



Employment Land Review

Derby City Council and South Derbyshire District Council

Executive Summary

October 2023

EXECUTIVE SUMMARY

Introduction

- i) This report provides an Employment Land Review (ELR) for the City of Derby (Derby) and the District of South Derbyshire. It was commissioned to update the 2008 ELR for the Derby Housing Market Area (HMA), completed by BE Group, but now excluding the other HMA local authority, Amber Valley, which is committed to a separate timescale for Local Plan review, to that of Derby City Council and South Derbyshire District Council.

- ii) The Aim of the Study, as set out in the Study Brief, is to:

“Forecast local employment land needs to 2039, 2040 and 2041; to assess the suitability of the current stock of employment land and premises and to consider options as to how any shortfall in employment land provision, in both quantitative and qualitative terms, may be met. It will be prepared in accordance with the National Planning Policy Framework (NPPF) and National Planning Policy Guidance (NPPG) on economic needs assessment.”

Methodology

- iii) Several research methods have been used, including site visits and telephone/e-meeting interviews with property market stakeholders such as developers, investors and their agents. The Functional Economic Market Area (FEMA) of the Derby HMA has been identified and the property market in the local authority areas within that FEMA has been reviewed through desktop analysis of employment and planning strategies, and consultations with officers from those local authorities. Finally, the land supply in both local authorities has been assessed against forecast data to understand the future need for any additional employment land. The methodology follows Planning Practice Guidance on employment land reviews.

Findings – FEMA

- iv) **FEMA** – The FEMA for Derby and South Derbyshire includes Amber Valley, Derbyshire Dales and Erewash in Derbyshire; Broxtowe and Nottingham in Nottinghamshire; North West Leicestershire and East Staffordshire in Leicestershire

and Staffordshire respectively. Within this wider area, the following economic issues are noted:

- In regard to the strategic logistics market, Derby and South Derbyshire face strong competition from schemes in neighbouring Local Authority Areas, most notably around Castle Donnington, North West Leicestershire, at Broxtowe and along the A38 Corridor at Burton, East Staffordshire. Developers considering equivalent schemes in Derby and South Derbyshire will need to be aware of the competition that they will face. However, evidence suggests their remains unmet capacity in the East Midlands for B2/B8 accommodation. For example, the recently completed Nottinghamshire Core and Outer HMA Logistics Study identified a further need for 137 ha – 155 ha of B8 land in that sub-region, on top of the schemes already in the pipeline
- There will be cross-boundary development in the Nottingham Conurbation, between the City of Nottingham, Broxtowe and Gedling. The impacts of this will remain within the Nottingham Core HMA, however
- Nottingham's strong office market has, and is expected to continue to, draw service sector investment away from Derby. After a period of slowdown during the Covid-19 Pandemic, the City's office market is beginning to recover, albeit with differences in the scale and nature of individual requirements
- In terms of Amber Valley, while the Borough falls into the Derby HMA and the A38 Corridor, its supply of developed employment premises is located at Alfreton/Somercotes which has stronger linkages to the M1 Corridor, extending into Nottinghamshire.

Findings – Socio-Economic

- v) **Population** – At the time of the 2021 Census, Derby had a population of 261,400 while South Derbyshire's population was 107,200. Both locations grew over 2011-2021, but South Derbyshire recorded an exceptional gain of 13 percent over that decade. This above average growth rate is projected to continue with South Derbyshire's population increasing to 134,121 by 2041, a gain of 28 percent. Derby is projected to grow much more slowly, expanding by six percent to 272,635 by 2041. However, much of the growth recorded in South Derbyshire will have, and is likely to continue to, take place in the Derby Urban Area i.e., representing the suburban expansion of Derby outside of its local authority area. Also, while South Derbyshire has the faster growing population, as of 2021 at least, Derby had a noticeably younger population than South Derbyshire

or wider averages.

vi) **Existing Employment** – As of 2021, Derby had a total of 143,170 individuals in employment while South Derbyshire had 33,580 in employment. Across the Derby HMA there were 225,600 in employment in 2021, including Amber Valley. Since 2015, Derby has consistently increased its employment levels, a 14 percent increase overall, with only a minor reduction in growth in 2020. South Derbyshire saw a proportionate level of employment growth, equating to a 13 percent gain over 2015-2020. In Derby, as of 2022, there were 7,550 VAT and PAYE registered businesses operating while South Derbyshire had 4,270. These were mostly micro in size. In terms of change in key sectors, the following trends can be noted:

