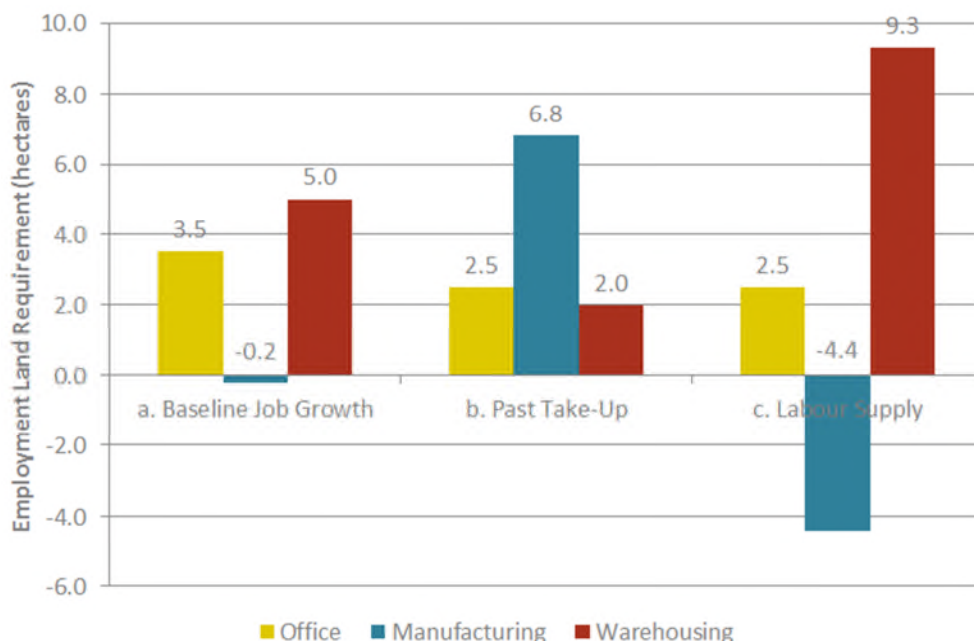
9.65 The resultant gross land requirements are set out (by use class) in Table 9.11 and Figure 9.4.

Table 9.11 Gross Land Requirement by Scenario, 2015-2032 (hectares)

	a. Baseline Job Growth	b. Past Take-Up Rates	c. Labour Supply
Offices (B1a/b)	3.5	2.5	2.5
Manufacturing (B1c/B2)	-0.2	6.8	-4.4
Warehousing/Distribution (B8)	5.0	2.0	9.3
Total	8.3	11.2	7.4

Source: NLP analysis

Figure 9.4 Gross Land Requirement by Scenario, 2015-2032 (hectares)



Source: NLP analysis

9.66

It can be seen that the total gross land requirements range from 7.4ha (under the labour supply scenario) to 11.2ha (on the basis of past take-up rates). The scale of difference – between the upper and lower bounds of the range identified – is more pronounced when one considers each of the B classes individually. This is particularly true in relation to projected needs for manufacturing land:

- Office land requirements vary from 2.5ha (under the labour supply and past take-up scenarios) to 3.5ha (on the basis of the baseline job growth scenario);
- Manufacturing floorspace requirements vary from -4.4ha (under the labour supply scenario) to 6.8ha (under the past take-up scenario); and
- Warehousing floorspace requirements vary from 2.0ha (under the past take-up scenario) to 9.3ha (under the labour supply scenario).

Sensitivity Testing

9.67

Given the range of potential requirements implied by the different forecasting techniques considered above, it is important to test how reasonable each appears against other factors and how sensitive they are to flexing the underlying assumptions. Such sensitivity testing can help to inform a view as to how much employment land RCBC should plan to allocate over the Plan period.

Employment Growth

- 9.68 The scenarios considered in the preceding paragraphs assume that employment change in Redcar & Cleveland will be negative (under the baseline job growth scenario) or negligible (under the labour supply scenario). It should, however, be noted that the SEP published by TVU aims to deliver 25,000 new jobs across the Tees Valley over the period 2015-2025. As such, it is helpful to consider the job growth that would need to occur in Redcar & Cleveland in order to support the realisation of this aspiration and the employment land needs that flow from this level of employment change.
- 9.69 Volume Two of RCBC's SHMA states that the TVU Management Group has considered the geographical distribution of the 25,000 new jobs targeted within the SEP. On the basis of this analysis, the Management Group estimates that the share of new jobs in Redcar & Cleveland would be in the order of 215 new jobs per annum.
- 9.70 Delivering employment growth of this scale would represent a significant improvement on past trends. Indeed, data from Oxford Economics suggests that the total number of workforce jobs in the Borough *fell* by 4,065 between 1997 and 2015. It is important to note, however, that Redcar & Cleveland's employment performance has, more recently, been significantly stronger. Official ONS data is available from BRES but only covers the period 2009 to 2014 and, as a consequence, fails to capture the closure of SSI. The data suggests that employee jobs in the Borough *increased* by 3,300 – representing an average growth rate of 660 jobs per annum. This is broadly in alignment with Oxford Economics data covering the same period, which shows a growth of 3,600 workforce jobs.
- 9.71 Assuming that employment growth in Redcar & Cleveland was to average 215 new jobs per annum over the duration of the 17 year Plan period, it is estimated that gross employment land needs would be in the order of 15.5ha.
- 9.72 It is important to note that the Council's SHMA states that achieving this higher level of employment growth "*does not require population growth and housing development over and above our [Peter Brett Associates] preferred [OAN] scenario.*" This is because the additional jobs would be filled by the existing population, through lower unemployment and increased activity rates.

Gross Take-Up Rates

- 9.73 The past take-up scenario presented above is underpinned by net development rates (albeit with an allowance subsequently made for the replacement of a proportion of anticipated future losses and the application of a safety margin). An alternative assessment of future demand, therefore, would be to project forward past take-up on the basis of gross development rates.
- 9.74 As outlined elsewhere in this ELR, gross take-up of general employment space in the Borough averaged 3,216sq.m per annum over the ten year period 2006/07 to 2015/16 (inclusive). This equates to approximately 0.8ha per

annum (using the plot ratios outlined elsewhere in this report to convert floorspace into land). Projecting this forward over a 17 year Plan period would indicate a need for 13.7ha of employment land.

Impact of the Recession

- 9.75 During the Duty to Co-operate workshop, a number of stakeholders commented on the time period covered by the take-up data provided to NLP by RCBC. The data covers the period 2006/07 to 2015/16 and this was considered to be heavily skewed towards post-recession market conditions. It was suggested by stakeholders that the data could risk under-estimating the long term need for land premises in the Borough.
- 9.76 Against this backdrop, it is instructive to consider the level of demand observed during prior to the recession. It is important to note that, due to the limitations of the data (principally the small sample size in respect of pre-recession take-up) this analysis must be interpreted with caution.
- 9.77 During 2006/07 and 2008/09, it is understood that approximately 12,330sq.m of general B class floorspace was delivered in Redcar & Cleveland. This corresponds to an average annual take-up of 6,165sq.m (notwithstanding the above caveat regarding the small sample size). Projecting this forward over a 17 year Plan period (and using the plot ratios outlined elsewhere in this report) would generate an indicative need for c.26ha of employment land.

Replacement of Losses

- 9.78 The three scenarios considered in paragraphs 9.6 to 9.66 include an allowance for the replacement of losses at 66% of past trends. Whilst this is considered to be appropriate, it is helpful to understand the impact – on the level of projected demand – of flexing this assumption.
- 9.79 For each of the scenarios considered in this section, increasing the replacement of losses from 66% to 100% of past trends would see the total requirement rise by 3.6ha. This would see the range of requirements increase from between 7.4ha and 11.2ha to between 11.0ha and 14.8ha.

Summary

- 9.80 In interpreting the outputs of this section, regard should be had to guidance from the PPG, which states that local authorities should develop an idea of the future economic needs of their area based upon a range of data and forecasts of qualitative and quantitative requirements. In this respect, planning for growth should avoid relying upon single sources of data or forecasts which tend to rely on a number of different variables that are, inevitably, subject to change.
- 9.81 It is also important to recognise that there are inevitable uncertainties and limitations related to modelling assumptions under any of the future scenarios of growth considered within this study. For example, there are some inherent

limitations to the use of local level economic projections, particularly within the context of significant recent changes within the economy. These forecasts are regularly updated and resulting employment outputs for Redcar & Cleveland will change over the Plan period.

