Mid Devon Employment Land Review

Mid Devon District Council

Final Report

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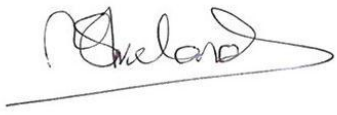


Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 INTRODUCTION

1.1 GL Hearn and SQW have been commissioned by Mid Devon District Council to prepare an Employment Land Review (ELR) for the District.

1.2 The ELR will support planning and economic development activities. It will form part of the Council's evidence base to support policies within the emerging Development Management DPD and, over the longer-term, a review of the Council's Core Strategy. It will also guide the delivery of the Council's Economic Development Strategy objectives.

1.3 The specific objectives of the Employment Land Review are to:

- Assess the scale and nature of demand for employment land and premises in the District, taking account of economic forecasts/aspirations, local business needs, property market dynamics and changes in the population/demographic structure to 2026;
- Review existing employment land provision, including assessment of the quality/ suitability of current sites (and under what circumstances some land might be released) as well as allocated/committed employment land;
- Advise on what new employment land provision would be appropriate and deliverable, including assessment of potential sites around major road junctions and opportunities to attract inward investment, such as the M5 Junction 27 proposals; and
- Advise on how policies can support the rural economy, including through small windfall developments in rural areas, and opportunities to develop/ diversify some rural employment sites as well as potentially softer measures.

1.4 The report presents the draft findings of the Employment Land Review to Mid Devon District Council for comment.

1.5 The report is structured as follows:

- Section 2: Policy Context – outlines relevant planning and economic development policies at a national, sub-regional and local level;
- Section 3: Mid Devon's Economy – considers the characteristics and performance of Mid Devon's local economy;
- Section 4: Property Market Dynamics – assesses property market dynamics within the District considering the office and industrial/ warehouse sectors;
- Section 5: Future Demand for Employment Land in Mid Devon – presents forecasts for future economic performance, and for future employment land requirements based on economic trends and past completions;
- Section 5: Employment Land Supply – considers the current supply of employment land in the District and schemes in the development pipeline. This includes review of key existing employment sites but focused on assessment of land allocated for employment in the Council's Allocations and Infrastructure Development Plan Document (AIDPD);
- Section 6: Conclusions and Recommendations – draws the analysis together to consider the balance between supply and demand for employment land, recommendations regarding the future portfolio of employment sites and policies to support the development of the rural economy.

2 POLICY CONTEXT

2.1 In this section we review existing policy at a national and sub-regional level and within Mid Devon.

National Policies

2.1 The Government published a new National Planning Policy Framework (the NPPF) in March 2011. This sets out that planning should proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving places that the country needs. It sets out that every effort should be made objectively to identify and then meet the housing, business and other development needs of the area, and respond positively to wider opportunities for growth. Planning should take account of market signals … and set out a clear strategy for allocating sufficient land which is suitable for development … taking account of the needs of the residential and business communities[1].

2.2 In paragraph 19, the document sets out that the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage (and not act as an impediment to) sustainable growth. Therefore significant weight should be attached to the need to support economic growth through the planning system.

2.3 The NPPF sets out that to help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century. It outlines (in paragraph 21) that in drawing up Local Plans, local planning authorities should:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Support existing business sectors, taking account of whether they are expanding or contracting, and where possible, identify and plan for new or emerging sectors likely to locate in [the] area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, create or high technology industries;
- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement;
- Facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

[1] CLG (2012) *National Planning Policy Framework. Core Planning Principles (Para 17)*

2.4 In paragraph 22, the NPPF explains that planning policies should avoid the long-term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. It promotes regular review of land allocations.

2.5 **The Plan for Growth** was published by HM Treasury and the Department for Business, Innovation and Skills (BIS) in March 2011. This sets out the Coalition Government's overarching goals for economic development in the context of the recent economic recession and substantial fiscal deficit – to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries.

2.6 The Plan for Growth sets out the Government's view that over the last decade the UK economy has become seriously unbalanced and heavily indebted, making a decline in underlying economic competitiveness. Growth was concentrated in a few sectors of the economy, and in a few regions of the country; with others becoming increasingly reliant on the public sector. Moving forward it sets out four key ambitions:

1. To create the most competitive tax system in the G20;
2. To make the UK one of the best places in Europe to start, finance and grow a business;
3. To encourage investment and exports as a route to a more balanced economy; and
4. To create a more educated workforce that is the most flexible in Europe.

2.7 These are supported by action on a number of fronts including in seeking to reduce regulation and through targeted investment. The Government intends to reduce the costs of doing business through a reduction in Corporation Tax, simplification of the tax system and the review/roll-back of regulations. It intends to make Britain more business friendly, encouraging investment and business start-ups through a range of measures including tax reliefs and planning reforms. It also wants to encourage investment and exports and is implementing a number of measures to achieve this, including allowances for new capital investment, setting up a number of Enterprise Zones and a Green Enterprise Bank, as well as a network of Technology & Innovation Centres and reform of inward investment activity. To improve skills it supports additional work experience and apprenticeship places and establishment of new University Technical Colleges. Additional measures are outlined to support the housing market (and thus the construction sector).

2.8 The Plan also identifies a number of key sectors which the Government wishes to support, which so far include: healthcare and life sciences; advanced manufacturing; construction; digital and creative industries; retail; professional and business services; the space industry; and tourism. The ambition is clearly for private sector-led growth and across a greater spread of sectors relative to the last decade.

Sub-Regional Policy

2.9 Mid Devon falls within the geography of the **Heart of the South-West Local Enterprise Partnership** (LEP). The LEP's Business Plan focuses on working collaboratively with partners to deliver its vision of creating more sustainable jobs by supporting and promoting opportunities and capitalising on the unique opportunities of the area. Its key objectives are to drive productivity and enterprise; attract business and investment; maximise employment opportunities; and promote infrastructure to connect with markets.

2.10 There is a focus on driving productivity and increasing average wages through creating the right conditions for indigenous business growth; as well as attracting new investment to create a more diverse business base and increase private sector jobs. This is to be achieved by action across a number of strands, including to support enterprise development, increase exports, develop the skills base and through investment in infrastructure.

Local Planning Policies

2.11 Existing planning policies are set out in the Core Strategy (Local Plan Part 1) and the Allocations and Infrastructure DPD (AIDPD, Local Plan Part 2), both of which are adopted. Emerging policies are set out in the Local Plan Part 3: Development Management Policies (Proposed Submission).

2.12 Economic development is a key objective of the Council's Core Strategy. This seeks to expand the business base and see stronger economic growth relative to future housing growth to moderate out-commuting and increase the commuting self-containment of the District. The Strategy seeks to support a good range of jobs in urban and rural areas but with the main focus for development in the District being the market towns of Tiverton, Crediton, Cullompton and Bampton.

2.13 **Policy COR3** sets out that provision will be made for 6,800 new homes between 2006-26, with a phasing mechanism to deliver an average of 390 homes per annum to 2016 and 290 per annum between 2016-26. 80% of housing provision is targeted at Tiverton, Crediton and Cullompton. The Policy sets out that the needs of the community will be made for 300,000 sq.m GIA of employment development in use classes B1, B2 and B8, alongside measures to diversify the rural economy in ways which protect the countryside character and support other sustainable employment generating uses. In addition the plan seeks to deliver 10,000 sq.m of retail floorspace over the first 10 years of the plan (2006-16).

2.14 Core Strategy **Policy COR4** confirms development of 300,000 sq.m GIA of employment floorspace in the District over the plan period to 2026, equivalent to 14,700 sq.m or 4ha per annum, aiming to deliver 17,300 jobs.

2.15 We understand that the 300,000 sq.m requirement is calculated to seek both to achieve a balance between the jobs and working resident population in the District (i.e. to achieve a jobs density of 1.0) over the plan period, taking account of both the calculated imbalance and expected population growth.

2.16 The supporting text to the policy sets out that the Council will support agricultural diversification schemes. It sets out that the principle of establishing a Food Park is supported, "to accommodate the processing, packaging, manufacturing, freezing, storage and distribution of food and drink and office accommodation for research and development and market research."

2.17 **Policy COR6**: Town Centres outlines that retail, leisure, office and other key town centre uses outside of town centres will only be permitted where there is a need and they meet the sequential test set out in national policy.

2.18 Employment development is distributed to the market towns in **Policy COR12** with a focus on Tiverton and Cullompton (aiming to maintain self-sufficiency in the former, and improve it in the latter). Key monitoring objectives are to improve the District's jobs density to 1.0, to grow the business base, and to increase visitor numbers and bedspaces year on year.

Figure 1: Core Strategy – Development Requirements

	Homes	Employment (Sqm)	Retail (sqm)
	2006-26	2006-26	2006-16
Tiverton	2900	6000	3900
Cullompton	1920	4000	2650
Crediton	700	2000	3450
Bampton	200	400	400
Elsewhere	1100	2300	2300
Mid Devon	6800	14700	10000

2.19 The Council's stated intention is to distribute growth "according to the social and economic potential and function of each market town to enable them to become more self-sufficient, in line with the vision and strategy, and meet with the aims of sustainable development."

Tiverton

2.20 Tiverton is the largest settlement with the Core Strategy identifying it as having the greatest potential for additional development and promoting a strategy balanced housing and economic growth. It supports high existing self-containment (68%) and the Core Strategy seeks to maintain this. Policy COR13 indicates that a strategic site is likely to be required to the east of the town which would include employment, most likely comprising B1 and B2 uses.

2.21 The AIDPD takes this forward allocating a mixed-use Eastern Urban Extension (Policy AL/TIV/1). It allocated a 153 hectare site for between 1550-2000 dwellings and 95,000-130,000 sq.m of employment floorspace. A masterplanning exercise is envisaged to guide development, which will need to be supported by a new junction on the A361 North Devon Link Road as well as an access road linking to Heathcote Way, and bus service improvements. Serviced employment land is required to be delivered alongside the housing at a rate of 1 hectare per 100 occupied dwellings.

2.22 A further allocation of 14 hectares for mixed use development in Tiverton is made North of Blundells School, with provision for 200 dwellings and 7,000 sq.m of B1 or other suitable employment development (AL/TIV/9).

Cullompton

2.23 Cullompton is a smaller settlement with less economic influence. However the Core Strategy considers that economic growth is gathering momentum as a result of committed employment and retail development. Policy COR14 emphasises an aspiration to improve self-containment and develop the tourism and visitor role of the town. Stronger employment than housing growth is thus proposed (14% and 10% of the District totals respectively). Town centre regeneration is encouraged. A mixed use extension is considered likely with delivery of a relief road to ease traffic congestion.

2.24 The AIDPD takes this forward allocating an urban extension at North West Cullompton (AL/CU/1). A 74.8 hectare site is allocated to provide 1,100 dwellings and 40,000 sq.m of B1 or other suitable employment development, alongside community infrastructure and transport enhancements. A masterplan is required with development phased to deliver at least 1 hectare of serviced employment land per delivery of 100 occupied dwellings.

2.25 The AIDPD also allocates a 10.5 hectare site in Cullompton at Weeks Farm (AL/CU/13) for provision of 15,000 sq.m of employment in B2 and B8 use. This is not to commence until completion of improvements to Junction 28 of the M5, and is required to deliver a vehicular link from the Kingsmill Employment Area to Honiton Road. A density of 1750 sq.m of employment per hectare is assumed.

2.26 The delivery of the North West Cullompton Urban Extension will need to be supported by provision of an Eastern Relief Road to the Town (AL/CU/14), the cost of which is estimated to be between £10.5-10.7 million. Development in the town is also required to contribute to the cost of improvements to Junction 28 of the M5.

Crediton

2.27 The Core Strategy focus for Crediton is on continuing to develop as a small market town serving a rural hinterland. There is a policy focus on developing self-sufficiency, with provision made for 700 dwellings and 2000 sq.m of employment.

2.28 The AIDPD allocates a 1.5 hectare site at Wellparks on the A377 for 4150 sq.m of employment, through the conversion of some existing buildings and some new-build development subject to design and layout and provision of SUDS.

2.29 A further contingency site is identified at Pedlerspool on Exhibition Road. This 21 hectare site has potential for 165 dwellings and 21,000 sq.m of employment (AL/CRE/12), with the employment development intended to be on the lower slopes in the north-east of the site. It is not to be released until delivery of the Crediton Link Road (AL/CRE/9). The Link Road is proposed to run between the A377 and Lords Meadow Industrial Estate, and will significantly improve access to this existing employment site.

Bampton and Rural Areas

2.30 In Bampton and the rural parts of the District, limited development is proposed. In Brampton this reflects the town's relatively local role as a service centre. Policy COR16 summarises the strategy for the settlement which includes the development of its tourism role.

2.31 The AIDPD allocates a 2.4 hectate site in Bampton at Bourchier Close for mixed-use development made up of 40 dwellings and 4,000 sq.m of employment floorspace.

2.32 In the Rural Areas, two allocations for employment development are made in Bow. A 0.5 hectare site south east of Iter Cross, on the eastern side of the village close to the A3072, is allocated for 1700 sq.m in use classes B1, B2 and B8. A further 0.6 hectare allocation is made close to this at south west of Junction Road for 2100 sq.m in B1, B2 or B8 uses.

2.33 The Local Plan Part 3: Development Management Policies (Proposed Submission Document) sets out policies regarding employment development outside settlement limits (DM/21) and the protection of employment land (DM/22).

2.34 Policy DM/21 sets out that planning permission will be granted for new-build employment development or expansion of existing businesses in countryside locations provided that it is of an appropriate use and scale for its locations; that it would not lead to unacceptable impact on the local road network, adverse impact to the character and appearance of the countryside; and that there

are insufficient alternative suitable sites or premises in the immediate area to meet the needs of the proposal.

2.35 Policy DM/22 sets out that allocated employment land will be protected unless it can be demonstrated that there is no reasonable prospect of employment development within five years or allocation or planning permission being granted. The Council has indicated in its Local Plan Part 3 that it wishes to retain the allocations at Scott's Quarry, Bampton and at Willand Industrial Estate, Willand from the current Local Plan.

3 MID DEVON'S ECONOMY

3.1 This section provides an analysis of the economy of Mid Devon. It draws on a range of sources, most notably the Mid Devon District Profile developed by SQW in 2011. Commissioned by Devon County Council, this formed part of the evidence base for the county's Local Economic Assessment[2]. The original profile is updated using a variety of secondary data sources. We also make particular reference to econometric forecasts produced by Cambridge Econometrics in 2011 on the basis of its Local Economy Forecasting Model.

3.2 This analysis is undertaken with explicit recognition of the key themes of the Mid Devon Economic Strategy:

- To increase inward investment into the district
- To provide start up, relocation and expansion opportunities for business
- To provide opportunities and support to new and existing businesses
- To regenerate and improve our Market Towns
- To raise skills levels, educational attainment and income[3].

3.3 This analysis is structured under four principal headings:

- Spatial characteristics
- Business and employment base
- Economic structure
- Labour market characteristics

3.4 It concludes with a summary of the key issues and opportunities facing Mid Devon's economy.

Spatial Characteristics

3.5 Mid Devon is a predominantly rural district located in the north east of Devon. Covering an area of 913km[4], the district is close to two National Parks (Dartmoor and Exmoor), and is heavily influenced by the urban economies of Exeter and Taunton. Its landscape is characterised by green rounded hills of pasture and woodland cut through by steep sided river valleys. These valleys provide beautiful, often dramatic, features. Although usually important corridors for movement, these are prone to periodic flooding. This can have costly implications for residents and the local economy.[5]

3.6 The district has a resident population of 77,800[6]. Overall, Mid Devon is classified as a Rural-80 district – meaning that at least 80% of Mid Devon's population live in either a rural settlement or a larger market town[7]. The district benefits from good links along the M5 which runs through the east of the district. The A361 North Devon Link Road joins the M5 north of Tiverton, and the A30 runs

[2]SQW (2011) Assembling the evidence base for the local economic assessment: District profile - Mid Devon
[3]Mid Devon District Council (2012) Economic Development Strategy 2012-15
[4]Mid Devon District Council (2007) Core Strategy 2026
[5]Ibid
[6] 2011 Census. Usual Residential Population
[7]Defra (2009) Rural/Urban Local Authority (LA) Classification – Based on 2001 Census data.

through the south west corner meeting the M5 near Exeter. Tiverton Parkway railway station is located in the district, providing rail access to London, Bristol and Birmingham to the north and east, and to Exeter and Plymouth to the south and west.[8] The District also benefits from proximity to Exeter and Bristol International Airports[9]. On the whole (and relative to other parts of the county), Mid Devon is relatively well-connected.

3.7 Bordered by two large urban centres – Exeter and Taunton – the district is subject to a variety of economic influences[10]. In terms of travel-to-work patterns, Mid Devon is distinctive in having high levels of workplace self-containment but significantly lower residence self-containment. Analyses derived from the Annual Population Survey (2008) show[11]:

- 75% of workers in Mid Devon also live in Mid Devon
- 57% of working residents in Mid Devon work in Mid Devon.

Outward commuting flows are overwhelmingly orientated towards Exeter and, to a lesser extent, Taunton[12]. In 2008, 21% of Mid Devon residents worked in Exeter and 9% worked in Taunton. This was up from 15% and 5%, respectively in 2001 (although due to the small sample size involved at this spatial scale, these changes are not statistically significant).[13]

3.8 **Tiverton** is the largest settlement in the district. It is the administrative centre and has a population of 21,800[14]. This is equivalent to over a quarter of the total population of the district. Tiverton lies at the junction of the A361 North Devon Link Road (linking the M5 and with the northern Devon towns of Barnstaple and Bideford) and the A393 (linking Exeter and Minehead). It is thus relatively well connected.

3.9 The largest employment sector in Tiverton is retail, accounting for nearly 16% of total employee jobs.[15] Within the town there are a number of engineering companies, together with Heathcoats (textiles) and Thomson Reuters (financial information), which are two major local employers[16].

3.10 Census 2001 data suggest that the town is relatively self-contained with 68% of residents working within the town boundary. However more recent data from the APS suggest the degree of self-containment may be falling.[17]

[8] SQW (2011) Assembling the evidence base for the local economic assessment: District profile - Mid Devon
[9] Mid Devon District Council (2007) Core Strategy 2026
[10] SQW (2010) Functional Economic Market Areas and Economic Linkages in the South West
[11] ONS (2008) Annual Population Survey
[12] ONS (2008) Annual Population Survey remains the most recent release containing data broken down in this way.
[13] Ibid
[14] Devon County Council (2012) Tiverton Town Profile
[15] Ibid - The term 'employee jobs' refers to the number of people estimated to be employed within local business units of a particular type.
[16] SQW (2011) Assembling the evidence base for the local economic assessment: District profile - Mid Devon
[17] Mid Devon District Council (2007) Core Strategy 2026

3.11 South west of Tiverton is the town of **Cullompton**. Developed around the woollen industry, it is situated on the banks of the River Culn. It has relatively good transport links situated close to M5 junction 28.[18] The town has a population of around 8,800[19].

3.12 Significant employers in Cullompton include a Tesco supermarket and businesses located on Kingsmill Industrial Estate. Employers at the industrial estate include: Gregory Distribution, a food storage and distribution firm; St Regis, the UK's largest specialist manufacturer of recycled coloured papers; plus a flour mill, milk depot, and an industrial clothing shop. The arrival of the Tesco supermarket in late 2008 prompted a local discussion of the town's economic character and its future prospects. At the time, the Cullompton town mayor said *"Cullompton was in decline long before Tesco came here"*. A survey of traders in Cullompton revealed that the majority thought the town's atmosphere and appearance deterred shoppers.

3.13 Just north of Cullompton at Willand, the Two Sisters poultry processing plant employs almost 800 people.'[20]

3.14 The third of Mid Devon's larger settlements is **Crediton** which is situated on the A377 and A3072, about 7 miles north-west of Exeter on the edge of Dartmoor. The town has a total resident population of 7,700. The main employment site in Crediton is the Lords Meadow Industrial Estate, which accommodates larger employers such as Graphic Plc and Express Dairies.

Business and employment base

3.15 Theme two of the Mid Devon Economic Strategy is 'to provide start-up, relocation and expansion opportunities to businesses'[21]. In part, the intention here is to improve the district's sustainability and self-containment.

