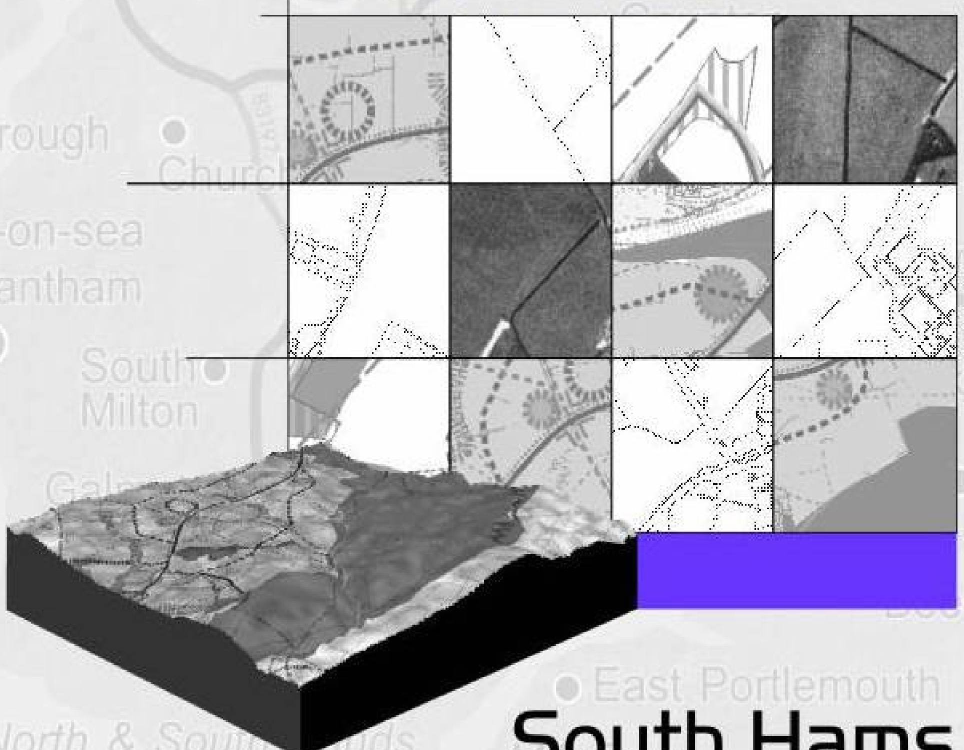
South Hams
District Council

January 2006

Evidence Base

Employment Land Review



South Hams

Local Development Framework

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Employment Land Review

Executive Summary

The South Hams Employment Land Review has been undertaken as part of the Local Development Framework process. Information and evidence has been taken from a range of sources to inform this document and derive an estimation of the amount and type of demand for workspace that the district is likely to experience over the next ten years. Such sources include business surveys, district economic reports, a workspace demand survey, public opinion by consultation, employment land and workspace enquiries, and regional economic strategies.

The emergent conclusions are that the nature of local employment, the changing economy and growing and emerging sectors as well as the geographical spread of demand for workspace types, create specific requirements in the provision of employment land. To this end the development of employment land policy should allow for:

1. Development sites across the district to cater for indigenous business growth.

2. Anticipated continuing increases in share of district outputs in manufacturing, distribution, transport and communication, business activities and real estate.

3. Continued high demand for medium to large sized office space in Totnes and the eastern part of the district is expected

4. Likely increases in demand for industrial and mixed use development and storage in the west of the district and along the A38 - in line with the anticipated growth and clustering of emerging sectors associated with the Plymouth PUA.

5. The anticipated the demand for knowledge based industries - in line with RES / RSS and local developing trends.

6. Diversification in rural parts of the district through the re-use of former agricultural buildings. This is encouraged in the short term by the Redundant Buildings Grant.

7. Increasing demand for suitably sized ‘grow on’ premises following the recent emphasis of provision of workspace for start-up businesses by both public and private sectors.

Introduction - The Purpose of the Employment Land Review

1. The Government is committed to promoting a strong, stable productive and competitive economy and sees the planning system as having an important role in achieving this. Planning authorities should recognise the importance of encouraging industrial and commercial development in building a successful economy and prosperous community in the face of rapidly changing modern business requirements. The Employment Land Review, as part of the Local Development Framework (LDF) is a significant step toward this.

2. In the South Hams limited employment land is currently allocated for development and the take-up of employment land over the last 4 years has been modest. Opportunities for the development of new areas of employment land will be provided in LDF. This report seeks to establish which locations are experiencing the greatest level of demand for additional employment and where the land should be allocated. However, given the limit on the amount of employment land that the LDF can propose, the scale of new development in any settlement outside the Plymouth Principal Urban Area (PUA) will be relatively modest.

3. The Structure Plan also contains a policy which requires local authorities to re-assess employment land (Policy ST 20). All existing and allocated employment land should be tested in order to establish whether it is necessary to meet the district's current or longer term economic development needs, taking into account the overall level of provision. Employment land and premises should be reserved for employment uses, except where such development is no longer required. This report looks at existing employment estates and in particular, assesses the few areas of employment land that were allocated in the adopted local plan that remain undeveloped.

4. Finally the Employment Land Review will draw conclusions from the evidence of demand to make recommendations on the future allocation of employment land.

The South Hams Economy

5. The South Hams has a well balanced economy that is currently growing at a very satisfactory rate, averaging 8.1% per annum over the five years 1998 to 2003. The economy as a whole grew by 7.5% per annum over the decade 1993 to 2003 compared to a national rate of growth of output of 5.4% pa between 1992 and 2002.

6. Manufacturing activity, only slightly less than the national average, increased between 1993 and 2003. Distribution, hotels and catering, and construction perform more strongly than nationally; despite this the base of growth sectors is narrow.

7. The South Hams is often seen as a traditional economy based upon agriculture, fishing and tourism, however these three industries have suffered greatly from external influences, such as European policy, foot and mouth disease and cheap international flights, in recent years.

8. The South Hams has a diverse base of very small to medium sized enterprises (SMEs). There are over 5,000 businesses in total. The larger businesses tend to be located in the west of the district, close to Plymouth and the A38 Devon Expressway that links the district to the motorway network at Exeter. A network of A-roads links the main settlements to the A38, Torbay and Plymouth; however the extensive network of minor roads leaves parts of the district in rural isolation.

Table 1 shows 'agriculture' and 'hotels' as contributing a greater proportion to the local economy than nationally but 'agriculture' and 'fishing' outputs having declined – and to a much greater extent than nationally.

In contrast 'distribution', 'real estate' and particularly 'transport and communication' have increased their share of output – and to a greater extent than nationally.

Much of this has been verified in the South Hams Business Survey 2004 which showed, for example, a doubling of the ICT / technology sector since 2001.

Table 1: South Hams and National Output by Sector

Table 1	% Share of Output 2003		% growth per annum
	South Hams	**National**	**South Hams**
Agriculture / Forestry	2.8	0.9	-5.8
Fishing	0.1	0.0	-1.4
Hotels and Catering	8.8	3.4	5.4
Distribution	16.3	12.7	8.5
Transport and Communication	5.8	7.7	13.7
Real Estate/Business Activities	22.0	24.9	9.3
Manufacturing	14.2	15.7	6.8

Source: South Hams Economy 1993 – 2003

9. Manufacturing output in the district has increased more or less consistently over the decade to 2003 with evidence of acceleration since 2000. Much of the growth has been in: timber and furniture, electrical engineering and transport manufacturing with the greatest declines in paper and publishing and mechanical engineering.

10. One of the growing employment sectors, both nationally and locally is that of the creative industries. This sector can be broadly divided into: audio-visual - including TV, film, interactive media (45%), books and press (24%), visual arts - including design, architecture, production of visual works (25%) and performance (3%). Creative industries in the UK grew by 6%, double the average, between 1997 and 2002 - being worth £112.5 billion in 2001. Growth of 25% has occurred in the Devon County area since 1998 and globally this sector is projected to triple in size by 2020.