- 9.82 This assessment considered three different scenarios of future employment land needs in Redcar & Cleveland, drawing upon approaches that reflect economic growth, potential housing supply factors and past take-up. The overall gross requirements derived on the basis of these approaches range from 7.4ha to 11.2ha of general employment land. It is important to note that these figures do not include an allowance for demand associated with specialist uses.
- 9.83 Under each scenario, demand for industrial land (B1c/B2/B8) is anticipated to drive future need – this is considered to reflect the market intelligence gathered through desk-based analysis and consultation. However, the scale of future industrial demand varies according to the forecasting technique applied, with the differences largely reflecting conflicting views regarding the future requirements of the manufacturing industry.
- 9.84 The baseline job growth and labour supply scenarios, which are driven by the latest macroeconomic and demographic assumptions, indicate that future manufacturing (B1c/B2) demand will be negative. In contrast, the past take-up scenario, which reflects historical patterns of observed demand, indicates that future manufacturing demand will be positive – despite historic job losses in manufacturing sector being higher than those projected to occur over the Plan period. Given the potential for the York Potash proposals to have a positive impact upon the demand for space in the Borough moving forward, the Council may wish to avoid constraining future growth through an unduly pessimistic assessment of future industrial land needs.
- 9.85 A far greater degree of consensus between the scenarios exists in relation to future office requirements across the Borough. All three scenarios identify a future need for between 2.5ha and 3.5ha of land.
- 9.86 Within the context of the NPPF requirement to plan positively for growth, it is considered that planning on the basis of the land requirements associated with the baseline job growth and labour supply scenarios risks under-estimating future demand from the manufacturing sector, which could in turn constraining the Borough's growth potential over the Plan period.
- 9.87 An analysis of market signals, as well as consultation with local business representatives and other key stakeholders, indicates that future demand in Redcar & Cleveland will be driven by industrial occupiers. In addition, employment forecasts from Oxford Economics indicate that employment change in manufacturing is likely to stabilise considerably relative to past trends. Indeed, whilst manufacturing jobs in the Borough declined – on average – by 190 per annum between 1997 and 2015, this is forecast to slow to a decline of just 30 jobs per annum to 2032. Given the scale of difference

between the figures, it is difficult to envisage future demand for manufacturing land and premises being lower than previously observed.

- 9.88 This is particularly the case when one considers that a number of stakeholders have raised concerns that the time period over which take-up has been recorded is heavily skewed towards post-recession market conditions.
- 9.89 It is therefore considered that Redcar & Cleveland Borough Council should plan to accommodate a level of employment land demand in excess of the 8.3ha derived under the baseline job growth scenario.

10.0 **Balancing Demand and Supply**

10.1 This section draws together the projections of future employment land needs with an estimate of future supply. This analysis is presented in order to highlight the existence of any surplus or shortfall in provision in quantitative and qualitative terms.

10.2 It should, however, be noted that this section does not seek to identify a recommended portfolio of sites to be taken forward by RCBC through the Local Plan process. Indeed, the ultimate judgement on this particular issue is a matter for the Local Planning Authority, taking account of a range of planning factors, including ones that may be outwith the ambit of this ELR.

Quantitative Balance

10.3 The scenarios modelled within Section 9.0 (Future Requirements for B Class Employment Space) indicate a need for between 7.4ha and 11.2ha of employment land in Redcar & Cleveland over the period 2015 to 2032. Stakeholders have, however, raised concerns that the past take-up data underpinning the demand forecasting work is heavily skewed towards post-recession market conditions and could, therefore, risk under-estimating long term development trends in the Borough. This is an issue that particularly relates to the past take-up scenario, which represents the top end of the range of requirements presented in Section 9.0.

10.4 In order to determine whether the Borough has sufficient land to meet anticipated future demand, it is necessary to consider the above forecasts within the context of an estimated future supply. This is outlined below and comprises of available employment land and extant planning permissions.

Pipeline Supply

10.5 The supply of B class employment floorspace in the development pipeline for Redcar & Cleveland consists of outstanding planning permissions that are currently under construction or are yet to be implemented. Based upon monitoring data provided by RCBC, the development pipeline is estimated to represent a net loss of 2,083sq.m, as summarised in Table 10.1. Assuming a standard plot ratio of 0.40, this is equivalent to a net loss of 0.52ha.

Table 10.1 Net B Class Floorspace Change from Planning Permissions in Redcar & Cleveland

Location	Pipeline Gains (sq.m.)	Pipeline Losses (sq.m.)	Overall Net Pipeline (sq.m.)
East Cleveland	0	4,960	-4,960
Guisborough	0	0 ²⁵	0
Redcar	0	0	0
South Tees	2,877	0	+2,877
Total	2,877	4,960	-2,083

Source: RCBC / NLP analysis

- 10.6 It can be seen from the table that the pipeline gains in B class employment space are focussed exclusively in the South Tees & Greater Eston area. This includes consented industrial development proposals at Nelson Street, Harcourt Road, Dormor Way and Middlesbrough Road East. This is considered to reinforce the commercial market analysis presented elsewhere in the report, which suggests that the South Tees & Greater Eston is the strongest market area in the Borough.
- 10.7 All losses of B class land and premises currently in the development pipeline relate to sites in East Cleveland. This includes an extant planning permissions for the development of a retail foodstore and a public house on sites at Skelton Industrial Estate.
- Specialist Uses**
- 10.8 It should be noted that the figures above exclude the development pipeline for specialist use sites. This is estimated, based upon monitoring data provided by RCBC, to represent a net gain of 91,880sq.m of B class floorspace. Much of the pipeline (87,181sq.m.) is accounted for by the proposed development of a polyhalite granulation and storage facility at Wilton International as part of the York Potash project. The remainder is made up of a number of smaller developments at Wilton (including an energy from waste facility and a solid fuel processing plant) as well as small scale development on Teesport Commerce Park.
- 10.9 It is understood that the majority of pipeline supply is to occur on sites that have been classified as available within Section 6.0 of this report. As such, and to avoid inflating the figures due to double counting, pipeline developments have not been added to the current stock of specialist use land in order to derive an estimated future supply.

²⁵ It is recognised that a parcel of land at Morgan Drive and Cleveland Gate has recently been consented for retail and café development (R/2016/0021/FFM) and an additional parcel is allocated for housing within the draft Local Plan. These sites have been discounted from the supply in Section 6.0 to reflect the fact that they are no longer available to the employment market. As such, they have been excluded from the analysis of pipeline losses in order to avoid any double counting.

Available Land

10.10 Section 6.0 (Assessment of Supply) highlights that the supply of general employment land available for development in Redcar & Cleveland stands at an estimated 99.89ha. Taking account of the extant planning permissions²⁶ considered above sees the future supply fall, marginally, to 99.37ha. The derivation of this estimated supply figure – and the spatial distribution of the Borough’s stock of land – is set out in Table 10.2.

10.11 It should be noted that the analysis presented in Table 10.2 relates to the supply of general employment land only.

Table 10.2 Estimated Future Employment Land Supply

Location	Available Land (ha)	Pipeline Supply (ha) ²⁷	Total Supply (ha)
East Cleveland	28.39	-1.24	27.15
Guisborough	4.76	0.00	4.76
Redcar	42.44	0.00	42.44
South Tees	24.30	+0.72	25.02
Total	99.89	-0.52	99.37

Source: RCBC / NLP analysis

10.12 Table 10.3 compares a future supply of 99.37ha (as derived above) against the forecast level of demand generated under the three alternative scenarios modelled by NLP. This highlights that the future supply exceeds projected future demand for general employment land by between 88.17ha and 91.97ha. It is, however, acknowledged that stakeholders have expressed concerns that the past take-up data provided to NLP by RCBC could understate long term patterns of demand in the Borough.

Table 10.3 Demand / Supply Balance of Employment Land in Redcar & Cleveland, 2015-2032 (hectares)

	a. Baseline Job Growth	b. Past Take-Up Rates	c. Labour Supply
Projected Requirement	8.3	11.2	7.4
Estimated Supply of Land	99.37		
Over/(Under) Supply	91.07	88.17	91.97

Source: NLP analysis

²⁶ To ensure that all data is presented on a consistent basis, pipeline supply figures have been converted to hectares through the application of a 0.40 plot ratio

²⁷ To ensure that all data is presented on a consistent basis, pipeline supply figures have been converted to hectares through the application of a 0.40 plot ratio

Rationalising the Future Supply

- 10.13 On the basis of the analysis presented above, it is clear that there is a need for RCBC to consider how best to rationalise the Borough's portfolio of employment land. The Borough's 2013 ELR identified – on the basis of the site assessment work undertaken by DTZ – a number of sites as being suitable for de-allocation. It is considered that these recommendations remain valid, having regard to: the reduced need for employment land forecast within this study relative to the 2013 ELR; and discussions with RCBC officers which have indicated that there has been no material change in the attractiveness and suitability of sites since the DTZ site appraisals were undertaken.
- 10.14 Cognisant of the above, it is recommended that the following four sites are removed from the Council's future supply of employment land:
- Skelton Industrial Estate Extension, East Cleveland (20.49ha): the 2013 ELR concluded that supply of infill development opportunities on the existing industrial would be sufficient to meet demand in the Skelton area, which is driven by the needs of the indigenous business base. The study also highlighted that the scale of the extension site is such that it would distort the overall supply of land in East Cleveland and this is considered to remain the case. It is understood that, since the previous ELR was completed, an Asda foodstore has been developed on part of the site;
 - Land West of A1053, South Tees and Greater Eston (19.26ha): the 2013 ELR concluded that the site is not well located in relation to the general commercial areas of Redcar & Cleveland. In 2013, DTZ considered the land to be more suitable as a potential extension to existing residential development in the surrounding area;
 - Land North of Middlesbrough Road, Guisborough (2.58ha): previous site assessment work (as part of the 2013 ELR) indicated that the site is subject to significant delivery constraints. Since the previous study was completed, residential development has taken place on land that was previously considered as part of the site; and
 - One of the available plots on the Dormanstown estate, Redcar (2.11ha): site assessment work undertaken by DTZ in 2013 concluded that the site was constrained and was in use as part of the adjacent area of open space.
- 10.15 The four sites outlined above are estimated to account for 44.44ha of the future supply presented in Table 10.3. The removal of these sites would leave the Borough with a future supply comprising of 54.93ha of general employment land, which clearly exceeds projected future need. Much of the adjusted supply figure comprises land at Kirkleatham Business Park, where 37.57ha of available employment land remains. Based upon past rates of development in the area, and projected future needs at the local authority level, it is considered highly unlikely that all of this land will be required over the Plan period.

