

Executive Summary

Review of Approach to the Delivery of New Employment Floorspace in Derbyshire Dales (October 2016)

Thomas Lister are appointed by Derbyshire Dales District Council (DDDC) to provide advice in relation to the consideration of potential options to support the delivery of new workspace within key employment land allocations within the District at the following;

- Halldale Quarry, Matlock
- Cawdor Quarry, Matlock
- Middleton Road, Wirksworth

The above schemes each comprise of major mixed use schemes which are being brought forward through the planning process and where there are ongoing discussions with the landowner in respect of the nature, scale and form of the employment element of the project.

The report covers the following key elements in order to inform ongoing discussions between DDDC and the landowners;

- a. An update on demand for employment floorspace across the District – with particular reference to the nature of floorspace where there is identified demand.
- b. To review current development proposals for each of the 3 identified schemes in the context of identified demand.
- c. To outline the approaches taken to the delivery of employment workspace in other areas with similar characteristics as Derbyshire Dales and comprising mixed use housing schemes.
- d. Based upon the above, to provide recommendations as to the size, scale and nature of employment floorspace within the existing Local Plan allocations for the 3 subject sites.

The main centres of Matlock, Bakewell, Ashbourne and Wirksworth each provide market towns providing local facilities with Matlock and Bakewell being situated adjacent to the A6 which provides the principal spine road through the District and linking with Derby to the South and Manchester to the North.

Market Assessment

An assessment of demand is undertaken through evidence of transactions recorded through the CoStar and EGi databases together with consultations undertaken with property agents and property managers across the area. The assessment also considers the results of a business survey across the Derbyshire Dales undertaken by M.E.L. Research in September 2016.

The market assessment, which provided particular focus on those premises (office and industrial) comprising an area at or below 465 sq.m provides details of an average take-up of **offices** of 1,370.5 sq m per annum over the past 5 years and this compares to an existing vacant stock of 3,040 sq m which was vacant at the date of the assessment. This represents an estimated 2.22 years supply of office accommodation at current take up rates. However, discussions with agents and property managers have indicated that **there is a mismatch between demand and available supply in terms of location and specification** which is considered to restrict take-up rates and maintain levels of vacant stock. Therefore it is reasonable to assume that the majority of enquiries for space are now unlikely to be met until existing space becomes available or more space is provided.

The assessment identifies that there has been an average take-up of **industrial** accommodation of 1,278 sq m per annum over the past 5 years compared to an existing vacant stock of 1,944 sq m representing around only 1.5 years supply at current take-up rates.

Availability of industrial accommodation is seriously constrained such that historic levels of take up are unable to be met. Discussions with agents have indicated a significant lack of good quality industrial premises and have confirmed significant levels of unfulfilled enquiries – particularly for companies seeking smaller workshop premises across the area – with competition for properties when they become available. A reduction in the take-up rates of both office and industrial properties is attributed to a lack of suitable vacant premises in the district.

The Business Survey undertaken in September 2016 identifies that 95 out of 221 respondents identifies growth requirements which totalled some 600 sq m for small and micro businesses, 4,250 sq m for medium to large businesses and up to 11 ha of sites for employment purposes. These requirements cannot currently be met within the District and therefore steps to bring forward the delivery of key employment sites are important in both the retention of existing businesses within the District as well as attracting new investment.

On this basis, the bringing forward of the employment allocations within major mixed use development schemes at Halldale Quarry, Cawdor Quarry and Middleton Road, Wirksworth within the Central area is of high importance to the economy of the Derbyshire Dales .

Each of the sites were previously allocated as predominantly employment sites but it has been accepted that the sites will only be viable as mixed use development sites which include significant elements of new residential development (making a major contribution to housing targets within the Local Plan) with reduced employment provision.

A review has been undertaken of the proposals for each of the 3 employment allocations and it is considered as follows;

Halldale Quarry Site

- Proposals for new office development within the heart of the residential scheme do not accord with our assessment as to demand given the location of the scheme outside the main settlement and surrounding land uses.
- An alternative location could be identified on the periphery of the residential area to minimise the impact of employment uses on surrounding residential areas and to increase demand by making the alternative allocation more accessible to commercial vehicles.