11. Over 90% of creative industry sector companies employ fewer than ten people - a fact resonant of the South Hams economy. With the increasing Internet connectivity of the district, the district's growing reputation as a lifestyle business location and the limited land available for large scale development, creative industries are an attractive sector to encourage in the South Hams.

12. Employment in the South Hams is still largely dependant on low wage and seasonal industries; it is these that contribute largely to the low average wage – around 80% of the national average. In 2003 there were 12% more part-time workers and 13% more self employed workers in the South Hams than nationally.

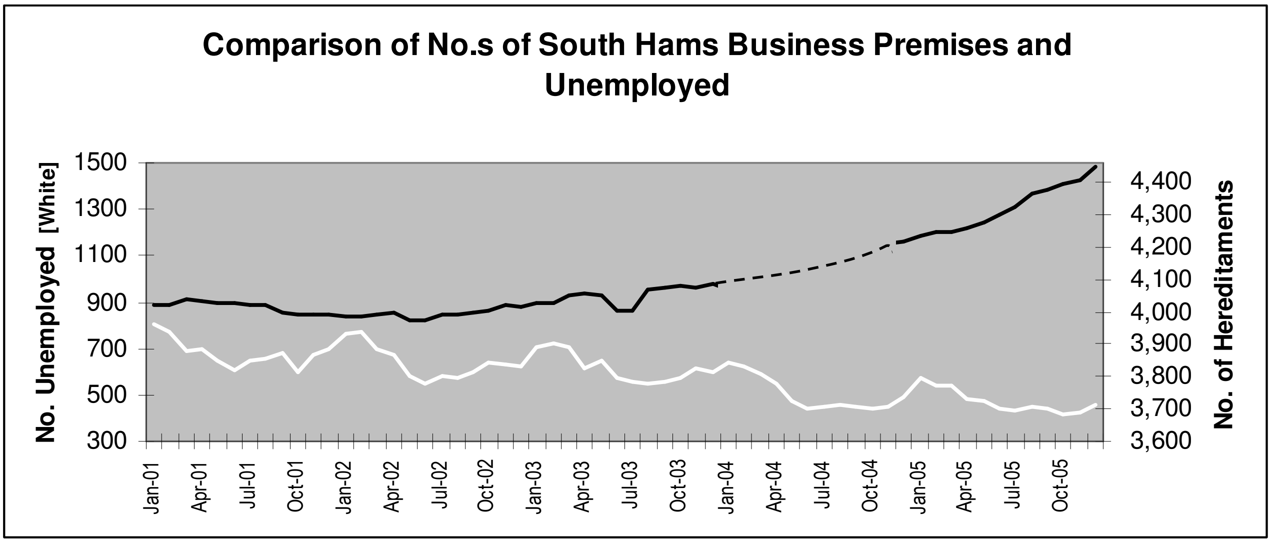
Table 2: % Employees and % Business Activity (Numbers) In Major South Hams Business Sectors 2004

SECTOR	% of EMPLOYEES	% of BUSINESSES
Land Based & Fishing	3.1	12.8
Tourism & Leisure	15.2	14.7
Manufacturing	17.1	8.0
Retail & Wholesale	16.5	21.2
ICT	6.2	4.0
		Source: South Hams Business Survey 2004

13. The table above compares the proportions of the workforce and businesses in selected sectors. It shows that though representing a small proportion of enterprises in the district, higher wage manufacturing and ICT businesses employ a much greater proportion of the of the workforce. Whilst the contribution of land-based, fishing and tourism businesses to the economy and environment of the district is recognised, their ability to strengthen the local economy and influence the prosperity of the population is not as great as that of high output and high wage enterprises.

14. The relationship between falling unemployment and increasing business activity can clearly be seen in Graph 1 below.

Graph 1



When comparing unemployment (white line) and number of rate paying businesses, or ''hereditaments', (black line) in the South Hams, in both cases there is an acceleration in trend in early 2003. Business numbers increase from this point, following a period of relatively constant business numbers, while numbers of unemployed decrease more rapidly. The employment line clearly shows the effect of seasonality with peaks in unemployment in the winter months. Despite the increase in employment this effect does not appear to be decreasing significantly.

Policy Context - Review of Economic Policy

15. One of the South Hams District Council's top priorities is to create the conditions for the growth and maintenance of quality economic activity. A key objective for this prioritisation is to sustain the local economy and attract new employment opportunities. The local plan, and now the LDF, aims to provide a choice of employment opportunities which reduces the need to travel, encourages rural enterprise, strengthens rural communities and achieves good quality development. The plan also aims to support the economic assets of the area, attract new businesses that fit with their surroundings and provide employment opportunities for all. Land based industries, particularly agriculture, should be encouraged to become more competitive, diverse, modern and sustainable. Policies aim to provide more assistance with diversification whilst safeguarding the local environment. Local policies and strategies link directly to national and regional counterparts.

National Policy - Delivering Sustainable Development

16. Sustainable development is the core principle underpinning planning legislation. Government guidance on this is delivered through Planning Policy Guidance (PPG) and their replacements - Planning Policy Statements (PPS) - which explain statutory provisions and provide guidance to local authorities and others on planning policy and the operation of the planning system. Local authorities must take their content into account in preparing their development plans. The guidance documents of particular relevance to employment land are illustrated below.

PPS1 - Delivering Sustainable Development

17. Planning Policy Statement (PPS) 1; Delivering Sustainable Development sets out the overarching planning policies on the delivery of sustainable development through the planning system. These policies aim to facilitate sustainable patterns of urban and rural development through a number of initiatives, including the need to ensure that new developments provide good access to jobs and key services for all members of the community.

    In promoting sustainable development through the guidance the Government reaffirms that the planning system needs to:

    - Recognise that economic development can deliver environmental and social benefits;
    - Make suitable land available for development in line with economic, social and environmental objectives - ensuring that suitable locations are available for industrial, commercial, retail, public sector, tourism and leisure development, so that the economy can prosper;
    - Promote urban and rural regeneration to improve the well being of communities, improve facilities, promote high quality and safe development and create new opportunities for the people living in those communities.
    - Promote mixed use developments for locations that allow the creation of linkages between different uses and can thereby create more vibrant places;
    - Provide improved access for all jobs, health, education, shops, leisure and community facilities, open space, sport and recreation, by ensuring that new

development is located where everyone can access services or facilities on foot, bicycle or public transport rather than having to rely on access by car, while recognising that this may be more difficult in rural areas;
- Promote the more efficient use of land through higher density, mixed use development and the use of suitably located previously developed land and buildings. Bring vacant and underused previously developed land and buildings back into beneficial use to achieve the targets the Government has set for development on previously developed land.

PPG4 - Industrial and Commercial Development and Small Firms

18. This guidance emphasises the importance of a positive approach towards development that contributes to national and local economic activity. Careful consideration is necessary when assessing proposals for new development and whether they would be compatible with existing industrial and commercial activities.

    During the ODPM review of PPG4 (to inform the forthcoming PPS4 on planning for economic development) the main findings of the assessment of need for employment allocations were:

- Demand and supply of employment land should be coordinated at the regional level.
- Planning departments should undertake an assessment of the quality of employment sites at least every 3 years.
- Planning departments should review employment allocations as part of reviewing Local Development Frameworks.
- Allocated sites should be de-allocated or a change of use considered if there is no reasonable chance of the site coming forward in the medium term.
- Planning bodies should safeguard employment land, but set out the clear reasons for the safeguard policy and the criteria by which the planning authority will consider a change of use.
- Economic development considerations should continue to form an important part of the process of determining applications and as part of the aim of promoting sustainable development.

PPG3 - Housing

19. In March 2000 the Government published Planning Policy Guidance (PPG) 3: Housing setting out the Government's approach to more sustainable patterns of development. It encourages new development on previously developed land (PDL) in preference to greenfield sites (through a national target of 60% by 2008). Additionally, it requires LPAs to undertake Urban Capacity Studies to establish the potential for the reuse of PDL within Urban Areas.