- 10.16 It is understood that 12.6ha of employment land at Kirkleatham Business Park forms part of the wider Tees Valley EZ. The fiscal benefits on offer, as well as the high quality of the site and existing premises means that this represents an important element of the Borough’s employment land portfolio. Whilst there is little merit in de-allocating land designated as an EZ by Government and TVU, 12.6ha is considered to be sufficient – in quantitative terms – to meet employment land needs in Redcar over the Plan period.
- 10.17 It is understood that the landowners are currently exploring opportunities to bring forward a wider range of uses at Kirkleatham Business Park, including residential and non-B class employment space. Based upon the analysis presented above, there would appear to be little merit in resisting such proposals on the basis of quantitative employment land considerations. RCBC may wish to explore, with the landowners, whether opportunities exist to use higher value development on non-EZ land at Kirkleatham as a means of cross-subsidising the provision of B class space. Such cross-subsidy could take the form of site preparation and infrastructure works – to provide ‘shovel ready’ parcels of land – or the speculative development of commercial premises.
- 10.18 Taking into account the above, Table 10.4 considers the impact upon the demand-supply balance of retaining 12.6ha of EZ land at Kirkleatham and releasing 24.97ha. It should be noted that this is presented for illustrative purposes only.

Table 10.4 Future supply on the basis of 12.6ha of land retained at Kirkleatham Business Park

Location	Available Land (ha)	Pipeline Supply (ha) ²⁸	Total Supply (ha)
East Cleveland	7.90	-1.24	6.66
Guisborough	2.18	0.00	2.18
Redcar	15.36	0.00	15.36
South Tees	5.04	+0.72	5.76
Total	30.48	-0.52	29.96

Source: NLP analysis

- 10.19 It can be seen that this would leave Redcar & Cleveland with a supply of 30.48ha. 15.36ha of this would be located within Redcar. This exceeds both the available supply at Kirkleatham Business Park and anticipated future need in the town. Nevertheless, in finalising the Local Plan, RCBC should take into account the need to achieve a balanced portfolio of sites within the town with respect to size and quality. As such, there may be a qualitative rationale for retaining some land at Warrenby Industrial Estate and Dormanstown to meet the needs of small, cost sensitive, local businesses.

²⁸ To ensure that all data is presented on a consistent basis, pipeline supply figures have been converted to hectares through the application of a 0.40 plot ratio

10.20 In order to assist RCBC in finalising the portfolio of land to be allocated through the Local Plan, Table 10.5 considers supply relative to the likely strength of demand across the Borough’s four market areas. The supply figures reflect those contained within Table 10.4. As such, they include just 12.6ha of employment land at Kirkleatham Business Park. It is important to note, however, that this is presented for illustrative purposes only. It is not intended to prejudice any decisions regarding the Borough’s final portfolio of sites, which is ultimately a matter to be determined by the local authority.

Table 10.5 Indicative Demand-Supply Balance

Location	Supply (ha)	B Class Floorspace	Jobs	Reported Level of Market Demand		Demand/Supply Balance
				Office	Industrial	
East Cleveland	6.66	14%	20%	Low	Low/Moderate	↑
Guisborough	2.18	3%	11%	Low/Moderate	Low	↑
Redcar	15.36	11%	20%	Moderate	Moderate	↑
South Tees	5.76	72%	49%	Moderate	High	↔
Total	29.96	100%	100%			

Source: NLP analysis

10.21 From the table, it can be seen that the supply of employment land in East Cleveland appears high relative to projected future demand. Indeed, the market area contains enough employment land to meet more than half of the anticipated level of demand across the whole of Redcar & Cleveland under the past take-up scenario. This is despite the area accounting for less than 15% of all B class floorspace and 20% of jobs in the Borough and commercial agents reporting low-to-moderate levels of demand for land and premises. Within this context, RCBC officers may wish to consider further opportunities to reduce the supply of available employment land in the area.

10.22 The supply of available employment land in Guisborough is modest in absolute terms, comprising of a series of small plots on Morgan Drive & Cleveland Gate. When benchmarked against a projected future need at the Local Authority level for between 7.4ha and 11.2ha, however, the supply is considered likely to exceed demand over the Plan period.

10.23 It can also be seen that the supply of employment land in Redcar exceeds projected demand. This is largely driven by the impact of the EZ designation at Kirkleatham Business Park, which serves to skew any assessment of the demand-supply balance. The designation of EZ status, and the financial incentives offered, offers an opportunity to accelerate the delivery of

employment space within Redcar. There is considered to be little merit in de-allocating land designated as part of the Tees Valley EZ – particularly within the context of recent job losses at SSSI and the resultant need to support the creation of new employment opportunities in the town.

- 10.24 At present, 5.76ha of employment land is available in the South Tees market area. When benchmarked against supply in the other market areas this appears low. Particularly given that South Tees contains the majority of the Borough's existing jobs and B class floorspace and is generally recognised as the strongest market area in the local authority. In part, however, this is a reflection of the quantitative oversupply in other parts of the Borough – notably Redcar and East Cleveland – and a provision of 5.76ha in South Tees is likely to be sufficient in quantitative terms to meet projected demand of up to 8.3ha at the local authority level. Should RCBC decide to plan for a level of demand closer to the 11.2ha identified under the past take-up scenario, there may be a need for additional land in South Tees. It should also be recognised that consultation with stakeholders has identified a perceived qualitative gap in the provision of employment land in South Tees (considered below) which merits further consideration by RCBC. It will be important for the Council to recognise, however, that any additional land allocations in South Tees would serve to increase the global oversupply of employment land in quantitative terms. Whilst the market areas do operate as separate entities in some respects, any increase in the supply may need to be offset by further de-allocations elsewhere in the Borough.

Qualitative Issues

- 10.25 RCBC's Business Growth Team have raised concerns that the current provision of general employment land in the South Tees and Greater Eston area is constraining the Borough's economic potential. An analysis of unfulfilled enquiries in the area identifies a small number of businesses that are actively seeking land or premises in South Tees and Greater Eston but have been unable to meet their requirements.
- 10.26 It is understood from discussions with the Council's Business Growth Team that the issue is driven by a number of local market factors, including:
- Difficulties experienced by general freight and logistics operators in securing available sites or premises within the Teesport estate; and
 - Undeveloped land being held for expansion purposes on the South Tees Freight Park.
- 10.27 In addition, stakeholders in attendance at the Duty to Co-operate Workshop suggested that Redcar & Cleveland should look to allocate at least one site capable of accommodating a large, single user enquiry and that this would be problematic to achieve within a portfolio of 10-15ha. Whilst the optimal location of such a site was not considered, stakeholders were generally of the opinion that the market for employment land in Redcar & Cleveland is strongest in those parts of the Borough with good connectivity to the wider Tees Valley.

10.28 Taking the above into account – and having regard to the emphasis in NPPF to plan positively and proactively to encourage sustainable economic growth – the Council may wish to give further consideration to whether there is a need to allocate additional land in South Tees and Greater Eston. In doing so, it will be important to explore, in greater detail, why unfulfilled enquiries (both current and historic) have not been accommodated on existing available employment sites. It is recognised that much of the available stock of employment land in the area comprises of small infill plots. However, the data on past take-up and unfulfilled enquiries provided to NLP by RCBC would appear to suggest that the majority of demand for general employment space in the Borough has been small-scale.

10.29 In the event that RCBC considers it necessary to allocate further employment in South Tees and Greater Eston, the impact of this upon the demand-supply balance at both the market area and local authority level should be re-evaluated and further rationalisations of the employment land portfolio may be required.

Specialist Use Sites

10.30 As discussed in Section 9.0, the complex relationship between employment and land take makes it difficult to estimate the future need for specialist use employment sites on the basis of labour demand and labour supply techniques. Rather, an assessment of past take-up rates is considered to represent the most appropriate approach to estimating future need.

10.31 Annualising historic patterns of development and projecting forward on a pro-rata basis indicates a need for between 125ha and 163ha of land for specialist uses over the 17 year Plan period. The figures do not allow for the inclusion of a safety margin. In addition, it should be noted that consultees have expressed concerns that the take-up data made available to NLP by RCBC is strongly influenced by post-recession market conditions and may risk understating demand.

10.32 An assessment of the Borough's supply identifies 377.41ha of specialist use employment land when considered on the basis of current policy designations. This rises to 428.68ha if land allocated within Wilton International – but allocated for general industrial uses – is included. The supply of specialist employment sites is summarised below:

- Tees Offshore Base: 16.66ha of available land for port-related development;
- Teesport: 24.70ha of available land for port-related development;
- Steel Corridor: 142.86ha of available land for use by Potentially Polluting and Hazardous Industries; and
- Wilton International: 193.19ha of available land for use by Potentially Polluting and Hazardous Industries, with a further 51.27ha allocated for general industrial use.