- Over 2015-2021, Derby lost 1,000 manufacturing jobs. However, the local Manufacturing sector has been broadly stable in Derby and South Derbyshire, in recent years, with no net change in employment in South Derbyshire and a modest gain in manufacturing businesses, 35 overall, in both local authority areas
- The Construction sector has lost jobs recently in South Derbyshire but gained companies in both Derby and South Derbyshire. By number of companies – 985 businesses, or 13.0 percent, in Derby and 585 or 13.7 percent in South Derbyshire – if not employment numbers, it is a strong sector locally, seemingly dominated by micro and small businesses
- The Transportation sector is seeing good growth, most dramatically in Derby, particularly by business numbers, reflecting wider regional and national trends and investment in a number of logistics schemes locally. Between 2015-2021 the Transportation sector saw extensive business growth in Derby, a gain of 260 businesses or 91 percent growth. There are now 805 transportation businesses across the two areas, 550 in Derby, 225 in South Derbyshire
- All office-based sectors have seen growth, by business numbers and with the partial exception of Financial services, by numbers of jobs. Crucially, the ICT sector has seen strong recent growth, particularly in Derby, although Professional and Business services continue to dominate by numbers of businesses of jobs. Overall, Derby had 2,590 office-based businesses in 2022, equating to over a third of local firms. South Derbyshire had 1,275 office based business, or 29.9 percent of all firms. These sectors employed 31,750 in Derby, or 21.8 percent of its workforce. In South Derbyshire they employed 6,675 or

19.8 percent, close to the East Midlands average but below the national average.

- vii) **Forecast Employment Growth Derby** – Employment forecasts have been sourced from Oxford Economics, Cambridge Econometrics and Experian for this Study. In the case of Derby, the forecast jobs change, over 2022-2041 (i.e., the maximum forecast period considered here) range from a net loss of 4,900 jobs under Oxford Economics, to a gain of 7,700 jobs under Cambridge and a substantial gain of 20,600 jobs under Experian. Two of the three forecasts suggest that Derby will lose some manufacturing jobs to 2041, declines of -2,539 to -9,632 or a reduction of just over a third on the 2022 level of manufacturing employment. It is worth noting that even under the worst case scenario, manufacturing would still employ 17,546 locally by 2041. All three forecasts agree that future growth will focus on the office-based sectors. Overall, private office sectors would see a net gain of 14,300 jobs under Experian, 5,701 under Oxford Economics and 4,781 under Cambridge Econometrics.
- viii) **Forecast Employment Growth South Derbyshire** – All forecasts project a growth in employment ranging from 600 in Oxford to 3,000 for Experian. Projections on manufacturing employment change, to 2041, vary considerably, from a reduction of 2,394 jobs under the Oxford forecast to a gain of 1,100 manufacturing jobs under Experian. As in Derby, all forecasts, with the partial exception of Cambridge Econometrics, suggest proportionally big gains in office-based sectors, notably Financial and Business Services and Government Services. This equates to an overall gain of 1,137 private office jobs for Oxford, 1,700 for Experian and 4,058 for Cambridge. The three forecasts all suggest that ICT will also increase by up to 272 jobs, equating to an improvement of up to a third on 2022.

Findings – Property Market

- ix) **Industrial Property Market Derby** – There is high demand for industrial premises of almost all sizes, types and tenures but significant shortages of stock against needs. The strongest demand is for smaller industrial units of 0-300 sqm, from local and regional businesses. Again, demand exceeds supply which is pushing up rents. Sub 300 sqm units of good quality can achieve £10/sqft (£108/sqm). Units of 300-1,000 sqm can achieve £7.00-8.50/sqft (£75-91/sqm). There is also good demand for freehold options, particularly from owner occupiers.