20. PPG3 also advises planning authorities to review all their non housing allocations (especially employment) to consider whether some of this land might better be used for housing or mixed use developments. The government is in the process of reviewing PPG3 and has recently published a consultation version of PPS3: Housing. This draft guidance continues to encourage planning authorities to review their non-housing allocations, particularly commercial and industrial allocations.

PPS7 - Sustainable Development in Rural Areas

21. PPS7 sets out the Government's policies for rural areas. Its objectives for rural areas are:

- to raise the quality of life and environment in rural areas;
- to promote more sustainable patterns of development and support an urban renaissance;
- to make sustainable improvements in economic performance of the regions reducing gaps between them;
- to promote sustainable diverse and adaptable agricultural sectors

22. In relation to economic development and employment, support is given for economic activity for rural areas, particularly where traditional land-based industries are in decline. The re-use of appropriately located and suitably constructed rural buildings is supported where this would meet sustainable development objectives. Business re-use is particularly supported and community uses are also encouraged.

23. Agricultural diversification, tourism and leisure activities are recognised as being vital to many rural economies. As well as sustaining many rural businesses, these industries are a significant source of employment to help support the prosperity of towns and villages. The Government also recognises the important and varied roles of agriculture, including the maintenance and management of the countryside. Planning policies within Local Development Frameworks should support development proposals that will enable farming and farmers to become more competitive, sustainable and environmentally friendly. They should also enable them to adapt to new and changing markets, diversify and broaden their operations to 'add value' to their primary produce.

Regional Policy

Regional Spatial Strategy 2006 – 2026 (Draft)

24. This Regional Spatial Strategy (RSS) is being prepared by the Regional Assembly and will set a regional geographic framework for development and makes links to related strategies like the Regional Transport Strategy and Regional Economic Strategy. The main economic tenet of the RSS is concentration of growth in major strategic employment sites around Principal Urban Areas (PUA). Langage will have a significant role to play in respect of the Plymouth PUA.

Regional Economic Strategy 2006 – 2015 (Draft)

25. The Regional Economic Strategy (RES) describes the South West of England as a productive and wealthy region that is relatively strong in terms of output and employment, productivity improvement and wealth distribution. Certain sectors and geographical areas exhibit high level skills and innovation while others have a reputation for low rates of growth and innovation, of involvement in international trade, and of access, use or development of required skills. The region faces intense pressures from competitive change in sectors and technologies, from business restructuring and industry mix, from net immigration, social and spatial inequalities, and from concentrations of innovation and entrepreneurship and issues of environmental resource use.

26. Employment in the South West region in 2004 is concentrated (relative to the UK average) in the following sectors:

- Agricultural
- Mining and quarrying (and other mining)
- Electricity, gas and water
- Distribution, hotels and catering (including retail)
- Government and other services

It is not heavily reliant upon:

- Manufacturing (except aerospace and other transport equipment)
- Financial and business services (except insurance)

However in absolute terms ‘Financial and Business Services’ and ‘Government and Other services’ together, account for nearly half of the total employment.

Trends and Prospects for the Regional Economy

27. The Regional Economic Strategy (RES) predicts a decline in manufacturing - although not as fast as in the UK as a whole. While large scale manufacturing looks set to continue to decline, there is clear evidence of smaller scale specialist manufacturing increasing in some areas.

28. The RES identifies a number of key and emerging sectors that account for 17% of the regional economy by employment and 22% of the regional economy by GVA. These Key Sectors are:

Current sectors:

- Advanced Engineering, including Aerospace
- Food and Drink
- Information and Communications Technology (ICT)
- Tourism
- Marine Technology

Emerging sectors:

- Creative Industries
- Biotechnology
- Environmental Technology

Key non-industrial “B” use classes that make a significant contribution to the supply of employment across the Region are:

- Health
- Education
- Leisure/Tourism

There are no specific statements relating to the South Hams despite the significance of proposed major developments at Sherford new community and Langage Energy Park.

Significant Trends

29. Difficulty in finding suitable development land in the South East may focus developer's attention on the surrounding regions – an example of this is the Met Office relocation to Exeter. Market trends include:

Trade Counter Sector:	Largely fuelled by the growth in the housing market
Distribution:	Parts of the South West are well placed to capitalise on changes (e.g. large regional distribution centres replaced by smaller regional hubs, changes in European Drive Time Directives) with over 80% of the UK's population within a four and a half hour drive time.
Support Facilities:	Hotel, pub and restaurant as well as crèche or nursing facilities are seen as essential elements of a business park environment although historically the use of these parks have been limited to B1, B2 and B8 employment uses.
Environmental Technology:	With increasing environmental responsibility, demand from businesses in this sector is likely to increase over the timeframe of the RSS.

There are opportunities for the South Hams to take advantage of these trends and the shift in manufacturing through the provision of appropriate development land and appropriately sited, serviced and designed premises.

Local Policy

Devon Structure Plan 2001 to 2016

30. The replacement structure plan for Devon was adopted in October 2004 to guide future development within the County over the period to 2016. Structure Plans have been abolished under the Planning and Compulsory Purchase Act 2004, but the Devon Structure Plan is saved for the three years from its adoption in October 2004 or until it is replaced by the new Regional Spatial Strategy (RSS).

31. In terms of economic development, the main aim of the Structure Plan is to identify employment sites capable of accommodating the needs of key economic sectors, and provide scope for inward investment or re-investment by existing companies. It identifies six strategic employment sites including one within the South Hams at Langage. This site is capable of providing the scope for significant inward investment which will include a range of B1/B2 uses with some B8 alongside the existing proposals for an energy centre and energy park.

32. The Structure Plan allocates 105 hectares of land for industrial/business development within the South Hams in the period 2001-2016 to allow scope for the district's economic potential to be realised, in locations that meet sustainable development objectives. Table 3 below provides details of the strategic land requirement and shows that the Council has to allocate an additional 52 hectares to meet the Structure Plan allocation for the district. This report undertakes an assessment of existing employment needs within the district to establish the locations with greatest demand for employment land which will help determine where this additional land is best allocated.

Table 3: Employment land Provision (2001-2016)

	Devon Structure Plan Allocations 2001-2016 (hectares)	Employment Land developed 2001-2005 (hectares)	Employment Land Commitments April 2005 (hectares)	Remaining Employment Land Requirement 2005-2016 to be allocated in LDF (hectares)
South Hams (excluding Plymouth Principal Urban Area (PUA))	25	2.73	9.61	12.66
Sherford New Community	80	0	0	18.00
Elsewhere in Plymouth PUA		0.5	40.49	21.01
Total	105	3.23	50.1	51.67

Trends in Demand

33. Over the past 20 or 30 years the greatest demand for employment land has been along the A38 corridor. The Lee Mill and Langage employment estates contain large warehouse style units that have been developed over this period. Employment provision within the towns has commonly been of the smaller light industrial business type units and workshop / craft units have been provided in some cases. Totnes has been a focus for this demand and is now experiencing increasing pressure for retail / mixed uses on its employment estates. This pattern of demand persists today and detailed analysis of this is provided in Stage 1 of the Employment Land Review.

Council Policy

34. South Hams District Council has developed policies and strategies to optimise the viability of the economy and increase the prosperity of the local people. These are:

- Prosperity Strategy 2002 - 2007
- Tourism & Marketing Strategy 2000 - 2005
- Community Strategy (via South Hams Strategic Partnership) 2003 -2006
- Local Plan 1989 – 2001 / Local Development Framework
- Adopted and draft Supplementary Planning Guidance

These policies and strategies are applied within the framework of the council's priorities the second and third of which being: '*create the conditions for the growth and maintenance of quality economic activity'* and *'maintain the district's distinctive environment whilst enabling access and sensitive development',* respectively.

Potential Barriers to the Prosperity Strategy 2002 - 2007 Vision

35. The Prosperity Strategy Vision is:

By 2011, the South Hams economy will be have become increasingly competitive, with less reliance on traditional industries and a greater emphasis on a knowledge-based economy with low environmental impact. There will be more opportunity for young people to secure quality jobs.