3.16 The number of businesses[22] in Mid-Devon has decreased slightly since 2008 across all major categories, particularly for those local units with less than 4 employees. In 2011 there were around 4,100 local units in Mid Devon with less than 20 employees. There were 250 units with more than 20 employees. This represents a reduction of 190 units and 20 units respectively.[23]

3.17 In 2010, there were 365 business births in Mid Devon (7 per 1000 of the working age population)[24]. This was a higher business birth rate than Devon as a whole. However the business survival rate (5 year average) was 3.5 percentage points lower than the Devon-wide average at 44.9%[25]. Business density in Mid Devon is higher than that for Devon as a whole. Between 2009 and 2010, the

[18]Ibid
[19]Devon County Council (2012) Collompton Town Profile
[20]SQW (2011) Assembling the evidence base for the local economic assessment: District profile - Mid Devon
[21]Mid Devon District Council (2012) Economic Development Strategy 2012-2015
[22] A unit describes a business or branch. It is broadly equivalent to a workplace.
[23]ONS (2011) Business Size, Activity and Location – Figures are calculated on the basis of business units, not institutions.
[24]ONS (2010) Business Demography
[25]Ibid

number of enterprises per 1000 working age population for Mid Devon increased from 75.6-77.6. In Devon as a whole, it fell from 73.2-71.3.[26] Although interesting, some care is however needed in extrapolating from year-on-year change, given underlying data issues.

3.18 ONS estimate that there were 29,000 jobs in the District in 2010.[27] This represents a job density of 0.62 (i.e. 62 jobs per 100 resident population aged 16-64), compared to 0.82 across the South West region and 0.83 across Devon. To reach the county average, significant jobs growth is therefore needed in Mid Devon; this theme underpins much existing planning policy, as set out in Section 2.

3.19 Within Mid Devon, there is a high incidence of self-employment. The number of self-employed residents rose from 5,900-6,400 between 2009 and 2010 (3 year average). Rates of self-employment are notably above the regional average.

3.20 This may indicate a strong entrepreneurial climate within the District, but it could also reflect changes within the overall UK economy; in the context of recession-induced redundancy, there is evidence of a switch to self-employment rather than unemployment.[28]

3.21 Average earnings in Mid Devon are higher on a workplace basis than a residence basis: three year averages (2009-11) of median weekly full time employee earnings are around £430 and £420 respectively. Whereas residence-based earnings are lower than the county-wide average (£430), workplace-based earnings are marginally higher than the Devon-wide figure. Coupled with the patterns of commuting described above, this suggests that overall, residents of Mid Devon may be commuting to relatively poorly paid jobs elsewhere (principally Exeter).

3.22 Based on its Local Economy Forecasting Model (LEFM), Cambridge Econometrics (CE) has modelled the productivity and output (GVA) performance of Mid Devon. The table below summarises data generated by CE for the Devon Local Economic Assessment[29]. In using these data, it is important to note that these are modelled projections which are developed at the level of individual sectors and are consistent with regional forecasts. They are not fully fledged "forecasts" in their own right at district level, and they rely on important assumptions (notably that relative patterns of sectoral performance are sustained in the future and that the policy context is not subject to major change). Based on the LEFM, Table 2, provides headline data for Mid Devon and Devon County on three key indicators: GVA, GVA per capita, and productivity (GVA per job). The table provides a baseline position for 2010 (although the data for 2010 are themselves modelled). The underlying forecasts were prepared by CE in July 2010.

[26] Ibid
[27] ONS Jobs Density, NOMIS
[28] ONS (2010) Annual Population Survey
[29] SQW (2011) Assembling the evidence base for the local economic assessment: District profile - Mid Devon

Figure 2:2010 baseline and annual growth rates for key LEFM indicators, for Mid Devon, Devon and the UK:

	2010 Baseline	1985-90	1990-95	1995-2000	2000-2005	2005-2010
GVA (£m, CVM, reference year 2005)						
Devon	11,148	5.0%	1.0%	1.8%	4.1%	0.5%
Mid Devon	868	4.8%	1.4%	2.7%	4.1%	-2.5%
UK	1,124,758	3.6%	1.5%	3.5%	2.7%	0.6%
GVA per Capita (£000, CVM, reference year 2005)						
Devon	14.8	3.7%	0.5%	1.0%	3.3%	-0.1%
Mid Devon	11.3	3.5%	1.0%	1.7%	2.9%	-3.4%
UK	18.2	3.3%	1.2%	3.2%	2.2%	0.0%
Productivity (£000/job, CVM, reference year 2005)						
Devon	31.1	1.1%	1.9%	2.2%	1.0%	1.1%
Mid Devon	30.9	1.4%	2.5%	2.4%	1.0%	0.4%
UK	36.6	1.7%	2.5%	2.2%	1.7%	0.7%

Source: LEFM (adapted)

3.23 From Figure 2, some important observations can be made:

- Mid Devon's recent performance in terms of GVA has been poor, declining by 2.5% per annum between 2005 and 2010. Both Devon and the UK grew over this period (albeit slowly).
- Levels of GVA per capita in Mid Devon are around 72% of those across Devon. GVA per capita fell by 3.4% per annum over the period 2005-2010 in Mid Devon, while in both Devon and the UK, GVA per capita barely changed. GVA per capita is influenced by the quality of jobs, economic participation rates and commuting dynamics.
- Mid Devon's productivity (defined as GVA per job) is similar to the county average, but it lags the UK figure.

3.24 In all, the existing business base in Mid Devon appears relatively resilient despite an overall contraction in the size of the economy. There is evidence of an entrepreneurial culture. The business survival rate is comparatively good and business density is also comparable to the rest of the county. However both output and productivity measures are relatively weak. The jobs density is low. Average earnings relative to the rest of the UK are poor. This analysis provides the context for the aims of the Mid Devon Economic Strategy[30] to encourage business start-ups, growth and inward investment.

Economic Structure

3.25 Theme three of the Mid Devon Economic Strategy is 'to provide opportunities and support to new and existing businesses'[31]. As signalled in the Mid Devon Core Strategy, this aim is challenged by likely sectoral shifts as employment in the manufacturing and agricultural sectors continues to decline[32].

3.26 An analysis of detailed evidence relating to the sectoral make-up of employee jobs within Mid Devon (self-employment and farm agriculture apart, which are both important) provides some

[30]Mid Devon District Council (2012) Economic Development Strategy 2012-2015
[31]Ibid
[32]Mid Devon District Council (2007) Core Strategy 2026

insight into patterns of specialisation. Overall, the data suggest that employee jobs are differentially concentrated in textiles, information service and paper manufacturing; in part, this is due to the presence of individual employers and although specialised, some of these sectors are nevertheless small. In terms of the scale of employee jobs, the largest sectors are retail, education, wholesale and land transport; in this respect, the structure of the Mid Devon economy is similar to the Devon-wide average.

3.27 In summary:

- The big sectors (in terms of numbers of employee jobs) are similar to those across Devon as a whole
- Mid Devon's location in relation to major trunk roads/M5 may be reflected in the importance of the land transport sector, which includes both passenger and freight transport by road and rail.[33]
- Overall, Mid Devon also appears to have a stronger than average manufacturing base, with activity in textiles, food, paper, chemicals, fabricated metal products, and motor vehicles. The overall reduction in the size of this sector in the UK as a whole poses a potential risk.

Labour Market Characteristics

3.28 As identified by the Mid Devon Economic Development Strategy, the district has been adversely impacted by the recession[34]: since 2005, the unemployment rate in Mid Devon has risen by 2.4 percentage points to 5.2%.[35] The ILO unemployment rate (3 year average) stands at 8%[36]. This takes account of those who are outside of the workforce and are actively seeking work, but who have not registered for out of work benefits. This has fallen from 2009-2010 by just over 2 percentage points.

3.29 The number of employed residents (3 year average) decreased from 30,000 to 28,200, 2010-2011[37]. This is reflected in analysis of the employment rate within the working age population (3 year average) which has fallen to 74%[38] but remains marginally above the Devon average.

3.30 At both high and low levels, the skills profile of Mid Devon's resident population of working age is slightly weaker than for Devon as a whole. Over the three year period 2007/2008-2009/2010, an average of 10.3% of the resident working age population had attained no qualifications compared to 9.3% in Devon as a whole. Some 27.2% had qualifications above NVQ level 4 (compared to 28.7% in Devon).[39] These differences are marginal and unlikely to be statistically significant. School-level attainment is however above that of the county. In 2009/2010, the percentage of young people attaining 5 or more GCSEs at A*-C was 56.3% in Mid Devon, some 0.9 percentage points higher

[33]SQW (2011) Assembling the evidence base for the local economic assessment: District profile - Mid Devon
[34]Mid Devon District Council (2012) Economic Development Strategy 2012-2015
[35]ONS (2010) Annual Population Survey
[36]Ibid
[37]Ibid
[38]Ibid
[39]Ibid

than in the county as a whole.[40] These observations are important in terms of future economic growth.

3.31 The occupation profile of the resident population in work is focused towards skilled traders and elementary occupations.

Conclusions

3.32 Our analysis indicates that Mid Devon faces a number of issues and opportunities in seeking to respond to the key themes of its Economic Development Strategy. Overall, Mid Devon needs to be understood as a rural district in which there are substantial economic flows – particularly in the form of net out-commuting to the large urban centres of Exeter and Taunton. This provides the backdrop to many elements of its economic character, performance and prospects. In short:

- Mid Devon is a relatively well connected district with national transport links. There is an opportunity for the district to market itself as an easily accessible business destination;
- Although business density is quite high and the business birth rate is relatively good, during the recession the overall size of the business stock has decreased and the unemployment rate has increased;
- Overall, productivity in Mid-Devon is similar to the Devon average, but poor relative to elsewhere. GVA per capita is below that of the county and while average earnings compare favourably to Devon on a workplace measure, they are substantially below those of the UK as a whole;
- The economic structure of Mid Devon is broadly similar to Devon with large numbers of jobs in sectors such as health/education services; food service and accommodation; and retail/wholesale;
- The district's strategic accessibility, particularly to the M5, appears to have supported the development of food manufacturing and distribution activities;
- In the main, there is however a relatively limited presence of office-based activities;
- Mid Devon's 'tourism offer' appears to be focused on the food services element rather than accommodation. Given the district's proximity to both Exmoor and Dartmoor National Parks, there could be an opportunity for Mid Devon to expand provision in this area;
- In addition, Mid Devon appears to have a stronger than average manufacturing base, with activity in textiles, food, paper, chemicals, fabricated metal products, and motor vehicles; and
- Mid Devon's skills base is similar to (although perhaps slightly weaker than) the Devon average. This is likely to have a major impact on the area's attractiveness for inward investment. Having said this, the performance of the school age population is good.

[40]ONS (2009) Annual Population Survey

4 PROPERTY MARKET DYNAMICS

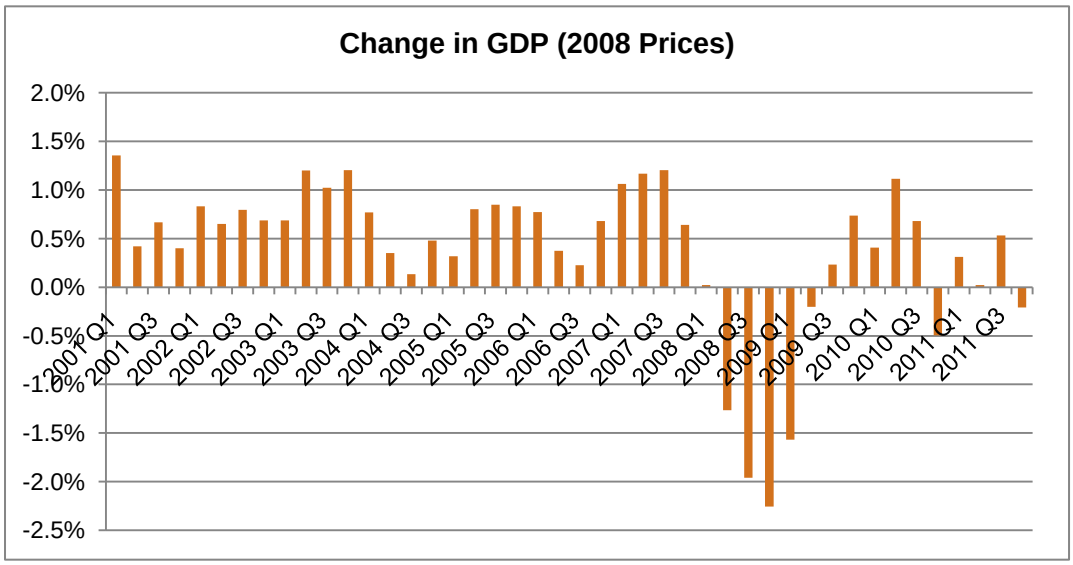
Macro-Economic Dynamics

4.1 Overall performance of UK commercial property market continues to be affected by wider economic performance. The UK economy slipped back into recession with output (GDP) contracting by between Q4 2011 and Q2 2012. The preliminary estimate is that the economy emerged from recession in Q3 recording 1.0% growth..

4.2 Figure 3 indicates long-term trends in GVA. Economic growth overall in 2011 was a very weak 0.9% compared to 2.1% in 2010. The recent economic recession has been deeper than the previous three UK recessions, and the recovery has been much more protracted: we have not seen a strong return to growth, with economic growth remaining muted.

4.3 At a national level, the economy continues to be affected by weak economic performance in Europe, the major export market for UK businesses, and concerns over the resolution of the Eurozone debt crisis, as well as cuts in public spending. These concerns have affected UK business confidence, and together with high inflation (resulting in a declining real incomes) has impacted on consumer spending and thus domestic demand, resulting effectively in a stagnant rather than growing economy.

Figure 3: UK Economic Growth Trend



Source: ONS

4.4 Looking forwards, the economic outlook in the short-term is relatively poor. The Office for Budget Responsibility's (OBR) Economic and Fiscal Outlook (December 2012) indicated a moderate contraction of the UK economy by -0.1% in 2012, with growth returning thereafter with 1.2% growth

forecast in 2013, 2.0% growth in 2014 and 2.3% in 2015 and 2.7% in 2016. This compares to the long-term average of 2.3% per year. It means that the UK economy will have gone through five to six years with little or no growth in the economy. The forecasts have been downgraded from the previous set in March 2012.

4.5 Unemployment nationally appears to have fallen moderately in 2012 but is expected to remain above average in the medium-term. The OBR forecast that it will fall to around 7.6% by 2016.

4.6 Overall we can expect occupier demand for commercial property to remain weak in 2012 and improve slowly thereafter. The economic outlook suggests that we should not expect a significant bounce-back in demand in the short-term.

4.7 The outlook for credit conditions for commercial property improved in mid 2011. However, it appears to have deteriorated since.

National & Regional Market Trends

4.8 The RICS UK Commercial Market Survey Q1 2012 indicates that both demand and the level of available space have stabilised but overall expectations for rental growth remain negative. Levels of new development continue to fall, although the pace of reduction is falling. With a lack of new development, the level of available supply (overall) has been falling resulting in slightly tighter market conditions. However demand remains subdued.

4.9 For specific sectors, demand has stabilised for offices but has increased for industrial space. On the supply-side, available office floorspace has continued to rise, while on the other hand we have seen a modest reduction in availability of industrial premises – the first since 2005. As a result, industrial rents are expected to stabilise (having fallen) albeit that further reductions in rents for office space are likely as landlords seek to attract tenants.

Offices

4.10 Economic conditions and uncertainty coupled with the impact of austerity measures continue to hinder recovery of the office market. Stripping out London (which has a distorting effect on the figures), take-up in 20111 was similar to 2010. With companies less likely to expand or upgrade their accommodation, deals are particularly associated with lease events.

4.11 Lambert Smith Hampton's *National Office Market 2011* reviews market performance across key office markets. Its analysis for the South West and Wales focuses on Bristol, Cardiff, Swansea and

Newport. Across these main markets, take-up has been subdued over the last three years averaging around a third below the long-term market average.

4.12 Office availability levels remain high across nearly all UK office markets, albeit below their 2009 peak. Across the key office markets in the wider South West and Wales region, availability levels have climbed substantially since 2008 and remain around 30% above the market average. In Bristol there was c. 2.3 million sq.ft of office space on the market, including 500,000 sq.ft of Grade A floorspace. Headline rents in Bristol are around £27.50 psf and have held up well since the peak of the market.

4.13 Looking forward, with little speculative development underway, the likelihood is that availability, particularly of Grade A space, should fall over time and drive a reduction in incentives to entice occupiers. However there are clear downside risks associated with economic performance.

4.14 The performance of secondary office markets within the region is tracked in Alder King's *Market Monitor*, which covers both the South West and South Wales. This identifies that across the region the supply of new, well specified office (and industrial) space is now restricted and this will help to drive forward design and build activity (given little appetite for speculative development). This is despite a very significant oversupply of second office floorspace which will place downward pressures on rents, and encourage landlords to offer generous incentive packages to entice occupiers.

4.15 The reports highlights low levels of owner-occupier activity in 2011 and forecasts that this is likely to continue during 2012 as a result of low confidence levels (linked to wider macro-economic performance) and restricted funding availability.

4.16 Looking at nearby office markets, in Taunton office take-up has fallen from 180,000 – 190,000 sq.ft a year in 2007 and 2008 respectively to between 100,000 – 120,000 over the last three years. Enquiry levels in 2011 dropped 16% compared to 2010, with the greatest impact on the freehold market where there is a dearth of purchasers. Local and regional occupiers continue to make up the bulk of demand, with typical requirements for between 1,000 – 3,000 sq.ft of space (93-280 sq.m).

4.17 In the Taunton market, supply reached a five year high of 170,000 sq.ft at the end of 2011 but has fallen to 162,000 sq.ft in June 2012. Availability has fallen out-of-town but increased in the Town Centre during 2012. There is no speculative development underway. Headline rents in the Town Centre are £16.50 psf, with £17 psf out-of-town.

4.18 In the Exeter market, take-up in 2011 was more moderate at 140,000 sq.ft having declined significantly year-on-year over the last five years from the 250,000 sq.ft achieved in 2007. The first half of 2012 seems similar to 2011. Levels of interest for smaller units of up to 15,000 sq.ft are

described by Alder King as steady, but with a dearth of demand for larger property. There has been steady interest for smaller suites of 1,000 – 2,000 sq.ft.

4.19 Current supply in the Exeter market is significant at 475,000 sq.ft. This has been influenced by the commencement of the Skypark out-of-town office development and a number of larger buildings coming to market including the 22,500 sq.ft Exminster House. Headline rents, both centrally and out-of-town, are currently around £16.50 psf; although £17.50 psf is likely to be needed to support new development.

4.20 Rents for second hand stock in Exeter have softened in response to the significant volume of supply relative to demand.

Industrial and Distribution

4.21 The industrial and distribution market remained relatively buoyant compared to other commercial centres in 2011, with 101 sq.ft of activity recorded nationally by Lambert Smith Hampton – a decline of just 0.8% on 2010. Indeed the distribution warehouse market saw a 15% increase in activity in the medium-sized sector (10,000 – 50,000 sq.ft) and a notable decline in availability. Activity however declined in the second half of the year linked to the worsening Eurozone crisis, with take-up recorded 17% below that in the first half. Overall demand in 2012 is expected to remain similar to 2011 according to GVA.

4.22 Recent demand for warehouse floorspace has been driven by food and discount retailers and internet operations. There has been a strong level of activity for Grade A and pre-let/build to suit space according to Lambert Smith Hampton. At the other end of the size spectrum, take-up from SMEs has held-up well with occupiers taking advantage of favourable terms. Take-up of units of < 10,000 sq.ft in 2011 was 6% up on the previous year, although this was driven by performance in the first half of the year. Despite reasonable demand, availability increased marginally to 85m sq.ft albeit that there remains an acute shortage of Grade A stock in certain regions.

4.23 In the South West, take-up remained below the five year average in 2011 with take-up of 6.5 million sq.ft recorded. Activity in the second hand market was up, however take-up of Grade A space was muted.

4.24 The failure to deliver new stock speculatively over the last five years, according to Knight Frank, has left the South West region starved of quality supply. Demand is increasingly focused on better specified space.

4.25 Availability of industrial and distribution space at the end of 2011 was down on the previous year at 22.8 million sq.ft but remained significant relative to long-term trends. The reduction in availability

particularly reflected a decline in Grade A space on the market. Overall vacancy sat at 7.2% at the end of the year across the region. In comparison it sat at 8.4% in Exeter.