- x) **Industrial Property Market South Derbyshire** – Against demand, South Derbyshire has a shortage of B2/B8 premises of all sizes, particularly a shortage of grow on industrial units of 500-1,000 sqm. Again, there is both freehold and leasehold demand. Rents in South Derbyshire are slightly lower than in Derby, but good quality industrial stock can still achieve £7-7.50/sqft (£75-81/sqm). While there is demand for more industrial and warehouse development, particularly on strategic road corridors like the A50, development is inhibited by rising construction costs and a shortage of readily available employment land.
- xi) The A50 Corridor is a focus for logistics interest, especially third-party logistics. Grow on (up to 1,400 sqm), Mid Box (2,800-9,300 sqm) and larger Big Box units are all in demand, with supply shortages of all types and sizes, especially freehold options.
- xii) **Office Property Market Derby** – In Derby, the focus of demand is in Pride Park, and particularly at the western end of Pride Park, close to the Rail Station. Rents in this part of Pride Park peak at £16.50/sqft (£179/sqm) for refurbished and regenerated stock. Developers would like to deliver new build office buildings in Derby City Centre, frequently within larger mixed-use schemes, to attract new businesses to the Centre and increase trade and footfall. However, viability is still a significant barrier to development and developers are seeking partnerships with the public sector to overcome this.
- xiii) **Office Property Market South Derbyshire** – South Derbyshire is primarily a local office market with modest demand most commonly from micro firms or sole traders, start-ups or those moving up from homeworking, focused towards Swadlincote. Such businesses generally require flexible, often serviced space, for hybrid working. Historically, where larger offices have been built (e.g., at Mercia Marina) they were successfully let and have attracted high quality businesses/jobs in sectors such as financial services, pharmaceuticals and ICT, although larger offices have not been built recently.
- xiv) There is a shortage of such accommodation in South Derbyshire meaning a lot of businesses have to look to Derby to meet their needs. There could be opportunities to develop offices at key A50 and A38 junctions, but viability constraints make this very unlikely without public sector support and such development could also be contrary to

sequential tests which look to direct office development into town and city centres.

- xv) **Business Engagement** – Most companies consulted, in Derby and South Derbyshire, are seeking to grow their operations over the next five years, reflecting growing or modernising production processes. The largest companies have the capacity to expand on their existing sites, either building on vacant land or through premises refurbishment. Smaller companies do have property needs, with supply shortages noted in Derby for good quality industrial units of up to 1,500 sqm, particularly units which could be affordably fitted out to meet nonstandard property requirements (e.g., above average power needs). In South Derbyshire, extending to include Burton-Upon-Trent as an area of search, requirements are for 2,000-10,000 sqm industrial units.

Existing Employment Areas

- xvi) 53 Existing Employment Areas in Derby and 89 in South Derbyshire have been appraised and graded good-poor, as defined in Table ES1. Collectively they provide some 850.61 ha of brownfield land in Derby and 522.76 ha in South Derbyshire.

Table ES1 – Grades Definitions

Grade	Definition	Action
Good	High quality, prestigious, flagship business areas due to their scale, location and setting. Capable of competing for investment in the regional market place. These are prime sites for marketing to a cross section of users including new inward investors. They can also meet the needs of image-conscious, aspirational companies already in the local authority area.	Protect strongly Support and expand
Above average	Good employment sites due to their scale, location and setting. Capable of competing for investment in the sub-regional market place. These are prime sites for marketing to a cross section of users, E(g), B2 and B8, including some new inward investors.	Protect strongly Support and expand
Average	Key employment sites with an influence over the whole local authority area, but primarily	Protect Support

	geared towards local businesses and E(g)(iii) light industrial, B2 and B8 uses.	
Below average	Lower quality locations often in residential areas suffering from poor accessibility and massing.	Assess whether to protect/review through the Local Plan
Poor	Very poor quality areas. Widespread vacancy and dereliction in poor environments.	Promote alternative uses if possible

Source: BE Group, 2022

- xvii) Table ES2 summarises the Existing Employment Areas by each of the above grades.

Table ES2 – Existing Employment Areas Appraisal by Category

Category	Derby No. of Sites	South Derbyshire No. of Sites
Good	11	18
Above Average	9	9
Average	25	50
Below Average	6	7
Poor	2	5
Total	53	89

Source: BE Group, 2023

- xviii) The Existing Employment Areas are mostly well developed, offering only a few possible opportunities for redevelopment and infill, particularly in South Derbyshire. There are only a couple of exceptions including Site 68: Derwent Power Station, in Derby which is largely vacant and scheduled to be cleared. In the case of South Derbyshire, two Areas appeared fully vacant and increasingly derelict at the time of writing – Site 88: Creamery, Hilton and Site 89: Park Road, Stanton. Both represent local regeneration opportunities.