The potential barriers to the achievement of this vision are:

Geographical:	physical peripherality - *long transport times, poor road / rail network, poor international connections*
	cultural peripherality - *uptake and awareness of ICT solutions is* slower *in rural districts*
Social:	population dynamics - *aging population and out-migration of young* education & skills - *level and suitability*
Financial:	Objective 2 funding *ceases* *high cost of living / lower disposable incomes*
Political:	electorate resistance *to change from 'traditional economy' to higher output economy.*
Strategic:	opposing strategies – *e.g. economic versus environmental, development control; Local versus, regional or national*
Physical:	inability to meet demand *for workspace and employment land*
Environmental:	designated land *preventing development (e.g. over a third of the total district area is designated as an Area of Outstanding Natural Beauty (AONB), a further fifth falls within Dartmoor National Park and approximately 80% of the 60 mile coastline is designated Heritage Coast).*

South Hams Local Plan

36. The South Hams Local Plan was adopted in April 2006 and provides a policy framework for the District; the plan is divided into six parts. Part 1 'General Policies' sets out district wide policies covering issues such as environmental principles, residential development and economic activities; Parts 2-6 cover area-specific issues for Dartmouth, Ivybridge, Kingsbridge, Modbury and Totnes. The local plan was adopted in 1996 covering the period 1989 to 2001. The majority of these policies are still relevant today and this plan is 'saved' for at least three years from the commencement of the Planning and Compulsory Purchase Act 2004 until September 2007 or until such time that it is replaced with a Local Development Framework document.

37. In the South Hams employment land is a scarce resource and in demand from a range of competing uses - particularly residential. Whilst the Council allocated land for the development of new employment sites to accord with the Structure Plan, the policy approach in the local plan also encouraged the protection of the existing stock

of employment land and premises. This policy has been in operation for many years and has been successful at safeguarding employment land and resisting planning applications seeking a change to another use.

38. The local plan contains a number of area specific policy designations which aim to retain existing employment land in that use wherever possible and sustainable. Redevelopment or conversion of premises which would lead to the loss of an employment site to another use is unlikely to be accepted since it would lead to the loss of employment opportunities. The relatively low value of employment land when compared with residential land values accentuates the need to protect such land from development for other uses. The Council is saving those policies that protect employment areas beyond the initial 3 year saved period and until the new LDF document is brought forward and replaces the existing policy.

39. As part of this study, these protected employment areas have been reviewed to consider whether they have the capacity for expansion, intensification or regeneration, especially at the town sites where increased employment opportunities would be most sustainable.

Summary of proposed LDF employment policy objectives

40. There are very few allocated employment areas in the adopted local plan that remain undeveloped. Therefore the Council is prioritising the preparation of area LDF documents for the main towns which will bring forward new proposals for employment development, some of which will be in the form of mixed use schemes including housing and employment uses. These proposals will help to provide new opportunities for business growth at sustainable locations close to the main centres of population. This will help to address the LDF strategic objectives including the regeneration of the district's towns.

41. The Council will also work to retain existing employment land and encourage the development of a prosperous working countryside. Policies for the Core Strategy and Core Policies LDF documents will seek to sustain, enhance and, where appropriate, help to revitalise the towns and villages. There will be policies to protect existing employment areas and encourage rural diversification. Diversification is becoming increasingly important to the survival of many enterprises involved in the agricultural / rural economy. In order to maintain the delicate balance between diversification and the character of rural districts, policies will need to protect the district's environment. In general priority will be given to the re-use of buildings rather than the development of new ones.

STAGE 1 – THE CURRENT SITUATION IN THE SOUTH HAMS

A Review of the Current Portfolio of Employment Land

42. Provision of workspace in the district is split between private sector (95%) and public sector (5%), with South Hams Council owning around 18% of industrial space. The private sector responds to demand in the anticipation of a timely return on investment while the public sector works to provide for demand that is not met by private sector investment. Public sector provision of workspace in the South Hams has been geared to providing easy in / easy out workspace for SMEs, micro businesses and start-up businesses across the district and has excluded storage use.

Existing Division of Workspace by Sector

43. Industrial units account for almost a fifth (19%) of workspaces - large (7%), medium (5%) and small industrial units (7%). Large (5%) and small offices (7%) combined similarly account for 12% of workspace – according to the council's Business Survey 2004. The importance of SMEs and sole traders to the district economy is indicated by the size of the 'office / workshop at home' category (14%). The single biggest workspace type is 'retail shop / restaurant' category (22%) and is predominantly high-street located.

Condition and suitability of workspace in the South Hams

44. The South Hams Business Survey 2004 revealed that a third (33%) of workspace premises are over 101 years old, with just under a third (30%) being between '5 and 25 years old'. Relatively few (5%) are very new. Despite the relative age of the stock, two-thirds of respondents (66%) said the workspace was 'very good' or 'generally good', with a further quarter (24%) saying it was 'satisfactory'.

45. 39% of respondents do not think there is enough suitable workspace in the South Hams. 'Manufacturing' businesses are much more likely to say this than 'tourism & leisure' businesses or 'land based industries'. The three most significant factors for businesses in the improvement of workspace provision (accounting for 84% of all responses) are:

- 'access to transport routes' (34%)
- 'cost' / 'value for money' (29%)
- 'more specialist premises' (21%).

Just under a fifth of businesses (19%) said they were considering moving premises in 2004. Over half of these stated the reason for moving as: 'require 'more space / expansion'.

Scoring of Local Employment Estates

46. A simple scoring mechanism was devised to compare the attractiveness of South Hams employment estates to investment - taking into account accessibility (to the major transport route and employees), quality and connectivity. For details of the scoring bands see Appendix 1.

Despite the simple approach to this exercise in scoring the attractiveness to investment, it does help explain the trends revealed by business premises enquiry mapping and the 2004 Demand Assessment. None of the estates score the minimum of 2. The highest scoring estates - scoring 9 or 10 - are along the A38 and in Totnes where demand is highest and the lower scoring estates are where demand is lower. However latent demand for premises in the lower scoring estates ensures their viability. This is partially explained by the nature of many local businesses – being small, developed where the (original) proprietor was already located and often trading in a very local market. It is evident that there is demand for premises across the district. This two tier demand may be explained by the inward investors and expanding businesses seeking premises near the A38 and Totnes while start ups and small businesses create background demand across the district; however the information provided through the Demand Assessment 2004 is not detailed enough to clarify this and the enquiries received by SHDC (mostly from the local area) would distort any analysis.

Table 4: Scoring of Employment Estates

South Hams Employment Estate	Score (*X* : 10)
TOTNES	
Baltic Wharf	**6**
Steamer Quay	**9**
Babbage Road Industrial Estate	**7**
DARTINGTON	
Webbers Yard	**7**
STAVERTON	
Kingston Estate	**6**
SOUTH BRENT	
Brent Mills Industrial Estate	**9**
Station Yard	**6**
DARTMOUTH	
Collingwood Road Industrial Estate	**6**
Nelson Road Industrial Estate	**6**
Townstal Industrial Estate	**6**
Admirals Court	**8**
GALMPTON	
Dartside Quay	**7**
HALWELL	
Crocadon Business Estate	**6**
KINGSBRIDGE	
Old Station Industrial Estate	**6**
Torr Quarry Industrial Estate	**6**
Union Road Industrial Estate	**6**
Garden Mill Industrial Estate	**6**
CHURSTOW	
First Farm	**8**
LODDISWELL	
The Butts Industrial Estate	**6**
ERMINGTON	
Ermington Workshops	**6**
MODBURY	
New Mills	**7**
IVYBRIDGE	
Westover Industrial Estate	**9**
Langage Industrial Estate & Science Park	**10**
Bridge Park	**9**
Filham Industrial Estate	**9**
Lee Mill Industrial Estate	**9**

47. There are other elements to the attractiveness of estates that have not been included as factors in this exercise such as lease or purchase cost, which is market driven, or the benefits of clustering. Marine industries are an example of a locally important sector that has specific premises requirements - closeness to water – that overrides the potential drawbacks of waterfront locations, such as ease of access. Clustering of marine businesses is an additional benefit of this location dependence.