4.26 Prime industrial rents in the region, according to Lambert Smith Hampton, increased in 2011. However the significant availability of secondary space has put downward pressure on secondary rents.

4.27 In the Exeter market there were few notable deals in 2011, linked principally to a lack of supply in the local market. However take-up overall exceeded the five year average at 310,000 sq.ft . The majority of deals were for < 15.000 sq.ft although Alder King report strong demand for buildings of 30,000 – 50,000 sq.ft from the food and drink sector.

4.28 In 2011 a 70,000 sq.ft pre-let was agreed with Kandy Toys at Hill Barton Business Park, on the eastern side of the City close to the Airport for £6 psf. The freehold purchase of 142,354 sq.ft of floorspace at Tiverton by Ashton Manor Brewery for £3 million was one of the largest deals in 2011 in Mid Devon District.

4.29 Prime rents for space < 20,000 sq.ft are c. £6.25 psf, with £5.25 psf for units of 20,000 – 50,000 sq.ft and £4.75 psf for units of over 50,000 sq.ft according to Knight Frank. Alder King indicate that headline rents fell slightly in 2011 to £6 psf (down from £7.50 psf in 2007).

4.30 Lambert Smith Hampton site a short supply of good quality existing stock in the Exeter market, and expect headline rents and capital values to increase in 2012.

4.31 With bank finance remaining limited, design and build opportunities are considered to be the primary mechanism to deliver new high quality accommodation.

4.32 Industrial take-up in Taunton, recorded by Alder King's *Market Monitor*, increased moderately from 2010 levels to 180,000 sq.ft, but remained well below the long-term average. The demand profile is dominated by local occupiers seeking space of under 5,000 sq.ft with an increase in enquiries in 2011 at this end of the market. It is polarized with demand for units of < 5,000 sq.ft and for larger properties of over 50,000 sq.ft.

4.33 Significant transactions in the Taunton area include the 800,000 sq.ft Morrisons regional distribution centre at Bridgewater, which saw the supermarket vacate its site at Willand. We understand that another tenant has not taken on the lease of the Willand unit.

4.34 Availability, according to Alder King, stands at 240,000 sq.ft in June 2012. This equates to c. 1.2 years supply. There was no new development started in the Taunton market in 2011, however the recent speculative development of 14,000 sq.ft at Westpark 26 has performed well.

4.35 Rents in Taunton for industrial space have remained static at £6 psf during 2011. Alder King expect rents to remain stable in 2012.

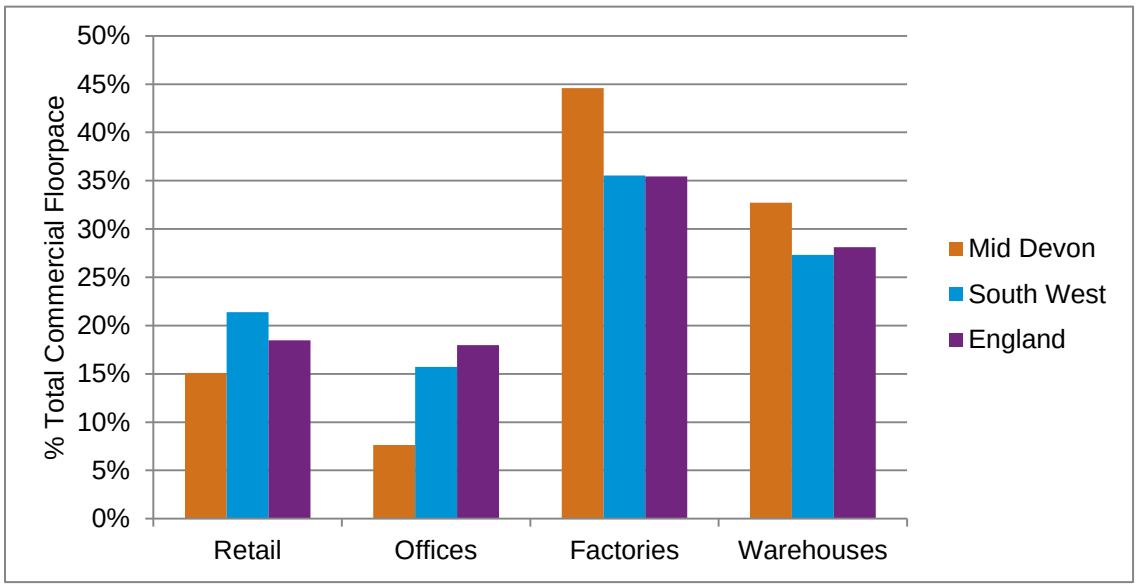
Property Market Dynamics in Mid Devon

Composition and Trends in Commercial Floorspace

4.36 CLG Commercial and Industrial Floorspace and Rateable Value Statistics can be used to quantify the approximate level of commercial floorspace in Mid Devon District and to consider how this has changed. The latest data available is from 2008.

4.37 The CLG data records a total of 653,000 sq.m of commercial floorspace in the District in 2008 (1.3% of the total across the South West region). The chart below indicates the composition of commercial floorspace by bulk use class.

Figure 4: Commercial Floorspace Composition, 2008



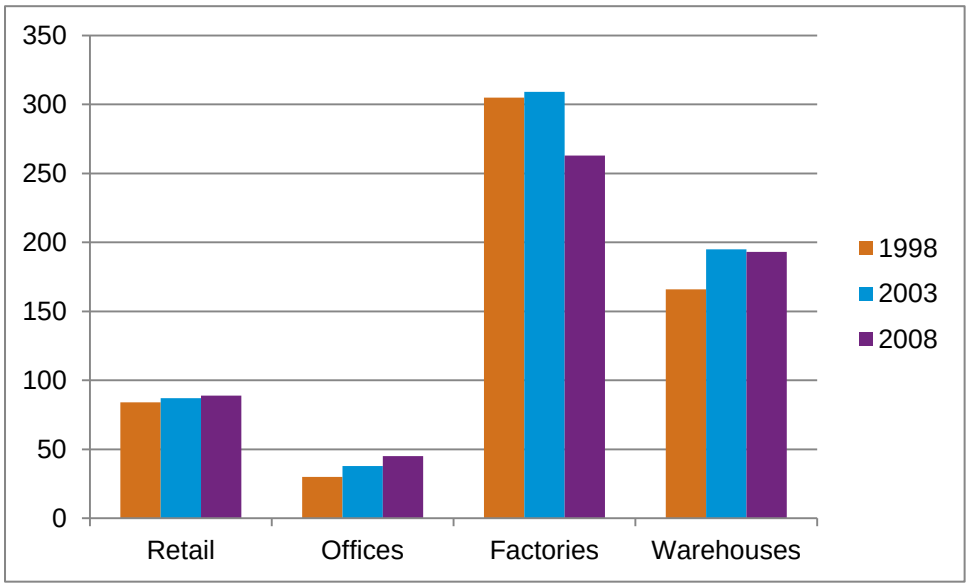
Source: CLG Commercial and Industrial Floorspace Statistics

4.38 An above average proportion of commercial floorspace in Mid Devon is made up of industrial and warehouse/distribution floorspace. Together this accounts for 78% of total commercial floorspace (relative to 63% at the regional level). There is a particular concentration of industrial (manufacturing) floorspace.

4.39 Figure 5 shows how the amount of commercial floorspace in different uses had changed over the previous 10 years. While the level of retail floorspace has remained fairly stable, levels of both

office and warehouse floorspace have increased. In contrast, there has been a decline in the total stock of industrial floorspace – particularly between 2003-8.

Figure 5: Changing Commercial Floorspace Composition in Mid Devon, 1998-2008

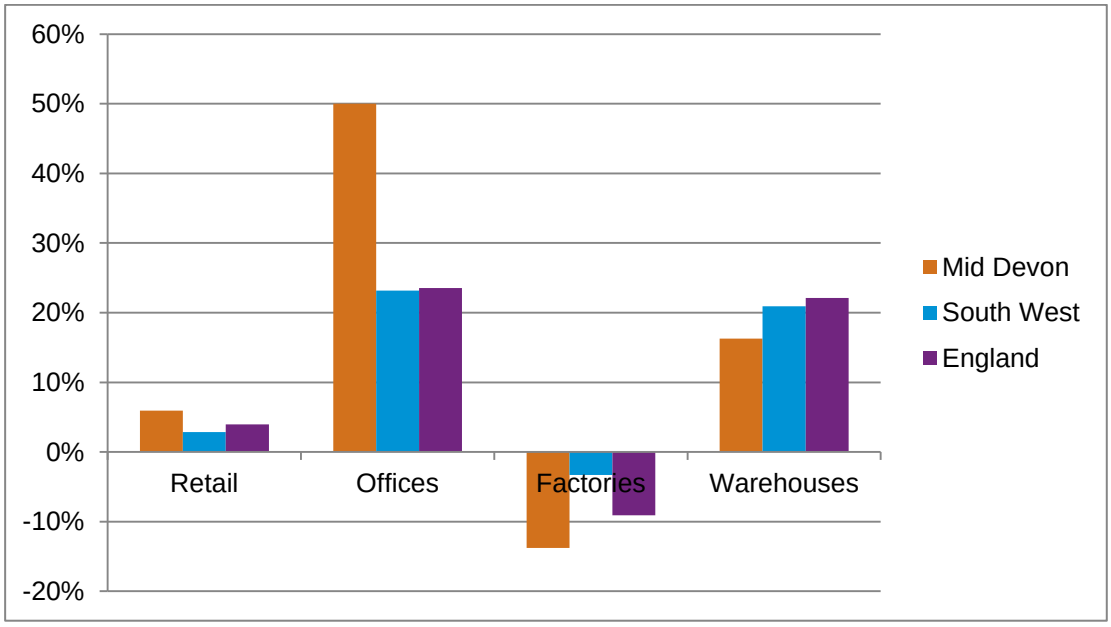


Source: CLG Commercial and Industrial Floorspace Statistics

4.40 Over the decade as a whole (1998-2008) warehouse floorspace has increased the most, by 27,000 sq.m followed by office floorspace (15,000 sq.m). There was been a moderate increase in retail floorspace by 5,000 sq.m; whilst industrial floorspace has fallen by -42,000 sq.m.

4.41 In proportional terms, office floorspace has increased by 50% over the 1998-2008 decade. This is above average, principally as a result of the low starting point.

Figure 6: Changes in Commercial Floorspace Composition vs. Wider Areas, 1998-2008



Source: CLG Commercial and Industrial Floorspace Statistics

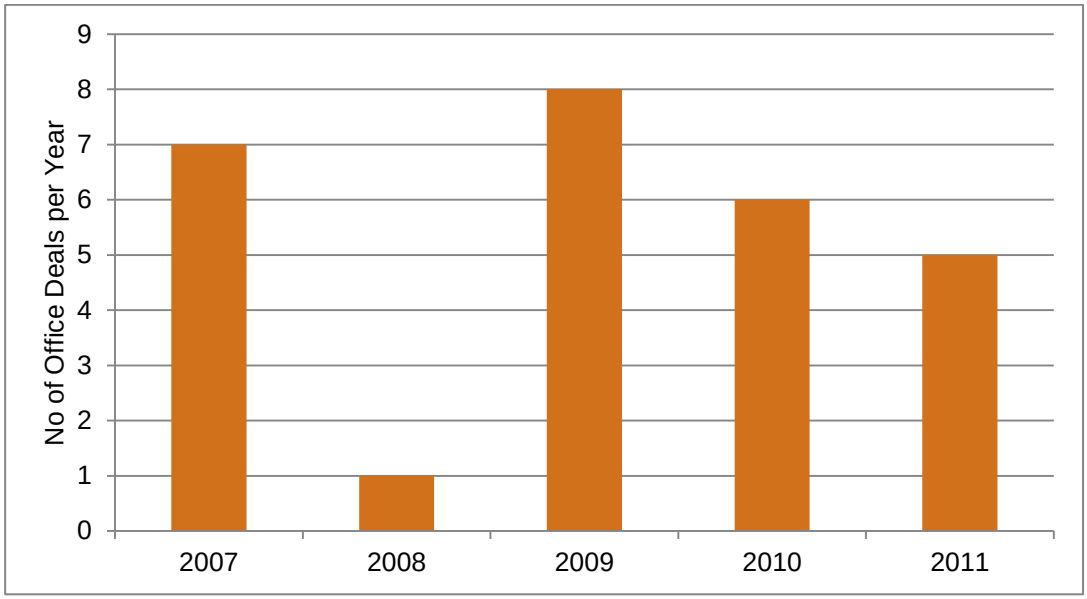
4.42 Growth in warehouse floorspace over the decade at 16% in Mid Devon has been below the regional or national average; and similarly Mid Devon has seen a stronger proportional reduction in industrial floorspace with a reduction in the total stock of -14%.

Office Market Dynamics

4.43 Mid Devon has a relatively limited stock of office premises. The CLG Commercial and Industrial Floorspace Statistics indicate a total stock of offices of 45,000 sq.m of which 25,000 sq.m is described as 'commercial offices.' There are 341 office units, and thus the average size of an office unit in the District is 132 sq.m – significantly below the average across the South West (258 sq.m) and nationally (291 sq.m). The office stock in the District is thus relatively limited, and skewed strongly towards smaller units focused on meeting demand from small, local businesses.

4.44 We have sought to estimate office take-up by combining data from two commercial property databases, Estates Gazette Interactive (EGi) and Promis. These are unlikely to record all office deals and thus the figures provided should be treated with caution. However they are likely to provide a good overall indication of market trends. The table below records office deals over the last 5 years. There are less than 10 deals recorded in the District each year.

Figure 7: Office Deals in Mid Devon, 2007-11

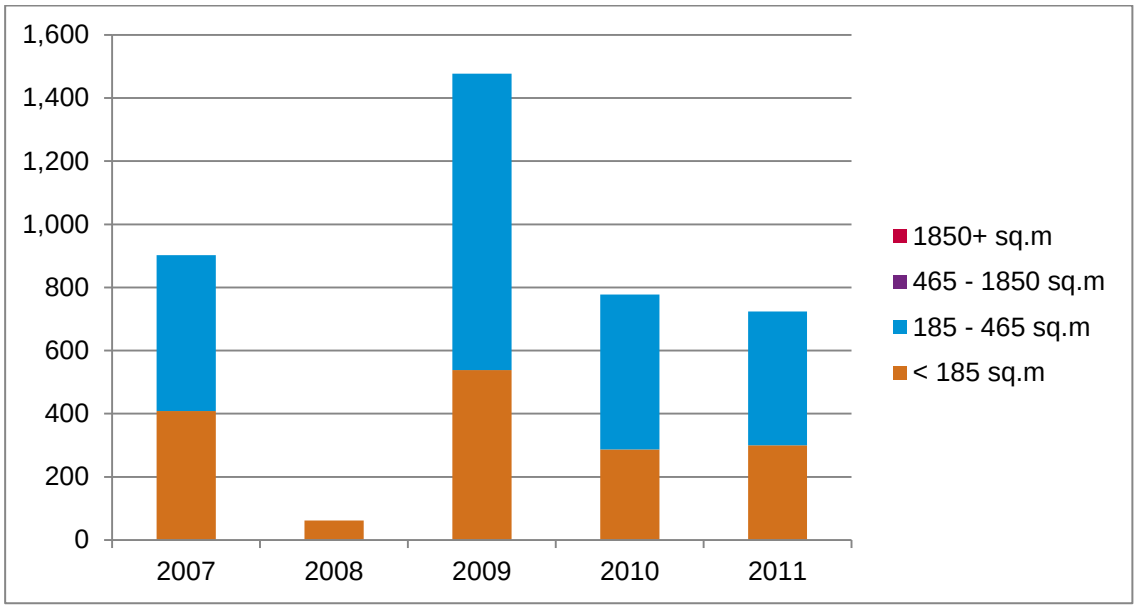


Source: GLH based on Promis and EGI

4.45 Figure 8 below provides an analysis of floorspace take-up. Office take-up has averaged around 800 sq.m per annum over the last five years. This is moderate and reflects the limited office market in the District. The strongest take-up recorded was in 2009 (1,500 sq.m). It should be noted that take-up figures include both new and second-hand floorspace.

4.46 As Figure 9 indicates, take-up is wholly of premises of less than 465 sq.m in size (equivalent to units which might employ up to 40-50 people). There appears to be no evident demand for larger office floorspace in the District.

Figure 8: Office Floorspace Take-Up in Mid Devon, 2007-11



Source: GLH based on Promis and EGI

4.47 Key recent deals include:

- Letting of a further 3,000 sq.ft (279 sq.m) at Swallow Court at Junction 27 of the M5 to PVI Ltd in January 2012, a maritime security company. We understand that the company now employs around 50 people at the site. Swallow Court is a modern office development delivered by landowner David Disney. The asking rent was £12 per square foot (psf);
- Letting of 1,000 sq.ft (93 sq.m) at Lawrence House in Dulford Business Park near Cullompton to an unknown tenant in May 2012. The asking rent was £8.50 psf;
- The freehold sale of the Magistrates Court in Cullompton (4,565 aq.ft) in April 2011 to an undisclosed buyer for £250,000.

4.48 Headline rental levels in the District are insufficient to support speculative office development in general.

4.49 GLH has discussed market conditions with a number of locally-active surveying practices. This has confirmed that there is a limited market for office floorspace in the District. However the Swallow Court development is an example of a successful, niche office development focused at local SME occupiers which has performed well. It provides good quality space and is achieving rents of £12.50 psf for small units relative to £10-11 psf in Exeter for similar-sized units. Larger office occupiers tend to gravitate towards the larger centres such as Exeter.

Industrial & Distribution

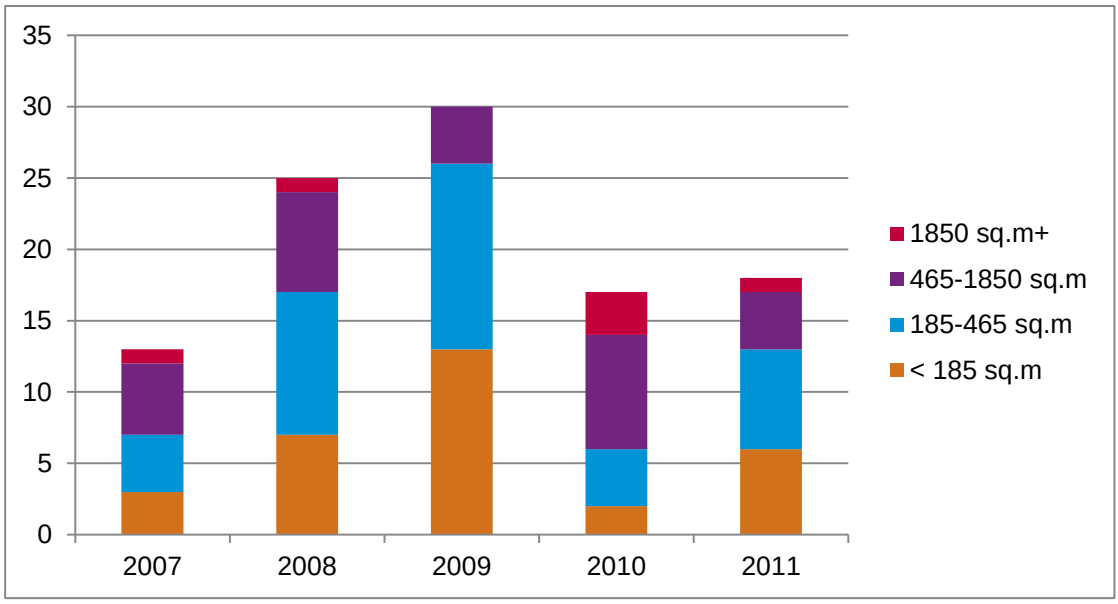
4.50 The market for industrial and distribution space in the District is much better developed. In 2008 the CLG Commercial & Industrial Floorspace Statistics recorded a total of 456,000 sq.m of industrial and warehouse floorspace (split 58% industrial floorspace and 42% warehouse floorspace).

4.51 The average industrial unit in the District was recorded as 527 sq.m in size compared to an average size of 597 sq.m across the South West. The average warehouse unit was slightly smaller at 501 sq.m compared to 564 sq.m on average across the region. Nationally no significant difference between the sizes of industrial and warehouse units was recorded.

