



**North Worcestershire Economic  
Development and Regeneration**

# **Redditch Eastern Gateway**

Economic Impact Study

June 2013

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## Redditch Eastern Gateway

### Economic Impact Study

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## Contents

<b>1</b>	<b>Introduction .....</b>	<b>1</b>
1.1	Overview .....	1
1.2	Scope of the study .....	1
1.3	Structure of the report .....	2
<b>2</b>	<b>Redditch Eastern Gateway.....</b>	<b>3</b>
2.1	Introduction.....	3
2.2	Site location .....	3
2.3	Site description.....	5
2.4	Outline development proposals.....	6
<b>3</b>	<b>Strategic context .....</b>	<b>7</b>
3.1	Introduction.....	7
3.2	Strategic context.....	7
3.3	Socio-economic context .....	9
3.4	Summary.....	10
<b>4</b>	<b>Market assessment .....</b>	<b>11</b>
4.1	Introduction.....	11
4.2	Demand issues.....	11
4.3	Supply issues.....	12
4.4	Assessment of employment sites.....	13
4.5	Summary.....	14
<b>5</b>	<b>Economic impact .....</b>	<b>16</b>
5.1	Overview.....	16
5.2	Construction phase.....	18
5.3	Operational phase .....	19
5.4	Wider benefits .....	21
<b>6</b>	<b>Development issues .....</b>	<b>23</b>
6.1	Introduction.....	23
6.2	Market conditions .....	23
6.3	Competing M42 sites/locations.....	23



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6.4	Ownerships/aspirations.....	24
6.5	Town planning .....	24
6.6	Highways and infrastructure .....	25
6.7	Viability assessment .....	26
<b>7</b>	<b>Conclusions – justification for employment allocation .....</b>	<b>27</b>

Appendix A – Socio-economic profiles

Appendix B – Shift share analysis

Appendix C – Market assessment

Appendix D – Employment land supply sequential test results

Appendix E – Alternative funding mechanisms

# 1 Introduction

## 1.1 Overview

Redditch Eastern Gateway comprises prominently located sites situated on the north eastern side of Redditch. It is close to the existing employment areas of Moons Moat North and Ravensbank, immediately adjoins the A435 and is bisected by the A4023. The sites are situated within four miles of the M42 (Junction 3) and within a 15 minute drive time of the M40 and M5 motorways. They lie within or adjacent to the local authority areas of Redditch, Bromsgrove and Stratford-on-Avon and provide the potential to deliver an important strategic site both to satisfy the requirement for the employment land needs of Redditch and with the potential to function within the wider M42 market.

The sites have the potential to support economic development and jobs growth in Redditch and across North Worcestershire and the wider Worcestershire Local Enterprise Partnership (LEP) and Birmingham and Solihull LEP areas. They also has the potential to contribute towards employment opportunities for Stratford-on-Avon and the wider Coventry and Warwickshire LEP area.

The site to the north of the A4023 comprises a total of 16.83 hectares and is in the ownership of the Gorcott Estate who it is understood has selected the Birmingham-based Stoford Developments Limited as their proposed development partner. Part of the site is within the Bromsgrove District and part within Stratford-on-Avon District. The site to the south of the A4023 (known as the Winyates Triangle site) lies within Stratford-on-Avon District and comprises an area of 11.9 hectares and is in the ownership of the Homes and Communities Agency (HCA).

Worcestershire County Council (WCC), working in partnership with the Worcestershire Local Enterprise Partnership (WLEP), commissioned AMION Consulting and Thomas Lister to carry out an initial property and economic review of the Redditch Eastern Gateway proposal as part of the Game Changers initiative. This initiative (including three other sites across the County) was established to identify key market-led opportunities where coordination of public sector activity can support the market and private sector partners can deliver significant economic growth.

## 1.2 Scope of the study

This study was procured by the North Worcestershire Economic Development and Regeneration (NWEDR) service (on behalf of Redditch Borough Council, Bromsgrove District Council and Stratford-on-Avon District Council). It was commissioned to review and update work previously undertaken to assess the potential Gross Value Added (GVA)<sup>1</sup> and employment growth impact associated with the development of the Eastern Gateway sites in order to consider their

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<sup>1</sup> Gross Value Added is a measure of the economic value of goods and services produced in an area.

economic importance to the town, the Borough of Redditch and the wider area (including Bromsgrove District and Stratford-on-Avon District).

A key part of the study has been to consider the potential of the Eastern Gateway sites to deliver a proportion of Redditch's employment land needs and, reflecting the findings of the Employment Land Review 2012 Update<sup>2</sup> completed in April 2013, to consider whether more suitable sites would be available to deliver that contribution through sequential testing. Given that the Eastern Gateway straddles three local authority areas, this has also involved testing key employment sites within Bromsgrove and Stratford-on-Avon.

Based on a market assessment, alongside consideration of the wider policy and socio-economic context, the potential strategic contribution of the Eastern Gateway to the economic development of the local economy and the wider area, including the M40/M42 corridor, has been undertaken.

### 1.3 Structure of the report

The report continues in six sections as follows:

- Section 2 – provides an overview of the Redditch Eastern Gateway sites;
- Section 3 – outlines the relevant policy and socio-economic context for the scheme, setting out the role of the Redditch Eastern Gateway in supporting local objectives;
- Section 4 – summarises the market assessment and sets out details of the sequential testing;
- Section 5 – presents an assessment of the potential economic impact associated with the construction of new accommodation and future business activity on the sites;
- Section 6 – sets out a range of potential issues to be considered in taking forward the development of the site; and
- Section 7 – concludes the report and presents an overall assessment of the importance of the site and the justification for its allocation as an employment site.

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<sup>2</sup> Redditch Borough Council, Employment Land Review 2012 Update

## 2 Redditch Eastern Gateway

### 2.1 Introduction

This section sets out a brief description of the Redditch Eastern Gateway, identifying its location and providing a baseline description of the sites and their current status.

### 2.2 Site location

The Eastern Gateway is located within the local authority areas of Redditch, Bromsgrove and Stratford-on-Avon. However, geographically it is closest to the town of Redditch with the town centre located some three miles away. As such, it has the potential to form a functional part of the town of Redditch.