Review of the Remaining 1996 Adopted Local Plan Employment Allocations

48. There are designated employment land locations within the district that receive few enquires and have remained undeveloped despite outline or full planning permission having been granted.

Reasons for lack of development might include:

- Restrictive use class designation
- Location
- Size of site
- Required investment / cost
- Quality of the site
- External factors (inc. competition, Development Area status)
- Negotiable / non-negotiable factors (inc. tenure, contract conditions)

Additional factors for void premises include:

- Quality of building (inc. age, services)
- Suitability (inc. integral office space, adaptability, grow on space)

Table 5: Significant Locations of Undeveloped Employment Land Allocations

Site	Area (ha)	Date of Outline Planning Permission	% of Site not developed	Possible Reason for lack of development	Potential for Change of Use
Palm Cross	0.2	-	100%	Location	Yes
Moreleigh	0.2	-	100%	Location	Yes
Broadley Park Extension	3.84	-	100%	Local Competition / Poor public transport links	No
CSA site, Roborough	6.03	1989	60%	Conditions of Use	Yes
Torr Quarry Extension	4.5	-	100%	Location / high infrastructure development costs	No
Langage Science Park	3.12	1983	5%	Local Competition	No
Langage (South of Holland Rd)	0.85	1983		Local Competition	No
Langage Park	0.62	-		Local Competition	No

The 25.5ha Langage extension is not included in the above table as there is outline planning permission for an Energy Park including power station and employment uses.

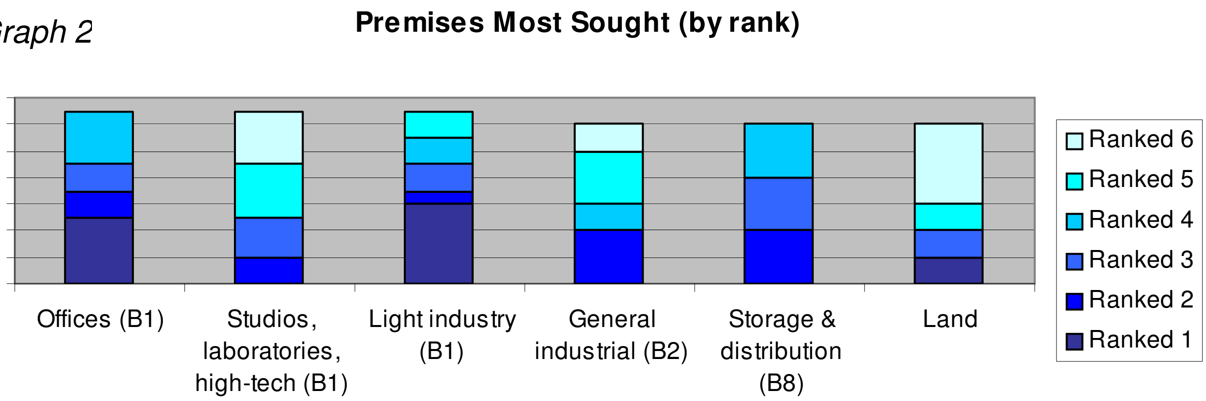
South Hams Workspace Demand

49. In January 2005 the council undertook an exercise to ascertain demand for workspace in the South Hams. The workspace Demand Assessment 2004 sought the opinion of professionals who regularly receive enquiries for employment land in the district; these included local agents, local authorities and the Regional Development Agency. In most cases the information revealed confirmed the opinion and understanding of the district council. Due to the nature of the study the overall demand for the district was ranked by collating the ranking provided by the professionals consulted, rather than quantified by percentages. **In all instances it should be noted that short-supply dampens demand.**

50. **Source of enquiries:** unsurprisingly the majority of enquiries come from within the district and the county of Devon; the amount of enquiries from beyond the county is, however, significant.

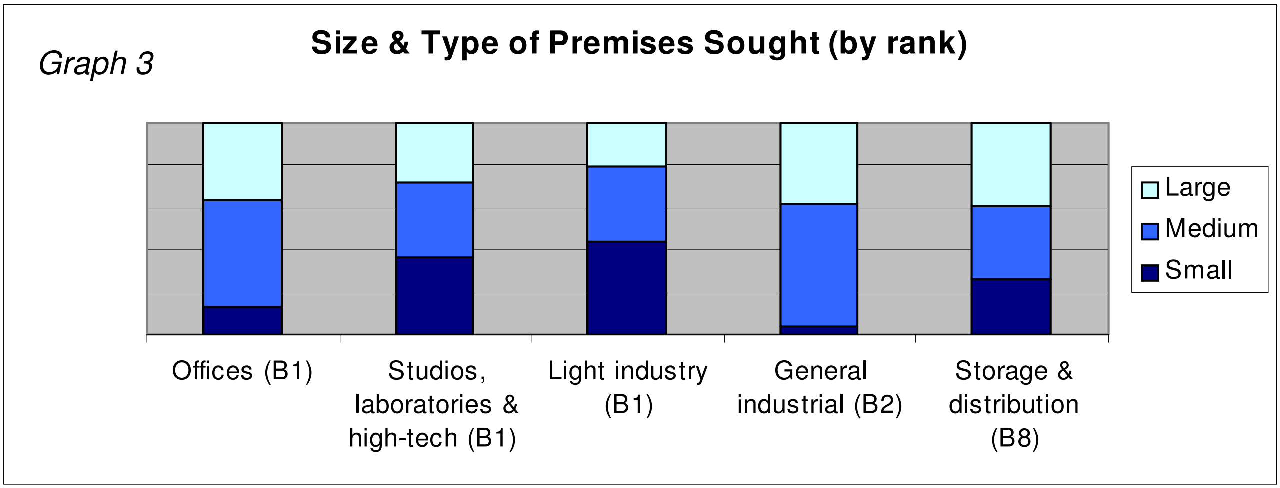
51. **Type of premises most sought:** as expected, ‘offices’, ‘light industrial’ sites and ‘land’ generate the most interest (i.e. have been ranked ‘1’) - with ‘light industry’ being the most frequent (i.e. having ‘ Rank 1 comprising the largest part of its column). ‘General industrial’ sites (B2), ‘studios, laboratories, high-tech’ (B1) generate a lower level of interest overall – see graph 2 below.

Graph 2



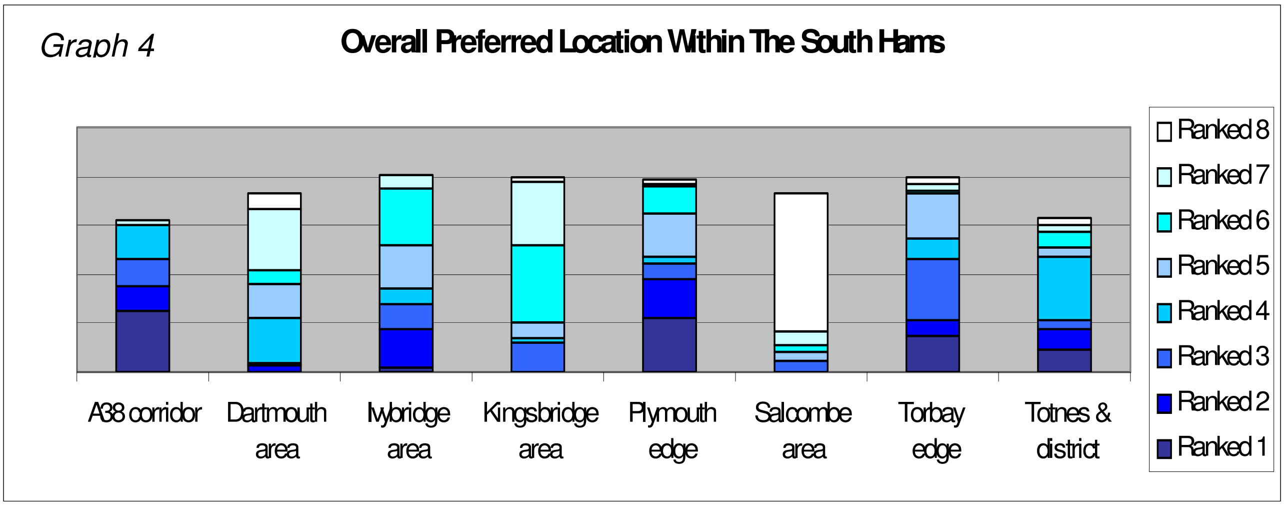
There is a latent demand for small office space across the district and is related more to travel to work times. The importance of SMEs and sole traders to the district economy and their potential demand for offices and small workshops through growth can be inferred from by the proportion of the existing ‘office / workshop at home’ premises (14%) of the district total. Other demand is spread more widely across the district – though often low level and from very small, less transport dependent enterprises.