- 10.33 The supply of specialist use employment land is, therefore, considered to exceed projected future demand. It is important, however, to recognise the critically important role that the specialist use sectors play in driving the Redcar & Cleveland economy – driving inward investment enquiries and accounting for 92% of past take-up. This is recognised through the EZ designations awarded to land at Teesport and Wilton International. Stakeholders consulted as part of the ELR process (including TVU) have been clear in their view that locations such as Wilton International and Teesport should be protected at all costs.
- 10.34 This primarily reflects the economic importance of the specialist use sites, as well as the difficulty and costs associated with identifying suitable additional land for such uses in the event that the existing supply is exhausted at some point in the future. In addition, it reflects stakeholder views that specialist use sites are viewed by the market as being distinct from the supply of general employment space. Specialist uses are unlikely to be suitable on, or attracted to, general employment sites and vice-versa. As such, it is unlikely that a generous supply of specialist use sites would skew the market for general land and premises.
- 10.35 Having regard to the above, it is suggested that RCBC should look to protect all remaining land at Teesport, Tees Offshore Base and Wilton International for specialist employment uses.
- 10.36 The situation with respect to the Steel Corridor, however, is considered to be more complex. At present, 142.86ha of land is available in an area that has traditionally been the focus of the Borough's steel industry. The Lackenby and Skinningrove steel mills remain open and the MPI is understood to be exploring opportunities for small scale, bespoke steel manufacturing in the area. As a consequence, it is important that a supply of employment land is retained to support growth opportunities in a sector that has been so important, historically, to the local economy.
- 10.37 Notwithstanding the above, the closure of the SSI blast furnace in Redcar in late 2015 resulted in significant job losses in the local steel industry. Whilst the land is not currently available, a masterplanning and feasibility study has recently been commissioned in order to examine the scale of remediation works required and consider a range of possible alternative uses for the site. Given the likely scale of remediation required, it is considered unlikely that this site will be classed as part of the available supply in the short term.
- 10.38 The likely market positioning of the SSI site is currently unclear. However, given the existing availability of 142.86ha of land within the Steel Corridor – and within the context of the much publicised difficulties facing the industry at the steel industry at the national level – it is considered unlikely that further land for the steel industry is required within the Borough. As such, it may be necessary to consider whether scope exists to identify more productive uses for some of the land within the Steel Corridor. This could include establishing a dialogue with PD Ports in order to establish: whether any further land is required to meet the long term growth needs of Teesport; or whether some of

the release of land in the Steel Corridor could help to address existing accessibility constraints at Teesport.

11.0 **Conclusions**

11.1 This section draws together the key findings and recommendations from the preceding sections of the report.

Overview of Redcar & Cleveland's Economy

11.2 Between 1997 and 2015, the number of workforce jobs in Redcar & Cleveland contracted by 4,065. More recently, however, the Borough's employment performance has been strong. BRES data suggested that the number of employee jobs increased by 3,350 (8.8%) between 2009 and 2014. This is significantly higher than the growth rates observed regionally (2.1%) and nationally (4.9%) over the same time period.

11.3 Manufacturing and Transport & Storage remain key sources of employment from a B class use perspective. Both sectors account for a high proportion of employment in Redcar & Cleveland and are over-represented in the local economy relative to national and regional averages.

11.4 The local economy benefits from the presence of major economic assets including: Teesport (one of the largest ports in the UK); and global expertise and a strong profile (underpinned by the presence of several major international firms) with respect to the process industries. It is anticipated that these factors will play a key role in driving future economic growth in the Borough.

11.5 Key economic challenges remain, including: high levels of unemployment; low economic activity rates; small business base relative to the size of the local population; below average skills base; and high concentrations of deprivation in areas such as Redcar, Eston and Loftus.

Functional Economic Market Area

11.6 Redcar & Cleveland's FEMA is characterised by a range of economic, property market and labour market factors. It is also influenced by its geographical location. The Borough is situated within the Tees Valley LEP area and borders local authorities within the Tees Valley (Middlesbrough, Stockton-on-Tees and Hartlepool) and North Yorkshire (Hambleton and Scarborough).

11.7 An analysis of commuting flows into and out of Redcar & Cleveland provides a key reference point for understanding its FEMA. 60% of the Borough's working residents are employed within the authority's boundaries. Travel-to-work patterns (both in and out) demonstrate the existence of a strong relationship with Middlesbrough and (to a lesser extent) Stockton-on-Tees.

11.8 Based on the ONS methodology for defining labour market areas, the Borough's FEMA comprises of the local authority areas of Redcar & Cleveland and Middlesbrough. Taken together, the two authorities comprise: the

workplace for 79.2% of Redcar & Cleveland's resident working population; and the place of residence for 83.6% of Redcar & Cleveland's workers.

- 11.9 An analysis of the Borough's commercial markets indicates that demand for general land and premises is limited and generally small scale. Much of the demand in locations such as East Cleveland, Guisborough and Redcar is from local occupiers. This is considered to suggest that commercial market relationships between Redcar & Cleveland and the surrounding authorities are weaker than those implied by an analysis of commuting patterns.
- 11.10 Notwithstanding the above, commercial market linkages are understood to be strongest with Middlesbrough – particularly the swathe of industrial land that runs west from Skippers Lane – and Stockton-on-Tees.

Market Signals

- 11.11 Redcar & Cleveland contains an estimated 797,000sq.m of employment floorspace – lower than Stockton-on-Tees, Darlington and Hambleton but higher than Middlesbrough, Hartlepool and Scarborough.
- 11.12 Between 2000 and 2012 (the latest available data) the total stock of floorspace in the Borough increased by 223,000sq.m (39%). This rate of growth was significantly higher – in both proportionate and absolute terms – than that observed in any of the surrounding authorities.
- 11.13 Redcar & Cleveland's stock of floorspace is dominated by factory and warehousing premises. This reflects the views of stakeholders that the Borough is primarily an industrial location. A two-tier industrial market operates within the area; demand for general industrial stock is dominated by local enquiries, whereas the market for specialist use land is far less localised.
- 11.14 Demand for industrial premises in the Borough is strongest in locations such as South Tees & Greater Eston, which benefit from proximity to the wider Tees Valley and access to the A19/A66 interchange.
- 11.15 With respect to the office market, the Stockton/Middlesbrough conurbation is viewed as the key location in the Tees Valley. Demand for space in Redcar & Cleveland is primarily local and this is reflected in the size of units typically sought in the Borough. Demand is generally considered to be strongest for office premises in South Tees & Greater Eston and Redcar. Kirkleatham Business Park has provided a focus for recent new office provision in the Borough.

Meeting Future Needs

Projected Future Need

General Employment Land

- 11.16 In assessing the future need for employment land in Redcar & Cleveland, this study has taken account of three different scenarios based upon a number of methodological approaches. Some are primarily driven by economic or demographic growth projections, others by past rates of development. The gross employment land requirements for the Borough range from 7.4ha to 11.2ha over the period to 2032. It is important to note that these relate to general employment land only and do not take account of the need to provide land for specialist use industries.
- 11.17 A range of sensitivity tests have also been presented by NLP for consideration by RCBC. The projected requirements derived as a result of the various sensitivity tests range from 11ha to 26ha.
- 11.18 Within the context of the NPPF requirement to plan positively for growth – and having regard to market signals and analysis of past and projected future employment change – it is considered that RCBC should plan to accommodate a level of demand in excess of 8.3ha.

Specialist Use Employment Land

- 11.19 The complex relationship between employment change and land take for the specialist use sectors means that past take-up rates represent the most appropriate means of projecting future demand. This approach identifies a likely need for between 125ha and 163ha of employment land for specialist uses over the period to 2032.
- 11.20 It should be noted, however, that the figures cited above do not allow for the inclusion of a safety margin and are strongly influenced by market conditions. As such, they should be viewed as a conservative estimate of future demand.

Demand-Supply Balance

General Employment Land

- 11.21 It is estimated that the Borough has an available supply of 99.89ha of general employment land, which is significantly higher than projected future need. Four sites, totalling 44.44ha of available land, have been identified as candidates for de-allocation by NLP.
- 11.22 Allowing for the removal of these four sites, a number of key considerations remain for RCBC in translating the evidence contained within this report into policy. These are summarised below, by market area:

- East Cleveland: the supply of available employment land is high in relation to projected future need. As such, RCBC officers may wish to consider further opportunities to rationalise the supply;
- Guisborough: the supply of available employment land is modest in absolute terms and comprises exclusively of small plots on Morgan Drive & Cleveland Gate. When benchmarked against a projected future need at the Local Authority level for between 7.4ha and 11.2ha, however, the supply is considered likely to exceed demand over the Plan period;
- Redcar: the supply of available employment land exceeds projected demand. This is due to availability of 37.57ha of land available at Kirkleatham Business Park. It is considered highly unlikely that all of this will be required over the Plan period and RCBC officers should give consideration to the need to rationalise the supply in this area. There is, however, considered to be little merit in de-allocating land that benefits from EZ status; and
- South Tees & Greater Eston: the supply of available land is considered to be low in comparison with the other market areas, particularly given the relative strength of demand in South Tees & Greater Eston. It is, however, considered sufficient – in quantitative terms – to meet projected demand of up to 8.3ha at the local authority level. Should RCBC decide to plan for a level of demand closer to the 11.2ha identified on the basis of past take-up, there may be a need for additional land in South Tees & Greater Eston.

RCBC officers may also wish to consider in greater detail the need for additional land in the area in order to meet a perceived qualitative need for additional land in the area.

It will be important for the Council to recognise, however, that any additional land allocations in the South Tees & Greater Eston market area would serve to increase the global oversupply of employment land – in quantitative terms – at the local authority level.

Specialist Use Employment Land

11.23

The Borough's supply of specialist use employment land is estimated to stand at 377.41ha on the basis of current policy designations. This rises to 428.68ha if land at Wilton International – but allocated for general industrial uses – is included. The supply of specialist use sites is summarised below:

- Wilton International: 193.19ha available for Potentially Polluting and Hazardous Industries, with a further 51.27ha allocated for general industrial use;
- Steel Corridor: 142.86ha available for Potentially Polluting and Hazardous Industries;
- Teesport: 24.70ha of land available for port-related development; and
- Tees Offshore Base: 16.66ha of land available for port-related development.