4.52 As for the office market, we have sought to estimate industrial take-up by combining data from two commercial property databases, Estates Gazette Interactive (EGi) and Promis. These are unlikely to record all deals and thus the figures provided should be treated with caution, but do provide an overview of trends.

4.53 Figure 9 provides an overview on trends in the number of deals over the last five years by size band. Over the 2007-11 period there have been an average of 18 deals a year in the District. The number of deals was particularly strong in 2008 and 2009. Deals are focused particularly towards units ranging between 185 – 1850 sq.m. Market activity in the first half of 2012 was also been strong with 11 deals recorded.

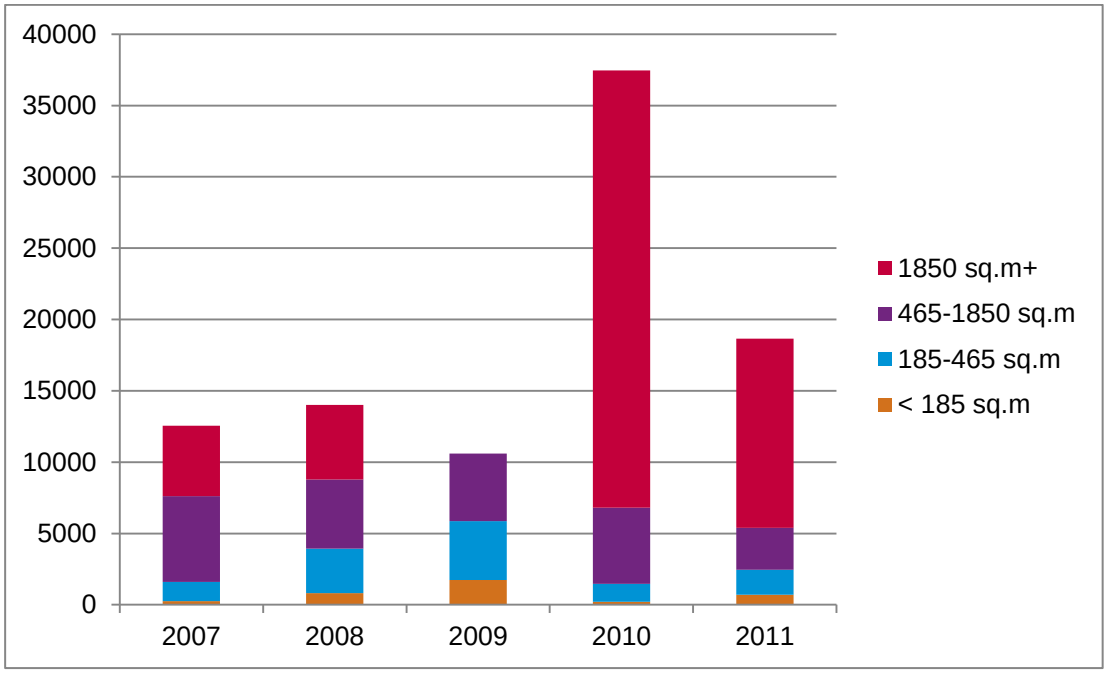
Figure 9: Industrial & Warehouse Deals in Mid Devon by Size Band, 2007-11



Source: GLH based on Promis and EGI

4.54 Figure 10 profiles total floorspace take-up in the District over the past five years. Take-up over the past five years has averaged 18,650 sq.m per annum. The average is however particularly influenced by strong take-up in both 2010 and 2011, reflecting a number of larger deals for units of over 1850 sq.m.

Figure 10: Industrial & Warehouse Floorspace Take-Up in Mid Devon, 2007-11



Source: GLH based on Promis and EGI

4.55 Take-up is focused towards larger premises of 465 sq.m and above. Key recent deals include:

- The freehold sale of an 10,750 sq.m warehouse at Willand Distribution Centre in May 2012 to an undisclosed party;
- The freehold sale of the 13,255 sq.m Devon Cider Premises industrial facility in Tiverton for £3 million in April 2011 to Aston Manor Brewery Company;
- Letting of an 1,115 sq.m industrial unit at Butterleigh Sawmill in Cullompton in June 2012 to at undisclosed party. The asking rent was £2.50 psf;
- Letting of a 955 sq.m production warehouse at South View Road in Willand to the West Country Private Ambulance Service. The asking rent was £3.21 psf.

4.56 From discussions with locally-active commercial agents we understand that a 3.64 hectare (9 acre) site is being marketed at Cullompton Business Park. This provides design and build opportunities for office units of between 93 – 2,322 sq.m and industrial units of 232 – 9,290 sq.m. The site benefits from a detailed planning consent and is located off the Kings Mill Industrial Estate. The demand profile for this development to date is expected to be focused towards warehouse floorspace; albeit that in the current market occupiers prefer existing vacant buildings in preference to 'design to suit' development on cost grounds.

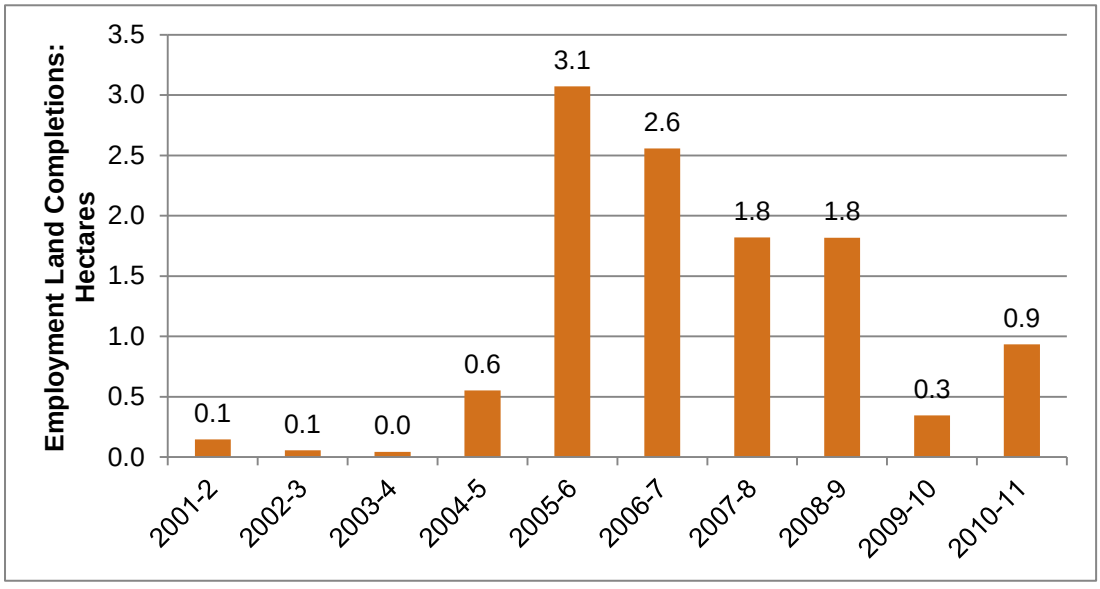
4.57 We understand that there are a number of requirements in the market for 2300 – 3700 sq.m B8 units. However developments must be able to achieve a rent of £5.75 psf or above to make new-build development viable. The focus of industrial/ distribution demand is however more towards the M5 in regard to capturing inward investment; with demand at Tiverton focused more on accommodating existing locally-based businesses.

Development Trends

4.58 Information of employment development in Mid Devon is set out within the Council's *Employment Land Survey 2010-11.* This provides details of approvals (on granting of planning consent) and completions (on delivery of new development).

4.59 Between 1995-2001 the report states that 7.05 hectares of employment land was completed (1.2 hectares per annum). Completions fell between 2001-6 with delivery of 3.9 hectares (0.8 hectares per annum) but have been stronger since, with delivery of 7.5 hectares (1.5 hectares per annum) between 2006-11. The chart below outlines the profile of completions per annum:

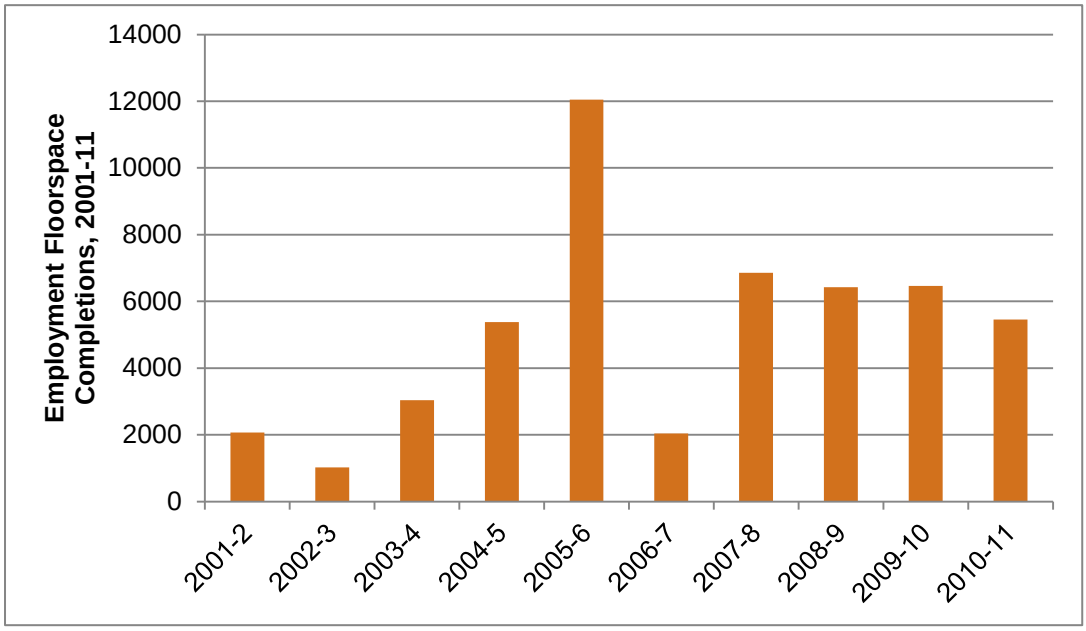
Figure 11: Employment Land Completions in Mid Devon, 2001-11



Source: MDDC Employment Land Survey 2010-11

4.60 Over the 2001-11 decade average an average of 1.1 hectare of employment land was delivered per year. The average level of floorspace completed was 5081 sq.m. However as the graph above demonstrates, completions have been notably stronger over the last six years relative to the earlier part of the decade. An average of 6,550 sq.m of employment floorspace has been completed per annum since 2005 in the District.

Figure 12: Employment Floorspace Completions in Mid Devon, 2001-11

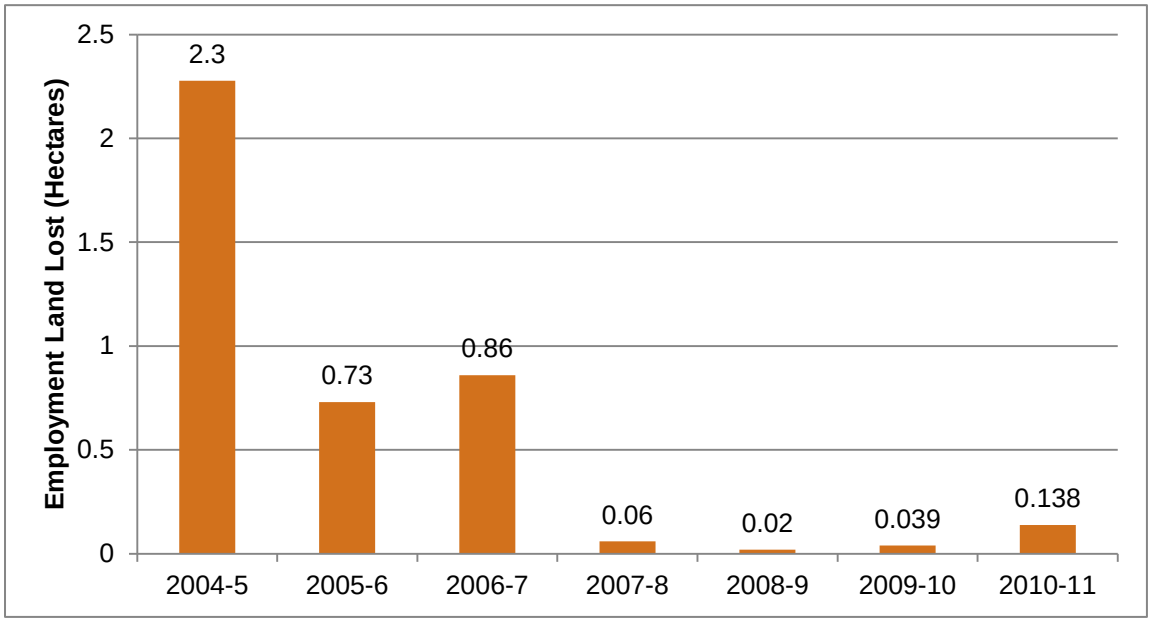


Source: MDDC Employment Land Survey 2010-11

4.61 The adopted Core Strategy seeks to achieve a significant uplift on employment completions relative to past trends. Over the period to 2026 it plans for delivery of 14,770 sq.m of employment floorspace and 4.2 hectares of employment land per annum. This would require the rate of delivery of new employment floorspace to more than double.

4.62 The above completions figures are 'gross' of employment land losses. An average of 0.6 hectares of employment land has been 'lost' to other uses through redevelopment over the 2004-11 period. The average is however particularly influenced by losses in 2004-5: average losses over the past five years have been more moderate at 0.2 hectares per annum.

Figure 13: Employment Land Losses in Mid Devon, 2005-11



Source: MDDC Employment Land Survey 2010-11

5 FUTURE DEMAND FOR EMPLOYMENT LAND IN MID DEVON

5.1 In this section we consider demand for employment land and floorspace in Mid Devon over the period to 2026 and 2031, focusing on the B1, B2 and B8 use classes.

5.2 The analysis is of 'demand' for employment land and therefore does not take account of any supply-side factors such as existing employment land allocations or commitments. These are considered in the next section. Demand is considered in both 'net' and 'gross' terms.

5.3 The ODPM Guidance, Employment Land Reviews: Guidance Note (ODPM, 2004) encourages the use of a number of different techniques to estimate future employment land requirements, namely assessments based on :

- Labour demand (derived principally from econometric forecasts);
- Labour supply (taking account of planned housing provision and demographics); and
- Past rates of take-up/ development of employment land.

5.4 There are relative benefits of each. Econometric forecasts take account of differences in economic performance moving forward relative to the past, overall in regard to the sectoral composition of growth. However a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

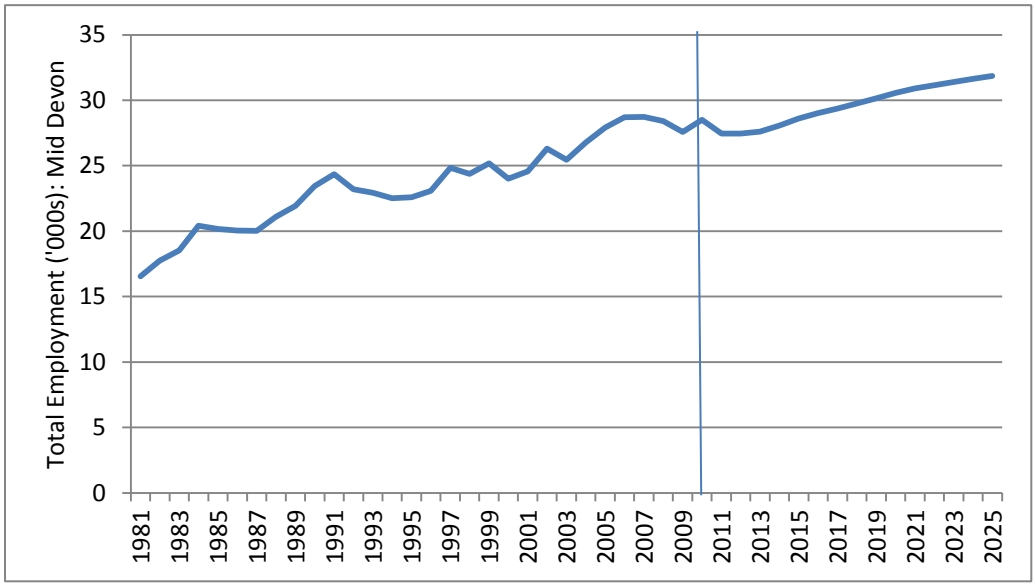
5.5 In contrast, past take-up is based on actual delivery of employment development; but does not take account of the implications of growth in labour supply associated with housing growth nor any differences in economic performance relative to the past, issues concerned with the level or nature of employment land supply or policy factors.

Labour Demand Scenario

5.6 The first scenario is based on labour demand. It is based on economic forecasts prepared by Cambridge Econometrics in 2012 for Devon County Council.

5.7 The forecasts indicate that employment in the District peaked in 2007 at 29,000 jobs. This was 3,400 above the level in 1997, a decade previously.

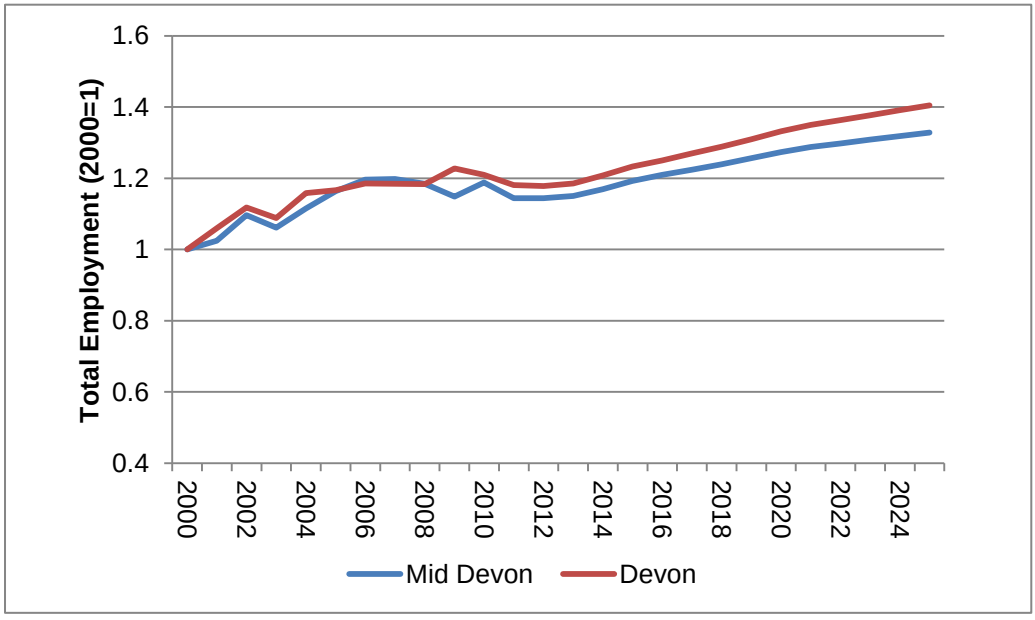
Figure 14: Employment Forecasts, 2010-25



Source: Cambridge Econometrics

5.8 We can benchmark Mid Devon's past performance and its expected performance moving forwards against Devon as a whole. There is a reasonable degree of similarity between the trends shown.

Figure 15: Benchmarking Employment Growth, Mid Devon vs. Devon



Source: Cambridge Econometrics

5.9 The forecasts indicate that the recession started earlier in Mid Devon than Devon as a whole, with employment in Mid Devon falling from 2007. It also suggests that Mid Devon is expected to recover more slowly than the County as a whole:

- Between 2010-15 employment is expected to grow by 0.1% per annum in Mid Devon compared to 0.4% per annum across the County;
- Between 2015-20 employment is forecast to grow more strongly in Mid Devon, by 1.3% per annum, but this is still expected to lag behind the 1.5% per annum growth forecast across the County;
- Similarly between 2020-25 employment growth of 0.8% per annum is forecast in Mid Devon compared to 1.1% per annum across the County.

5.10 Demand for employment land will however be influenced not just by overall employment growth, but by sectoral changes in the structure of the economy (as well as replacement demand for employment floorspace).

5.11 Figure 16 considers employment growth in sectors which are strongly represented in Mid Devon. It suggests that the economy is forecast to reinforce around existing sectoral strengths (relative to Devon) – in textiles and food manufacturing, metal manufacturing, land transport and agriculture.