52. **Size of premises most sought:** The full range of size of premises is sought in each category – table below. Medium to large sized premises appear to be preferred for ‘offices’ and ‘general industry’. The other premises types have a more even spread of interest. ‘Light industry’ appears to prefer small to medium sized premises.



	Offices (B1), Studios, laboratories, & high-tech (B1)	Light industry (B1), General industrial (B2), Storage & distribution (B8)
Small	*less than 500 sq ft*	*less than1500 sq ft*
Medium	*between 500 / 1000*	*between 1500 / 4000*
Large	*more than 1000 sq ft*	*more than 4000 sq ft*

53. **Preferred location:** The A38, Plymouth edge, Torbay edge and Totnes district, generate the most interest (largest section ranked '1'). The significance of the Torbay edge is probably influenced by DCC and Torbay & Exeter based responders. The Salcombe area attracts the least interest (largest white section) while Ivybridge attracts less interest than expected (Lee Mill probably being associated with the A38).



54. **Preferred Location by Premises Type:**

Offices + Studios: A38 Corridor, Plymouth edge, Torbay edge[1], Totnes district

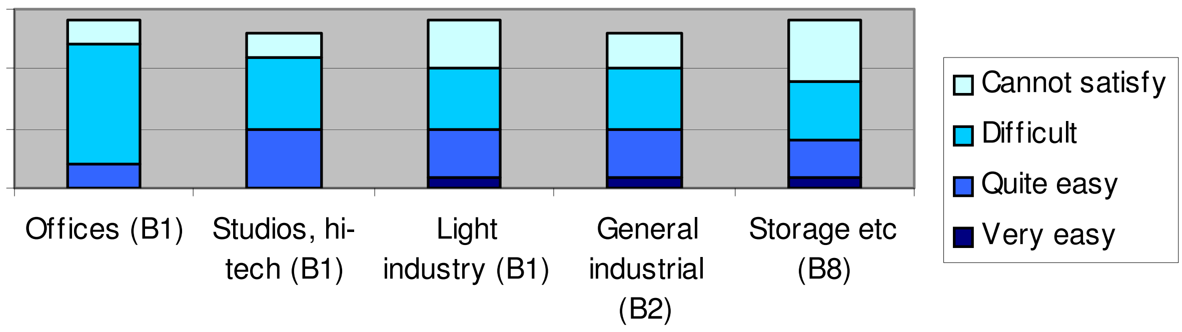
Light +General Industry: A38 Corridor, Ivybridge Area[2], Plymouth edge, Torbay edge[1]

Storage Premise: A38 Corridor, Plymouth edge, Torbay edge[1]

When considering data on reasons for relocating, from the Business Survey 2004 (Appendix 2), it appears that though strategic accessibility is important enough when considering location within the district, it is less important when considering business location within the county or region. This might be explained by the reason for location in the South Hams. Nearly three-quarters of respondents said that the key reason for locating in the South Hams was that they were 'already here', with the second most common reason being 'quality of life'. Only 10% of respondents indicated it was because of access to customers.

Ability to satisfy the demand for premises or land in South Hams:

Graph 5 **Ability To Satisfy Workspace Demand**



55. Rental values and dynamism of the commercial premises market will have an effect on demand. Professionals might be expected to avoid indicating that they cannot satisfy demand. It may therefore be significant that this situation is indicated in all categories. The ease of satisfying the demand for light industry, general industry and storage can be related to the professional view that their optimum location is in the vicinity off the A38 corridor and Plymouth edge – where land and premises are more readily available. Demand for office space appears to be the most difficult to satisfy.

Specific Comments From the Workspace Demand Assessment 2004:

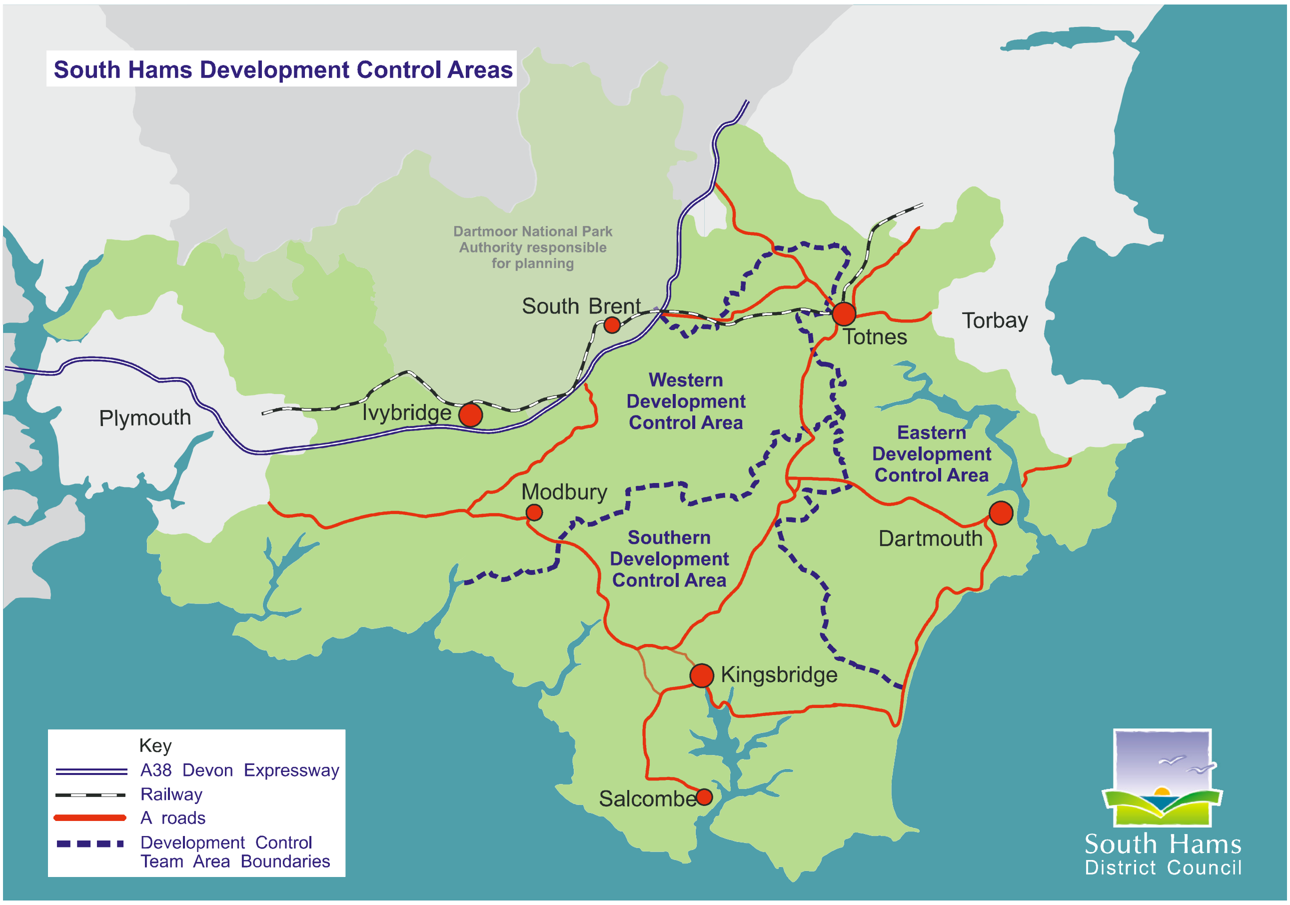
- Limited / no service office provision in Totnes.
- A lot of demand for retail. (However, the ODPM guidance is clear that Employment Land Reviews should not cover retail, which is dealt with in a separate report).
- Serviced small units can work for start-ups but also create a false market in terms of occupiers' expectations once they expand into larger premises.
- We have found a significant move in demand from small workshop use to office and / or high tech office.
- Strong demand for B1, B2 and B8 uses along A38 corridor - this is unlikely to decrease in the foreseeable future. Also, a market for small office / studio units perhaps supported by on-site facilities.