- 11.24 Recognising the unique and critically important role that these sites can play in driving the economic growth of Redcar & Cleveland and the wider Tees Valley, it is suggested that RCBC should look to protect all remaining land at Wilton International, Teesport and Tees Offshore Base for specialist employment uses. Such an approach would appear to align with the feedback gathered from stakeholders and business representative groups. Indeed, the consultation process identified a clear consensus view that sites such as Teesport and Wilton International should be protected at all costs.
- 11.25 The situation with respect to the Steel Corridor is considered to be more complex. It is suggested that RCBC should consider whether scope exists to identify more productive uses for some of the land in this area. This recommendation is made having regard to: the existing supply of available employment land; the prospect of further supply coming forward due to the closure of the SSI blast furnace; and uncertainty regarding the growth prospects of the steel industry.

Appendix 1 Policy Context



Appendix 1: Policy Context

Introduction

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

- **National**
 - The National Planning Policy Framework (2012)
 - National Planning Practice Guidance (2014)
- **Sub-Regional**
 - Tees Valley Unlimited Strategic Economic Plan (SEP) (2014)
- **Local**
 - Adopted Core Strategy DPD (July 2007)
 - Redcar & Cleveland Regeneration Masterplan (2012)
 - Regeneration Masterplan Delivery Plan (2012-2017)
 - Redcar & Cleveland Economic Growth Strategy (2016)

National

National Planning Policy Framework (2012)

1.1 The Framework sets out the Government's economic, environmental and social planning policies for England. It states [para 14] that the purpose of the planning system is to contribute to the achievement of sustainable development, which should be seen as a 'golden thread' running through both plan-making and decision taking.

1.2 The document states that there are three dimensions to sustainable development: economic, social and environmental. The economic role that the planning system must perform involves contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and co-ordinating development requirements, including the provision of infrastructure [para 7].

1.3 The Framework states that 'significant weight' should be placed on the need to support economic growth through the planning system [para 19]. To help achieve economic growth, Local Plans should (*inter alia*) [para 21]:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

- Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances; and
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries.

- 1.4 The Framework [para 22] also highlights that allocated employment sites for which there is no reasonable prospect of development should not be protected in the long term. Proposals for alternative uses on such sites should be treated on their merits having regards to market signals and the relative need for different land uses to support sustainable local communities.
- 1.5 The Framework [para 23] confirms that offices are a ‘main town centre use’, and as such, LPAs should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance within an up-to-date Local Plan:
- “They should require applications for main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered. When considering edge of centre and out of centre proposals, preference should be given to accessible sites that are well connected to the town centre. Applicants and LPAs should demonstrate flexibility on issues such as format and scale.”* [para 24]
- 1.6 LPAs are required to ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. LPAs should ensure that their assessment of strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals. [para 158]
- 1.7 The Framework [para 160] advises that LPAs should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should:
- 1 Work together with county and neighbouring authorities and with Local Enterprise Partnerships (LEPs) to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market; and
 - 2 Work closely with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.
- 1.8 The Framework [para 161] states that LPAs should use this evidence base to assess (*inter alia*):

- 1 The need for land or floorspace for economic development, including both the quantitative and qualitative need for all foreseeable types of economic activity over the plan period; and
- 2 The existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs.

1.9 Public bodies have a duty to cooperate on planning issues that cross administrative boundaries [para 178]. The Framework requires local authorities to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their local plans are submitted for examination [para 181]. It sets out where cooperation might be appropriate and what form it might assume. It concludes that “*cooperation should be a continuous process of engagement from initial thinking through to implementation*”.

Planning Practice Guidance (2014)

1.10 CLG has produced on-line Planning Practice Guidance which includes guidance on the assessment of housing and economic development. This replaces the previous ODPM Employment Land Reviews: Guidance Note from 2004.

1.11 The Practice Guidance provides a methodology for assessing economic development needs. It states¹ that plan makers should liaise closely with the business community to understand their current and potential future requirements.

1.12 Plan makers should also consider:

- The recent pattern of employment land supply and loss to other uses;
- Market intelligence (from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums);
- Market signals such as levels and changes in rental values, and differentials between land values in different uses;
- Public information on employment land and premises required;
- Information held by other public sector bodies and utilities in relation to infrastructure constraints;
- The existing stock of employment land (though it is important to recognise that this may not reflect the future needs of business);

¹ 2a-030-20140306

- The locational and premises requirements of particular types of business; and
- Identification of oversupply and evidence of market failure.

1.13 When examining the recent take-up of employment land, the Practice Guidance² advises that it is important to consider projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses.

1.14 In terms of forecasting future trends the Practice Guidance³ advises that:

- Plan makers should consider forecasts of quantitative and qualitative need, but also its particular characteristics;
- Local authorities should develop an idea of future needs based on a range of data which is current and robust;
- Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible; and
- The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified.

1.15 The Practice Guidance⁴ advises that plan makers should also consider:

- Sectoral and employment forecasts and projections (labour demand);
- Demographically derived assessments of future employment needs (labour supply techniques);
- Analysis based upon the past take-up of employment land and property and/or future property market requirements;
- Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

1.16 In identifying the type of employment land needed the Practice Guidance⁵ advises that:

- The need for rural employment should not be overlooked;
- Underlying population projections can be purely demographic or tied to future housing stock which needs to be assessed separately; and
- Plan makers should be careful to consider that national economic trends may not automatically translate to particular areas with a distinct employment base.

² 2a-031-20140306

³ 2a-032-20140306

⁴ ibid

⁵ 2a-033-20140306

- 1.17 In order to derive employment land requirements, the Practice Guidance⁶ states that when translating employment and output forecasts into land requirements there are four key relationships which need to be quantified:
- 1 Standard Industrial Classification sectors to use classes;
 - 2 Standard Industrial Classification sectors to type of property;
 - 3 Employment to floorspace (employment density); and
 - 4 Floorspace to site area (plot ratio based on industry proxies).

Sub-Regional

Tees Valley Unlimited (TVU) Strategic Economic Plan (SEP) (2014)

- 1.18 The TVU Local Enterprise Partnership's (LEP) Strategic Economic Plan aims to drive economic growth across the Tees Valley, supporting the creation of 25,000 new jobs and £1 billion additional GVA into the economy over the next decade. The overall ambition is to close the gap between national employment rates and for the Tees Valley to become a high value, low-carbon, diverse and inclusive economy.
- 1.19 The SEP outlines that the target of delivering 25,000 new jobs is over and above the number of existing jobs that will need to be replaced over the next decade due to retirements, migration and natural change and is focused upon growth in the following key sectors:
- **Advanced Manufacturing and Low Carbon:** Growth will be driven by the expertise of Tees Valley in the process and chemical, metals and oil and gas industries, plus growing expertise in defence, rail and automotive. In low carbon, Tees Valley can benefit from opportunities linked to offshore wind, a growing subsea cluster and move towards a bioeconomy. With opportunities for re-shoring and the increased exporting ability of SMEs, the target is for 6,700 new jobs in these industries;
 - **Construction:** With a target of 4,000 new jobs, growth will be driven by continued investment in transport, infrastructure and housing activity;
 - **Business & Professional Services:** As a key driver of national employment growth before the recession, these supporting industries, which span from business processing and contact centres through to design, legal and accountancy services, are expected to benefit from growth in other sectors to produce a 7,700 net employment rise;

⁶ 2a-034-20140306

- **Logistics:** This is anticipated to be a source of 2,400 jobs growth given the expansion of Tees Valley's existing assets, such as Teesport, DTVA and Wynyard Business Park, and the logistics operations which serve both the growing advanced manufacturing base and provide the large strategic distribution centres to supply Northern consumers;
- **Digital/Creative:** Growth is expected to be driven by start-up activity through assets such as Digital City, CCAD and new business centres, the expansion of high growth companies and national drives towards a more online economy. Expected job gains of 1,700;
- **Health:** Expected job gains of 3,900 due to the need for increased care provision for an ageing population, the harnessing of new assistive technologies, digital care and biologics and the potential to build upon Tees Valley's University expertise in this area; and
- **Other services (retail, tourism):** Expected job gains of 3,400 in supporting sectors, including retail, tourism and education as the Tees Valley economy grows.

1.20 In order to support growth in these sectors, the SEP seeks to capitalise on the area's key strengths and identifies the key following opportunities for growth:

- Critical mass of process activity and advanced manufacturing;
- Growing demand for advanced manufacturing products and services;
- Proximity to offshore developments through the Tees Estuary, as well as onshore and offshore Low Carbon opportunities;
- Land supply, including 12 Enterprise Zone sites;
- Continued development of global position in the process industries needs to be sustained;
- Growth of container traffic through Teesport, the fifth largest port in the UK, there needs to be further support to capitalise on this asset of national importance;
- Opportunities to build upon cluster of creative and digital media businesses; and
- Opportunities to build upon successful base of high value activities, including Financial/Business Professional Services.

1.21 For Redcar & Cleveland specifically, the SEP identifies opportunities relating to the visitor economy in Redcar supported by seafront improvements and the potential for Kirkleatham to attract a significant amount of private investment as a regionally-significant cultural and heritage regeneration project. The development of an Oil and Gas Academy at Redcar & Cleveland College and the creation of Enterprise Zones at both South Bank Wharf and Wilton International are additionally highlighted as presenting key opportunities for growth.