Figure 16: Sectors Strongly Represented in Mid Devon (2010)

Sector	Total employment in Mid Devon 2010 ('000)	Mid Devon Location Quotient (relative to Devon) 2005	Mid Devon Location Quotient (relative to Devon) 2015	Mid Devon Location Quotient (relative to Devon) 2025
Textiles etc	1.54	3.4	5.4	5.4
Food, drink & tobacco	1.03	5.1	4.3	4.0
Metals & metal prods.	0.71	1.8	2.6	2.7
Land transport	1.31	2.2	2.5	2.6
Agriculture etc	2.68	1.4	2.0	2.2
Wholesale trade	1.64	1.5	1.5	1.5
Education	2.49	1.1	1.3	1.3
Printing & recording	0.09	0.9	1.2	1.2
Motor vehicles trade	0.58	0.9	1.1	1.1
Recreational services	0.57	1.1	1.0	1.1

Source: SQW Analysis, CE Forecasts

5.12 To this analysis we can overlay expected employment growth. Whilst the economy is expected to demonstrate an increasing specialism in textiles, food and metals manufacturing, in net terms employment in these sectors is expected to fall between 2010-25. The same is true for agriculture.

5.13 Sectors which there is an average or above average current specialism, and which are expected to see employment growth are: land transport, wholesale trade, and motor vehicles. This can be expected to support demand for employment land from B8 and sui generis uses.

Figure 17: Sectors Strongly Represented in Mid Devon (2010)

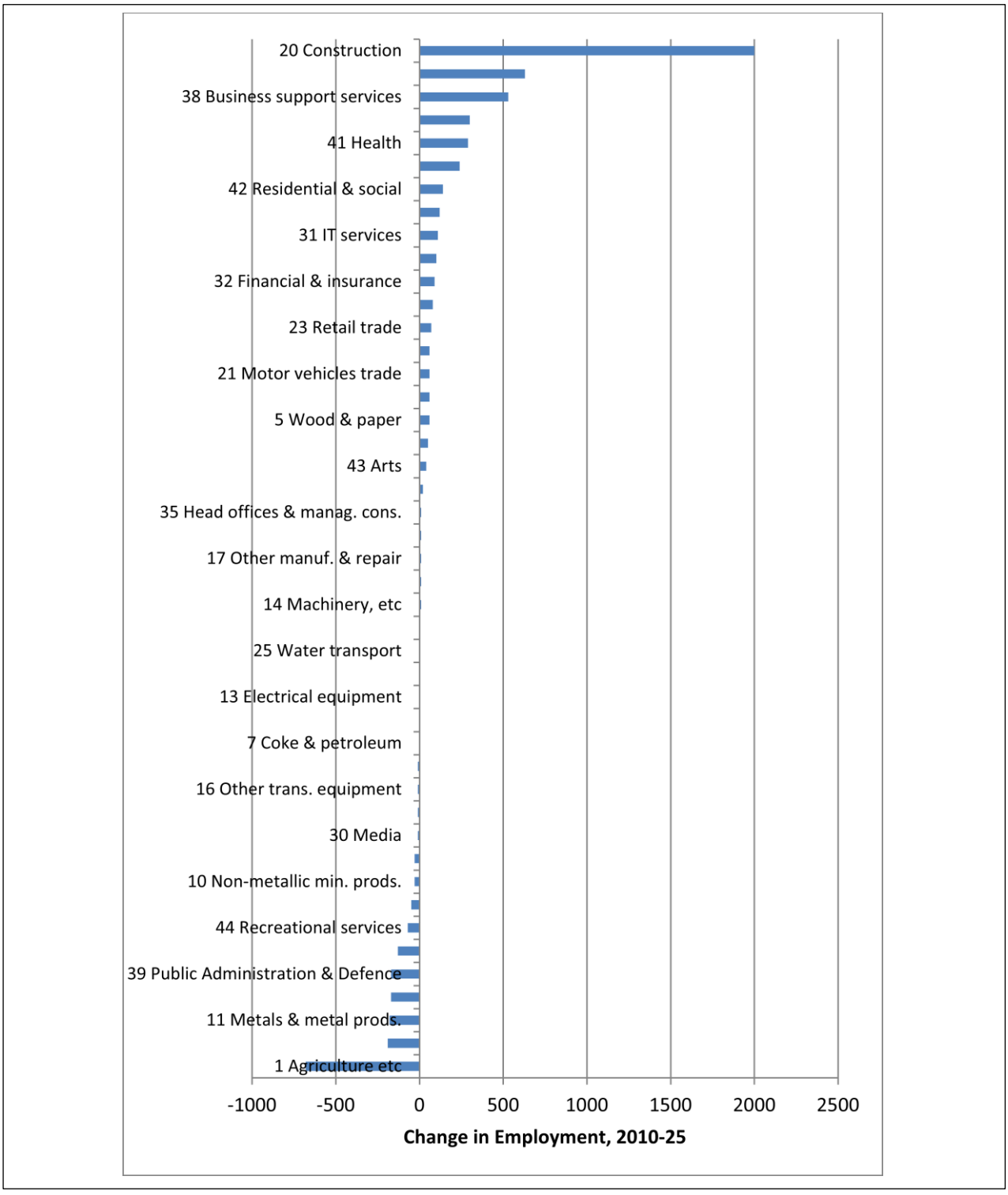
Sector	Total employment in Mid Devon 2010 ('000)	Mid Devon Location Quotient (relative to Devon) 2005	Mid Devon Location Quotient (relative to Devon) 2015	Mid Devon Location Quotient (relative to Devon) 2025	Employment growth ('000 jobs) in Mid Devon 2010-2025
Textiles etc	1.54	3.4	5.4	5.4	-0.17
Food, drink & tobacco	1.03	5.1	4.3	4.0	-0.19
Metals & metal prods.	0.71	1.8	2.6	2.7	-0.18
Land transport	1.31	2.2	2.5	2.6	+0.30
Agriculture etc	2.68	1.4	2.0	2.2	-0.68
Wholesale trade	1.64	1.5	1.5	1.5	+0.06
Education	2.49	1.1	1.3	1.3	-0.13
Printing & recording	0.09	0.9	1.2	1.2	-0.01
Motor vehicles trade	0.58	0.9	1.1	1.1	+0.06
Recreational services	0.57	1.1	1.0	1.1	-0.07

Source: SQW Analysis, CE Forecasts

5.14 Figure 18 shows the CE projections for all 45 sectors. We can segment these into sectors where net employment growth is anticipated. These include sectors where some jobs are located on B-class land, such as business support, land transport and wholesaling; sectors where some jobs may be on B-class land such as construction or professional and legal services; but also sectors where employment is less likely to be located on employment sites such as health, residential and social and other services.

5.15 The chart also shows a number of sectors where employment is neither expected to grow or fall. For some of these sectors there is little to no employment in Mid Devon (for instance in water or air transport, or pharmaceuticals). In general these sectors are not going to require significant additional land, although some may be necessary to provide for 'churn' to allow existing firms to move to new premises.

Figure 18: Forecast Employment Change by Sector, 2010-25



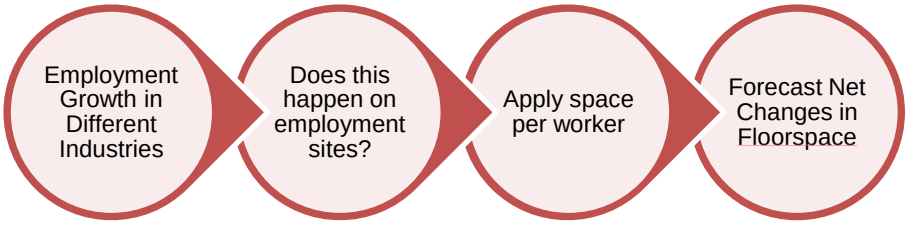
5.16 Those sectors where employment is forecast to fall are shown towards the bottom of the chart. In theory these sectors may release some employment land or floorspace; but may not be the case in every instance. There may be manufacturing firms which remain on existing sites, invest in plant and machinery and become more efficient – they may reduce their workforce but still occupy the same level of space or site.

5.17 Overall CE forecast total employment to increase by 4,700 between 2011-26 in Mid Devon.

Forecasts for Net Changes in Employment Floorspace

5.18 GLH has used a standard approach to relate net changes in employment by sector to changes in employment floorspace requirements. This is shown below.

Figure 19: Overview of Approach to Forecasting Net Floorspace Changes



5.19 GLH has considered the proportion of employment in each of these sectors which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), industrial floorspace (Use Classes B1c or B2) and warehouse/ distribution floorspace (Use Class B8).

5.20 We have calibrated our standard model which relates sectors and use classes for the Mid Devon economy through interrogation of the composition of employment in key sectors at 4-digit SIC level. This is used to derive the following forecasts of net growth in employment by use class over the plan period:

Figure 20: Expected Employment Changes by B-Class Use, 2011-26

Total Jobs		2011-16	2016-21	2021-26	2011-26 Total
Office	B1a/B1b	192	409	367	968
Industrial	B1c/B2	344	144	-68	420
Distribution	B8	0	100	57	157
Total B Class		536	653	357	1,545

Source: GLH

5.21 To these figures we have applied standard employment densities taking account of the *HCA Employment Densities Guide: 2nd Edition* (Drivers Jonas Deloitte, 2010). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office (B1a): an average of 14 sq.m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Industrial (B1c, B2): an average of 40 sq.m GEA per employee based on a mix of B1c and B2 floorspace including both smaller light industrial units and larger food manufacturing;
- Warehouse/ Distribution (B8): an average of 70 sq.m GEA per employee. This assumes a mix of distribution space including some larger B8 units particularly on sites close to the M5.

5.22 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for around 41,400 sq.m of employment floorspace in B-class uses over the 2011-26 plan period.

Figure 21: Forecast Net Changes in Employment Floorspace, 2006-26

Use Class	2011-16	2016-21	2021-26	2011-26	Aprox. Change in Stock, 2011-26
Office (B1a/b)	2688	5726	5144	13558	30%
Industrial (B1c/B2)	13760	5760	-2704	16816	6%
Distribution (B8)	0	7000	3990	10990	6%
Total	16448	18486	6430	41364	-

Source: GLH

5.23 GLH considers that, from a commercial perspective, the forecast for distribution floorspace looks on the low side; and that actual demand could be stronger than indicated above.

Forecasts of Gross Land Requirements

5.24 The above forecasts are for net changes in floorspace. Net changes in land and floorspace should be monitored against this.

5.25 As a basis for considering what level of land should be allocated for B class uses, it is more useful to consider what level of land might be required in gross terms, allowing for the potential loss of some existing employment sites. Our gross floorspace forecasts are based on:

- Net floorspace forecasts;
- Plus allowance for replacement of expected losses of employment floorspace;
- Plus a margin to allow for forecasting error and any delays in specific sites coming forward.

5.26 To calculate this, we have first sought to translate the net floorspace forecasts into forecasts for land requirements. To do so, we have used the following assumptions on plot ratios:

- An average plot ratio of 30% for office floorspace (B1a and b) on the basis that most office floorspace is likely to be delivered in business park settings or through mixed use development, at least in the short-term;
- An average plot ratio of 45% for development industrial and warehouse/ distribution floorspace.

5.27 These assumptions are broadly consistent with national guidance and other similar studies. On this basis, the following projections of land requirements are derived from the net employment floorspace forecasts:

Figure 22: Net Forecasts of Employment Land Requirements, 2011-26

	2011-16	2016-21	2021-26	2011-26 Total
Office (B1a/B1b)	0.9	1.9	1.7	4.5
Industrial (B1c/B2)	3.1	1.3	-0.6	3.7
Distribution (B8)	0.0	1.6	0.9	2.4
Total	4.0	4.7	2.0	10.7

Source: GLH

5.28 The next stage of the modelling is to consider what level of floorspace might be required to account of losses of employment floorspace, for instance through the redevelopment poor quality or redundant premises in inappropriate locations. We have forecast losses of employment land based on past trends recorded by the Council's monitoring data.

5.29 As Figure 23 shows, over the 2005-11 period there has been a loss of 1.8 hectares of employment land, equivalent to 0.64 hectares per annum. Employment land losses have fallen off notably since 2007. This likely reflects economic and property market conditions.

Figure 23: Trends in Losses of Employment Floorspace in Mid Devon, 2006-11

Land (Hectares)	B1a/b	B1 Open	B1c	B2	B8	Total
2005-6		0.0	0.0		0.7	0.7
2006-7		0.7		0.1	0.1	0.9
2007-8						0.1
2008-9		0.0				0.0
2009-10			0.0	0.0	0.0	0.0
2010-11	0.0		0.1			0.1
Total 2005-11	0.0	0.7	0.1	0.1	0.8	1.8
Average PA 2005-11	0.01	0.12	0.02	0.02	0.13	0.30

Source: MDDC Monitoring Data

5.30 We have forecast these rates of losses forward on a linear basis for the 2011-26 period. This is shown in Figure 24. Over the period to 2026 we have assumed that 4.5 hectares of land will be required to compensate for expected employment land losses.

Figure 24: Assumed Losses of Employment Floorspace in Mid Devon, 2006-11

	2011-16	2016-21	2021-26	2011-26 Total
Office (B1a/B1b)	0.65	0.65	0.65	1.94
Industrial (B1c/B2)	0.20	0.20	0.20	0.60
Distribution (B8)	0.64	0.64	0.64	1.93
Total	1.49	1.49	1.49	4.47

Source: GLH

5.31 Many employment land assessments additionally include a 'frictional margin' to support choice and competition between sites for investment, to take account of potential delays in sites coming forward and to allow for a degree of variance from the forecasts. This is a sensible approach. We consider that it is also an appropriate approach recognising the relatively low current jobs density in the District with the aim of ensuring that land availability is not an impediment to economic growth.

5.32 We have assumed a frictional margin equivalent to five years of gross take-up. This is calculated using annual take-up figures for the 2005-11 period[41]. A margin of 10.1 hectares in included within the gross land forecasts to provide a choice of sites and flexibility within the overall land supply.

[41] This period excludes the delivery of 55,500 sq.m of B2 floorspace at Rolls Royce in 2004 which is considered abnormal set against longer-term trends

Figure 25: Calculation of Frictional Margin

	Average Take-Up Per Annum, 2005-11 (Sq.M GEA)	Assumed Plot Ratio	Land Requirement Per Annum (Ha)	Margin: 5 Years Supply (Ha)
Office (B1a/b)	738	0.3	0.2	1.2
Industrial (B1c/B2)	1795	0.45	0.4	2.0
Distribution (B8)	2622	0.45	0.6	2.9
Mixed B Class Use	3203	0.4	0.8	4.0
Total B Class	8358		2.0	10.1

Source: GLH

5.33 We have then redistributed the margin ascribed to 'mixed B-class' employment floorspace on a *pro rata* basis to the B1a/b, B1c/B2 and B8 use classes.

5.34 Bringing together the assessment of net land requirements and provision for future losses of employment land and a margin to provide a choice of sites and flexibility in future provision, we can identify gross land requirements. This is shown in Figure 26 below.

Figure 26: Forecast of Gross Land Requirements in Mid Devon, 2011-26

Requirement	Net Requirement	Replacement of Losses	Margin	Total
Office (B1a/b)	4.5	1.9	2.0	8.5
Industrial (B1c/B2)	3.7	0.6	3.3	7.6
Distribution (B8)	2.4	1.9	4.8	9.2
Total	10.7	4.5	10.1	25.3

Source: GLH

5.35 The analysis indicates that whilst the labour demand forecasts indicate a net requirement for around 11 hectares of land, it would be appropriate to provide for around 25 hectares of employment land for the 2011-26 period to provide for replacement demand and a choice of sites.

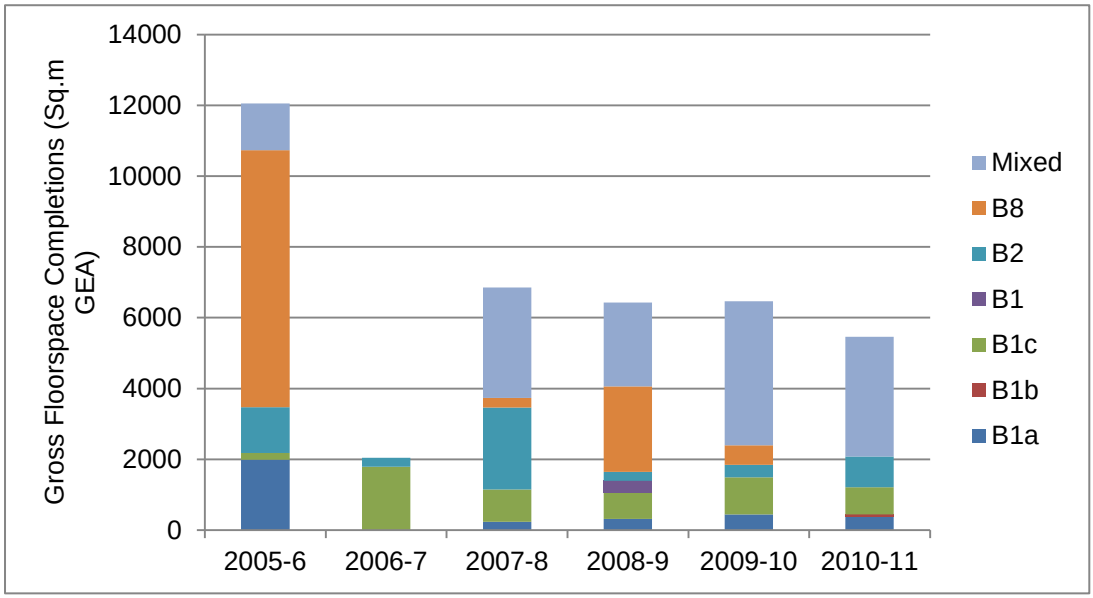
5.36 However in strategic planning terms we consider that it would be good practice to make provision for employment land for at least 20 years. This would extend beyond the current plan period to 2031. The forecasts indicate a net requirement for 3.5 hectares over the 2021-26 period. If we extended the period considered to 2031 it would be appropriate to include a similar allowance for a further 3.5 hectares of land.

5.37 –The labour demand forecasting thus indicates that it would be appropriate to make provision for 28 hectares of land in Mid Devon to cover the period to 2031.

Past Completions Scenario

5.38 A second way of forecasting demand for employment land is to project forward past completions of employment land or floorspace. Figure 27 projects past (gross) completions of employment floorspace in Mid Devon over the 2005-11 period by B-class use.

Figure 27: Gross Employment Floorspace Completions in Mid Devon, 2005-11



Source: MDDC Monitoring Data

5.39 We have projected forward average annual gross completions from this period (2005-6) on a linear basis. This is shown in Figure 28.

Figure 28: Forecast of Gross Employment Completions in Mid Devon, 2011-26 and 2011-31

	Average Annual Take-Up 2005-11 SqM Per Annum	Plot Ratio	Land Requirement (Hectares PA)	15 Year Forecast 2011-26 (Ha)	20 Year Forecast 2011-31 (Ha)
Office (B1a/b)	738	0.3	0.25	3.7	4.9
Industrial (B1c/B2)	1795	0.45	0.40	6.0	8.0
Warehouse (B8)	2622	0.45	0.58	8.7	11.7
Mixed B-Class	3203	0.4	0.80	12.0	16.0
Total B-Class	8358		2	30	40.6
5 Year Margin				10.1	10.1
Forecast Requirement: 20 Year Incl. Margin				40.6	50.7

5.40 As with the Labour Demand Scenario, we have included a 5 year margin to provide a choice of sites and flexibility in land supply. This is developed on the same basis as in the Labour Demand Scenario and provides for an additional 5 year supply based on past gross completions.

5.41 The Past Completions Scenario indicates a requirement for 40.6 hectares of employment land over the 2011-26 period and 50.7 over the 2011-31 period. This is over 60% greater than forecast in the Labour Demand Scenario.

5.42 It should be remembered however that the gross completions figures in this scenario will, in part, include development on existing employment sites. On this basis it seems likely that the forecasts will over-estimate requirements for new employment land allocations. The Past Completions Scenario should be considered in this light.

Considering the Relationship to Labour Supply

5.43 We have also sought to consider the relationship to changes in labour supply. Growth in labour supply within the district will be influenced by levels of housing growth and changes to the population structure and how people occupy homes. The impact on employment will also be influenced by commuting dynamics.

5.44 The Cambridge Econometrics forecasts indicate growth of around 4,200 jobs between 2011-25 representing employment growth of 17% in the District over the 15 year period.