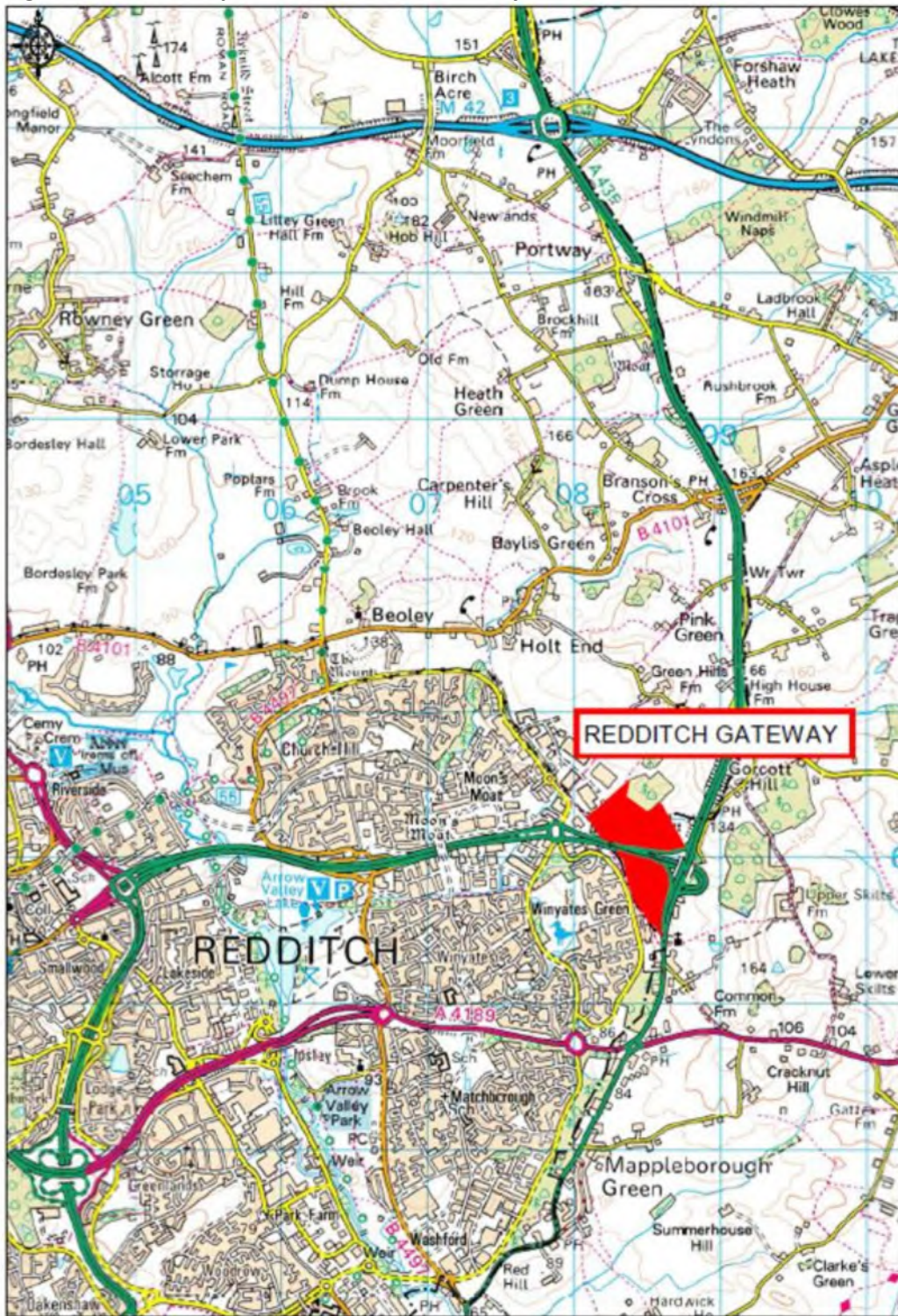
Redditch is situated at a strategic location, close to Junctions 2 and 3 of the M42 and with a direct rail link to Birmingham. The Borough offers easy access to the City and its hinterland and Birmingham International Airport is only 25 minutes' drive away, providing strong linkages with a range of international destinations. The high level of connectivity along this corridor of the M42 has meant that the area has traditionally been a site for major developments. The completion of the M40 Motorway in 1991 further improved the commercial property market within the area with excellent road links to London and the South East.

The Redditch Eastern Gateway comprises two prominently located sites situated on the north eastern side of Redditch, close to the existing employment areas of Moons Moat North and Ravensbank, immediately adjacent to the A435 and bisected by the A4023. The sites are situated within four miles of the M42 (Junction 3) and within a 15 minute drive time of the M40 and M5 motorways.

The location of the site is illustrated in Figure 2.1.



Figure 2.1: Location plan of the Eastern Gateway





## 2.3 Site description

Redditch Eastern Gateway benefits from an attractive environment with access to a significant labour force within Redditch and, with the A435 providing a dual carriageway link to the M42 Motorway, it is highly accessible. Accordingly, it is considered that subject to the establishment of an appropriate site access and planning framework then the sites have the potential to complement the established business parks along the M42 and M40 Corridors.

The subject sites are situated immediately to the west of the A435 and to both the north and south of the junction with the A4023. The sites are all currently in agricultural use. A plan of the site is set out in Figure 2.2.

**Figure 2.2: Site plan of the Redditch Gateway sites**



The area to the north comprises a total of 16.83 hectares and is in the ownership of the Gorcott Estate who it is understood have selected the Birmingham-based Stoford Developments Limited as their proposed development partner for the scheme. The north area is divided into 2 phases. The first phase is located to the west and is within Bromsgrove District and is identified within the Draft Core Strategy for employment uses. The phase 2 area is immediately to the east and is within Stratford-on-Avon District and is designated Green Belt.

Phase 3 of the site to the south of the A4023 comprises an area of 11.9 hectares within the ownership of the HCA and known as the Winyates Triangle site. The site is also within the

Stratford-on-Avon District Council area and has no existing land use allocation, although it has historically been identified for either employment or residential development.

The northern site presently has agricultural access only, via land to the north. There is the potential to provide a new highways link via the adjoining Ravensbank Industrial Estate (Hedera Road). It is however understood that there are existing ransom strips controlling potential access to the subject sites from this route and in any event such access provision may not facilitate full development of the sites and would not help to create a high profile 'gateway' development scheme. The sites have a significant frontage of circa 650 metres to the A4023.

There is no existing highways access to the Winyates Triangle site although this too has significant frontage of circa 850 metres to the A4023 and A435. There is an existing residential estate road (Far Moor Lane) which runs along the western boundary of the site, although access via this route will require the road to cross an existing brook and may raise environmental concerns.

Existing access to both sites is therefore constrained and will impact on the demand and viability of the subject areas for employment uses.

## 2.4 Outline development proposals

High level development proposals for the Eastern Gateway have been prepared by Stoford Developments, reflecting an initial review of key opportunities and constraints associated with each site.

Sites to the north of the A4023 are identified by Stoford as being suitable for larger industrial and warehouse units reflecting the proximity of these sites to existing industrial areas to the north. The Winyates Triangle site, located to the south of the A4023, is situated adjacent to an existing residential area and is therefore considered to be more suitable for office uses.

Proposals for the sites remain at a very early stage and will need to be sensitively designed, given the prominence of the area and its proximity to, in particular, the Grade II\* listed Gorcott Hall and areas of high landscape value.

## 3 Strategic context

### 3.1 Introduction

This section sets out the strategic policy context in relation to the Redditch Eastern Gateway, focusing upon economic objectives at the LEP level and local authority level. It also outlines the socio-economic context, focusing principally on conditions within Redditch.

### 3.2 Strategic context

The site lies within the area of three LEPs, each of which has set out objectives and actions to support economic growth. The key objectives of each LEP are set out as follows:

- **Worcestershire LEP** - the vision of the Worcestershire LEP is “to create the right economic environment to inspire businesses, encourage investment and to create lasting and sustainable employment in Worcestershire by 2017 and beyond.” Objectives set out to support the delivery of this vision include ensuring a beneficial planning system and culture which supports business growth, while valuing the social and environment elements which make the county a favourite place to live, work, play, invest and visit. The LEP has also been assessing four Game Changer projects, which have the potential to drive forward economic development in Worcestershire. One of these is the Redditch Eastern Gateway.
- **Birmingham and Solihull LEP** - the Birmingham and Solihull LEP has launched a strategy for growth, with key objectives including the promotion of sustainable private sector investment and growth, business efficiency and competitiveness, economic development, regeneration and employment. Among the priorities supported by the LEP, the M42 Corridor is identified as a key growth opportunity. There is potential to support this growth opportunity through the delivery of complementary provision within North Worcestershire.
- **Coventry and Warwickshire LEP** - the objectives of the Coventry and Warwickshire LEP are to drive economic growth, remove the barriers to growth and support the creation of high value jobs. To support the delivery of these objectives, core enabling actions identified by the LEP relate to strategic infrastructure – including enhancing transport networks, having suitable sites for business and simplifying planning – and inward investment – providing compelling reasons and making it easy for companies to move into the area.

Redditch is located adjacent to the M40 / M42 corridor, which represents an important sub-regional focus for economic growth. The M42 Economic Gateway has been identified as a priority project by the Greater Birmingham and Solihull LEP, and its potential significance for North Worcestershire is recognised at a strategic level. The corridor offers immediate access to both existing and planned infrastructure (including Birmingham Airport, the National Exhibition Centre (NEC) and potentially High Speed 2 – (HS2)) and accommodates a number of key businesses with sectoral strengths in advanced manufacturing and business services. A masterplan is currently being prepared for this area, and there is clearly potential for the

Eastern Gateway to act as an important opportunity within this corridor and draw Redditch into the M42 Economic Gateway.