1.22 However, the SEP also recognises that a number of factors may inhibit growth across the wider Tees Valley, including increased international competition, reliance on large employers and a lack of high quality housing. In employment land terms, the SEP also highlights the challenges presented by market failures in relation to commercial rental values and the oversupply of lower grade office and industrial accommodation which – if not addressed – may influence the scale of future growth.

Local

Adopted Core Strategy DPD (July 2007)

1.23 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.*”

1.24 It highlights that the traditional employment base of Redcar & 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.

1.25 In response to this, Chapter 4 of the CS sets out the following objectives to Diversify and Strengthen the Local Economy:

- 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; and
- Safeguard existing important employment sites and buildings.

- 1.26 In order to support this growth, Policy CS8 sets out that up to 160ha of general employment land will be brought forward in the period up to 2021. Key development opportunities are also identified in:
- 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.
- 1.27 Policy CS9 protects 11 existing general employment areas.⁷ Policy CS10 safeguards 230ha of land for:
- Chemical and steel manufacturing industries at Wilton International (for chemical activities);
 - Steel Works (for steel activities); and
 - Along the River Tees (for port activities).
- 1.28 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, Cleveland Gate Business Park and Guisborough will be promoted for information and technology based businesses.
- 1.29 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.
- Redcar & Cleveland Regeneration Masterplan (2012)*
- 1.30 The Regeneration Masterplan (Economic Futures: A Regeneration Strategy for Redcar & 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. The overall vision is to create: “*An attractive place to live, work, visit and invest.*” Key outcomes identified as being central to the delivery of this vision over the next 15 years include the creation of:
- 14,000 new jobs;
 - 800 new/supported businesses;

⁷ South Tees Freight Park; Skippers Lane Industrial Park; Kirkleatham Business Park; Tees Offshore Base; Skelton Industrial Estate; Warrenby Estate; North Liverton Industrial Estate; Barmet Industrial Estate; Longbeck Industrial Estate; Morgan Drive; and Cleveland Gate Business Park.

- £1bn direct private investment; and
- £265m direct public investment.

1.31 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. In order to support this, the Masterplan puts considerable emphasis on quality of place and recognises that the drivers of change will vary across the Borough. Consequently, four distinct frameworks are designed to cover: Redcar, South Tees, Greater Eston and East Cleveland.

1.32 The vision and themes for these areas include:

- **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.**

1.33 The Masterplan also references the Tees Valley Enterprise Zones that offer benefits to the following sites within the Redcar & Cleveland Masterplan area including:

- **The Wilton Industrial Site** in South Tees - one of only a small number of areas across the country which can offer large-scale occupiers enhanced capital allowances against the cost of their plant and machinery;
- **The Kirkleatham Business Park** in Redcar - benefitting from business rate discount 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.

Regeneration Masterplan Delivery Plan (2012-2017)

- 1.34 The Delivery Plan sets out how the Council aims to deliver the Regeneration Masterplan over the period 2012 to 2017. It highlights that delivery of the Masterplan will continue to see Redcar & Cleveland maximise external funding and private sector investment, and is centred around three key drivers for economic recovery including:
- Investing in the economic drivers for change;
 - Investing in infrastructure to support growth; and
 - Skills for the future.
- 1.35 The Masterplan indicates that £51m of public sector investment and £1.125bn of private sector of investment will be required to support planned growth. However, as less public finding is available to support regeneration initiatives, the plan aims to ensure that all potential investors are presented with a compelling prospectus of available sites and support mechanisms on offer, focussing on existing sectoral strengths and niches. As a result, key delivery areas are listed as:
- 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.
- 1.36 Emerging Redcar & Cleveland Growth Strategy (2016) In 2015, GENECON were appointed to prepare a Growth Strategy which will refresh the Redcar & Cleveland Masterplan. This work highlights a number of significant changes which have occurred since the development of the initial strategy in 2009-10, including a significant reduction in public funding, planning policy change and introduction of the SEP and improved economic conditions post-recession.
- 1.37 In reviewing the impact of the Masterplan to date, it is highlighted that:
- 2,500 net new jobs have been delivered between 2009 and 2013, representing 6.4% of the overall 14,000 target;
 - Business growth has been stronger than the national average, resulting in 245 new businesses between 2010 and 2014;

- Employment in service industries grew by 10.9% (3,147 jobs) between 2009-2013, representing a higher rate of growth than the national average;
- Employment remains focussed within 4 sectors including retail & wholesale, health & social work, manufacturing and education, which together account for 58.1% of jobs compared to a national average of 46.6% in 2013;
- Significant growth has been achieved in transportation and storage, cargo handling and shipping. However, low levels of growth have been achieved in tourism and leisure and digital and creative industries;
- Employment in manufacturing has declined in recent years as a result of reduced capacity in the steel industry;
- The local skills profile is improving, broadly in line with regional and national trends, however, the proportion of residents with NVQ Level 4+ remains behind the Tees Valley and regional average;
- The scale of population decline has slowed in recent years, but has still been falling at a time when the Tees Valley and North East are experiencing low levels of growth; and
- The unemployment rate remains above the regional and national average.

1.38

Recognising the above, a number of key growth opportunities and economic drivers are identified, including:

- Stable population – the population is expected to stabilise over the next twenty years, but is not expected to grow;
- Jobs growth: whilst the number of jobs in Redcar & Cleveland has been growing faster than the national average in recent years, the borough needs nearly 10,000 extra jobs to match the jobs density ratio in the Tees Valley and nearly 20,000 extra to match the national trend;
- Matching residents and jobs: a higher proportion of residents commute out, however, the Borough still relies on a significant number of in-commuters (33%) to fill all the available jobs. This suggests some level of misalignment between skills and opportunities;
- Sub regional employment geography: there is a considerable ongoing opportunity to work with the LEP and neighbouring authorities to match people, jobs and business across the wider area;
- Access to employment in higher-value occupations: a significant shift towards skilled and knowledge intensive jobs will be needed to move closer to regional and national occupational profile;
- Business growth: the business stock would have to grow by over 60% to catch up with the national average business density;

- Improving productivity: levels of productivity are improving in the local economy but they remain lower than the pre-recession peak of 2004 and national average; and
- Employment land: the volume of available development land is a key economic asset for the Borough including land safeguarded for key industries and strategically important sites such as three Enterprise Zone areas.

1.39 The emerging Redcar & Cleveland Economic Growth Strategy seeks to:

“[G]row a successful and resilient economy, generating jobs and prosperity for people and businesses in Redcar & Cleveland and across the Tees Valley, building our external reputation as an attractive, enterprising and business-focused Borough.”

1.40 In order to achieve this, the Strategy focusses on two strategic priorities including strengthening and promoting economic assets and building a competitive workforce.

1.41 Key economic assets identified within the Strategy include:

- Wilton International and Teesport;
- Industrial specialisms in petrochemicals, materials processing, advanced manufacturing, energy and carbon capture & storage;
- Visitor assets including the Cleveland coast and North York Moors National Park; and
- Three designated Enterprise Zone sites including: Kirkleatham Business Park, South Bank Wharf and Wilton International.

1.42 Key growth themes identified to develop these economic assets and support economic development are summarised below:

1.43 The strategy also identifies a number of important opportunities to support future economic growth, including:

- Land and infrastructure: ensuring land capacity is available for economic growth and the pre-conditions (access, servicing, planning and incentives) are in place to secure investment from the private sector;
- Business growth and enterprise: targeting more higher-value jobs, with a greater share of the economy based in knowledge-based businesses; and
- Quality places: Investing in core urban areas and town centres across the Borough to raise their appeal and attractiveness, including leisure assets.

1.44 To build a competitive workforce, the strategy also seeks to support:

- Work readiness: developing workplace skills to address employability gaps and promoting local career pathways to support labour market entry, access to job opportunities, indigenous business growth and inward investment prospects; and
- Skills for growth: focussing on Further Education and Higher Education, alongside sector promotion activity to build strong links between schools, FE and employers, and encouragement of continuous learning and reskilling to replenish the local workforce.

Conclusions

- 1.45 The NPPF states that ‘significant weight’ should be placed on the need to support economic growth through the planning system through the delivery of clear economic strategies designed to support existing business sectors and new or emerging sectors. Local Authorities are required to plan positively for growth, taking into account Duty to Cooperate, business needs and market signals.
- 1.46 At the sub-regional level, the TVU SEP seeks to drive economic growth, supporting the creation of 25,000 new jobs and £1 billion additional GVA over the next decade. In supporting this growth, the SEP also seeks to capitalise on the critical mass and growing demand for advanced manufacturing, growth of container traffic through Teesport, cluster of creative and digital media businesses and opportunities to build upon financial/business professional services.
- 1.47 However, the TVU Economic Assessment highlights a number of challenges to employment growth, including:
- An ageing population;
 - Skills shortages presented by an ageing workforce;
 - Lower than the national average performance for skills attainment, business stock, commercialisation, productivity and output;
 - Low employment levels;
 - Poor connectivity and broadband connections in some areas; and
 - A need for additional high quality housing.
- 1.48 Recognising the above, the Council’s Core Strategy seeks to diversify the economy and improve connectivity within and beyond the borough. A total of 160ha of land is allocated for general employment uses and 230ha is land safeguarded for chemical and steel manufacturing.
- 1.49 Redcar & Cleveland’s Regeneration Masterplan also seeks to drive economic growth through the creation of:
- 14,000 new jobs;

- 800 businesses created and supported;
- £1bn direct private investment; and
- £265m direct public investment.

