

## **LOCAL DEVELOPMENT FRAMEWORK - EMPLOYMENT LAND AND PREMISES STUDY**

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### **1. EXECUTIVE SUMMARY**

- 1.1 This report informs members of the outcome of the Wirral Employment Land and Premises Study (ELPS). This report summarises the main aspects of the study including the key recommendations to the Council. Cabinet Members are requested to note the contents of this report, and approve the Study as a material consideration for use in the appraisal and determination of planning applications. The report also recommends that the Study findings are used to inform the content of the emerging Core Strategy Development Plan Document and the delivery of Investment Strategy priorities.

### **2. BACKGROUND**

- 2.1 At its meeting on 24 January 2007, Cabinet gave approval (minute 245 refers) for officers to commission an independent ELPS to meet the requirements of the emerging LDF evidence base, to be prepared in accordance with Government advice. BE Group was awarded a contract to undertake the study in September 2007 (Regeneration and Planning Strategy Committee, minute 17 refers).
- 2.2 The ELPS provides a detailed analysis of all sites currently identified for potential employment use and an assessment of all of the key employment areas within the Borough. It is the key element of the evidence required to provide a strategic framework for determining the borough's employment land requirements for the life of the Local Development Framework (LDF) to 2030.

### **3. SUMMARY OF STUDY CONTENTS**

#### **Context Review**

- 3.1 The study acknowledges that Wirral faces significant socio-economic problems and structural economic challenges and recognises that numerous strategies have been developed locally to respond to these challenges which could have a significant impact on future land and premises provision.
- 3.2 Wirral's recent annual take up of land for employment use has been higher than other areas in the Merseyside sub-region. However, only a small percentage of Wirral's identified land supply is now readily available for development. Over the past five years, 80% of Wirral's employment land take-up has been at Wirral International Business Park and Twelve Quays and if Wirral is to sustain the recent pace of development, it needs to ensure that other land of a similar quality is brought forward to attract investors.

- 3.3 The Study points to employment development being mainly located in East Wirral. Wirral will require more quality sites and premises in order to attract the required levels of investment to deliver the Council's Investment Strategy objectives.

### **Business Profile**

- 3.4 Wirral residents are relatively well-qualified. However, unemployment and economic inactivity are higher than regional and national levels with severe pockets of deprivation close to industrial areas in the east of Wirral. The majority of jobs in Wirral are in associated professional, technical, administrative and secretarial occupations. The proportion of people employed in manufacturing remains well above regional and national averages.
- 3.5 The rate of VAT registered business formation is low. Growth is less than most other Merseyside authorities and below that of the sub-region as a whole. The Borough requires an extra 2,500 VAT registrations to attain the current North West average. Most businesses are small, with 70% having up to five employees and the borough has the highest percentage of micro-business of any of the Merseyside local authority areas, which implies that premises provision will be more significant than land availability. The shift from industrial to service sector activity will have a bearing on future land and premises provision with growing demand for office accommodation. Wirral currently has almost twice as many industrial premises as offices.
- 3.6 Wirral does not provide enough jobs to occupy all its working age residents and the borough is a net exporter of workers. Approximately 40,000 workers commute out of the Borough each day, with 15,000 workers from other Districts commuting in. As an indicator of what might be required to reduce this out-commuting and retain jobs within the Borough, 500,000 sq m of new employment floorspace would be needed to accommodate 25,000 jobs. Based on the floorspace and job density figures used in the RSS evidence base, this would require a theoretical range of provision between 140 and 250 ha. The study acknowledges that this scale of development in terms of new jobs could be provided by a scheme such as Wirral Waters, although this would have to be at high density.

### **Property Market**

- 3.7 The study includes a general overview of Wirral's commercial property market as well as a more detailed analysis which includes comments from a range of private sector stakeholders. A review of enquiry data held by TMP and Invest Wirral, shows there is investor interest in Wirral. There are slightly more enquiries for industrial premises than office premises and most enquiries tend to be from small businesses.
- 3.8 The study identified 200,000 sq m of vacant industrial floorspace (169 properties) and 26,700 sq m of vacant offices (109 properties). The majority of space is identified as being of moderate quality with only 17% categorised as good. Wirral has higher than average vacancy rates for both industrial and office premises reflecting the fact that many of the vacant sites and premises are of poor quality and limited appeal to investors.
- 3.9 Modern businesses and developers want easily developable, accessible, prominent sites for their premises. Modern trends are expected to lead to a greater number of businesses that are smaller in size, more dynamic, technology driven, which will come and go more fluidly.