At the local level, Redditch, Bromsgrove and Stratford-on-Avon have set out corporate objectives that support sustainable business growth. The draft local plan for each area further supports these overall objectives, and through acknowledging a duty to cooperate all three local planning authorities have signalled the importance of a cross boundary approach to realising key objectives. Key corporate and planning objectives for each area are outlined in Table 3.1.

<b>Table 3-1: Local authority corporate and planning objectives</b>			
	<b>Redditch Borough Council</b>	<b>Bromsgrove District Council</b>	<b>Stratford-on-Avon District Council</b>
Corporate objectives	The overall vision of the Council as set out in the 2010-13 Corporate Plan is “an enterprising community, which is safe, clean and green”. Key deliverables targeted to promote an enterprising community include supporting long-term economic growth and supporting existing Redditch businesses. Securing an adequate supply of land to support economic growth is identified as a key action within the Corporate Plan.		The identified priorities for the area include the vitality of the local economy alongside the affordability of housing, accessing services and environmental sustainability. In relation to the local economy, outcomes sought at a corporate level include increasing the proportion of local residents in employment and increasing economic vitality across the area.
Local Plan	The draft local plan is currently out to consultation. It sets out a vision for the Borough underpinned by a series of aspirations, one of which is creating an environment in which businesses can thrive. Delivering a strong, attractive, diverse and enterprising economic base with sufficient employment land as a key objective of the plan.	The District Plan was most recently issued for consultation in January 2011. The plan identifies Bromsgrove town centre as the primary focus for economic activity, alongside other sustainable locations such as the edge of Bromsgrove. Ravensbank on the edge of Redditch, and forming part of the Eastern Gateway, is identified as a potential employment site in a sustainable location.	The draft Core Strategy was issued in February 2012, and recognises the potential expansion of Redditch as an issue requiring a cross boundary approach. The vision for the District balances environmental and social priorities with need to deliver employment opportunities. Objectives outlined within the Draft Plan include promoting a diverse economy and addressing infrastructure need.

Published in 2009, the Redditch Economic Development Strategy and Action Plan seeks to provide a framework for supporting local business growth and attracting higher value-added inward investors to the Borough. It outlines strategic objectives to promote economic activity focusing on businesses, people and place. In terms of place, the strategy recognises the importance of providing sufficient employment land to support growth aspirations, as well as capturing investment by local manufacturing and service sector businesses. It also identifies the importance of enhancing overall levels of productivity by supporting higher value added sectors including healthcare, biomedical and biotechnology development, computer software and services, telecommunications and other high technology clusters.

### 3.3 Socio-economic context

The Redditch economy has key manufacturing strengths, with firms supplying many of the world's major markets, including automotive, defence and medical industries. There are also a number of emerging and growing high-technology companies. As such, Redditch has a labour market with a strong manufacturing skills base. Other key labour market attributes, include:

- *A comparatively high working age population* – 66.0% of the population are of working age, compared to a Worcestershire average of 62% and a Great Britain average of 65% (source: midyear population estimates 2011, Nomis);
- *High rates of economic activity* – 84.6% of the working age population are economically active, compared to a Worcestershire average of 80.3% and a Great Britain average of 77.1% (source: annual population survey January 2012 to December 2012, Nomis); and
- *Significant labour pool* – claimant rates within Redditch stand at 3.6% of the working age population. This is higher than for neighbouring authorities and Worcestershire as a whole (2.9%) and in line with the average for England (source: claimant count with rates and proportions March 2013, Nomis).

A shift-share analysis has been carried out of key manufacturing and business services sectors in Redditch. This analysis indicates that between 2008 and 2011 there was significant positive local 'growth' or shift in relation to:

- Printing and reproduction of recorded media;
- manufacturing of chemicals;
- manufacturing of motor vehicles, trailers and semi-trailers;
- manufacturing of furniture; and
- advertising and market research.

These sectors were growing more rapidly at the Redditch level than they were across Great Britain. A number of sectors indicated a significant negative local shift, particularly relating to business services. This suggests that these sectors have a comparative disadvantage in Redditch, and making appropriate provision for such businesses is likely to be key in the light of competition from other locations across the M40 / M42 corridor and beyond.

Employment projections prepared to inform the 2012 Employment Land Review Update identify strong growth potential within key manufacturing sectors including the manufacture of “*metal products, motor vehicles, chemicals, furniture, basic metals, electronics and electrical equipment, rubber and plastics, other mineral products, and ‘other manufacturing’ sub-sectors*”. However, growth in business services is expected to outstrip manufacturing.

The economic structure of Redditch contrasts with neighbouring authorities including Bromsgrove and Stratford-on-Avon, which have a greater level of employment in business service sectors. While business services account for 16% of employment in Redditch, in Bromsgrove and Stratford-on-Avon business services accounts for 24% and 29% of employment respectively. Reflecting this structure, the resident labour force within Bromsgrove and Stratford-on-Avon is more highly qualified and more skewed towards managerial and professional occupations at 53% and 49.5% respectively (England average is 44.2%).

A detailed profile of key socio-economic indicators for each local authority area is set out at Appendix A. Further detailed findings emerging from the shift share analysis at the Redditch level are included at Appendix B.

### 3.4 Summary

Redditch Eastern Gateway has the characteristics in terms of scale, location, accessibility and environment to create a high quality business park which would enable the town to retain key businesses as well as to diversify the employment land supply and compete more effectively in attracting investment from companies within key growth areas of the local and national economy.

Reflecting the structure of the local economy, alongside opportunities associated with the M40 and M42 corridors, target sectors could include high value manufacturing activities alongside business and other support services. Attracting the latter would help to diversity the local economy.



## 4 Market assessment

### 4.1 Introduction

This section sets out a high level review of market conditions which has been undertaken to establish trends and issues relating to occupier demand and supply within the employment land and property sector. A detailed review of the market is attached at Appendix C. In addition, the results are presented of a sequential test of the Eastern Gateway compared with other sites.

### 4.2 Demand issues

#### 4.2.1 *Employment premises*

Analysis of current demand for employment land and buildings within Redditch indicates a consistent demand for modern industrial buildings across a range of sizes. In common with national and regional trends, demand is primarily concentrated in industrial unit sizes of less than 929 sq m.

As noted, the Redditch economy retains a heavy reliance on the manufacturing sector. Major employers have been reliant on skills within the Redditch workforce and therefore have been reluctant to relocate to other areas. However there is evidence that some businesses within Redditch are becoming constrained by the lack of new employment floorspace available which has inhibited growth and will impact on the ability of businesses to compete in the future if they do not relocate to new premises which are not currently available within Redditch.<sup>3</sup>

Currently companies seeking high quality new B1(a) B1(b) type uses within a business park environment and with close proximity to the northern section of the M40 and southern section of the M42 motorway would be likely to consider Blythe Valley Park or Birmingham Business Park in which activity has been slow in recent years due to the general lull in demand. Activity is however reported to be increasing within these areas over recent months. It is considered that the Redditch Eastern Gateway provides a potential complementary offer to the market which the existing employment stock would be unable to fulfil.

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<sup>3</sup> The Redditch Employment Land Review Report 2012 Update projects growth within the B1 and B8 sectors, with the 'policy on' scenario projecting relatively strong growth for B1(b) and B1(c) and the baseline scenario relatively strong growth in B2 and B8 use classes. Both scenarios project growth in B1(a), B1(b) and B8 uses. This future growth, which includes the R&D sector, is unlikely to be accommodated within the existing employment stock and currently available sites lack the scale, profile and access to satisfy this property sector.