[1] Responders may have been influenced by enquiries on the Torbay / Teignbridge boundary and significant sites on the Torbay side of the boundary (Long Road and Yalberton). Access to the South Hams / Torbay boundary is generally poor (with the exception of the Marldon area).
[2] Ivybridge area includes the mid / western stretch of the A38.

Analysis of Commercial Planning Applications Received By South Hams District Council In 2005

56. Planning applications to South Hams District Council (excluding the National Park area) for development and change of use to, or from, business classes in 2005 shows that the majority of applications (46%) occurred within the eastern Development Control Area (DCA); this area includes Totnes, Dartmouth and the Torbay boundary. A further 33% occurred in the western DCA that includes Ivybridge, the A38 and Plymouth fringe with their major industrial estates. The remaining 21% of applications relate to the southern DCA that encompasses Kingsbridge, Salcombe and the more remote rural areas, furthest from the A38 Devon Expressway.

Development Control Areas are shown on the following map.



The total number of such applications for the district in 2005 was 73 of which:

Change of use from business class		10%
new, extension, change of use	Industrial / Commercial / Storage	45%
	Offices	19%
	Mixed use	8%

The distribution of these application types across the district is shown in table 6 below. For the full analysis see Appendix 3.

Table 6.

<table>
<tr><th colspan="2">Business Related Planning Applications 2005</th><th>Eastern DCA</th><th>Western DCA</th><th>Southern DCA</th></tr>
<tr><td colspan="2">Total Percent</td><td>46%</td><td>33%</td><td>21%</td></tr>
<tr><td colspan="2">Change of use from business class</td><td>5</td><td>2</td><td>0</td></tr>
<tr><td rowspan="3">new, extension, change of use</td><td>Industrial / Commercial / Storage</td><td>12</td><td>9</td><td>12</td></tr>
<tr><td>Offices</td><td>10</td><td>3</td><td>1</td></tr>
<tr><td>Mixed use</td><td>1</td><td>4</td><td>1</td></tr>
<tr><td colspan="5">Source: SHDC, Development Control</td></tr>
</table>

57. This suggests that demand for industrial / commercial / storage premises is similar across the district. This pattern is repeated when broken down into either ‘new build / extension’ or conversion from agricultural premise. Demand for office space is greatest in the Eastern DCA and accounts for the majority of the difference in application numbers between it and the other DCAs. Information on size of development was not indicated in the data set.

58. The current / proposed employment land provision does generally reflect the evidence of demand with the majority of provision being at Langage – bordering the Principal Urban Area of Plymouth, within the ‘Travel To Work Area’ of Ivybridge and close to the A38.

59. The proposed new community at Sherford will have significant employment land provision and is close to the PUA and A38. The allocation at Wrangaton is close to the A38 and both Dartmouth and Totnes have some available land to meet demand. There has been limited development interest at Torr Quarry near Kingsbridge and the 4.5 hectares proposed in the deposit local plan review in 2002 appears to be in excess of present demand. However, evidence from Totnes and Dartmouth suggests that available premises create demand.

Analysis of Enquiries for Workspace Received By South Hams District Council In 2005

60. Of the 92 workspace enquiries received in 2005 (one every three work days), 43 were not specific about their requirements. Of the remainder demand was for:

Premises Type: Workshop (18%), Office (20%), Industrial (32%), Specialist (10%), Studio (2%), Retail / Wholesale (18%)

Size: One third of enquirers sought premises of up to 500 sq ft, one quarter sought 500 to 1000 sq ft, another third sought 1000 to 2000 sq ft; the remainder sought over 3000 sq ft.

Location (based on all responses**):** South Hams (74%), Totnes (12%), Dartmouth (6%), A38 (3%), named town or A38 (3%). These results, though consistent with recent trends, probably includes an element of demand stimulated by development of recent council employment units in Totnes and Dartmouth.

STAGE 2 - ASSESSMENT OF FUTURE NEEDS

Building on the Conclusions From Stage 1

61. The South Hams has a well balanced economy that has performed well over the last decade but there is an over-reliance on self employment and micro businesses. The traditional economic sectors of agriculture, fishing and tourism have suffered greatly from external influences. Advances in ICT, particularly broadband technology and its use, have allowed other sectors to expand and are allowing small and lifestyle businesses to increase their contribution. It is evident that the local economy is changing in response to wider pressures, and needs to change further to provide reliable, well paid, year round employment that will drive an increase in prosperity.

62. There is evidence that the provision of broadband across Britain is encouraging previously city or South East dependent businesses to consider relocation to more remote regions – the Met Office move to Exeter and Crown Graphics move to Totnes being two local examples. This willingness to relocate and the potential for home grown businesses to compete more successfully, both nationally and internationally through e-commerce, and the anticipated trend towards smaller scale specialist manufacturing in emerging sectors (creative industries, biotechnology, environmental technology) create an opportunity for the South Hams to take advantage of.

63. The South Hams has successful and emerging sectors such as food and drink, marine and creative industries. There is potential to assist the development of these sectors through provision of development land and suitable workspace. The reinstatement of the Redundant Building Grant in the Objective 2 area of Devon is expected to provide speculative development sites suitable for these industries in the period to September 2007, in the South Hams.

64. Other opportunities exist through the development of commercial land and premises in response to the influence of Plymouth – a Principal Urban Areas (PUA) identified in the Structure Plan and emerging Regional Spatial Strategy (RSS). A significant factor in this is the importance of the knowledge economy to PUAs; Plymouth ranks 44th nationally out of 408 authorities on numbers employed in the knowledge economy (25,000 employees). The RSS anticipates Plymouth's growth in creative, ICT, and medical related industries. These sectors, most notably ICT, like to cluster and this is important to consider when planning South Hams employment land, particularly in areas close to the city and along the A38.[3]

65. The knowledge economy is strong across the region and the South Hams is recognised as a district that has experienced strong growth in these industries. This growth is reflected in the growing need for office space, studios and mixed use premises and evidenced locally by the doubling of the ICT / technology sectors contribution to business activity in the South Hams, to 4%, between 2001 and 2004. Related to this is the high level of skills locally; the district ranks 64th for NVQ4+ and this is increasing ahead of the national average.

66. The RSS targets redevelopment and investment on central urban areas; a key benefit of this will be the local retention of higher skilled workers. The significance

of this to the South Hams in general and Sherford in particular, is the preference of the higher skilled to live in rural areas adjacent to the large urban areas that provide the services they require. The Regional Economic Strategy addresses the spatial economy issues of market towns and rural areas. Broadly, market town growth should be line with its role, function, needs and potential. In the South Hams accommodating employment development in the new community at Sherford will be a critical consideration for the development of a sustainable community.

67. The evidence for demand for workspace and employment land from Stage 1 of this document can be related to regional economic trends and emerging sectors (creative, biotech, environ tech). Demand for B1office space, studios and hi tech is hard to satisfy with most demand being for offices of over 500 sq ft and concentrated along the A38 Corridor, Plymouth edge and Totnes district. Analysis of planning applications in 2005 suggests that most office demand focuses on Totnes district while mixed use demand is greater in the western part of the district. Industrial and workshop enquiries account for 50% of all enquiries and, with the inclusion of 'storage', 45% of planning applications. Demand extrapolated from planning applications shows an even distribution across the district while agents and other professionals experience demand focussed on A38 Corridor, Ivybridge Area, and Plymouth edge. As previously discussed this two tier demand may relate to local new and existing business development alongside business expansion and inward investment.