- 3.10 External perceptions of Wirral's property market vary considerably. There is however agreement about the strength of demand for land in Wirral especially for industrial premises. The Council is seeking to increase the demand and take up of employment land within the Borough, through its Investment Strategy.
- 3.11 Strong demand is illustrated by high occupancy rates especially across recently developed schemes. Over half of the newer industrial developments have occupancy rates in excess of 86%, with one-third fully occupied. A similar picture is provided for the newer office schemes with half operating at 85% or better occupancy.
- 3.12 The office sector is viewed as two separate markets. Birkenhead, with a 39% market share, provides a town centre location for smaller professional services, driven by a need for staff facilities, public transport and accessibility. Bromborough, with a 28% market share, is better suited to larger businesses seeking an out-of-town location. The best performing schemes provide well-serviced office centres.
- 3.13 The data confirms an increasing demand for better quality units in accessible locations as companies grow and modernise. However, demand is still very price sensitive given the suppressed rentals facilitated by previous grant dependency. The reduced amount of grant aid in the future is a common concern for many stakeholders, if the borough is to continue make gains against neighbouring locations.
- 3.14 Most industrial demand is for smaller units up to 930 sq m (10,000 sq ft) of which there is a shortage of quality units. There is a limited need for larger units above 4,650 sq m (50,000 sq ft). Demand is focused on the A41 and M53 corridors where land and premises are more easily accessible. The older employment areas will need to be regenerated to offer the type of premises modern companies need.
- 3.15 There is a shortage of quality office space, compounded by a lack of suitable development sites for the future. Low values are constraining development but the out-of-town market has seen recent growth. There is good potential for the future with scope to capitalise on Wirral's waterfront. Wirral Waters is viewed positively, as an opportunity to aid the borough's regeneration, improve critical mass and attract inward investment.
- 3.16 A workshop with developers and agents identified the following key issues:
- Public sector grant aid is reducing. The Council may need to consider the principle of mixed-use development, as part of the solution.
  - Wirral Waters will need to be delivered alongside Wirral's historical type of provision within the local economy, if balanced growth is to be achieved.
  - The constraints that actually keep much of the supply of land from the market must be addressed. Public sector agencies (such as the North West Development Agency and Homes and Communities Agency) will need to bring their own land to the market, to stimulate development activity.
  - The Council may need to endorse a twin-track approach of town centre and out-of-town office development to reflect the differing needs and preferences of occupiers.
  - The Council must take a proactive lead to create development opportunities and address negative perceptions in Birkenhead.

- The private sector would like to see increased opportunities in accessible locations in west Wirral.

### **Company Survey**

- 3.17 The study included a survey of local companies to test the other findings of the study.
- 3.18 Demand from industrial businesses was for Birkenhead and Wallasey. Although they would prefer to stay local, they will look anywhere in the borough to satisfy their premises needs. Industrial businesses expressed a preference for freehold premises. Demand from office-based businesses was focused on Birkenhead. Office demand was biased towards leasehold premises. Only five businesses (2 percent of the sample) were looking for property outside Wirral.
- 3.19 Supply in the office market appears to be able to meet demand up to 465 sq m but struggles thereafter. There is a shortage of freehold office premises and a lack of good quality office floorspace. Vacant units are mostly concentrated in Birkenhead and Bromborough where demand is greatest which implies that the majority of vacant stock may no longer be suitable for modern business needs.
- 3.20 Micro-businesses (both industrial and office based) may need additional business support.

### **Employment Land**

- 3.21 This section of the study looked at the existing portfolio of employment land in terms of quantity, quality, type, suitability and availability. Detailed assessments of each site were conducted by BE Group and are included as appendices to the study.
- 3.22 Wirral had 233 ha of potential employment land (across 93 sites). Over 200 ha (90 percent) of the total supply is in east Wirral. A substantial proportion is in Bromborough. 203 ha is constrained for at least the medium term by a lack of servicing. Only 4.2 ha is immediately available for development across 14 sites, the equivalent of less than six months supply based on past take-up rates. All of the unconstrained land is considered appropriate for industrial rather than office uses.
- 3.23 While the wider supply is suitable for a variety of uses, there is very little land appropriate for high specification office accommodation. The limited opportunities in Birkenhead Town Centre would argue in favour of proposals to accommodate large scale office development at Wirral Waters and at Woodside.
- 3.24 BE Group consider that almost half the total potential supply (116 ha) may not come forward for new employment development due to it being either in existing use, committed or approved for non-employment uses or difficult to remediate. If this land is lost, the total supply could fall to 117 ha, enough for only twelve years at current rates of development.
- 3.25 The existing portfolio has been graded in terms of its quality against the following ten criteria, which were drawn up by the consultants (maximum score 100):
- M53 proximity
  - Prominence
  - Planning status
  - Services availability
  - Public transport accessibility 30 minutes

- Population density
- Constraints
- Environmental setting
- Flexibility
- Availability

Only 9 sites achieved a score of 60 or above representing only 3 percent of the total supply. A third of the sites scored between 50 and 59 (29 percent) and a further 36 sites scored between 40 and 49 (50 percent). The scoring indicates that although Wirral is relatively well connected in terms of accessibility, there are few good quality sites. Whilst sites in west Wirral tend to have a slightly better environment, they are less accessible and have a smaller workforce catchment.