#### 4.2.2 *Employment land*

The Redditch Borough Employment Land Review Report 2012 Update identifies that Redditch's employment land requirements for the period to 2030 total around 55 hectares (including 15 hectares for waste management facilities), with around 27.5 hectares committed, hence leaving circa 27.5 hectares which cannot be accommodated within the Borough boundaries and which is required to satisfy the established requirement for additional employment floorspace. Based on the areas identified through the Waste Core Strategy and types of sites required for this purpose, Redditch Council has indicated that it will meet its waste management facilities requirements from within Redditch's boundaries.

It is noted that the Stratford on Avon Employment Land Review identifies a potential surplus of land for employment purposes within the District as a whole but does not take account of potential requirements within the immediately adjoining Borough of Redditch.

The established demand identified within the Redditch Borough Employment Land Review Report 2012 Update is based upon projected requirements through historic employment trends, baseline and residential growth scenarios. It is considered that the Borough has the ability to attract significant additional employment opportunities through delivery of a large scale, highly accessible business park scheme within an attractive environment and capable of providing high quality stock, able to attract companies which seek to locate along the northern section of the M40 corridor and western section of the M42 corridor.

### 4.3 *Supply issues*

#### 4.3.1 *Employment premises*

Redditch has established industrial areas at Lakeside, Moons Moat North and Park Farm comprising a total stock of around 700,000 sq m, which was typically developed around the 1970s and 1980s and whilst now dated has maintained high levels of occupancy.

Analysis of the existing industrial stock in Redditch reveals that there is a limited supply of new or refurbished industrial units comprising only 9.7% of current stock. The Redditch Borough Employment Land Review Report 2012 Update identifies delivery of only 160 sq m (1,722 sqft) within the years 2010 – 2012.

There is evidence of a constrained supply of larger units in excess of 929 sq m (10,000 sqft).

The service/office sector has suffered from consolidation over the past 5 years, although opportunities for the projected growth in the service sector are severely restricted by an inadequate land supply.

#### 4.3.2 *Employment land*

Existing sites currently available for employment development within the Redditch area are restricted primarily to small individual plots of land often comprising infill sites situated between existing older style industrial properties.

Redditch Council has undertaken a review of land and has failed to identify suitable, additional employment land within Redditch. On this basis, the identified shortfall cannot be accommodated within the Borough's boundaries.

#### 4.4 Assessment of employment sites

Those sites identified within Redditch and those in excess of 1 hectare from the immediately surrounding districts of Bromsgrove and Stratford on Avon, as set out within their respective Employment Land Studies and Reviews are identified within Appendix D of this report, in which a qualitative assessment has been undertaken as part of a sequential testing exercise. The analysis includes the Redditch Eastern Gateway sites. In addition, part of the northern site is also included separately through its existing allocation (Ravensbank ADR). In total, 33 sites have been assessed.

The qualitative assessment undertaken as part of this study considers the following:

- Scale of employment land available (Scores 0 – 10), Highest score allocated to sites of 25+ hectares, sites of less than 1 hectare scoring 0;
- Distance from Redditch Town Centre (Scores 0 – 10), Highest score allocated to sites 1 mile or less from the town centre, sites further than 15 miles scoring 0;
- Planning Suitability/Availability for Business Park type use (Scores 0 – 10), based on a weighted mechanism of the following categories each 0 – 10 for the following considerations hence giving an overall maximum score of 90 and divided by 9 to provide a score of 0 – 10 as follows:
  - Prospect of securing Planning Consent (planning allocation and strategic status) – Weighting of 3;
  - Suitability for B1(a) and B1(b) uses (surrounding uses, access etc) – Weighting of 3;
  - Suitability for B1(c) and B2 uses (surrounding uses, access etc) – Weighting of 2;
  - Suitability for B8 uses (surrounding uses, access etc) – Weighting of 1;
- Marketability (Scores 0 – 10), based on an average of the scores for each of the following, each assessed on a scale of 0 – 10):
  - Site Accessibility/Location;
  - Site Constraints including Environment;
  - Availability;
- Overall Qualitative Score – a total of the above scores, hence with a maximum score of 40.

The assessment as described above provides the following analysis:

- Scale of Opportunity - Only 2 identified sites achieve the highest score – the subject site in its proposed status and the potential Redditch Food Park (included in the assessment criteria as an additional opportunity site identified within the area outside of the Employment Land Review process). However, the Redditch Food Park Site is located within the Green Belt and is not adjacent to a built up area. The next largest site of 14.9

hectares relates to the Gaydon Proving Ground located approximately 25 miles away in Warwickshire.

- Proximity to Redditch Town Centre - Two sites are located within approximately 1 mile of the town centre, both at Brockhill and taken together potentially providing a total of circa 8.5 hectares employment land. A further 6 sites fall within around 2 miles from Redditch Town Centre, together comprising a total of circa 5.92 hectares. The subject sites are approximately 3 miles from the town centre as are a further 8 sites which excluding the subject sites provide a total of circa 4.55 hectares.
- Planning Suitability/Availability for Business Park type use - The subject sites (in their assumed allocated and masterplanned state) score highest in this category, the next highest scoring sites include the 2.4 hectare site at Kineton Road/Hollywell Southam located around 25 miles from Redditch Town Centre, the small site at Palmers Road, Moons Moat East and Bromsgrove Technology Park (recently rebadged Bromsgrove Enterprise Park).
- Marketability - The most attractive proposition to the market would be considered the subject sites (in their assumed allocated and masterplanned state) with a score taking into account accessibility/location, constraints/environment and availability of 8. The next most desirable on the above basis and scoring 7 are Bromsgrove Technology Park, a site of 4.9 hectares at Cofton Hackett, the M40 distribution park at Wellesbourne and the site west of Kineton Road/Holywell site at Southam site.
- Overall Qualitative Scores - It will be noted that whilst some of the sites score highly in various categories the clear highest scoring site, being the only site achieving more than 30, is the Redditch Eastern Gateway site in its assumed proposed state. The next highest contenders each achieving a score of 26 are the subject site as presently allocated, Land at Brockhill East and Redditch Food Park, with Bromsgrove Technology Park next with a score of 23.

It is clear that of the identified sites only two provide a very significant quantum of potential employment land and most are constrained by issues including poor access, proximity to existing housing and restricted size.

Whilst some of these sites will satisfy small property requirements, Redditch does not have any large strategic sites available to accommodate larger scale property requirements, either for indigenous companies or businesses wishing to locate and invest within the county.

## 4.5 Summary

The key findings from the market assessment are outlined below:

- the majority of Redditch's employment space provision was constructed in the 1950's and 1960's, but maintains high occupancy levels and levels of available new and refurbished space are low;
- much of the available space is outdated and not ideal for modern requirements with a constrained supply of high quality units particularly in excess of 929 sq m exists;

- the lack of available new space is a potential constraint for companies who will need to consider relocating in order to develop their business;
- Redditch presently has little potential to attract major employers into the area due to lack of available high quality employment space or sites;
- there is an identified requirement for up to 27.5 hectares employment land beyond present allocations to 2030 (Redditch Borough Employment Land Review 2012 Update);
- the Redditch Eastern Gateway is identified as the best employment site in an assessment of 33 sites. Overall, it scores significantly more than all other sites based on a range of criteria; and
- the subject site has the greatest potential to attract significant inward investment providing a major employment site opportunity which is both highly accessible and in an attractive environment.

## 5 Economic impact

### 5.1 Overview

The Redditch Eastern Gateway sites provide the opportunity to deliver a strategically important employment site, capitalising on Redditch’s excellent access to the major highway network, attractive environment and proximity to a large skilled local labour force, such that the objectives set out in the local and wider strategies and plans (see Section 3.2) can be achieved.

This section sets out the anticipated economic impact associated with bringing forward almost 29 ha of land to enable the creation of a new employment location for Redditch, Bromsgrove and Stratford-on-Avon. With proposals for the site at an early stage two potential scenarios have been tested based upon alternative occupier use class profiles. This approach provides an indication of the range within which impacts might be expected to fall. The profile of floorspace under each scenario is outlined in Table 5.1.