Present Employment Land Supply

- xix) Derby – An assessment of supply, excluding land unlikely to be brought forward, proposed for alternative uses or held for specific occupiers suggests a realistic figure of 138.96 ha in 12 sites.
- xx) However, this supply is focused on three strategic scale sites which between them

comprise three quarters (103.61 ha) of the realistic land supply. All are large strategic sites, which are likely to attract national and multi-national operators. The amount of land which is specifically suited to meet the needs of local businesses is thus a more modest 35.35 ha, a factor that needs to be understood in any consideration of the oversupply of land Derby may have, against its projected needs and the loss of employment land and premises to alternative uses.

- xxi) South Derbyshire – An assessment of supply, excluding land unlikely to be brought forward, proposed for alternative uses or held for specific occupiers suggests a realistic figure of 46.09 ha in 14 sites.

Objectively Assessed Needs

- xxii) Five alternative forecast options have been produced and considered for the periods of 2022-2039, 2022-2040 and 2022-2041 for both Derby and South Derbyshire. The need calculated in each model allows for a 5-year buffer to allow for choice and potential change in needs during the Plan Periods as well as accounting for limited further possible losses in the supply.

Historic Land Take Up

- xxiii) The first method, Model 1, is a forward projection of historic land take up trends to produce projections to 2039-2041. The results can be summarised as:

Derby

2022-2039: 77.88 ha (need) – 138.36 ha (supply) = **60.48 ha (surplus)**

2022-2040: 81.42 ha (need) – 138.36 ha (supply) = **56.91 ha (surplus)**

2022-2041: 84.96 ha (need) – 138.36 ha (supply) = **53.40 ha (surplus)**

South Derbyshire

2022-2039: 35.86 ha (need) – 46.09 ha (supply) = **10.23 ha (surplus)**

2022-2040: 37.49 ha (need) – 46.09 ha (supply) = **8.60 ha (surplus)**

2022-2041: 39.12 ha (need) – 46.09 ha (supply) = **6.97 ha (surplus)**

- xxiv) Under this model both Derby and South Derbyshire have sufficient land to meet their needs to 2039-2041, albeit with only a modest surplus in the case of South Derbyshire, particularly to 2041.

Labour Demand

- xxv) The second method, Model 2A, looks at job growth, as identified in Oxford Economics, Cambridge Econometrics and Experian. As can be seen in Tables ES3 and ES4, the resulting job-based forecast models also suggest that Derby and South Derbyshire have sufficient land to meet their needs, over the three forecast periods.
- xxvi) The Oxford, Cambridge and Experian Forecasts represent realistic projections for how jobs might change in Derby and South Derbyshire to 2039-2041, reflecting factors such as the economic impacts of the Covid-19 Pandemic, inflation, trade and other macro-economic factors as they were understood in late 2022. In terms of which forecast might be preferred, the Oxford Economics forecasts are most negative in terms of their growth projections, but best reflect past change, while Experian is most positive about growth, but has the strongest deviation from past trends. The Cambridge Econometrics forecasts seem to represent a reasonable balance between the two, showing positive, but not exceptional growth.

Table ES3 – Model 2A: Employment Based Forecasts (Policy Off) – Derby, Hectares

Forecast Model Used	Oxford Economics			Cambridge Econometrics			Experian		
Forecast Period	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041
Need from Sectors Projected to Grow Only (Gross Need), ha	9.2	9.6	9.8	14.8	15.3	15.9	39.1	43.1	46.0
Net Land Need, i.e., Gross Need Less Sectors Projected to Decline, ha	-77.3	-81.8	-86.4	6.1	6.5	6.8	38.8	42.8	45.7
1) Gross Need, ha 2) Net Need, ha Inclusive of a 5-year buffer (for positive figures only)	1) 11.9 2) -77.3	1) 12.4 2) -81.8	1) 12.7 2) -86.4	1) 19.2 2) 7.9	1) 23.8 2) 8.4	1) 20.6 2) 8.8	1) 50.6 2) 50.2	1) 55.8 2) 55.4	1) 59.5 2) 59.1
Realistic Employment Land Supply at April 2022, ha	138.36	138.36	138.36	138.36	138.36	138.36	138.36	138.36	138.36
1) Gross Need, ha 2) Net Need, ha Less Realistic Employment Land Supply = Surplus of	1) 126.46 (surplus) 2) 215.66 (surplus)	1) 125.96 (surplus) 2) 220.16 (surplus)	1) 125.66 (surplus) 2) 224.76 (surplus)	1) 119.16 (surplus) 2) 130.46 (surplus)	1) 114.56 (surplus) 2) 129.96 (surplus)	1) 117.76 (surplus) 2) 129.56 (surplus)	1) 87.76 (surplus) 2) 88.16 (surplus)	1) 82.56 (surplus) 2) 82.96 (surplus)	1) 78.86 (surplus) 2) 79.26 (surplus)