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

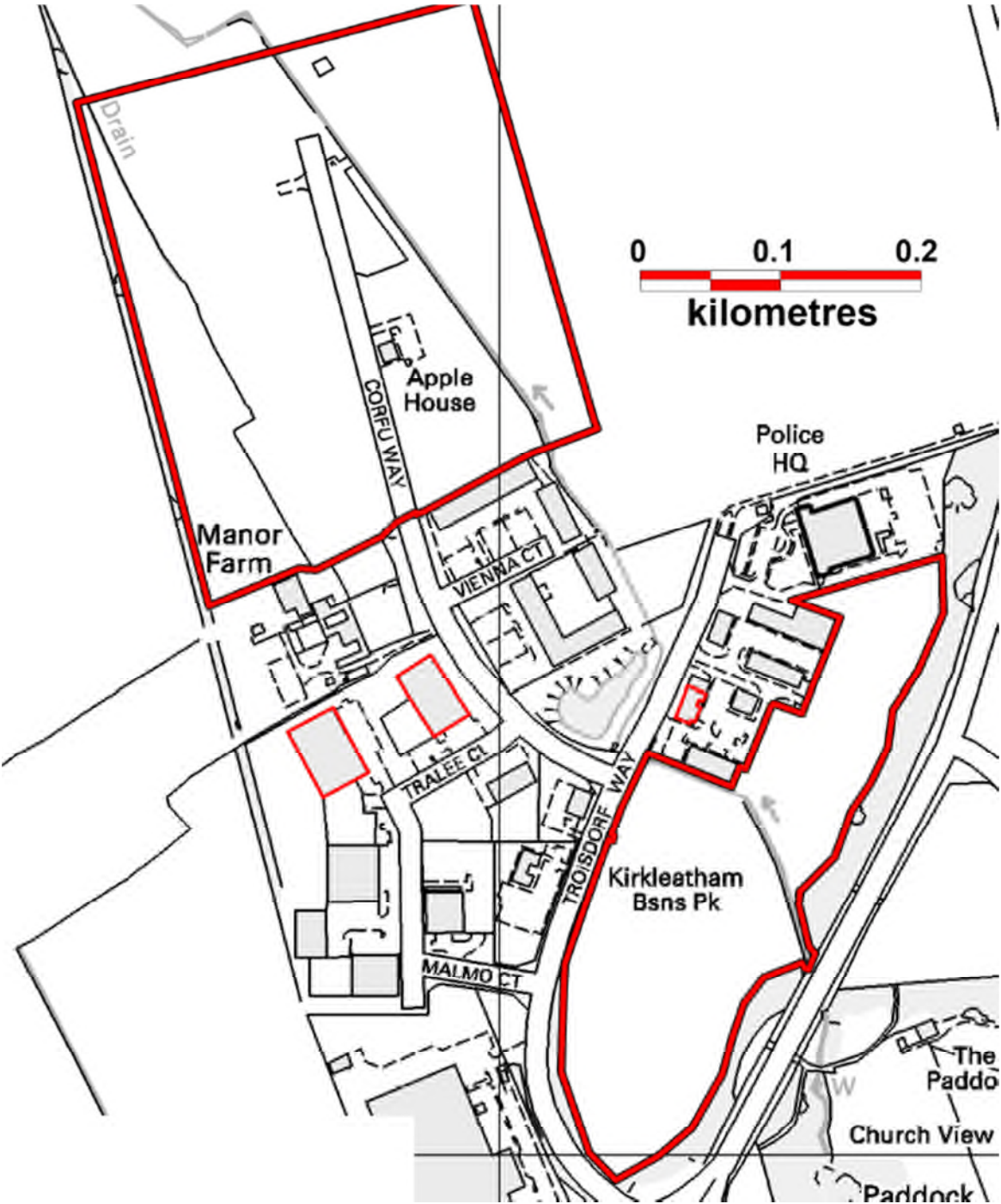
- Petrochemicals – Wilton, Seal Sands and Billingham.
- Steel – Redcar and Lackenby.
- Port – Teesport.
- Energy – Wilton
- Tourism – Redcar / Coastal Arc
- Digital / Creative – Redcar

1.50 Work on the emerging Growth Strategy highlights that whilst business growth has been stronger than the regional and national average, employment growth is lower than expected and remains focussed in 4 sectors. As a result, key opportunities are identified supporting jobs, business and productivity growth, supporting a greater alignment between skills and opportunities across the Tees Valley and capitalising on the volume of available development land.

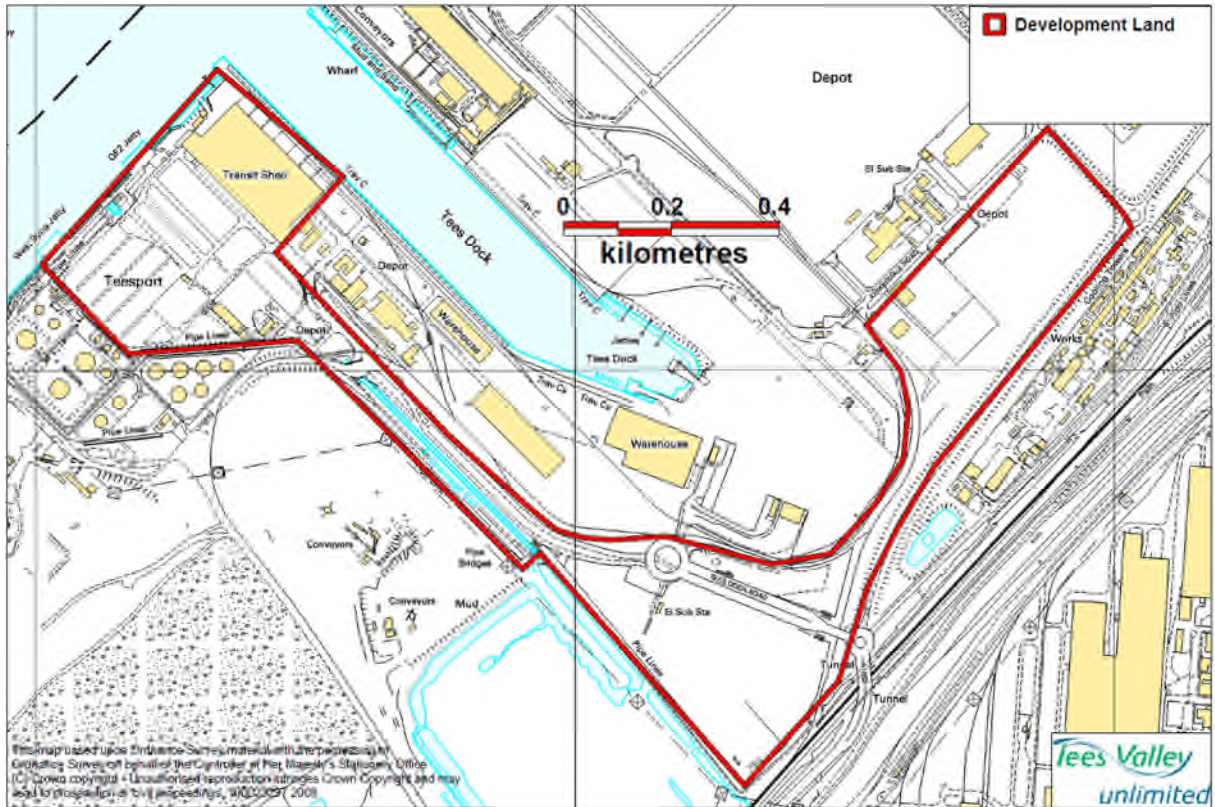
1.51 Redcar & Cleveland's emerging Growth Strategy also seeks to support economic growth through skills development and capitalising on key economic assets. For land specifically, the strategy seeks to ensure that land capacity is available with appropriate pre-conditions to secure investment from the private sector.