Table 5.1: Profile of assumed floorspace take-up by use under alternative scenarios			
	Office B1(a/b)	Industrial B1(c)/B2	Warehouse B8
Scenario 1 – Office led	50%	30%	20%
Scenario 2 – Mixed profile	35%	35%	30%

The focus of the assessment is principally upon the gross and net additional employment and GVA benefits arising from investment in the construction of employment space and its subsequent occupation.

In determining the net additional impact of the Eastern Gateway scheme, the key issue to be addressed is the additionality of the proposals – the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention. The additionality of the scheme has been assessed by analysing the following additionality factors:

- Leakage - the proportion of outputs that benefit those outside of the scheme’s target or reference area.
- Displacement - the proportion of scheme outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets<sup>4</sup>.

<sup>4</sup> Product market displacement arises where the output of an activity takes market share from local firms producing the same good or service. In the case of factor market displacement an activity uses locally scarce factors of production (e.g. skilled labour or land) or bids up factor prices.

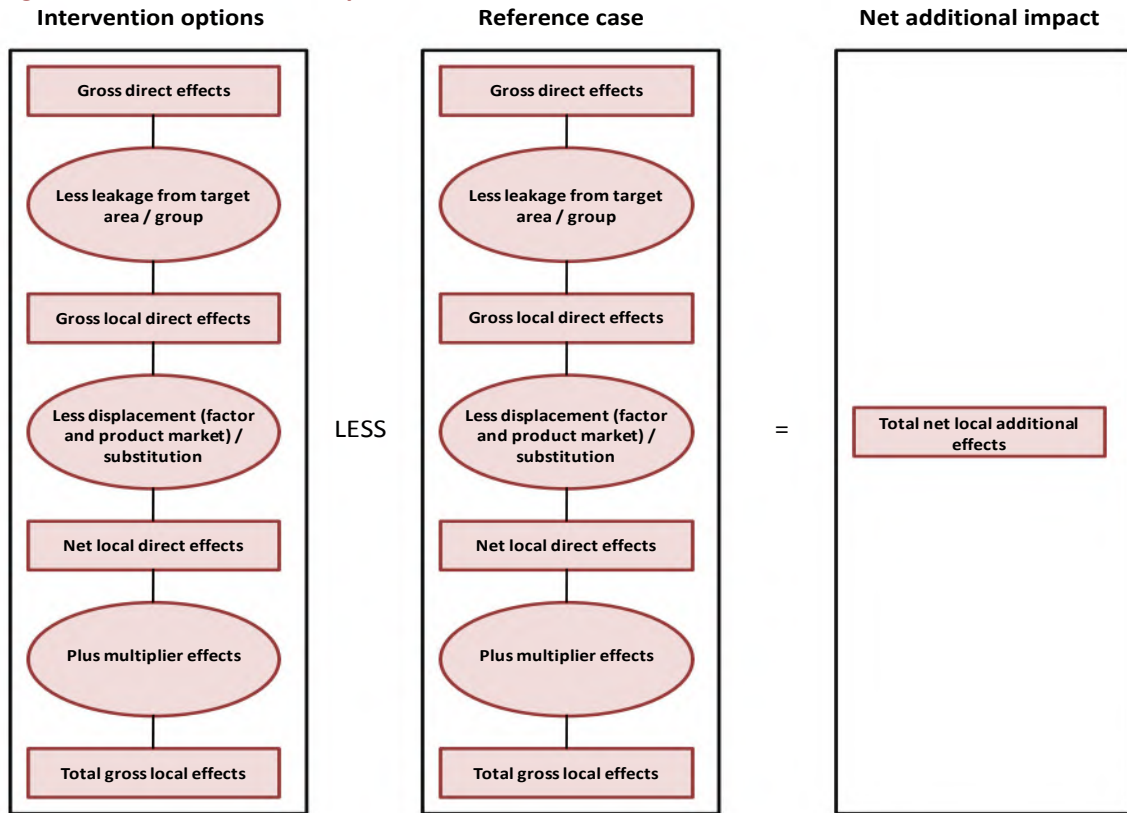


- Multiplier effects<sup>5</sup> - further economic activity associated with additional local income and local supplier purchases.
- Deadweight - outputs which would have occurred without the scheme. For this assessment, it is assumed that only the first phase of the Gorcott Estate land would be developed, and that accommodation would primarily meet local demand for industrial and warehouse uses, with some office space.

The assessment of net additional impact has been undertaken at the level of the three local authority areas of Redditch, Bromsgrove and Stratford-on-Avon.

The approach to assessing the net additional impact of the scheme is shown diagrammatically in Figure 4.1.

**Figure 4.1: Net additional impact**



<sup>5</sup> For analytical purposes two types of multiplier can be identified:-

- a supply linkage multiplier - due to purchases made as a result of the scheme and further purchases associated with linked firms along the supply chain. In the absence of a fully articulated model of the local economy these effects are difficult to trace. However, multipliers derived through empirical research in previous studies can be used to approximate these impacts.
- an income multiplier - associated with local expenditure as a result of those who derive incomes from the direct and supply linkage impacts of the Project. As a proxy, the results of previous research can be used or estimates can be calculated on the basis of local consumption patterns through the local economy.

A number of impact studies have also identified a longer-term development multiplier associated with the retention of expenditure and population in an area.

## 5.2 Construction phase

### 5.2.1 *Gross jobs*

Evidence about the level of labour-related construction expenditure and construction employment costs has been used to estimate the number of construction person years that might be generated by the scheme.

The total cost of developing the site, allowing for the construction of new business premises alongside on-site and off-site infrastructure, is estimated to be between £83.1 million and £94.7 million. Based upon benchmark cost per job ratios of £145,200 and £115,300 for construction activities and professional services<sup>6</sup> respectively, it is estimated that expenditure could support between 586 and 668 person years of full time equivalent gross employment in the construction phase. Based on the convention that 1 permanent job is equivalent to 10 person years of employment, between 59 and 67 permanent gross jobs would be created in the construction phase.

### 5.2.2 *Net additional jobs*

At a national level, the construction sector has experienced a significant slowdown in activity since 2007. With little growth and funding constraints, demand for new development has stagnated. While contractors have sought to reduce their cost base by releasing staff, a number of large contractors have gone into administration as a result of cash flow issues.

In March 2013 some 4,230 people were claiming Job Seekers Allowance within the combined areas of Redditch, Bromsgrove and Stratford-on-Avon. Out of this total just 120 (3%) were actively seeking skilled construction and building trade jobs. This indicates that the pool of immediately available skilled construction labour is limited, although it is noted that the proportion of local employment in construction (5% of total employment) exceeds the average for England as a whole. Nevertheless, reflecting potential labour market constraints within the local area, and the likely need for high levels of on-site employment during peak construction activity, a relatively high allowance of 35% has been made for leakage.

Reflecting the state of the construction sector across the UK, it is considered unlikely that the development of the Eastern Gateway would significantly displace existing construction activity across Redditch, Bromsgrove and Stratford-on-Avon over the short to medium-term. As such, a rate of 5% has been adopted.

Alongside directly supporting employment through the design and delivery of new infrastructure and employment floorspace, construction will also result in supply side investment. Standard requirements associated with major construction processes include:

- construction equipment including mobile and tower cranes, scaffolding, access equipment, hand tools, generators, welding rigs, earth moving equipment, temporary electric installations, and site cabins.

<sup>6</sup> Derived from the 2011 Annual Business Survey

- supplies including concrete, fill materials, drainage products, steel, bricks, blocks, and mortar, paving and tarmac, cabling, pipe work, ductwork, fittings, cladding materials, and consumables such as lime.

There is capacity within the local area to service part of this demand locally. In particular, it is anticipated that bulk supplies and general plant will be sourced as locally as possible to minimise transportation costs. Alongside general supplies, it is envisaged that other key services will be sourced locally including hotel and other accommodation, transport (public transport and vehicle/taxi hire), catering and security. These goods and services are available within the local area. Reflecting indirect and induced effects, a multiplier of 1.46 has been applied<sup>7</sup>.