### **Land Need Forecasting**

- 3.26 Five alternative forecast options have been considered to establish the potential employment land requirements for Wirral's LDF period to 2030. The first, based on historic land take-up rates, would result in just about enough land being available for the LDF period. Allowing a five-year buffer to ensure continuing supply and a range of choice of sites beyond the LDF period would lead to a shortfall of 44 ha.
- 3.27 Two economic forecast models suggest the borough will need substantially less employment land. A labour supply model suggests a surplus of 210 ha and a sector employment model suggests a surplus of 124 ha.
- 3.28 However, the economic models are questioned by the consultants as they make no allowance for companies modernising or relocating and do not reflect that land is often used inefficiently. Furthermore they do not recognise that brownfield land may remain undeveloped due to the cost of remediation or that some companies will continue to occupy more space than they need.
- 3.29 While a move to higher density employment is expected, continuing economic growth; a growth in the number of small businesses; an increasing preference for better quality, more spacious accommodation; and the need to regenerate and replace existing older employment areas, continues to argue in favour of an increasing need for land.
- 3.30 Two further forecast models have been considered to reflect the delivery local and regional strategies. The Regional Spatial Strategy (RSS) assumptions for future employment land supply across the sub-region, produce an overall forecast shortfall of 78 ha. A model which seeks to combine the Wirral Investment Strategy objectives with historic take-up rates produces a larger shortfall of 98 ha.
- 3.31 All these forecasts are based on the premise that all the land supply at April 2010 (203 ha) will remain available. However, as indicated in 3.24 above, BE Group does not expect this to be the case. The delivery of the Merseyheartlands New Growth Point and the potential development at Wirral Waters will also impact on all five forecasting scenarios.

### **Study Recommendations**

- 3.32 Despite the intention of RSS Policy W3 to exclude port-related sites from land supply figures, BE Group recommends they are retained within Wirral's supply calculation because they do deliver or have the potential to deliver employment. These relate to sites at Cammell Laird, Eastham and Wirral Waters.
- 3.33 BE Group recommends that the expected employment land supply of 203 ha at 2010 should be rationalised by discounting sites in existing use, committed or approved for non-employment uses.
- 3.34 All other remaining sites and employment areas should be retained for employment uses.
- 3.35 Wirral should maintain a buffer of at least five years historic land take-up i.e. 49 ha as a five year rolling supply at all times, to provide range and choice as well as room to manoeuvre to enable forecast structural change to occur.
- 3.36 New allocations will be required during the LDF period up to a total of 177 ha to achieve the Council's Investment Strategy objectives. Regeneration of existing sites may contribute but it will need new, good quality sites to be identified. Wirral Waters could contribute to meeting this need.
- 3.37 All existing employment land in West Wirral should be retained. Consideration should be given to identifying additional sites, especially to serve Heswall and Hoylake.
- 3.38 Redressing poor economic performance requires more, higher quality land to deliver the sites and premises to accommodate the targeted business growth. This is recommended to be primarily located to the east of the M53 motorway and focused on Birkenhead, Wirral Waters and its surrounding partnership areas.
- 3.39 New office development should be facilitated in the Birkenhead area as a first priority and then at sustainable out of centre locations in the major urban conurbation area to the east of the M53 as a second priority.
- 3.40 Wirral Waters should be recognised as an opportunity to deliver a long term step change for Wirral's office sector market. The existing employment land supply adjacent to Wirral Waters should continue to be considered part of the supply unless development for non-employment uses can be justified by other policy objectives such as Housing Market Renewal.
- 3.41 The impact of the Mersey Heartlands New Growth Point Programme of Development should be considered in order to provide the most sustainable portfolio of employment land.
- 3.42 BE Group recommends that the Council should consider tackling future development viability issues by:
- Working with other public sector agencies to bring land to the market in a remediated condition,
  - Working with utility providers to ensure needed infrastructure improvements are delivered,
  - Where justified allow mixed-use development to fill the financial gap created by waning public sector grant provision,

- Examine whether, a more flexible approach to Green Belt might be permitted.

Cabinet will recall that the Council's Investment Strategy states:

“Whilst recognising the strategic significance and importance of Wirral's Green Belt, it is recognised that a redevelopment opportunity of exceptional economic and employment significance would receive consideration in the light of the Council's strategic objectives.”