Forecast Model Used	Oxford Economics			Cambridge Econometrics			Experian		
	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041
employment land or further need									

Source: BE Group, 2022

Table ES4 – Model 2A: Employment Based Forecasts (Policy Off) –South Derbyshire, Hectares

Forecast Model Used	Oxford Economics			Cambridge Econometrics			Experian		
	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041
Need from Sectors Projected to Grow Only (Gross Need), ha	3.8	4.0	4.1	7.6	7.9	8.2	12.4	13.4	15.6
Net Land Need, i.e., Gross Need Less Sectors Projected to Decline, ha	-17.2	-18.2	-19.2	7.4	7.7	8.0	12.1	13.1	15.3
3) Gross Need, ha 4) Net Need, ha									
Inclusive of a 5 year buffer (for positive figures only)	1) 4.9 2) -17.2	1) 5.7 2) -182	1) 5.3 2) -19.2	1) 9.8 2) 9.6	1) 10.2 2) 10.0	1) 10.6 2) 10.4	1) 16.0 2) 15.7	1) 17.3 2) 17.0	1) 20.2 2) 19.8

Forecast Model Used	Oxford Economics			Cambridge Econometrics			Experian		
Forecast Period	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041
Realistic Employment Land Supply at April 2022, ha	46.09	46.09	46.09	46.09	46.09	46.09	46.09	46.09	46.09
3) Gross Need, ha									
4) Net Need, ha	1) 41.19	1) 40.39	1) 40.79	1) 36.29	1) 35.89	1) 35.49	1) 30.09	1) 28.79	25.89
Less Realistic Employment Land Supply = Surplus of employment land or further need	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)
	2) 63.29	2) 64.29	2) 65.29	2) 36.49	2) 36.09	2) 35.69	2) 30.39	2) 29.09	2) 26.29
	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)	(surplus)

Source: BE Group, 2022

- xxvii) Model 2A examined the 'policy off' position, i.e., the outcome which, given national trends in the economy, might be expected to occur locally anyway without any intervention from public policy and programmes. This Study has also completed a sensitivity test of the baseline employment forecasts plus the projected jobs generation from proposals for some 173 ha of land, to the south west of the A50/A38 Junction, south of Toyota and the A50, in South Derbyshire. Referred to as Egginton Common, the land forms part of the East Midlands Freeport (EMF).
- xxviii) The results of this model, Model 2B, are set out in Table ES5, and show that, when Egginton Common is allowed for, South Derbyshire does have additional land needs of a modest 0-3 ha with Oxford Economics but a more substantial 34-42 ha with Cambridge and Experian
- xxix) However, the market assessment and reviewing the historic trends in employment change and land take up (along with uncertainties in long term forecasting generally) (see Section 7.0 of the Main Report) suggest that these labour demand-based forecasts underestimate land needs significantly. They also fail to account for the range of policy on projects which exist in all local authority areas, and which will impact on local jobs levels.
- xxx) In the case of South Derbyshire, the Model 2B: Policy On forecasts are arguably more realistic as they make some allowance for local policy, but ultimately only for one strategic scheme, Egginton Common, likely to be only one of many large developments progressed in South Derbyshire to 2039-2041. **The preferred forecasting method is therefore a projection forward of past take-up rates that considers both strategic and local needs.**

Resident Workforce Forecast

- xxxi) Additionally, as part of the Local Plan development process, the Councils have identified two preferred scenarios for projecting population and jobs growth in the Derby and South Derbyshire, to 2039, 2040 and 2041. These can be converted into a forecast of land needs, using a methodology comparable to that for Model 2. The results are shown in Tables ES6-ES7, for each time period.