Allowing for the deadweight scenario, which it is assumed would support construction activity in developing Gorcott phase 1, it is estimated that construction expenditure associated with the Eastern Gateway will support between 335 and 409 net additional person years of employment. This equates to between 34 and 41 net additional jobs.

## 5.3 Operational phase

### 5.3.1 Floorspace

Based upon a site area of 28.7 ha it is estimated that the Eastern Gateway sites combined could accommodate 100,300 sq m based on a density ratio of 35%. The estimated capacity of each site is outlined in Table 5.2.

Table 5-1: Eastern Gateway development capacity		
Site	Site area	Estimated capacity (Gross external area)
Gorcott Estate phase 1	9.83 ha	35,140 sq m
Gorcott Estate phase 2	7.00 ha	28,000 sq m
Winyates Triangle	11.90 ha	37,160 sq m
<b>Total</b>	<b>28.73 ha</b>	<b>100,300 sq m</b>

Based upon the scenario profiles outlined in Table 5.1, an indicative schedule of floorspace is set out in Table 5.3.

Table 5-2: Indicative Eastern Gateway development profiles (Gross external area)				
	Office B1(a/b)	Industrial B1(c)/B2	Warehouse (B8)	Total
Scenario 1 – Office led	50,150 sq m	30,090 sq m	20,060 sq m	100,300 sq m
Scenario 2 – Mixed profile	35,105 sq m	35,105 sq m	30,090 sq m	100,300 sq m

<sup>7</sup> Based upon the mean multiplier effect for capital projects at the sub-regional level identified by the Department for Business, Innovation and Skills (BIS) in its Occasional Paper No. 1, Research to improve the assessment of additionality (October, 2009).

It is anticipated that the Eastern Gateway will be developed out in line with an overall masterplan over a 20 year period. Reflecting aspirations for this prominent site it is assumed that new floorspace will be delivered within a high quality, landscaped business park environment.

### 5.3.2 Gross employment

The estimate of gross employment is based upon floorspace estimates and reflects benchmark assumptions in relation to building layouts, levels of occupancy and employment density. These assumptions are outlined in Table 5.4.

Table 5-3: Employment density assumptions				
Site	Floorspace	GEA:GIA/NIA ratio	Occupancy	Sq m per job
Office	Net internal area	80%	90%	20
Industrial	Gross internal area	95%	90%	41.5
Warehouse	Gross external area	100%	90%	70

Employment density assumptions are based upon benchmarks set out within 2010 guidance published by the HCA. For office floorspace a composite density assumption has been applied to reflect the potential mix of standard office and lower density activities associated with research and development. A composite density has also been applied for industrial accommodation to reflect a relatively even mix of light (B1c) and general (B2) industrial floorspace across the site.

Table 5.5 sets out gross employment estimates for each site under both of the indicative scenarios. Based on this assessment it is estimated that new business premises delivered at Redditch Eastern Gateway could accommodate between 2,374 and 2,683 gross jobs.

Table 5-4: Gross employment by site				
	Gorcott Estate 1	Gorcott Estate 2	Winyates Triangle	Total
Scenario 1	924	422	1,338	2,638
Scenario 2	767	409	1,198	2,374

Based upon the assumed use schedule, it is anticipated that the number of office based jobs will range from 1,264 to 1,805, comprising between 53% and 67% of the total employment accommodated across the Eastern Gateway. Gross employment estimates by use are set out in Table 5.6.

Table 5-5: Gross employment by use				
	Office	Industrial	Warehouse	Total
Scenario 1	1,805	620	258	2,683
Scenario 2	1,264	723	387	2,374

### 5.3.3 Net additional employment

The number of net additional jobs that might be created through the delivery of the scheme has been estimated reflecting national additionality benchmarks for capital investment projects at the sub-regional level.<sup>8</sup> On the basis of these adjustments, and accounting for the anticipated impact of delivering Gorcott Phase 1 under the deadweight scenario, the net additional employment impact of the Redditch Eastern Gateway is set out in Table 5.7.

Table 5-6: Net additional employment		
	Scenario 1	Scenario 2
Gross jobs	2,683	2,374
Less leakage (17.3%)	464	411
Gross local direct	2,219	1,963
Less displacement (43.1%)	956	846
Net local direct	1,263	1,117
Multiplier (1.46)	581	514
Total local direct	1,844	1,631
Less deadweight	508	508
<b>Total net additional</b>	<b>1,336</b>	<b>1,123</b>

Based on the indicative scenarios tested, it is estimated that the delivery of the Redditch Eastern Gateway could result in the creation of between 1,123 and 1,336 net additional jobs.

### 5.3.4 Annual net additional Gross Value Added

The annual GVA impact of the Redditch Gateway scheme in the operational phase once fully developed has been calculated based upon the net additional employment estimates set out in Table 5.7. Using benchmarks for GVA per employee for office based, industrial and warehousing activities<sup>9</sup>, it is estimated that this level of net additional employment could generate between £60.8 million and £74.3 million GVA per annum once the scheme has been fully delivered.

## 5.4 Wider benefits

As well as generating significant quantified economic benefits the intervention option will also result in substantial wider benefits. Expected wider benefits are outlined below.

### 5.4.1 Diversifying the local economy

The proposed development of the Redditch Eastern Gateway has the potential to create a high quality business park environment which Redditch does not currently offer. This provision will

<sup>8</sup> Department for Business, Innovation and Skills (2009)

<sup>9</sup> Benchmark derived from UK Annual Business Survey data adjusted to reflect 2013 prices, levels of productivity in Worcestershire relative to the UK as a whole and full time equivalent employment.

address existing constraints and offer local business the opportunity to expand. It will also diversify the portfolio of available sites within Redditch and, benefiting from excellent connectivity within the strategic road network, attract new inward investment opportunities. In particular, the provision of new office accommodation within a high quality landscape will complement the wider offer along the M42 corridor and will enhance the profile of Redditch to service sector employers, including businesses engaged in higher value activities.

#### *5.4.2 Promoting business investment*

By attracting new indigenous and external investment the Eastern Gateway will provide significant demonstration effects to other existing and potential investors in the town. Investment in local infrastructure and the potential for a high quality new business environment is likely to stimulate further investment by other landowners seeking to retain existing occupiers. In allowing existing businesses to expand, the scheme also has the potential to free up premises and sites elsewhere within the town, further enhancing and diversifying the range of available employment premises. The release of lower quality premises may also help to promote further development activity within the town over the medium to long-term.

Further to this, businesses attracted to the area by accommodation at the Redditch Eastern Gateway may seek to source goods and services locally and/or relocate supply chains to the local area, providing opportunities for local businesses and promoting further local investment.

#### *5.4.3 Cluster benefits*

Clusters of businesses can result in agglomeration and proximity benefits. The proposed development is of a sufficient scale that it could result in added benefits through businesses trading and working together. It would also help in developing a pool of skilled local labour. Target sectors are identified within the Redditch Economic Development Strategy, and include high value manufacturing sectors alongside business and professional services. In particular, building upon the existing manufacturing strengths of the town and wider opportunities within the M42 corridor, potential sectors could include automotive supply chains, engineering and environmental technologies.

#### *5.4.4 Image benefits*

While Redditch is established as an important manufacturing location, there is a recognised need to raise its profile to enable opportunities for investment in higher value activities. As a prominent high quality business park location, set within an attractive landscaped environment, the Redditch Eastern Gateway has the potential to significantly improve the image of Redditch as a business location. Allied to an effective marketing strategy, the scale of the opportunity associated with Redditch Eastern Gateway provides a potential springboard into wider strategic proposals for the M42 Gateway. Building into this important strategic priority has the potential to further raise the profile of the scheme and Redditch, and would make the area more attractive as an inward investment location.