- 3.43 Identify a successor development to Wirral International Business Park to the east of the M53 motorway. A strategic focus on the core of the Borough suggests that the Birkenhead and Wirral Waters area should be promoted.
- 3.44 A more detailed appraisal of the supply and demand for managed workspace/serviced offices is recommended.
- 3.45 Given the strong demand for freehold units, there should be an area set aside to small, freehold development plots. More workshops (both leasehold and freehold) for small businesses (94-930 sq m) are also required.
- 3.46 Wirral should consider its land supply at 2010 to be 125 ha. This means a shortfall of over 177 ha to 2030 when RSS and Investment Strategy objectives are taken into account. The Investment Strategy scenario identifies a land need of 302 ha based on current density assumptions. This quantity of land could be reduced by the use of higher density employment development in Birkenhead and Wirral Waters.

#### **4. SUMMARY**

- Wirral should include port-related sites in its employment land supply figures.
- The expected land supply of 203 ha at 2010 should be rationalised by the removal of 78 ha of sites that are undeliverable or in other uses (either committed or approved).
- All remaining sites totalling 125 ha should be retained.
- Wirral should maintain a buffer of five years historic land take-up i.e. 49 ha.
- New allocations totalling 177 ha will be required during the LDF period to achieve Investment Strategy objectives.
- All existing land in West Wirral should be retained and consideration be given to identifying additional sites to serve Heswall and Hoylake.
- More, high quality land is required in Birkenhead, Wirral Waters and its partnership areas to deliver targeted business growth.
- New office development should be facilitated in Birkenhead and in the major urban conurbation area east of the M53.
- Wirral Waters should be recognised as an opportunity to deliver a long term step change for Wirral's office sector market.
- The impact of the Mersey Heartlands Growth Point should be considered in relation to the most sustainable portfolio of employment land.
- Future development viability should be tackled by encouraging the public sector to bring land to the market, working with utility to providers to improve infrastructure, allowing mixed use development and exploring greater flexibility in the greenbelt.
- A successor development to Wirral International Business Park should be found to the East of the M53.

- A detailed appraisal of the supply and demand for managed workspace and serviced offices is required.
- Land should be set aside for small, freehold development plots and workshops (both leasehold and freehold) for small businesses.
- In terms of delivering Investment Strategy objectives, Wirral should consider its land supply shortfall as 177 ha for the LDF period to 2030.

## **5. FINANCIAL IMPLICATIONS**

5.1 There are no implications arising directly from this report.

## **6. STAFFING IMPLICATIONS**

6.1 There are no implications arising directly from this report.

## **7. EQUAL OPPORTUNITIES IMPLICATIONS**

7.1 There are no implications arising directly from this report.

## **8. COMMUNITY SAFETY IMPLICATIONS**

8.1 There are no implications arising directly from this report.

## **9. LOCAL AGENDA 21 IMPLICATIONS**

9.1 There are no implications arising directly from this report.

## **10. PLANNING IMPLICATIONS**

10.1 The Employment Land and Premises Study provides a strategic appraisal of Wirral's employment land requirements during the LDF period from 2010 to 2030. It recognises the challenges faced by Wirral and considers land supply need in terms of the Council's ambition and Investment Strategy objectives. The document provides a key strand of the evidence base in support of Wirral's emerging LDF. The Study is an important material consideration that will inform development control in making their recommendations to Planning Committee pending the incorporation of the ELPS evidence into Development Plan Documents within the LDF.

## **11. ANTI-POVERTY IMPLICATIONS**

11.1 The Employment Land and Premises Study will support the delivery of the Council's Investment Strategy which seeks a step change in the level economic activity in the borough reducing increasing employment and reducing worklessness.

## **12. HUMAN RIGHTS IMPLICATIONS**

12.1 There are no implications arising directly from this report.

## **13. SOCIAL INCLUSION IMPLICATIONS**

13.1 There are no implications arising directly from this report.

## **14. LOCAL MEMBER SUPPORT IMPLICATIONS**

14.1 There are no implications arising directly from this report.

## **15. BACKGROUND PAPERS**

15.1 Background papers in connection with this report are kept with the Forward Planning Team. The full Employment Land and Premises Study will be available on the Council's website. Previous reports on this subject can be found as follows:

Cabinet report, 24 January 2007:

<http://www.wirral.gov.uk/minute/viewagenda.asp?mtg=1959#26>

Regeneration and Planning Strategy Overview and Scrutiny report, 8 October 2008:

<http://www.wirral.gov.uk/minute/viewagenda.asp?mtg=2218#7>

## **16. RECOMMENDATIONS**

- 16.1 That Cabinet approves the Employment Land and Premises Study as a material consideration for use by Planning Committee in the determination of planning applications.**
- 16.2 That the findings of the Study be used to inform the content of the emerging Core Strategy Development Plan Document.**
- 16.3 That the findings of the Study be used to inform the delivery of Investment Strategy priorities.**

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