Table ES5 – Model 2B: Employment Based Forecasts (Policy On) –South Derbyshire, Hectares

Forecast Model Used	Oxford Economics			Cambridge Econometrics			Experian		
	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041
Need from Sectors Projected to Grow Only (Gross Need), ha	37.9	36.9	35.8	62.0	62.2	62.5	65.1	66.0	68.3
Net Land Need, i.e., Gross Need Less Sectors Projected to Decline, ha	37.9	36.9	35.8	62.0	62.2	62.5	64.9	65.7	68.0
1) Gross Need, ha 2) Net Need, ha	1) 49.0 2) 49.0	1) 47.8 2) 47.8	1) 46.3 2) 46.3	1) 80.2 2) 80.2	1) 80.5 2) 80.5	1) 80.9 2) 80.9	1) 84.2 2) 84.0	1) 85.4 2) 85.0	1) 88.4 2) 88.0
Inclusive of a 5-year buffer (for positive figures only)									
Realistic Employment Land Supply at April 2022, ha	46.09	46.09	46.09	46.09	46.09	46.09	46.09	46.09	46.09
1) Gross Need, ha 2) Net Need, ha	1) -2.91 (Further Need)	1) -1.71 (Further Need)	1) 1.79 (surplus)	1) -34.11 (Further Need)	1) -34.81 (Further Need)	1) -34.81 (Further Need)	1) -38.11 (Further Need)	1) -39.31 (Further Need)	1) -42.31 (Further Need)
Less Realistic Employment Land Supply = Surplus of	2) -2.91 (Further Need)	2) -1.71 (Further Need)	2) 1.79 (surplus)	2) -34.11 (Further Need)	2) -34.81 (Further Need)	2) -34.81 (Further Need)	2) -37.91 (Further Need)	2) -38.91 (Further Need)	2) -41.91 (Further Need)

Forecast Model Used	Oxford Economics			Cambridge Econometrics			Experian		
Forecast Period	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041	2022-2039	2022-2040	2022-2041
employment land or further need									

Source: BE Group, 2022

Table ES6 – Derby Resident Workforce Forecast

Growth Sectors	Based on Census Commuting		
	2022-2039	2022-2040	2022-2041
Total Floorspace, sqm	280,197	292,819	305,110
Divided by Development Floorspace per ha	3,900	3,900	3,900
Equivalent Employment Land Needed, ha	71.8	75.1	78.2

Sectors in Decline	Based on 1:1 Commuting		
	2022-2039	2022-2040	2022-2041
Total Floorspace, sqm	254,252	265,594	276,736
Divided by Development Floorspace per ha	3,900	3,900	3,900
Equivalent Employment Land Needed, ha	65.2	68.1	71.0

Source: BE Group, 2023

Table ES7– South Derbyshire Resident Workforce Forecast

Growth Sectors	Based on Census Commuting		
	2022-2039	2022-2040	2022-2041
Total Floorspace, sqm	44,917	46,376	47,779
Divided by Development Floorspace per ha	3,900	3,900	3,900
Equivalent Employment Land Needed, ha	11.5	11.9	12.3

Sectors in Decline	Based on 1:1 Commuting		
	2022-2039	2022-2040	2022-2041
Total Floorspace, sqm	63,240	65,301	67,276
Divided by Development Floorspace per ha	3,900	3,900	3,900
Equivalent Employment Land Needed, ha	16.2	16.7	17.3

Source: BE Group, 2023

- xxxii) It is important to note that these represent the employment land requirement specifically from these population/jobs growth scenarios and are not a forecast of OAN for the whole Derby and South Derbyshire economy.