- It is considered that office development will be unviable but an alternative form of workshop unit would give the flexibility to accommodate B1(a),(b) & (c) uses within a more economical scheme will improve both demand and viability.
- It is important that any area allocated for employment uses is remediated, serviced and properly marketed early within the development scheme. Given the location of the former Halldale Quarry site, it is considered that the site would benefit from an element of speculative development to attract employers to this location.

Cawdor Quarry Site

- The site is considered an attractive employment location due to the prominent location and proximity to the A6 on the edge of Matlock.
- It is recommended that developer proposals for an incubator / managed workspace centre as a smaller employment provision should be resisted due to the provision of existing facilities within properties such as Cromford Mill.
- It is recommended that DDDC should seek an alternative and larger employment allocation within sites adjacent to the railway line at the front of the site to provide a barrier between the railway and residential uses.
- It is also considered that the scheme would benefit from the development of a phase of speculative workshop premises on a similar basis to the Halldale Quarry site but potentially of a slightly higher quality to reflect the better location of the Cawdor Quarry site for employment uses.

Middleton Road, Wirksworth

- Proposals provide for a 2ha employment site which would be accessed through the existing Ravenstor Industrial Estate. The site would be accessed through a proposed new dedicated access road to the employment area.
- On the basis that the site is accessed through an existing industrial estate – the site is considered the most suitable for accommodating B2 general industrial uses compared with Halldale and Cawdor where light industrial uses would be more appropriate given the closer relationship to adjoining residential uses.
- In order to be effectively marketed for employment uses, it is considered that it will be necessary for the new access road to be completed, the site remediated and on-site infrastructure put in place such that plots are available for immediate development. It would be considered extremely difficult to effectively market unserviced employment sites in this location due to the lack of prominence and significant lead in time to bring forward development.

The report considers the approach undertaken by Local Authorities to support the delivery of employment sites and floorspace in rural areas where such development is considered to be unviable for private sector delivery. Approaches undertaken in other areas are summarised as follows;

- i. *Direct Delivery by Local Authority* – such an approach may benefit from grant funding through the Local Growth Fund – it is recognised that with lower borrowing costs than private sector developers and no requirement to generate an upfront developers profit then the returns to Local Authorities may create a reasonable revenue stream to repay borrowing and generate longer term revenue – particularly if account may be taken of business rates uplift.
- ii. *Provision of Loan Funding to Developers to Develop New Floorspace or Service and Remediate Employment Sites* – To offer loan funding to developers to bring forward employment floorspace or site servicing on competitive (but state aid

compliant) terms which will link repayment to occupation or sale and secured against a first charge on the property.

- iii. *Local Authority Entering into a Forward Purchase of Employment Scheme* – Such an approach will pass delivery risk to the developer and the Local Authority will have the benefit of an income producing investment which would establish demand on a site – and potentially have the benefit of servicing other employment areas.
- iv. *Working with a Developer to Secure Local Growth Fund Support* – Such funding will support viability but will be subject to state aid limits.
- v. *Local Authority Pre-Letting of Part* – Whilst such an approach will provide a revenue commitment to the Local Authority – such costs will be off-set by the revenue generated by sub-letting and wider economic benefits generated by the securing of new employment floorspace.

Such approaches should be considered by Derbyshire Dales DC as a means of accelerating delivery of employment space within the District.

On the basis of the above, the delivery of new employment floorspace on each of the 3 allocations at Halldale and Cawdor Quarries and Middleton Road, Wirksworth are of high importance in meeting the growth requirements of existing businesses within the Derbyshire Dales such that the businesses do not require to relocate to meet their property requirements. Whilst DDDC have recognised that the introduction of significant residential elements is required to support project viability – it is important that measures are put in place to ensure that the employment provision is appropriate to meet market demand – with serviced and remediated sites made available for immediate development and where possible that elements of speculative development are provided to meet an existing demand.