## 6 Development issues

### 6.1 Introduction

While the Redditch Eastern Gateway represents an important opportunity in terms of meeting Redditch's employment land needs and promoting economic development, there are a number of issues that will have a bearing upon its future development, which are discussed below.

### 6.2 Market conditions

This assessment has been undertaken within the context of a general downturn in economic and property market conditions. As a consequence, financial institutions and commercial property developers are extremely risk averse which has resulted in a reduction in capital investment. The general synopsis of current property market conditions is that rental and capital values, together with annual take-up rates, have reduced since 2008 and although some recovery has been made since the sharp decline of 2008, values and levels of demand remain subdued and are considered likely to remain so for a number of years to come.

In addition, despite government attempts to increase the availability of affordable finance to companies through schemes such as the Growing Places Fund and the Funding for Lending Scheme, the reduction in the availability of development finance at viable borrowing rates has had a detrimental effect upon the ability to undertake property development. There has been a corresponding decrease in the development pipeline of speculative industrial and commercial property in recent years.

It is, however, the case that the majority of second hand properties of a reasonable quality are being taken up such that if a local employer seeks new/enhanced quality space, then there is no longer any alternative but to consider either developing new accommodation within Redditch or alternatively relocating from the area to a location where there is available suitable premises.

Supply and demand pressures will inevitably therefore eventually result in an increase in commercial development viability. The issue of viability in relation to the Redditch Eastern Gateway sites itself is considered further in Section 6.7 below.

### 6.3 Competing M42 sites/locations

The M42 Motorway corridor has a number of established business parks along its western length between the M5 and M6 motorways. The more established business parks include Blythe Valley at Solihull and the Birmingham Business Park near Birmingham Airport which underwent significant expansion in the 1990s and early 2000s as a result of the structural change brought about by the significant growth in the B1 office and R&D sectors. Dominated by office development, these sites have evolved as a result of the excellent road access and communication links, together with their proximity to Birmingham Airport and Birmingham International Railway Station.

Within the industrial property sector along the M42 corridor, industrial and distribution occupiers have historically been unable to compete with higher land values generated by the expansion of these office parks along the M42, particularly in the high profile motorway locations around Solihull and Birmingham Airport. Consequently, take-up of industrial units has tended to focus on the established industrial estates in suburban locations around Birmingham. As a result of the general reduction in office demand, a number of business park owners with sites along the M42 have been considering plans to promote their undeveloped sites for industrial and particularly distribution use. It is, however, reported that interest in these schemes for office use is tending to increase slightly.

Redditch does not currently have any suitable sites being promoted for employment based uses able to compete with these M42 sites. It is considered that the Redditch Eastern Gateway sites might fulfil many of the criteria required by major employers seeking such an opportunity through the provision of a large high profile development site in an attractive environment at a potentially competitive land cost with good access to the strategic highway network together with proximity to a large skilled local labour force.

## 6.4 Ownerships/aspirations

The Gorcott Estate are keen to promote their land interests for employment development purposes having taken the proactive step of appointing a commercial property developer, with the experience and resources to promote this site through the planning and development process.

Whilst part of the Gorcott Estate land (Phase 1) would be capable of being brought forward for employment purposes, it is anticipated that there would be significant associated infrastructure requirements including off site highway works, the costs of which would be considerable and it is unlikely that either the land owners or the selected partners would be prepared to fund the additional costs of the subject works on a speculative basis.

It is understood that Gorcott Estate would seek to be able to bring forward the remainder of their site (Phases 1 and 2) subject to viability issues (see Section 6.6 below).

The Winyates Triangle site does provide the potential to benefit from, and contribute to, anticipated infrastructure costs. It is understood that the HCA, who hold the freehold in the Winyates Triangle site, are actively considering the potential to bring forwards their site in conjunction with the Gorcott Estate land holdings for employment purposes.

## 6.5 Town planning

Whilst part of the Gorcott Estate land is proposed for allocation within Bromsgrove's draft Core Strategy 2, Phase 2 of the site lies within the administrative district of Stratford-on-Avon District Council and is currently designated as Green Belt land.

Stratford-on-Avon's Draft Core Strategy (February 2012) identifies that *"The issue of employment expansion at Redditch also needs to be resolved in the area of Winyates Green Triangle"*. It also notes that *"The site known as Winyates Green Triangle has previously been identified for housing or employment to meet the needs of Redditch. There is no longer an*

*obligation through the RSS to release the site for such purposes, but due to its relationship to Redditch it may still be appropriate to do so at some stage”.*

The Draft Core Strategy says of the site adjacent to Ravensbank within Stratford district that *“The scale of any development within Stratford-on-Avon District is likely to be affected by the need to protect the setting of the Grade II\* listed building to the north”.*

Historically, the Redditch Eastern Gateway sites have been the subject of representations made to Bromsgrove District and Stratford-on-Avon District Councils to release this land for development purposes although the recent introduction of the Localism Bill and the National Planning Policy Framework have increased the urgency to provide new allocations for land development in the short-term.

If the sites are designated for employment use, any scheme will need to be carefully designed to mitigate any adverse impacts on adjoining areas/uses, including the Grade II\* listed Gorcott Hall and residential areas.

## 6.6 Highways and infrastructure

Highways and infrastructure improvements are key to the scheme both in terms of capacity for new development but also to create a high profile and accessible scheme which will enhance the employment land supply for both Redditch and the wider area.

Whilst a technical study of potential highway access solutions to the Redditch Gateway sites has not yet been completed, it is considered likely that highway access to facilitate Phase 1 could potentially be delivered via Hedera Road. It is currently understood that phase 2 could not be delivered via this route due to environmental constraints without significant improvements to the local road infrastructure. In any event, access to the site through the adjoining Ravensbank Industrial Estate would most likely only facilitate delivery of more employment space of the nature previously provided and would not achieve the overall vision of providing a high profile and easily accessible strategic employment site.

Additionally, it is considered that the Winyates Triangle could not be developed for commercial uses utilising the existing adjoining residential estate road (Far Moor Lane) due to highways capacity and environmental reasons.

Accordingly, it is anticipated that a new roundabout junction on the A4023 would be required in order both to provide the most appropriate means to deliver the necessary additional highways capacity and to enable the comprehensive development of the Redditch Eastern Gateway sites. This would enhance the profile of the sites, ensuring that they could be marketed as a single high quality business park with the ability to expand and diversify employment land supply within Redditch and the wider area in line with the objectives for economic development and growth.

## 6.7 Viability assessment

An indicative viability assessment has been undertaken to consider the development viability of undertaking commercial development for employment based uses at the Redditch Eastern Gateway.

The first phase of the Gorcott Estate land is currently being considered by Stoford Developments on the basis of highways access through the Ravensbank Industrial Estate off Hedera Road (subject to overcoming ransom strip issues) and will be regarded as an industrial estate extension site which would expand the supply of employment land in the local property market but would not provide any additional benefit to the local offer.

It is anticipated that promotion of the site(s) by Stoford would probably be limited to offering Design and Build opportunities. New industrial accommodation would not be provided on a speculative basis in current market conditions.

A strong case could be made that land should be proactively promoted and serviced upfront to address the identified requirement for additional employment land to meet the projected needs of the Borough and wider area. However, it is more likely that without public sector intervention that the Gorcott Estate and Stoford Developments would not be prepared to commit to the costs of site preparation works and site infrastructure works to provide serviced developed plots until such a time that a significant pre-let or pre-sale has been secured. This approach would increase the lead in time for interested parties and may reduce demand from prospective parties as a result.

The requirement for substantial upfront capital expenditure necessary to provide the off-site infrastructure required to deliver the Redditch Eastern Gateway sites presents a significant cashflow constraint to developers where costs will need to be met in advance of development receipts and there is no mechanism currently in place for this sharing of costs between different sites (Gorcott Estates and the HCA).