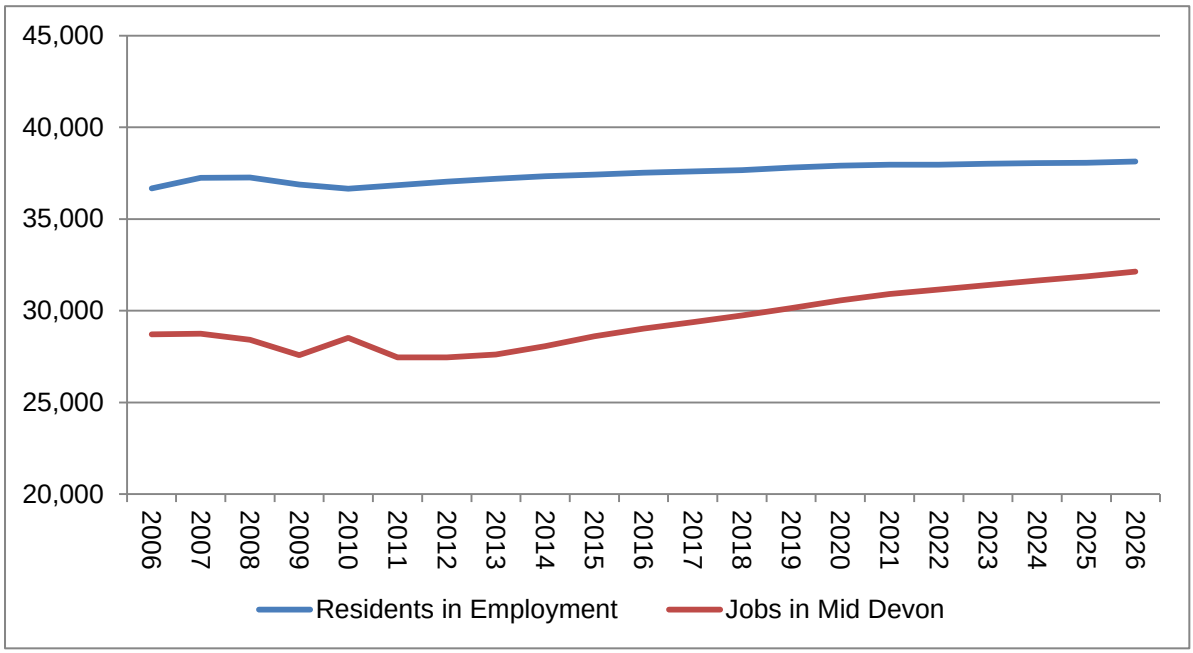
5.45 Population projections for Mid Devon are set out within the *Mid Devon Infrastructure Plan* (MDDC< Oct 2009). These take account of planned housing provision. These projections indicate that population growth of around 9,000 persons is forecast over 2006-26 period. However population growth is expected to be strongest in the District in those age groups over 65.

5.46 Over the period from 2011-26, these projections indicate that the population aged 20-64 in the District is expected to increase by less around 250 persons. This growth in the working-age population is relatively moderate, and is focused on Cullumpton and its hinterland, and to a lesser extent Tiverton; with Crediton and its surrounding area expected to see a reduction in the population aged 20-64.

5.47 The latest long-term national population projections for Mid Devon are ONS 2010-based Sub-National Population Projections. These indicate an increase in the resident labour force of around 1,200 persons. Using this and assumptions about potential future improvements to employment rates, we estimate that the resident labour force could increase by around 1,200 persons over the 2011-25 period.

5.48 This comparison of economic and demographic forecasts does suggest that the jobs density in Mid Devon – the relationship between employment in Mid Devon and the number of residents in work – can be expected to improve over time. Over the period from 2011-26 this could result in an increase in the ratio of jobs to residents in work from 74% to 85%.

Figure 29: Modelled Relationship between Growth in Employment and Residents in Work



Source: GLH Modelling based on CE Forecasts and ONS 2010-based SNPP

5.49 Given the population dynamics, with relatively modest growth in the size of the workforce expected, we consider that the CE forecasts represent a reasonable level of employment provision to plan for under 'baseline conditions.'

Drawing the Forecasts Together

5.50 The forecasts prepared indicate demand for employment land of between 28-51 hectares over the period to 2031. The lower end of this range is based on economic forecasts with the inclusion of replacement demand and a margin to provide a choice of sites and ensure a flexible land supply. The higher end of this range is based on past gross completions: it could be argued that past levels of employment development have been modest, however this is counter-balanced against the fact that gross completions include redevelopment of existing employment land within the District. Overall it would seem appropriate to plan for 30-40 hectares of employment land over the 2011-31 period.

5.51 We consider that it would be appropriate to ensure provision for at least 5 hectares of land suitable for office development in use classes B1a and B1b, around 10 hectares which is suitable for industrial development in use classes B1c and B2, between 10-15 hectares suitable for B8 warehouse and distribution development and up to 10 hectares which could accommodate a mix of B-class uses. This is based on analysis of both the labour demand and completions forecasts and understanding of market dynamics in the District. It may well be that specific development sites can accommodate a mix of B-class uses. We would recommend that the Council only seeks to restrict the nature of employment uses where this can be justified on the grounds of sustainability of the location, or where it might cause harm to the amenity in the local area (such as to surrounding properties or by way of traffic generation).

6 EMPLOYMENT LAND SUPPLY

6.1 In this section we consider the supply of employment land in Mid Devon. This includes a survey of key land allocations in the District as well as key existing employment sites undertaken by GLH staff in Summer 2012. The analysis compares employment land supply (in both quantitative and qualitative terms) with assessed demand to outline recommendations regarding future employment land provision.

Quantitative Assessment

6.2 We have identified in the previous section that the forecast analysis would support provision of between 30-40 hectares of employment land in the District to meet demand over the period to 2031.

6.3 To provide a quantitative assessment of employment land supply we have drawn on the Council's *Employment Land Survey 2010-11.* From this we have drawn together information on:

- Employment development under construction;
- Employment land commitments (schemes with planning permission); and
- Employment land allocations (from the adopted AIDPD).

Figure 30: Employment Development Under Construction, March 2011

		Floorspace (Sq.M)	Site (Ha)
Crediton	Fordton	1074	0.1
	Page Partners LLP	230	0
	SW Galvanisers Ltd.	147	0
Tiverton	Norwood Farm	150	0.01
	O & B Vehicle Solutions	27	0
	Trade South West	529	0.01
Rural Areas	Lower Brithayes, Bickleigh	150	0.01
	Coddiford, Cheriton Fitzpaine	164	0.01
	West Upham Farm, Cheriton Fitzpaine	350	0.03
	Gollick Park, Clayhidon	128	0.11
	Higher Elston, Copplestone	197	0.02
	Sellake Barn, Halberton	105	0.01
	Culmbridge Farm, Hemyock	204	0.3
	Shuttleton Farm, Hemyock	144	0.01
	Old Ridgewood Farm, Hemyock	197	0.02
	Upper Whitemoor, Hemyock	81	0.01
	Greenham Industrial Estate, Holcombe Rogus	973	0.47
	Kytton Barton, Holcombe Rogus	100	0.01
	Long Drag, Kentisbeare	150	0.08
	Westhayes, Kentisbeare	187	0.15
	East Higher Pirzwell, Kentisbeare	355	0.03
	Yeo Vale Industrial Est., Lapford	226	0.01
	Hele Farm, Nymet Rowland	206	0.13
	Moor Farm, Shobrooke	120	0.14

	Down Farm, Stockleigh English	54	0.0069
	Thorverton Mill, Thorverton	1302	0.53
	Court Barton, Thorverton	167	0.02
	Higher Pitt Farm, Washfield	170	0.02
	Tridley Foot Hill,Woolfardisworthy	160	0.01
Total		**8047**	**2.3**

6.4 In March 2011 there was a total of 2.3 hectares of employment land under construction. This represents around a 1.5 years supply based on recent development trends (2006-11). These sites will deliver 8,047 sq.m of employment floorspace.

6.5 In addition to the sites under construction there are a number of sites with planning consent for employment development. In total there is a 29.2 hectare supply of land with outstanding planning consent for employment development. It is estimated that this will deliver 96,205 sq.m of employment floorspace. This is almost a 15-20 year supply of land based on past development trends, although the Core Strategy seeks to increase development rates significantly – it would represent a 6.5 - 7 year supply based on the Core Strategy policy. The level of committed employment land has risen significantly since 2006 which points to the potential to improve employment land delivery moving forwards.

Figure 31: Employment Commitments, March 2011

		Floorspace (Sq.M)	Area (Ha)
Bampton	14 Brook Street	34	0.003
Crediton	Exeter Road	9050	3
Cullompton	Week Farm	14178	5.06
	Old Station Yard	648	0.22
	Aller Barton Farm	465	0.05
	South of Kingsmill Road	22064*	6.30
	Poundapit Farm	201	0.16
	South of Kingsford Manor	392	0.11
	Kingsmill Road	1300	0.3
	St Regis Paper Co. Ltd.	700	0.25
Tiverton	Former Tiverton Hospital	762	0.01
	Lowman Green	501	0.27
	Brooklands	202	0
Rural Areas	Maidendown Stage, Burlescombe	4323	1.56
	Town Farm, Burlescombe	75	0.01
	Mounson Farm, Cheriton Bishop	695	0.21
	White Cross Farm, Cheriton Fitzpaine	169	0.02
	Acre Ridge, Clayhidon	216	0.05
	Trinity Leigh, Coldridge	130	0.01
	Courtneys Garage, Copplestone	29	0.01
	Middle Hollacombe, Crediton Hamlets	291	0.034
	Chapel Downs, Crediton Hamlets	527	0.1
	Pennymoor Timber, Cruwys Morchard	559	0

	Rowridge Farm, Halberton	74	0.005
	Sutton Barton, Halberton	670	0.15
	Muxbeare Barn, Halberton	81	0.01
	Pitt Farm, Halberton	108	0.01
	Culmbridge Farm, Hemyock	824	0.36
	Rodleigh Farm, Hemyock	142	0.01
	Former St Ivel Factory, Hemyock	513	0.27
	Lapford MOT & Service Centre	65	0
	Royal Oak House, Loxbeare	50	0.01
	Blackerton Cross Garage, Oakford	300	0.35
	Meadowside Garage, Sandford	88	0.062
	The Sanctuary, Shobrooke	202	0.02
	Bridge Works, Uffculme	610	0.4
	Industrial Estate, Willand	34057*	9.73
	Lloyd Maunders Ltd. Willand	910	0.09
Total		**96205**	**29.2**

Source: MDDC Employment Land Survey 2010-11 (Floorspace figures of sites with * are estimated)

6.6 Key sites with outstanding planning consent for employment development comprise: Willand Industrial Estate (9.7 ha), South of Kingsmill Road Cullompton (6.3 ha) and Week Farm, Cullompton (5.1 ha).

6.7 It addition to 'committed' employment land which benefits from planning consent, there are a number of employment land allocations which are outstanding. These are set out below:

Figure 32: Outstanding Employment Land Allocations, March 2011

		Land (Ha)	Floorspace (Sq.M)
Bampton	Stone Crushing Works	0.5	TBC
Bampton	Bourchier Close (Mixed Use)	1.1	4000
Crediton	Mill Street	0.5	TBC
Crediton	Wellparks	1.5	4150
Cullompton	NW Cullompton	11.4	40000
Tiverton	Eastern Urban Extension	27.1	112500
Tiverton	Blundells School	2.0	7000
Tiverton	William Street	TBC	TBC
Rural Areas	South View Road, Willand	TBC	TBC
Rural Areas	South of Iter Cross, Bow	0.5	7000
Rural Areas	SW of Junction Road, Bow	0.6	2100
Rural Areas	SE of Village Hall, Kentisbeare	0.14	500

Source: MDDC Employment Land Survey 2010-11

6.8 In total the land with development under construction, outstanding planning consents and outstanding land allocations collectively provide over 55 hectares of employment land. **In purely quantitative terms there is thus an excess of employment land of between 15 – 25 hectares**

in the District looking over the period to 2031 when assessed against identified need for 30 – 40 hectares.

6.9 A proportion of the employment land supply is on small sites located across the District. However of the total supply of over 55 hectares, sites of less than 2 hectares provide capacity for 9.7 hectares of employment development (less than 20% of the total).

6.10 The sites of more than 1.0 hectares are shown below:

Figure 33: Employment Land Supply – Sites > 1.0ha

	Size
Week Farm, Cullompton	6.6
South of Kingsmill Road, Cullompton	6.3
Industrial Estate, Willand	9.7
Bourchier Close, Brampton	1.1
Wellparks, Crediton	1.5
NW Cullompton Urban Extension	11.4
Tiverton Urban Extension	27.1
Blundells School, Tiverton	2.0
Total	65.7

6.11 These sites are considered as part of the qualitative assessment of employment land provision, together with key existing employment sites within the District.

Qualitative Supply-Demand Balance

6.12 It is however apparent that a significant proportion of the employment land supply is focused on the following key sites:

- South of Kingsmill Road, Cullumpton: 6.3 hectares (consented);
- Week Farm, Cullompton: 5.1 hectares (consented) and 10.5 hectares (allocated);
- NW Cullompton Urban Extension: 11.5 hectares (allocated);
- Willand Industrial Estate: 9.7 hectares (consented);
- Tiverton Eastern Urban Extension: 27.1 hectares (allocated).

6.13 A number of these sites are well located, with the Kingsmill Road and Week Farm sites in Cullompton located close to Junction 28 of the M5. We would expect these sites to provide an opportunity to meet 'footloose' sub-regional requirements and thus to attract inward investment to

Mid Devon. We would expect the demand profile for these sites to particularly be focused on B8 uses, albeit that there is potential to attract B1 and B2 activities to these site as well.

6.14 The Tiverton Urban Extension is also strategically well-located with the potential to provide good access from the A361.

6.15 At a headline level, there are however a number of number of relevant issues. Firstly a significant proportion of the employment land supply is effectively 'tied up' in a number of larger sites.

6.16 The urban extensions to Tiverton and Cullompton are both dependent on delivery of significant new infrastructure. There is often a significant lead-in time to the delivery of such sites. Furthermore in the current economic/ market climate, the delivery of such sites can be challenging as they require a significant upfront financial outlay to support site preparation and infrastructure delivery and it can be difficult to secure development finance on favourable terms to enable this. This should be recognised as a risk to the delivery of these schemes in the short-term.

6.17 Furthermore a significant proportion of the employment land supply is focused at Cullompton. This comprises around 22 hectares of land for employment around the existing Kings Mill Industrial Estate – which would effectively almost double the scale of employment land provision in this area. In addition, a further 11.5 hectares is proposed as part of the North-West Urban Extension. Arguably we consider it unlikely that the market will be able to support this scale of additional employment land provision over the period to 2031 in Cullompton.

6.18 We consider that at a strategic level there is a case to argue that the portfolio of employment sites could be 'rebalanced' to include a number of smaller employment land allocations which are not dependent on provision of significant additional infrastructure, and could be easier to deliver in the short-to-medium term. This is not to say that provision of employment development at part of strategic urban extensions is not appropriate, but that a more balanced portfolio of sites could help to support employment land development over the next 20 years.

6.19 In the next section we consider and assess specific sites, and set out recommendations regarding each against this overall context.

Site Assessment Criteria

6.20 Site surveys were undertaken by senior staff from GL Hearn in April 2011 using a site assessment proforma which draws on best practice guidance.

6.21 A general description of each employment site is provided. Information is collected regarding the existing nature of use of the site and its suitability for development/redevelopment, its potential availability, market attractiveness, and any known constraints (including infrastructure) which might impact upon the deliverability of development. The site survey included specific consideration of the quality of sites and their future suitability to meet market demand.

6.22 For existing employment sites, the assessment considers:

- The nature and intensity of use of the employment site;
- Road access, including access by HGVs and servicing of existing businesses;
- Access to local services/ amenities for employees;
- Physical constraints to the development and use of this site;
- Nature of any bad neighbour or adjacency issues;
- The age and quality of existing buildings;
- Public transport accessibility and adequacy of parking provision.

6.23 Vacant land and floorspace on existing sites is recorded.

6.24 The assessment comes with the caveat that neither a detailed investigation of landownership and lease structures nor detailed development appraisals to assess viability at a site-specific level (in the absence of a development scheme) have been undertaken to inform conclusions on developability.

Quantitative Assessment

6.25 In this section we provide an assessment of the quality of the District's existing main employment sites, and provide an assessment of the employment development potential of key employment land allocations.

6.26 We have set out conclusions on specific sites which are intended to inform the development of future planning policy, such as through forthcoming review of the Local Plan Part I (Core Strategy). However it should be noted that the conclusions drawn do not represent the Council's policy or supersede policy within the Core Strategy or AIDPD (Local Plan Parts I and II). They represent GL Hearn's recommendations regarding the balance of future employment land provision in the District.

Existing Industrial Estates

Kings Mill Industrial Estate, Cullompton

6.27 This is a large, well occupied industrial estate (24 hectares) situated to the east of Cullompton, separated from the main urban area by the M5 motorway. It benefits from excellent links to the motorway network and local distributor roads, and good internal road network. It is one of the best located employment sites in the District.

6.28 As a result of its strong strategic accessibility, the industrial estate is characterised by mainly B8 uses within large-scale purpose built units, mainly dealing with the storage and distribution of foodstuffs. There are areas of B1 (light industrial) and B2 units in smaller units towards the front of the estate at its south-west end. The main users within the site are Bako, Devon Grain, Gregory Distribution and ABN.

6.29 A third of the existing estate at its SW end is within floodplain, and floodplain lies to the SE and NE.

6.30 The site is generally of a good quality and well landscaped. There are a number of vacant areas of land to the N, E and SW of the estate that would be capable of development for employment purposes. A vacant plot to the SE of the Bako unit has a spur off the internal estate road and is therefore available for development. This area (6.3 hectares in size) has planning consent for employment development. In addition, works are taking place to the S/SE of the estate to form an access off the internal estate road to a proposed extension of the industrial estate. This is being marketed as 60,000 sqft of new production and distribution units on 3.46 hectares (9 acres), and benefits from planning permission (see Week Farm).

6.31 **This is a good quality, well located site with strong accessibility from the M5. Employment land policies should protect the existing site for employment in B-class and associated sui generis uses.**

Lords Meadow Industrial Estate, Crediton

6.32 Lords Meadow Industrial Estate (26.2 hectares) is a large, well occupied industrial estate situated on the eastern side of Crediton, close to the A3072. It has expanded incrementally from west to east over time, which is reflected in the age and location of buildings, with more modern facilities located at the eastern end of the estate.

6.33 The site contains a mix of employment uses including B1 (light industrial), B2 and B8 units ranging from trade counter and light industrial units to larger manufacturing units. Manufacturing floorspace ranges from 1990s purpose-built units, such as for Graphic plc, through to smaller business park

areas (e.g. Devon Business Park, Hansteen Granary Court) that contain a number of vehicle repair workshops and vehicle parts manufacturing/sales. Larger employers include Graphic plc, Express Dairies. G Woollacott & Son and Phoenix Performance Exhausts Ltd. The estate also contains a Royal Mail Depot and water treatment works.

6.34 **The site is generally of a good quality and well landscaped with no evident further development potential.** Overall this is a reasonably good quality and well occupied employment site which accommodates a range of businesses. There is limited additional development potential due to presence of flood plain to the east and northeast, and steep topography to south. There is approximately 10 -15,000 sqft of vacant floorspace available currently on the site.

6.35 Again we consider that this is a good quality employment site which accommodates a range of businesses in B-class and sui generis uses. **It would be appropriate for policy to seek to protect the current employment land on this site, but encourage investment in upgrading older stock.**

Tiverton Business Park

6.36 Tiverton Business Park is a large, well occupied industrial estate (18.8 hectares) situated adjacent to the A361 Gornhay Cross Junction on the north-eastern side of Tiverton. It is visible from the A361 (North Devon Link Road).

6.37 The site contains a mix of employment uses including B1, B2 and B8 units ranging from trade counter (e.g. Lowman Units) and light industrial units, larger manufacturing units to office floorspace. Office floorspace ranges from 1990s purpose-built offices, such as for Mepco Motion, through to countyard office development at Oaklands Court and the modern Cedar Court fronting onto Heathcote Way. The site also includes retail warehousing on the Heathcote Way frontage.