68. In Stage 1 of this report a scoring mechanism was used for the attractiveness of existing employment estates based on four business requirements (access, premises, employees, and high speed Internet). Though a simple exercise, the pattern of higher scoring estates reflected existing demand along the A38, Plymouth fringe and Totnes, while the lack of low scoring estates indicates that existing stock across the district remains attractive to local businesses (90% believe it satisfactory or better) and particularly to industrial / commercial businesses. The difficulty experienced in satisfying demand and the fact that 39% of local businesses believe there to be insufficient local workspace, further illustrates the existing competition for employment sites and premises in the district.

The South Hams Community View on Economic Development

69. In developing a strategic approach to the provision of employment land and premises, there is a need to consider both the existing evidence and trends in the local and wider economy, alongside the expectations of the local community.

70. Consultees in the council's 2005 Community Regeneration survey were asked which four business sectors the Council should focus on to have the most positive effect on businesses, wages and prosperity. The two business sectors most frequently cited were 'Tourism and Leisure' and 'Land Based and Fishing'. This strongly reflects the public understanding that these sectors continue their traditional role in underpinning the South Hams economy. However, over a third quoted 'Marine Trades', a further third quoted 'Information Communication Technology', while 'manufacturing' and' transport, distribution and storage' were both considered to be in the four sectors having the most positive effect by a quarter of responders. Both 'Tourism and Leisure' and 'Land Based and Fishing' are sectors that are difficult for a local authority to have a direct affect upon.

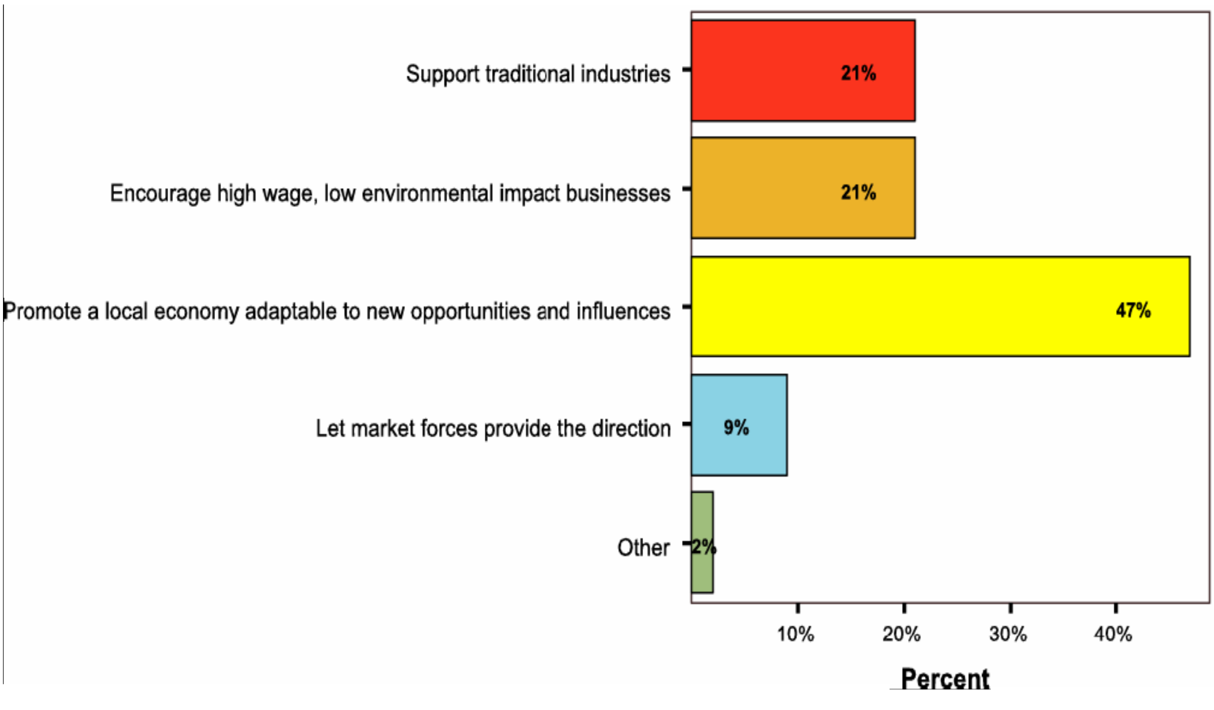
[3] Part of the Plymouth PUA includes the built up western extremities of the South Hams that immediately border the city and the proposed new community at Sherford.

However ICT, marine trades, manufacturing and transport, distribution and storage are all dependant on the availability of appropriate employment land and premises provision.

71. When respondents were asked which factors encourage business growth in the area, nearly two thirds quoted ‘the condition of employment sites and premises’ (61%) – the implication being that well presented estates are attractive to investment. In a related question nearly half (45%) felt that estates and premises in poor condition discourage investment and over half (54%) believe that lack of suitable employment sites and premises (54%) discourage business growth in the area.

72. Despite the strength of public opinion on the importance of ‘Tourism and Leisure’ and ‘Land Based and Fishing’ sectors to the local economy, when asked where the council should concentrate it’s support to encourage a healthy local economy, ‘supporting traditional industries represented only 21% of the response, compared to 47% for the council to ‘promote a local economy adaptable to new opportunities and influences’.

Graph 6: What should South Hams do to support and encourage a healthy local economy?



Rural Diversification

73. Government guidance advises that account should be taken of the need to maintain an efficient and flexible agricultural industry. It also supports rural and agricultural diversification where it is environmentally acceptable. The Council recognises that the diversification of economic activity on farms is an important element of the district’s rural economy. Diversification is becoming increasingly important to the survival of many enterprises involved in the agricultural / rural economy. It can often be the case that such diversification should not be limited to activities which relate to traditional land uses, but may include a range of uses and activities. For example, diversification of activities beyond those ancillary to agriculture, such as

leisure and tourism, may be appropriate and may help to sustain local agricultural incomes and maintain or boost local employment opportunities.

74. In order to achieve the delicate balance between diversification and the need to protect the district's environment, policies contained in the emerging LDF will state that, where possible, priority will be given to the re-use of buildings rather than the development of new ones. Development will need to be appropriate to its location and acceptable in terms of scale and character to the surrounding countryside.

Recommendations on the Future Allocation of Employment Land

75. The nature of local employment, the changing economy and growing and emerging sectors as well as the geographical spread of demand for workspace types, create specific requirements in the provision of employment land:

- The emphasis of the Council's Prosperity strategy is not on combating unemployment but rather to provide rewarding year round employment as a means to prosperity. The high incidence of self employment in the district is a natural local response to this and is likely to continue. To this end the development of employment land policy should allow for development sites across the district to cater for indigenous growth.

- The increases in share of district outputs in manufacturing, distribution, transport and communication, business activities and real estate seem likely to continue, creating demand for premises in these sectors.

- The trend of high demand for medium to large sized office space in Totnes and the eastern part of the district is expected to continue and the shortage in supply needs to be addressed.

- The demand for industrial and mixed use development and storage in the west of the district and along the A38 is likely to increase in line with the anticipated growth and clustering of emerging sectors associated with the Plymouth PUA.

- Anticipating the demand for knowledge based industries (in line with RES / RSS and local developing trends) the development of employment land policy should allow for the development of a range of premises types, sizes and specifications to cater for the variety of activity this sector encompasses. This might include small scale allocation across the district, as well as planning for business clusters.

- In the short term the Redundant Buildings Grant encourages diversification in rural parts of the district through re-use of largely former agricultural buildings. This may further reduce the demand for allocated rural employment land.

- Emphasis on provision of workspace for start-up businesses by both public and private sectors in recent years has not been matched by development of suitably sized 'grow on' premises. This should be addressed.