Appendix 2 Enterprise Zone Sites

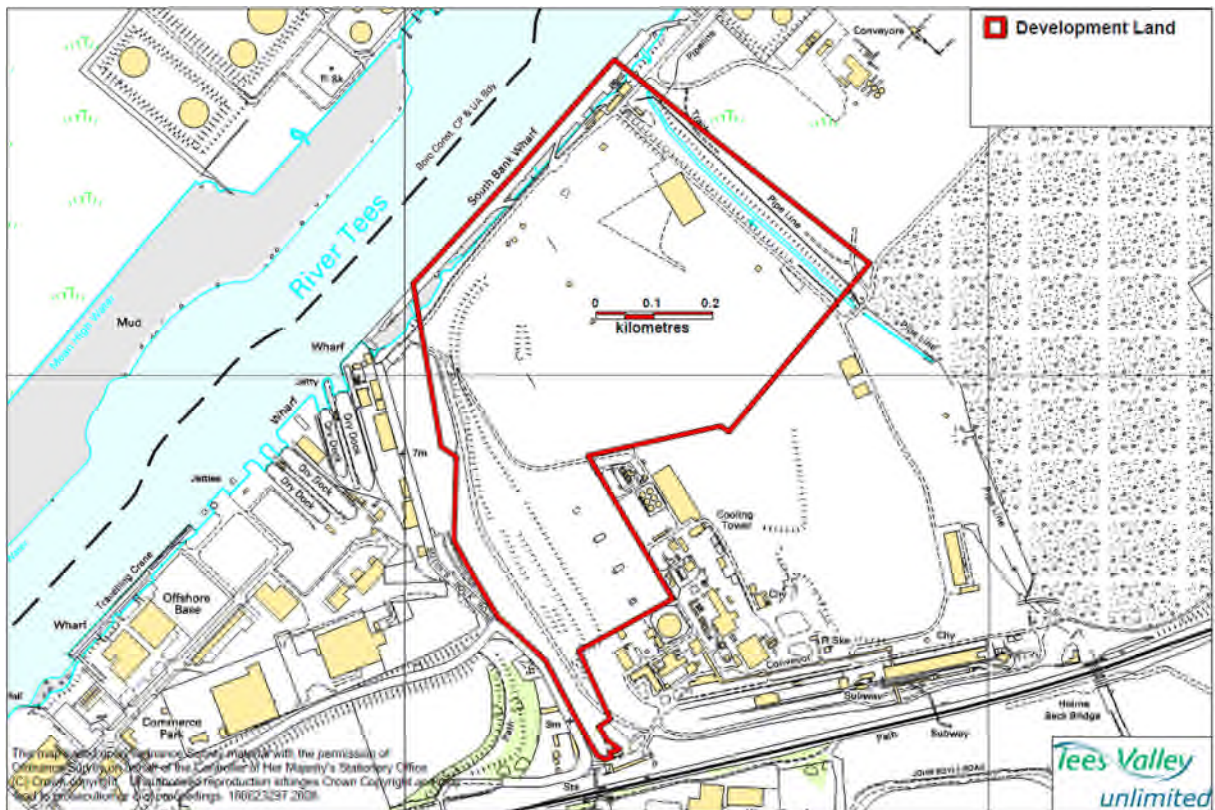
Kirkleatham Business Park



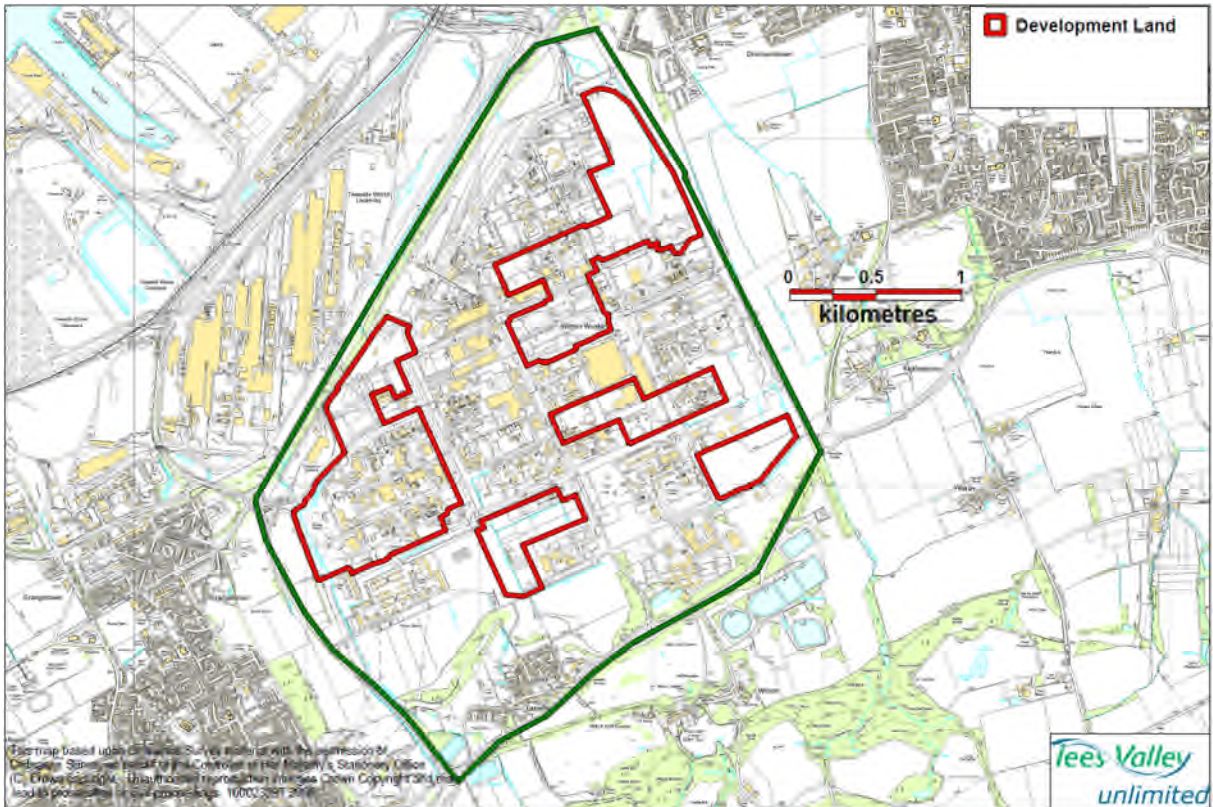
South Bank Wharf: PD Ports



South Bank Wharf: TATA



Wilton International



Appendix 3 Gross-to-Net Adjustment Factors



Appendix 3: Gross:Net Adjustments

Take-up of employment land is typically recorded on a plot by plot basis, which equates to a net developable area. To be consistent, availability should be measured on the same basis. So for some sites, gross to net adjustments may be appropriate. We have considered each site and estimated the proportion of land likely to be lost to servicing and landscaping, having regard to typical gross:net ratios achieved on industrial estates and business parks elsewhere in the region. A guide to the adjustments appropriate in different circumstances is set out in the following table.

TYPICAL GROSS:NET RATIOS TO BE APPLIED TO EMPLOYMENT LAND

Type	Ratio	Comment
Serviced plot on industrial estate fronting road.	100%	
Area of land that could easily subdivide into serviced plots with road frontage.	100%	
Large area of land on industrial estate too big for single scheme, having regard to other buildings on estate.	95%	Provision for spur road.
Major undeveloped part of industrial estate or extension to industrial estate.	90%	Provision for roads and landscaping to one or more sides.
Small local allocation, requiring infrastructure.	90%	Provision for spur road, but landscaping likely to be minimal
Level site allocated for industrial estate	85%	Provision for spur road and landscaping.

Site allocated for industrial estate where terracing or bunding required	80%	Provision for spur road and landscaping.
Land allocated for business park with high landscape quality	75%	Provision for spur road extensive landscaping, balancing ponds etc.
Land allocated for employment use where a single end user could be in the market.	100%	All land to be taken by single user, surplus areas to be kept for its expansion.

Appendix 4 Consultees



Appendix 4: Consultees

Face-to-Face/Telephone Interviews

Federation of Small Businesses	Michael Janes
Lambert Smith Hampton	Andy Wright
North East Process Industry Cluster	Felix O'Hare
Sanderson Weatherall	Craig Stobbart
SSI Task Force	Angela Brockbank
Tees Valley Unlimited	Keith Wilson
UK Steel Enterprise	Peter Taylor

Workshop Attendees

Duty to Co-operate Partners

Hambleton District Council
Hartlepool Borough Council
Middlesbrough Council
Scarborough Borough Council
Stockton-on-Tees Borough Council

Wider Stakeholders

Federation of Small Businesses
PD Ports
Ryedale Estates
Sembcorp
UK Steel Enterprise
Wilton Centre

Appendix 5 Definition of Class B Sectors

Baseline Job Growth

The method used for re-categorising the Oxford Economics baseline job growth forecasts by sector into B class uses is summarised overleaf.

Figures marked with an * have been derived using an analysis of data from the Business Register and Employment Survey in order to ensure that the analysis reflects the structure of the local economy.

Experian Sector	Proportion of Jobs by Use Class		
	B1a/b Office	B1c/B2 Industrial	B8 Warehousing
Agriculture, Forestry & Fishing	Non-B Class		
Extraction & Mining	Non-B Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	Specialist Use Sector		
Chemicals	Specialist Use Sector		
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	Specialist Use Sector		
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities	Specialist Use Sector		
Construction of Buildings	Non-B Class		
Civil Engineering	Non-B Class		
Specialised Construction Activities	0%	35%*	0%
Wholesale ¹	0%	30%*	70%*
Retail	Non-B Class		
Accommodation & Food Services	Non-B Class		
Land Transport, Storage & Post ²	0%	0%	66%*
Air & Water Transport	Non-B Class		
Recreation	Non-B Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	13%*	0%	0%
Other Private Services	Non-B Class		
Public Administration & Defence	69%*	0%	0%
Education	Non-B Class		
Health	Non-B Class		
Residential Care & Social Work	Non-B Class		

¹ Adjusted to reflect the presence of some activity on specialist use sites. Assumed 86% of jobs to be accommodated on general employment land

² Adjusted to reflect the presence of some activity on specialist use sites. Assumed 58% of jobs to be accommodated on general employment land

Labour Supply Scenario

The method used for re-categorising the labour supply forecasts into B class uses is summarised below. The labour supply scenario is underpinned by a baseline forecast from Experian, which was used to in the Council's SHMA in order to derive an OAHN for the Borough.

Experian Sector	Proportion of Jobs by Use Class		
	B1a/b Office	B1c/B2 Industrial	B8 Warehousing
Construction	0%	26%*	0%
Finance & Insurance	100%	0%	0%
Information & Communication	100%	0%	0%
Manufacturing	0%	100%	0%
Professional Services	100%	0%	0%
Public Services	11%*	0%	0%
Transport & Storage	0%	0%	66%*
Utilities	0%	66%*	0%
Wholesale & Retail	0%	6%*	12%*
Accommodation, Food Services & Recreation	Non-B Class		
Agriculture, Forestry & Fishing	Non-B Class		
Extraction & Mining	Non-B Class		



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