6.38 The site accommodates a number of larger employers including Petroc, KABA and Mepco Motion.

6.39 **The site is generally of a good quality and well landscaped with no evident further development potential with the exception of some potential for intensification of the KABA site depending on the requirements of the business**. Overall, this is a good quality and well occupied employment site which accommodates a range of businesses. There is limited additional development potential. Planning policy should see to protect the site for B-class employment uses.

Willand Industrial Estate & Business Park

6.40 This is a fairly modern trading estate situated towards the N end of Willand, close to the main B3181 which links the town to Cullompton (to the South) and the M5 motorway (1 ½ miles to the North).

6.41 The estate currently has a large number of vacant units, with approximately 60% of the estate not in use. Vacancies at the time of the site assessments included a large storage & distribution depot on the NE side of South View that was used by Morrisons until they recently moved to a new purpose-built facility north of Bridgwater. This site has an area of 2.1ha and contains 10,750 sq.m of B8 floorspace. We understand that a new tenant has now been secured for this unit. In addition, a large modern estate containing a number of storage & distribution warehouses (Blackdown Park: Units 1 – 15) is completely vacant. Marketing boards are visible at various locations throughout the estate.

6.42 The remainder of the estate is occupied by a mix of B1 (light industrial) and B2 uses and a car scrapyard. Existing units are generally in good condition.

6.43 There is evidence of recent development at Willand Business Park to the north of the Willand Industrial Estate. This site was allocated in the Mid Devon Local Plan. Part of the site has been built out with 9.7 hectares of further land with extant planning permission remaining in March 2011. London & Devonshire Trust has delivered two phases of development of their Mid Devon Business Park Scheme on this site. Part I of the development, Ethmar Court, comprising 15 business units has been occupied. We understand that this scheme performed relatively well. A second phase of development, Highmount Court, was delivered speculatively in 2010 with 50% let to an existing tenant on the park. However the remainder of the site has yet to be built-out.

6.44 There is currently 9.73 hectares of land with outstanding planning consent for employment development at Willand Business Park. This commitment should be protected for future employment development. Planning policy should also encourage investment and development for B-class and associated employment-generating uses on the existing Willand Industrial Estate.

Allocated Employment Sites

6.45 Next we turn to consider allocated employment sites in the AIDPD. Each site is assessed and our conclusions set out taking account of the quantitative and qualitative balance between supply and demand.

Strategic Site East of Tiverton (AL/TIV/1)

6.46 We have considered the potential for employment development as part of a mixed use urban extension in line with the AIDPD. The AIDPD allocates this 153 hectare site for 1550-2000 dwellings and 95,000 – 130,000 sq.m of employment (c. 27 hectares).

6.47 This is a well located site on the eastern side of Tiverton close to the A361 North Devon Link Road. The site has been allocated for development.

6.48 Development is likely to require delivery of new junction onto A361 North Devon Link Road. Employment development would be best suited to a location close to new junction and with visibility from A361. Potential land close to the A361 slopes gently away from the main road. The precise form and location of development would be best determined through a comprehensive masterplanning process.

6.49 The site benefits from a good quality location, and visible from A361 North Devon Link Road which provides fast access to the M5. It is expected mixed-use development of the strategic site will support improvements in local services and public transport accessibility.

6.50 Notwithstanding the overall conclusions drawn on the supply/demand balance in quantitative terms, **we consider that a qualitative case exists for provision of employment land at Tiverton** to ensure that: the town's commuting self-containment is maintained with additional employment provision alongside new strategic residential development; and reinforcing the town's role as a key employment centre in the District which is strategically well-located on the A361 North Devon Link Road. **We would recommend provision of 10 hectares of employment land within the urban extension to cover the period to 2031.** This would provide potential for c. 40,000 sq.m of employment floorspace.

6.51 Employment land provision should be focused at a location immediately accessible from the A361. Through the masterplanning process, the Council should work with landowners and developers to consider whether additional land should be safeguarded to meet longer-term employment needs post 2031.

Week Farm, Cullompton (Consented Scheme and AL/CU/13)

6.52 This area of land comprises Gladman's consented Cullompton Business Park development on a 5.1 hectare site to the south of the existing Kings Mill Industrial Estate, together with further greenfield land at Week Farm, 10.5 hectares in size, to the south of this which is allocated within the AIDPD.

6.53 The consented Cullompton Business Park scheme is a development by Gladman which has planning permission for 60,000 sqft employment floorspace with access via Kings Mill. This scheme is currently being marketed for development.

6.54 To the south of this is the 10.5 hectare greenfield site at Week Farm allocated in the AIDPD for 15,000 sqm employment floorspace, limited to B2 and B8 uses. Development will require provision of a new junction onto A373 Honiton Road, with access link through the Cullompton Business Park scheme into the Kings Mill Industrial Estate.

6.55 Development on the allocated site also cannot be commenced until completion of necessary improvement works to M5, Junction 28 and provision of access through the Cullompton Business Park scheme. Junction 28 is a short distance away and funding is in place to carry out initial slip-road improvements and other improvements to allow for increased capacity. This site cannot currently be regarded as immediately deliverable given the requirement for delivery of the link road to secure access to the land. However it could potentially be brought forward post 2017.

6.56 Employment land at Cullompton Business Park and Week Farm benefits from its proximity and access to the M5 as well as Cullompton itself, which provides a local workforce catchment. It represents some of the best located employment land within the District with potential to meet sub-regional requirements for industrial and distribution floorspace in particular.

Cullompton North-West Urban Extension (AL/CU/1)

6.57 This is a 74.8 hectare greenfield site to the north of the existing settlement. It benefits from an attractive setting and adjoins B3181 Willand Road. The employment development will form part of a larger urban extension site, with land allocated for mixed residential and employment development and public open space in the AIDPD. The site is to be developed for 1100 dwellings and 40000 sqm of B1 or other suitable employment floorspace.

6.58 The AIDPD states that the employment will be limited to low-impact office and/or light industrial uses and is likely to be located at the northern end of the site with visibility from B3181/Millennium Way.

6.59 Development will require delivery of new junction(s) onto B3181 Willand Road and Tiverton Road and the Council's existing policy is that the employment should be bought forward in step with the housing at 1 hectare per 100 occupied dwellings.

6.60 Junction 28 of the M5 is a short distance away and funding is in place to carry out initial slip-road and other improvements to allow for increased capacity.

6.61 The strategic access to this site is less strong relative to other employment allocations/ commitments in Cullompton; however it is envisaged that this will be improved through delivery of the Cullompton Eastern Relief Road (AL/CU/14).

6.62 Given the significant level of consented employment land around the existing Kings Mill Industrial Estate, we do not consider that there is sufficient demand to support substantial employment land provision as part of the north-west urban extension. We consider that employment land provision at this location should be 'differentiated' from that around the Kings Mill Industrial Estate and Week Farm (which we would expect to focus on B2 and B8 uses).

6.63 **It would be appropriate therefore to plan for modest provision of employment floorspace focused on meeting demand from SMEs for B1 floorspace. Provision of around 2 hectares of employment land would be appropriate as part of the development with potential for up to 10,000 sq.m of employment floorspace**.

Land North of Bampton (Bourchier Close, AL/BA/2)

6.64 This is a 2.4 hectare greenfield site to the north of Bampton, comprising three pasture fields. The two fields on the NW side adjoining Morebath Road are fairly flat, with the remaining SE field sloping steeply down to the west. The site has been allocated for mixed residential/employment development in the LDF Allocations and Infrastructure DPD, with 4,000 sqm of employment land envisaged. Development is dependent on the provision of a new access off the B3190 Morebath Road.

6.65 This is a relatively isolated site on the edge of a rural settlement. Public transport is limited and sporadic and the site is some distance from the M5 and main settlements within Mid Devon and beyond. However, the site has an attractive rural setting and is within walking distance of the town centre (via Frog Street).

6.66 The Site Allocations DPD makes it clear that the residential and employment development of the site should be phased in tandem to ensure that the employment is provided in step with the housing. Therefore, development of the site will only happen if employment development in this area is attractive to the market and a local need can be identified.

6.67 **The site may be suitable for office/light industrial development or small-scale start-up businesses subject to market demand**. **Employment development should be located adjacent to the B3190 in order to maximise visibility and market attractiveness.**

North of Willand

6.68 This site was allocated for employment development in Mid Devon Local Plan. Outline permission was granted in 2005 (Ref: 05/02177/OUT) for B1, B2 and B8 development of the entire site (10.5 hectares in size). Phase 1 of this consent, which represents about 40% of the site closest to the B3181, has now been partially developed (Mid Devon Business Park), with 4 large buildings split into a mix of 19 high-spec B1, B2 and B8 units. 12 units are currently occupied. There remains 9.7 hectares of land available and with planning consent for employment development.

6.69 Vehicular access has been provided directly onto the Four Crossways roundabout on the B3181 and additional serviced land remains available for development as part of Phase 1. A marketing board on site indicates a 0.96 acres site available for development of HQ/business space at the SE corner of the allocated site, adjacent to the Four Crossways roundabout. This represents the remainder of phase 1 of the development of outline consent 05/02177/OUT.

6.70 Phase 2 represents the NW half of the site but no work has started on developing this area and there is currently no access to it, either pedestrian or vehicle.

6.71 The B3181 provides good access from this area to the M5. **It would seem appropriate for the Council to encourage and support employment development of the remaining consented development at Willand Business Park through protection of this land for development of B-class and associated sui generis employment-generating uses. It should also encourage investment and upgrading of the existing Willand Industrial Estate.**

Wellparks, A377, Crediton

6.72 This site is allocated in Site Allocations and Infrastructure DPD for employment purposes (Al/CRE/7). It is 1.5 hectares in size. The DPD states site is suitable for 4150sqm employment development (conversion/new build). It adjoins larger allocation for residential development.

6.73 There are a number of existing agricultural buildings on site, including what looks like the original farmhouse. Some buildings on site are Grade II Listed, therefore, conversion only on some buildings, with the setting of these buildings needing to be considered as part of any new build elsewhere on the site. This is likely to introduce significant extra costs in terms of build quality.

6.74 Access to site is off the A377, however this could be stopped up and access gained off the proposed Crediton Link Road which is to run along eastern boundary of site. This has planning permission and funding, with works due to start in January 2013.

6.75 **The site is modest in scale and provides the potential to provide an appropriate contribution to meeting the settlement's future employment needs. We consider that the employment allocation should be retained**.

North of Crediton (Pedlerspool)

6.76 This is a greenfield site to the north of Crediton, comprising 21 hectares of agricultural land. The site has been allocated for mixed residential/employment development in the LDF Allocations and Infrastructure DPD (AL/CRE/12), with 21000 sqm of employment land envisaged. Development is dependent on the provision of the Link Road between the A377 and Lords Meadow, for which County Council funding has been secured.

6.77 This is a contingency site, which will only be bought forward should district-wide housing completions fall behind that required in policy AL/DE/1 of the Site Allocations DPD. Employment development could be brought forward independently of the housing, although this will depend on market demand and take-up of other allocations. The site adjoins the main A3072 Crediton – Tiverton Road and employment development should be sited on the road frontage to maximise visibility and market attractiveness.

6.78 The market for employment floorspace in Crediton is influenced by its proximity to Exeter. Whilst there is a modest level of development under construction, we consider that level of employment land required in the town is also modest and thus there is a need to rationale employment land provision. **This site is currently identified as a contingency option and this would remain an appropriate approach whereby the site is only brought forward for development should other sites in Crediton (or the District more widely) be stalled.**

Other Potential Employment Sites

Tile Factory, Westleigh

6.79 The Tile Factory in Westleigh is a large storage/distribution site, 5.4 hectares in size. It comprises the buildings and extensive hardstanding areas associated with its former use as a tile factory, which was linked to the nearby Westleigh Quarry. The factory closed in 2006 and all buildings on site, with the exception of the office building towards the front of the site, are vacant. The hardstanding areas are still in use for outside storage/distribution of tiles. The site is isolated from main services and access is via narrow country lanes.

6.80 The site is being marketed by agents, BNP Paribas Real Estate, for 153,000 sqft approx./5.5 acres of land available for sale or to let. The marketing board on-site indicated there is potential for alternative uses (subject to planning).

6.81 **It is considered that the site is not attractive as an employment site, due to its isolated location away from the main transport network and very poor road access**. The previous and

existing employment use appears to be historical, due to the close links with the nearby limestone quarry. **The site would be better served by redevelopment for residential or mixed-use residential and small-scale employment (starter units/workshops) subject to market demand.**

Lloyd Maunder Estate Expansion

6.82 This is a three hectare greenfield site to the west of the existing Lloyd Maunder chicken processing plant (now owned and run by the Two Sisters Food Group), which lies to the west of Willand and is separated from the main urban area by the mainline railway and M5 motorway. The site appears to be vacant, although potentially part of adjacent farm. There are no environmental constraints evident, although flood plain lies immediately adjacent.

6.83 The site is currently only accessible via a narrow farm track which serves adjoining farm. An access could easily be formed into the adjoining food processing plant and the site appears to be suitable as an expansion site for this operation.

6.84 As a stand-alone employment site, not associated with the expansion or development of the existing chicken-processing business, it is not suitable due to lack of a suitable access. However the Council might consider favourably any applications related to the expansion of the existing chicken processing plant or associated development subject to the needs of the business.

7 POTENTIAL FOR ENHANED ECONOMIC PERFORMANCE

7.1 In this section we consider what opportunities might exist to enhance economic performance in Mid Devon.

7.2 Key opportunities for enhanced performance are identified within the Mid Devon Economic Development Strategy:

- The potential for a high quality, significant and exceptional development at Junction 27 of the M5;
- Regeneration of the market towns of Tiverton, Collumpton and Crediton, including through tourism;
- Potential opportunities for growth in rural and home-based businesses linked to delivery of a step change in connectivity through rural broadband; and
- Opportunities for small business growth through provision of incubator units and grow-on space for small businesses.

7.3 Each of these actions will potentially be important in supporting economic development and growth in the District. In our view the District's economic growth potential particularly relates to, and should be underpinned by, its distractive location: with the Exeter-Taunton M5 and Rail Corridors running through the eastern part of the District, coupled with an outstanding natural environment both within parts of the District and across the surrounding sub-region.

7.4 In this section we consider in particular two key issues: the potential for a 'significant and exceptional' development at Junction 27 of the M5; and the potential to support growth in small and home-based businesses within the District.

Development Potential at M5 Junction 27

Location

7.5 Junction 27 of the M5 lies approximately 20 miles north of Exeter, 15 miles south of Taunton and 7 miles east of Tiverton. It sits at the node at which the A361 North Devon Link Road joins the M5. The A38 also provides a link north to Wellington and Taunton.

7.6 Tiverton Parkway Rail Station sits adjacent to the junction, on the main rail line between Bristol and Exeter. It is served by direct mainline rail services to Exeter, Plymouth and Cornwall; to London; to Bristol, Birmingham and the North of England.

7.7 Tiverton Services, a motorway service station, is located adjacent to the junction. A small courtyard office scheme, Swallow Court, is also located nearby.

7.8 This location thus benefits from strong strategic connectivity from the road network, and in terms of long distance rail connections. It is however detached from the District's main towns; located 7 miles from Tiverton, 5 miles from Cullompton and 19 miles from Crediton. It is a primarily rural location.

Economic Linkages along Taunton-Exeter Corridor

7.9 In this analysis we consider the potential of this location to support employment development in B-Class and associated uses. Firstly it is worth considering the degree of economic linkages along the Taunton-Exeter Corridor.

7.10 Figures 34 and 35 profile commuting dynamics to/from Exeter and Taunton Deane. This illustrates out-commuting from Mid Devon to Exeter but otherwise high levels of self-containment. There is limited communing between Taunton Deane and Exeter.

Figure 34: Commuting Flows (Residence-based), 2008

	Working residents of Mid Devon…	Working residents of Exeter…	Working residents of Taunton Deane
Work in – Mid Devon	58% (+/-14%)	3%	-
Work in – Exeter	21%	86% (+/-15%)	3%
Work in – Taunton Deane	9%	-	87% (+/-15%)

Source: Annual Population Survey, 2008

Figure 35: Commuting Flows (Residence-based), 2008

	Workers in Mid Devon…	Workers in Exeter…	Workers in Taunton Deane
Live in – Mid Devon	76% (+/- 18%)	8%	5%
Live in – Exeter	6%	56% (+/- 10%)	-
Live in – Taunton Deane	-	2%	73% (+/-12%)

Source: Annual Population Survey, 2008

Key Development Proposals along M5 Taunton-Exeter Corridor

7.11 The potential for employment development at Junction 27 needs to be considered in regard to competition from surrounding schemes along the M5 Corridor. We have considered key schemes at adjacent junctions.

Exeter

7.12 Exeter is an under-bounded authority, but one with significant economic assets. The main locations for office floorspace are in the City Centre, and close to Junction 29 of the M5. Industrial floorspace is focused close to the M5. Exeter has significant growth ambitions extending into the west of East Devon.

7.13 There is an established office market in Exeter which benefits from a critical mass of existing floorspace and occupiers, access to a wider workforce catchment and public transport accessibility.

7.14 There have been a number of recent new-build office schemes in the City Centre including Cathedral Yard, The Forum and Ashford House. The City Centre market has been bolstered by delivery of the Princesshay retail-led regeneration scheme.

7.15 There is also available office floorspace at Exeter Business Park, an 80 acre business park by Summerfield adjacent to Junction 29. Quoting rents at this site are c. £15 psf. The Met Office is a key occupier at Exeter Business Park, which lies 3 miles from Exeter International Airport and benefits from a park & ride link to the City Centre. The scheme has been successful in attracting other corporate occupiers such as EDF, HSBC and Vodafone.

7.16 There are a number of other existing business parks close to the Airport, including Airport Business Park, Silverdown Office Park and Merlin Business Park. The major Skypark development is also in the planning stage: a proposed development of 1.4 million sq.ft of employment floorspace on a 43 hectare site of which 60% is intended to be office (B1a/b) and 40% industrial (B1c/B2). The scheme will be supported by upgrades to Junction 29 of the M5 and delivery of a new rail station as part of the adjacent Cranbrook residential scheme.

7.17 Delivery of a new science park is also planned and has planning consent. It is again close to the Airport and Junction 29, providing 725,000 sq.ft of science park, hotel and conference space over a 26 hectare site. Development of this scheme is expected to commence in 2013.

7.18 In addition an intermodal rail freight facility and distribution centre, Exeter Gateway, now has planning consent on a 65 hectare site on land close to M5 Junction 29. Phase 1 of the scheme for 66,000 sq.m is moving forward with reserve matters applications submitted for a distribution warehouse by Sainsbury Supermarkets Ltd.

Westpark 26

7.19 Summerfield Developments, the developer's behind Exeter Business Park and the Blackbook scheme adjacent to the M5 in Taunton, are bringing forward a 19.2 hectare mixed-use scheme near

Wellington, just north of the Mid Devon District boundary. The scheme, which lies adjacent to the Chelston Business Park, has planning consent and a first phase of small B1c light industrial units has been completed. A total of 46,450 sq.m of floorspace is proposed over 19.2 hectares: with the land subdivided into five zones focusing on: roadside and trade counter uses; small business/ enterprise; office/ business; business; and distribution. It includes proposals for HQ office development and high bay warehousing.

Taunton

7.20 Taunton has a high level of self-containment with 82% of its workforce living within the Town. It has significant growth ambitions, which include employment growth of 9,500 with the intention of seeing housing and employment grow in tandem to preserve the town's strong self-containment. A major urban extension is planned at Monkton Heathfield, close to Junction 25 of the M5, with 5,000 homes plus employment provision.

Experience from Other Motorway Junction Schemes

7.21 We have also sought to consider what lessons can be learnt from other motorway junction development schemes which have come forward in recent years.

Green Park, Reading

7.22 Green Park is a 72ha (180 acre) site on the edge of Reading, adjacent to M4 and 30 miles from Heathrow. It is one of the largest business parks in the country, developed by PRUPIM with the first phase delivered in 1999/2000 and today provided just over 400,000 sq.ft of employment space with further development to be built out, and further phases pending planning consent. The site benefits from a 'fasttrack bus service' connecting to Reading Station and Town Centre.