- xxxiii) However, what Model 3 does illustrate is that, to accommodate projected population and jobs growth, and ensure the maximum number of those workers possible are able to live and work in the two local authority areas, Derby needs to allow for some 65-78 ha while South Derbyshire needs to provide 11-17 ha. The Model 2A Policy Off Forecasts would, with only the partial exception of Experian forecasts for South Derbyshire, not provide sufficient land to meet these minimum needs, much less allow any additional land for growth in the existing economy.
- xxxiv) By comparison, the Model 1 forecasts of growth – 77.88-84.96 ha (gross) for Derby and 35.86-39.12 ha (gross) for South Derbyshire – do provide sufficient land to accommodate all projected growth from the population/job projections while also allowing some further buffer – 7-13 ha in the case of Derby and 22-25 ha in the case of South Derbyshire. As noted, this buffer allows for other change in the local economy which generate land needs, but may be unrelated to local jobs growth, such as the desire of companies to modernise their facilities. It is further evidence that Model 1 allows for change across the whole economy of Derby and South Derbyshire, thus why it is the preferred forecast model.
- xxxv) It is noted that, in the case of South Derbyshire, the Model 2B: Policy On forecasts also allows sufficient land to support the Model 3 the population/job projections and other growth. Other weaknesses in this job based forecasts are noted above, however.

Protecting Supplies and Meeting the Needs

- xxxvi) Both Derby and South Derbyshire have sufficient land to meet their OAN under Model One. This was true, for Derby, in the 2008 ELR, however, that Study still recommended that the city retain its full supply to support a diverse urban economy.
- xxxvii) Derby and South Derbyshire should protect their existing employment land supplies, even with the identified oversupplies against needs. In both cases the respective supplies are, with the identified exceptions, fully deliverable and in the case of most of the larger sites, subject to active plans for development which are being progressed. The employment land supplies generally comprise good quality land in prominent locations on the strategic road network and/or with good links to key population centres which has been, and is expected to continue to be, popular with businesses. The existing supplies of both Derby and South Derbyshire provide a mix of options to meet both local needs and, particularly in Derby, provide strategic scale options which allow

the two authorities to compete for the sub-regional, regional and national scale inward investment requirements.

xxxviii) The supplies give flexibility and choice to businesses and do provide sufficient land support a mix of uses, including non E(g)/B-Class uses which may also generate employment and support the wider economy, without limiting the choices of the core industrial, warehouse and office companies. An excessive reduction in the supply of either Derby or South Derbyshire would limit all these benefits.

xxxix) Additionally, an oversupply of employment land, against identified needs, does not mean that the Local Plans should automatically not allow any other E(g), B2, B8 growth anywhere else in the two local authority areas. Justifications for allocating/allowing growth on other employment sites, above the identified OAN include:

- To meet strategic policy requirements or strategic needs which extend beyond the local – Allowing the development of the Freeport site at Egginton Common, which will meet larger than local needs is a strong example of this
- Providing employment opportunities within major housing developments
- Reflecting planning consents given for E(g)/B-Class uses on land not previously identified as being in employment uses
- Allowing major employers to meet their specific growth needs
- Allowing local growth, particularly the recycling of existing E(g)/B-Class land and premises, to meet the needs of local businesses whose requirements cannot be accommodated on the larger strategic sites. It is noted that under South Derbyshire's monitoring protocols, the recycling of a property does not count as growth unless the property has been vacant for a minimum of 12 months at the Local Plan base date
- Supporting office sector growth to accommodate the forecast jobs increases
- Allowing rural diversification
- Accounting for exceptional losses in the supply to 2041 (average annual losses are allowed for in the Model 1 calculations), although some provision for such major losses is provided for in the 5-year buffer included in OAN calculations.

xl) In South Derbyshire, some 15 Call for Sites options, totalling 591.82 ha, were identified as suitable for meeting needs, if required. In Derby City Centre, character areas which might best support office development in the future include:

- Cultural Heart Masterplan Area – Building on the critical mass of businesses already in place in the successful Riverside Chambers scheme
- Western Approaches, Northern Gateway and Cathedral Quarter –. Opportunities to build on the critical mass of companies here, and deliver further office space, should be encouraged even if the majority of opportunities are likely to come through conversion and refurbishment of upper floors or mixed-use developments. Opportunities here include the Friar Gate Goods Yard, which is now subject to a planning application for housing, including the conversion of the listed bonded warehouse, with the potential to include serviced office space
- Agard Street – Proposed new development by the University of Derby would add a significant quantum of new office space to the city centre stock. Opportunities to build upon this new critical mass of floorspace and businesses should be supported.