7.23 Existing occupiers include Cisco and Symantec, these representing some of the largest deals in the Thames Valley. Others include Thames Water, pharmaceuticals company Quintiles, and Logica. There is a strong representation of IT companies, although the site was strongly affected by the bursting of the dotcom bubble in the early phase of development.

7.24 The scheme has included a mix of pre-let and speculative development of B1 floorspace. It however is located on the edge of an established major town, and at the heart of the Thames Valley – an established and successful office market with a critical mass of occupiers.

Kent International Gateway

7.25 A proposed logistics hub and rail freight interchange located adjacent to Junction 8 of the M20 between London and the Channel Tunnel. Development of a 112 hectare site was proposed with

the potential to create 3,500 jobs. The strategic significance of the site was that it provided the potential for access to both the motorway network, and for rail freight particularly from the Channel Tunnel.

7.26 An outline planning application for the development was submitted in 2007, albeit that the development was not identified in the development plan. The applicant, Axa REIM, submitted an appeal on the basis of non-determination and following a public inquiry in 2009, the Secretary of State rejected the proposal in 2010 on the grounds of local impact on the rural character of the area and countryside and the ambience of the nearby settlement of Berstead; together with the absence of a strong need case for the development.

The Bell, Wigan

7.27 Development of a 62 hectare employment site within the Green Belt was proposed by Wigan Metropolitan Borough Council (MBC) on land close to Junction 26 of the M6. The site was being considered through the Council's emerging Core Strategy process for allocation to provide a development of 'exceptional quality' to attract inward investment; exploit Wigan's strategic location; and to enable sustainable growth.

7.28 The Council has commissioned consultants to prepare a number of studies to test the case for the development: including a needs assessment, site assessment and green belt assessment. These have identified demand for distribution and logistics uses, and some interest in high end manufacturing. They have pointed to demand being thwarted by a lack of premises supply across the sub-region, but for office uses point to a range of competitor schemes/ locations.

7.29 There has however been considerable local opposition to the scheme and the Council's emerging Core Strategy instead is now considering the potential for a strategic allocation of around 40 hectares of land (again within the Green Belt) close to Junction 25.

Implications

7.30 The above examples demonstrate that, not least in planning terms, there are considerable challenges to bringing forward major development schemes close to motorway junctions in terms of the impact on the countryside/green belt, highways impacts, local opposition and in regard to the funding of infrastructure investment and the effects of this on development viability.

Employment Development Potential at Junction 27

7.31 In assessing the potential for employment development at Junction 27, there is a need to consider further issues associated with:

- The scale of possible jobs growth;
- The plausibility of it, particularly in terms of transport impacts;
- Highways and sustainability impacts;
- The relationship of it to other M5 Corridor schemes; and
- Subject to the above, the timings in terms of the development process.

7.32 These issues will require further consideration and in a number of cases are beyond the scope of this report. The issues are also different in regard to different forms of commercial development.

7.33 Office floorspace could theoretically generate significant new employment. However in commercial terms we do not consider that this location would support significant new commercial B1 office floorspace. Exeter in particular is an established and successful office market, with a significant volume of both in-town and out-of-town space, and a strong development pipeline.

7.34 The Swallow Court development at Junction 27 is successful, but provides for a relatively localised and specialist market. It is well occupied . Quoting rents for the units available are c. £12.50 psf, which is stronger than the rental levels which are being achieved for similar space in Exeter (c. £10-11 psf). It provides good quality floorspace with adequate parking for small businesses. There is c. 18,000 sq.ft of office floorspace currently at this location, with planning consent granted for a further 12,600 sq.ft. We consider that is demand for organic further development of similar product, in line with the consented scheme, but that this will be focused on meeting demand from small, local-based businesses. The accessibility and labour force catchment at this location – in comparison for instance to Taunton or Exeter – are likely to limit any potential to attract corporate office occupiers or investment appetite to deliver larger floorplate offices.

7.35 Turning to look at the industrial/ distribution sector, this location does have the potential to meet requirements for industrial and distribution space from occupiers looking within Devon at sites which are accessible from the M5. However it will compete with sites in Exeter, where there is a significant pipeline of space; and with Cullompton Business Park (and further land with development potential around the Kings Mill Industrial Estate). It could result in displacement of demand from these sites.

7.36 The nature of demand and the location of the site mean that it is likely to appeal more to B8 distribution uses, although there is some potential for it to accommodate B2 manufacturing enquiries. We consider that there is likely to be a growing demand for distribution space within the region, particularly for larger units with motorway access. The emergence and growth of regional distribution centres focused as highly accessible locations has been a particular trend over recent decades. We consider that the site at Junction 27 could appeal to occupiers seeking medium-sized units (25,000 – 40,000 sq.ft) through to larger units of over 50,000 sq.ft. Mid Devon already

demonstrates a reasonable representation of distribution and food manufacturing activities which are influenced by strategic accessibility to the M5.

7.37 It seems likely that to us that firms engaged in food manufacturing and/or distribution could form a component of demand for any development at this location, but that it a development scheme progressed, it would not be wise to seek to restrict users to this sector. This could result in a protracted period of delivery of the development scheme. Limiting the nature of activity to specific economic sub-sectors would potentially restrict the market and could inhibit take-up if a scheme did progress.

7.38 B2 and B8 development at Junction 27, if consent were granted for development, would most likely be delivered on a 'build-to-suit' basis in line with market demand – particularly in the short-term - given current market dynamics and occupier preference for existing units which can be acquired more cheaply than new-build development.

7.39 In considering the potential for development at this location it is also important to consider competing supply. There is no evidence of a current shortfall of space in the sub-region with a supply of over three years of units or consented sites capable of accommodating units of over available units of over 930 sq.m (10,000 sq.ft) in the Taunton-Exeter Corridor based on average take-up between 2008-12. This includes land at Willand Industrial Estate and within the Kings Mill Industrial Estate and at Week Farm in Cullompton.

7.40 Provision of additional employment floorspace targeting industrial and distribution occupiers at Junction 27 could well result in the displacement of demand and thus affect take-up of land at Cullompton and Willand.

7.41 Development at this location could provide the potential to support non B-class uses however the feasibility of development of non B-class uses at this location is considered to be beyond the scope of this report.

7.42 The sustainability of employment development at this location, the potential economic benefits to the District, highways impacts and feasibility of highways improvements, together with the displacement impacts of potential development on other employment sites – particularly at Cullompton – should be carefully considered in assessing any development proposals at this location.

Potential for Growth in Small and Home-based Businesses

7.43 Mid Devon's economy is focused on small businesses. Its business base is focused towards smaller enterprises. It is also an entrepreneurial economy with an above average incidence of self-employment, and above average enterprise births and survival[42]. There is an opportunity – and a need - to support new business start-ups (enterprise) and the growth of small businesses in the District.

7.44 Whilst much of this report has focused on the property needs of businesses, it is important to recognise that technology, transport costs and quality of life factors are changing the way that people work. There is an increasing level of people who are working from home (either entirely or for part of the working week) and a growing level of home-based businesses.

7.45 There is a strategic opportunity to support the retention and growth in home-based businesses within the District. This provides the opportunity to contribute to economic growth, but in many instances may not require delivery of new employment land or floorspace – it can be 'spaceless' growth.

7.46 There is a growing trend for individuals to set up their own businesses, particularly in rural areas where such as Mid Devon which provide a high quality of life and where transport costs and distances can encourage home-working. Key issues for small and home-based businesses are not necessarily related to planning or property, but include issues related to:

- Regulatory and tax burdens;
- ICT infrastructure and broadband speeds;
- business networking, support and advice.

7.47 Broadband access and speeds can be a key issue for rural-based businesses. Connecting Devon and Somerset is a partnership set out to bring improved and superfast broadband to the area, with the aim of delivering broadband (greater than 2Mbps) to all areas by 2015, superfast broadband to (at least 24 Mbps) to at least 85% of homes and businesses by 2015; with the aim of achieving 100% superfast broadband coverage by 2020. Roll-out of this project begins in Spring 2013.

7.48 Alongside the main Connecting Devon and Somerset programme, a pilot Rural Connection Programme is running aiming to deliver fast satellite broadband to homes and businesses with a current connection speed of less than 2 Mbps. MDDC can point businesses in the direction of these programmes.

7.49 There are a range of organisations which deliver business support, and the Council's role in this respect may be in working to signpost businesses to appropriate advice; but also working with local

[42] SQW (2011) *Mid Devon Economic Profile*

businesses associations to build capacity, and to encourage business-to-business mentoring and collaboration on both a sectoral and locational basis within the District.

7.50 Public funding for business grants and financial support is likely to be tight. In targeting support, particularly in financial terms, it may be important to make a distinction between businesses which have been set up on a 'lifestyle basis' and those where there is both a potential and a drive to grow the businesses.

7.51 Growing small businesses, particularly in rural areas, may encounter other issues related to:

- access to suitable and affordable 'grow-on' space, and
- issues associated with recruitment of skilled staff.

7.52 A report by RedC for Devon County Council has examined the potential for low carbon workspace to meet the needs of micro- and small-businesses. This has considered the potential for managed workspace, innovation centres and workhubs. This identifies the potential for workhubs, providing flexible and affordable space and mentoring through sites located in or close to town centres; and for 'traditional plus' managed workspace through facilities owned or managed by the public sector. The report identifies a need to consider the potential for such facilities particularly in Cullompton and Tiverton.

7.53 Despite funding pressures, we consider that it will be important that resources continue to be invested in this area to support sustainable private sector enterprise and business growth within the District as a critical component of achieving sustainable long-term improvements in economic performance.

7.54 Issues associated with local recruitment difficulties are likely to be locally and sectoral specific and will require more detailed assessment.

7.55 A particular issue in regard to planning policy related to the ability of small businesses to adapt dwellings and other rural property to provide small workspaces. To support business start-ups and growth of home-based businesses we would recommend that the Council includes policies or exercise some discretion in enabling the conversion of residential or garage space within a dwelling to commercial use (where this is not covered by permitted development rights).

8 CONCLUSIONS & RECOMMENDATIONS

8.1 This report has presented forecasts for employment land demand in Mid Devon, taking account of economic projections and past take-up trends. The evidence suggests that it is unlikely that the market will support the delivery of all of the employment land allocations made in the AIDPD in addition to current commitments. It suggests that the Council should consider rationalising its employment land supply through review of planning policies.

8.2 The forecasts prepared indicate demand for employment land of between 28-51 hectares over the period to 2031. The lower end of this range is based on economic forecasts with the inclusion of replacement demand and a margin to provide a choice of sites and ensure a flexible land supply. The higher end of this range is based on past gross completions: it could be argued that past levels of employment development have been modest, however this is counter-balanced against the fact that gross completions include redevelopment of existing employment land within the District. Overall the ELR concludes that it would be appropriate to plan for 30-40 hectares of employment land over the 2011-31 period.

8.3 In total the land with development under construction, outstanding planning consents and outstanding land allocations collectively provide over 55 hectares of employment land. In purely quantitative terms there is thus an excess of employment land of between 15 – 25 hectares in the District looking over the period to 2031 when assessed against identified need for 30 – 40 hectares.

8.4 A proportion of the employment land supply is on small sites located across the District. However of the total supply of over 55 hectares, sites of less than 2 hectares provide capacity for 9.7 hectares of employment development (less than 20% of the total).

8.5 The NPPF sets out that planning policies should avoid the long-term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. In view of the shift of policy emphasis in the NPPF we consider that there is a case for seeking to rationalise the scope of employment land allocations in the District and, as part of this, to somewhat rebalance the employment land portfolio.

8.6 We also consider that the balance of sites allocated for future employment land provision might be worthy of further consideration. The Core Strategy and AIDPD have particularly focused future employment land provision in large mixed-use urban extensions, or other larger allocations. This strategic approach aims to ensure that employment development is brought forward alongside residential development and infrastructure is delivered alongside this.

8.7 We understand the strategic rationale behind this approach not least in seeking to ensure a balanced approach to delivery of new homes and jobs; and facilitating delivery of associated infrastructure. However in current market circumstances, large strategic sites are proving difficult to bring forward not least because of the high finance costs associated with upfront infrastructure delivery and difficulties in securing development finance.

8.8 There is some degree of risk that the District's dependency on larger strategic allocations could inhibit delivery of employment development in the short-term. In total, the supply and pipeline of employment land on sites of less than 2ha totals less than 10 hectares.

8.9 On this basis we consider that the Council might seek to apply development management policies flexibly to support smaller-scale employment development schemes in locations throughout the District. Policy DM/21 in the Local Plan Part 3 provides a policy basis for supporting small scale employment development schemes in countryside locations.

8.10 The AIDPD allocates a number of sites for future employment development. It is not appropriate to review the allocation of these sites at the current point not least given the economic climate. However we have set out recommendations below to inform long-term strategic planning to inform the forthcoming review of the Core Strategy (Local Plan Part I). We provide recommendations on a town-by-town basis.

Tiverton

8.11 There is a strong case for protection of employment land within the Tiverton Business Park which is a well occupied and successful employment site. This site however offers limited further development potential at the current time.

8.12 We consider that a qualitative case exists for provision of employment land at Tiverton to ensure that: the town's commuting self-containment is maintained with additional employment provision alongside new strategic residential development; and reinforcing the town's role as a key employment centre in the District which is strategically well-located on the A361 North Devon Link Road. We would recommend provision of 10 hectares of employment land within the urban extension to cover the period to 2031.

8.13 Employment land provision should be focused at a location immediately accessible from the A361. Through the masterplanning process, the Council should work with landowners and developers to consider whether additional land should be safeguarded to meet longer-term employment needs post 2031.

Cullompton

8.14 Cullompton is strategically well-located adjacent to the M5. The Kings Mill Industrial Estate is a successful employment site which should be protected for employment uses. Allocation of further land for employment, as set out in the AIDPD, is appropriate given the town's strategic location on the M5 and potential to capture sub-regional manufacturing and distribution investment in particular.

8.15 However the Council may consider rationalising provision of employment land at Cullompton to focus investment. There was 12.5 hectares of employment land with outstanding planning consent for development at Cullompton in March 2011, focused close to the established Kings Mill Industrial Estate. In addition to this there is a further 10.5 hectares of land allocated at Week Farm and provision made for around 11.5 hectares as part of the proposed NW Urban Extension. Taking account of the forecast demand, we would recommend that the Council considers rationalising the level of allocated land for employment at Cullompton.

8.16 We would recommend that the Council seeks to focus employment land provision at Cullompton around the existing concentration of employment land at the Kings Mill Industrial Estate. This area includes around 11.6 hectares of land either allocated or with planning consent. In addition to this there is likely to be potential for development or redevelopment of land within the existing Kings Mill Industrial Estate. Given the level of supply within this area, we consider that there is no need for additional employment land allocations outside of the settlement boundary. Furthermore we consider that there is a case for rationalisation of employment land allocated within the north west urban extension. We consider that provision of around 2 hectares of employment provision (up to 10,000 sq.m) as part of the NW Urban Extension would be appropriate.

Crediton

8.17 The study recommends the protection of the existing Lords Meadow Industrial Estate in Crediton, a good quality and well occupied industrial estate with little evident further development potential. Policy should encourage the upgrading of older stock on this site through refurbishment and redevelopment.

8.18 There is a strategic case for modest additional employment land provision at Crediton to meet local demand; whilst recognising the strategic relationship of the town to Exeter. The retention of the employment allocation at Wellparks (1.5 hectares) is recommended to meet future needs; with the Pedlerspool site (north of Crediton) retained as a contingency site which could be brought forward should delivery other employment sites in the Crediton or the District more widely be delayed by infrastructure, ownership or other issues.

Other Employment Sites

8.19 The Study recommends that the 2.4 hectare mixed-use allocation on land north of Bampton is retained for employment use to meet local demand and support employment provision at Bampton.

8.20 In Willand, planning permission has been granted for development of the Local Plan allocation WI1 and development has commenced. Development is progressing slowly and the Council should continue to encourage and support employment development of this land through protection of this land for development of B-class and associated sui generis employment-generating uses. It should also encourage investment and upgrading of the existing Willand Industrial Estate.

8.21 is recommended that the Council's approach to the expansion of the Lloyd Maunder Estate should be influenced by engagement with the business. The Council might consider favourably any applications related to the expansion of the existing chicken processing plant or associated development subject to the needs of the business.

8.22 The report has considered development potential at the Tile Factory, Westleigh. This is considered to be a relatively poorly-located site for future employment development, with the Study recommended that the Council might consider residential or mixed-use development of this site. The protection of this site for employment uses is not considered appropriate.

Strategic Employment Land Provision at M5 Junction 27

8.23 This report has also reviewed the potential for employment development around Junction 27 of the M5. The report concludes that the nature of demand and the location of the site mean that it is likely to appeal more to B8 distribution uses, although there is some potential for it to accommodate B2 manufacturing enquiries. GL Hearn consider that this location would not be commercially attractive not a sustainable location for B1 uses, although the incremental growth of small-scale office provision at Swallow Court and Devonshire Gate over time would be feasible subject to market demand.

8.24 We consider that there is likely to be a growing demand for distribution space within the region, particularly for larger units with motorway access. However there does not appear to be an immediate, short-term shortage of suitable employment land for these uses in the Taunton-Exeter Corridor. We consider that there are a number of completing sites and locations which arguably would be likely in market terms (subject to suitable access and highway infrastructure). This includes the Exeter Gateway scheme will benefit from rail access, Westpark 26 near Wellington and employment sites at Willand and Cullompton including the Cullompton Business Park and Week Farm allocation and the WIlland Business Park. These sites relate strongly to existing urban centres,

providing a workforce and skills base, and benefit from good accessibility from the M5. They provide stronger opportunities to promote sustainable travel.

8.25 Both Junctions 27 and 28 on the M5 have access issues which would potentially need to be addressed to support significant employment development. We understand that the County Council's application for pinch point funding to support improvements to Junction 27 was not successful. At Junction 28 we understand that a significant proportion of the funding required to support improvements has been collected. To support significant development at Junction 27 might require further improvements to the junction, a scheme for which has not been designed or costed at this stage. It is therefore not possible to assess what impact this might have on the feasibility and economic viability of development proposals in this area. This should however be recognised as a risk to the deliverability of development that may be considered at this location.

8.26 The Employment Land Review does not identify a requirement – in either quantitative or qualitative terms – for further employment land provision (either overall or for warehouse/ distribution uses). Indeed it suggests a rationalisation of employment land supply in Mid Devon. Provision of additional employment floorspace targeting industrial and distribution occupiers at Junction 27 could well result in the displacement of demand and thus affect take-up of existing employment land at Cullompton and Willand. If a J27 strategy was to be considered, the strategy for employment land provision at Cullompton in particular thus might need to be reviewed.

8.27 In our view there is a sufficient supply of existing sites which could accommodate warehouse and distribution uses in the sub-region including the consented and allocated land to the south of the Kings Mill Industrial Estate in Cullompton. This land lies within the settlement boundary of Cullompton providing better access to a local workforce and the potential to encourage sustainable travel.

8.28 Development at this location could provide the potential to support non B-class uses however the feasibility of development of non B-class uses at this location is considered to be beyond the scope of this report.

8.29 The sustainability of employment development at this location, the potential economic benefits to the District, highways impacts and feasibility of highways improvements, together with the displacement impacts of potential development on other employment sites in the District – particularly at Cullompton – should be carefully considered in assessing any development proposals at this location.

Opportunities to Support Small and Home-based Businesses

8.30 There is a strategic opportunity to support the retention and growth in home-based and other rural businesses within the District. This provides the opportunity to contribute to economic growth, but in many instances may not require delivery of new employment land or floorspace – it can be 'spaceless' growth.

8.31 A range of actions can help to support economic growth in these areas; including provision of business support and advice, business-to-business networking (on a sector and locality basis), enhancement of ICT and broadband infrastructure, and provision of affordable grow-on space for home-based businesses.

8.32 There are a range of organisations which deliver business support, and the Council's role in this respect may be in working to signpost businesses to appropriate advice; but also working with local businesses associations to build capacity, and to encourage business-to-business mentoring and collaboration on both a sectoral and locational basis within the District.

8.33 Work to consider the feasibility of managed workspace and work hubs, providing affordable space on flexible terms in Tiverton and Cullompton, could be further considered subject to funding. More detailed feasibility analysis would be required to support capital investment in these areas, working with other partners including the County Council.

8.34 Planning policy should support adaptions to dwellings and other rural property to support small-business growth including conversion of residential or garage space within a dwelling to commercial use (where not permitted development).