Recommendations

xli) This report has had full regard to the requirements of the NPPF and the PPGs to encourage and deliver growth through the planning system. The key recommendations are:

- **Recommendation 1 – Defining and Protecting the Current Realistic Land Supply** – For this study, the current realistically available land supply in Derby was 138.36 ha in 12 sites, as identified in Table 29, Section 7.0 of the Main Report. For South Derbyshire the supply was 46.09 ha in 14 sites, as identified in Table 31, Section 7.0. The remaining supply is, with the identified exceptions below, fully deliverable and in most cases subject to active plans for development which are being progressed. The employment land supplies generally comprise good quality land in prominent locations which provide a mix of options to meet both local and strategic needs. Thus, subject to the points raised in Table 63-64 below, it is recommended that Derby City Council and South Derbyshire District Council seek to protect their employment land supplies, and particularly the local supply, from loss to alternative, non-E(g)/B2/B8, uses.
- **Recommendation 2 – Defining the Objectively Assessed Need** – That the Councils should adopt the Model 1 land take-up scenario. This identifies needs of 77.88 -84.96 ha in Derby and 35.86 -39.12 ha in South Derbyshire. Measured against the realistic supply, both Local Authority Areas have

sufficient land to meet their needs, albeit with only a modest surplus in the case of South Derbyshire

- **Recommendation 3 – Potential New Strategic Allocations** – To allow strategic growth, reflect national policy and allow the re-use of major infrastructure sites, consider the following allocations to meet larger than local needs:
 - Site 130: Land south of the A50 (Strategic Rail Freight Interchange) (255 ha)
 - Former Drakelow Power Station (68 ha)
 - Site 090 (including 137): Infinity Garden Village, Land between Sinfyn and Chellaston (Including Land East of Deep Dale Lane, Derby) (293.56 ha (of which consent is being actively sought on 21 ha for E(g)/B-Class uses)).
- **Recommendation 4 – Meeting Business Needs A – Land Recycling, Small Site and Infill Developments** – That Local Plan Policy, in Derby and South Derbyshire, be supportive of small E(g)/B2/B8 developments, re-uses, etc., typically on smaller sites, which will provide properties of less than 1,000 sqm each, aimed at local markets. Small site schemes which link to areas of high housing growth, such as Swadlincote and the Derby Urban Fringe, should be particularly encouraged
- **Recommendation 5 – Meeting Business Needs B – Supporting Office Sector Growth in Derby City Centre – Office Strategy** – That Derby City Council, and partners, undertake an Office Strategy to set out what public sector partners will do to attract more office occupiers into the City Centre
- **Recommendation 6 – Meeting Business Needs C – Supporting Office Growth in South Derbyshire** – Subject to the requirements for the location of main town centre uses, as set out in the NPPF, that South Derbyshire District Council pursue a flexible approach to encourage office development in locations supported by market demand, particularly locations with existing critical masses of E(g)(i) businesses. Also, to encourage the co-location of E(g)(i) and B2/B8 facilities to maximise the scale and range of jobs provided on the district's employment sites
- **Recommendation 7 – Meeting Business Needs D – Allowing Businesses to Expand on their Own Sites** – that, subject to other planning considerations,

Derby City Council and South Derbyshire District Council policy continues to flexibly allow business growth and expansion on sites identified for their needs

- **Recommendation 8 – Meeting Business Needs E – Encouraging Rural Diversification** – A rural diversification policy is recommended in South Derbyshire Local Plan Policy which indicates support for E(g)/B2/B8 developments which are appropriate to their location
- **Recommendation 9 – Existing Employment Areas to be Retained** – That the outstanding Employment Areas continue to receive protection in the Local Plan, particularly those ranked ‘Good’ and ‘Above Average’, but also recognising that those ranked ‘Average’ continue to make an important contribution to the local economy.
- **Recommendation 10 – Skills Development** – That Derby City Council and South Derbyshire District Council continue to work through relevant public skills bodies, to support improvement in sub-regional skills provision, particularly in engineering and technical sectors.
- **Recommendation 11 - Monitoring Arrangements** – Monitor losses of office premises, to other uses, as a priority
- **Recommendation 12 – Future Reviews** – Review and monitor the employment land and premises position and undertake the study again in about five years
- **Recommendation 13 – Maintain Awareness of External Influences** – The Councils should continue to work with neighbouring authorities on issues in which interests will overlap.