It is noted that there are a number of potential sources of funding for upfront infrastructure costs such as the proposed new roundabout on the A4023 to support cashflow and provide for repayment of the capital cost as the development progresses. A summary of potential funding mechanisms is set out within Appendix E.

It is considered that uplift in land values for the Redditch Eastern Gateway site would be sufficient to repay the estimated capital costs of the proposed highways works as a result of the enhanced profile and accessibility of the site on the basis of the following:

- completion of detailed design is undertaken and the new roundabout access is deliverable in terms of technical design, capacity, land ownership and within the indicative estimated costs;
- a framework is established for both Gorcott Estates and the Homes and Communities Agency to contribute to the costs of the works;
- planning consent is secured for employment uses across the entire Redditch Eastern Gateway site area; and
- a route is established for the upfront funding of the proposed works.

## 7 Conclusion – justification for employment allocation

The Redditch Eastern Gateway sites comprise almost 29 ha of land on the north eastern perimeter of Redditch. The sites, which lie within the adjoining local authority areas of Bromsgrove and Stratford-on-Avon, represent a potentially strategic opportunity to create a high quality new employment location benefiting from good access to the motorway network. However, the land is not currently allocated for employment use and the Green Belt extends across part of the site.

Based upon the Employment Land Review 2012 Update for Redditch there is a shortfall of 27.5 ha of employment land required to satisfy forecast demand. Failure to identify a sufficient supply of employment land could have a detrimental impact upon the economy of Redditch. The market assessment indicates that the supply of new or refurbished premises is very limited, with high levels of occupancy across the town. Further to this, the majority of the sites identified within the town are relatively small or otherwise constrained. The existing supply is not considered to provide sufficient flexibility to existing businesses looking to expand and is unlikely to prove attractive to potential inward investors. The importance of identifying an adequate supply of employment land is identified as a key priority in the Redditch Economic Development Strategy.

Redditch Council has undertaken a review which has failed to identify suitable alternative provision within Redditch. On this basis, the identified shortfall cannot be accommodated within the Borough's boundaries.

A high level assessment of comparator sites across Redditch, Bromsgrove and Stratford-on-Avon has identified the Eastern Gateway as the best option to meet the identified shortfall within Redditch. The potential of the subject sites to accommodate employment development is referenced in draft planning policy issued by the local planning authorities of Redditch, Bromsgrove and Stratford-on-Avon.

Delivering new employment provision within a high quality masterplanned business park has the potential to generate significant net additional employment and GVA benefits at the Redditch, Bromsgrove and Stratford-on-Avon levels. In total it is estimated that the scheme could generate between 1,123 and 1,336 net additional jobs and up to £74.3 million net additional GVA per annum once fully developed out. Further to this, it is anticipated that expenditure in the construction phase would support local employment.

The scheme also has the potential to deliver significant wider benefits through enhancing the image and profile of the town and potentially enhancing the role of Redditch within strategic ambitions for the wider M42 corridor.

While the sites have significant potential, there are a range of issues that will need to be addressed prior to their being developed for employment uses. Alongside the current planning designation of the sites, key issues relate to site access, the impact of development upon adjoining areas (including the Grade II\* listed building and residential areas) and potential viability issues. These issues will need to be overcome and a framework and vision for the overall delivery of wider site on a comprehensive basis will need to be agreed.



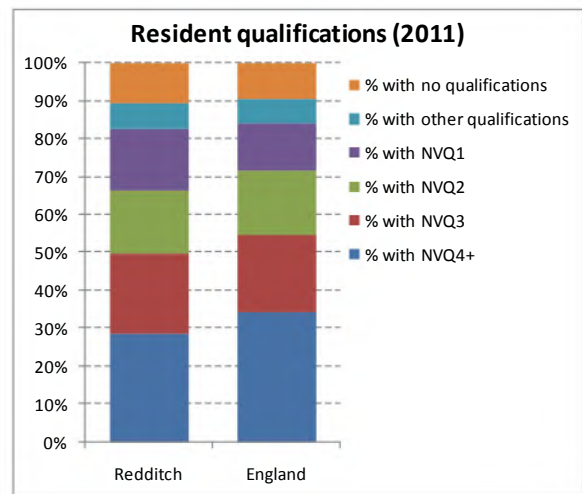
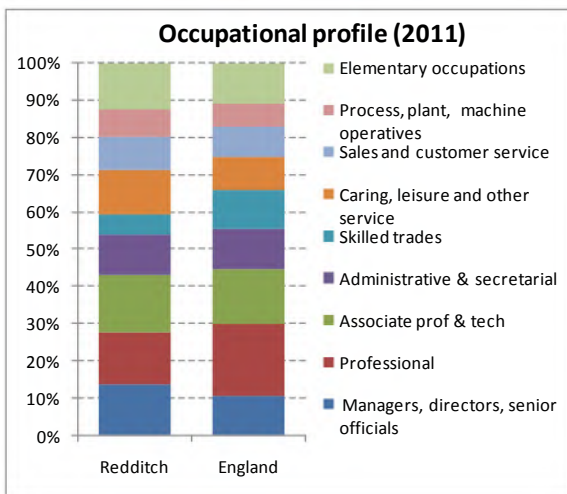
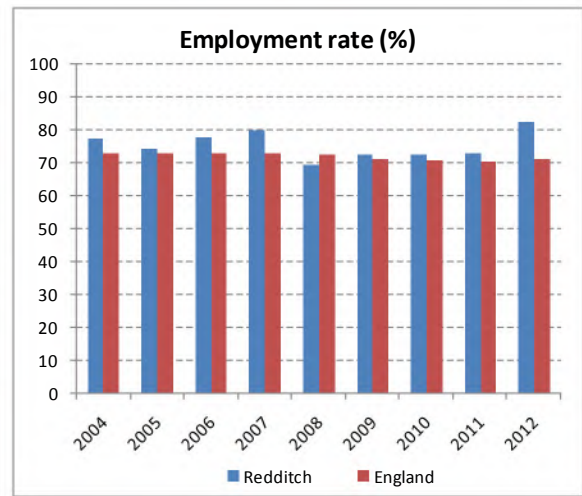
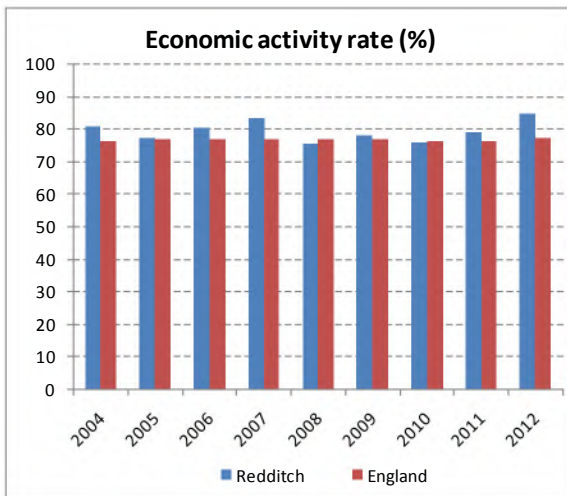
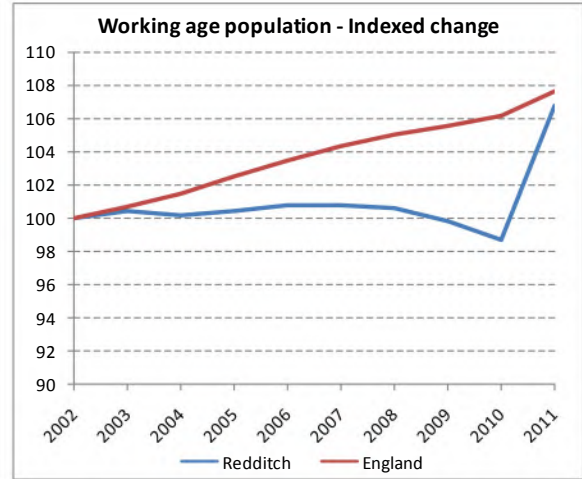
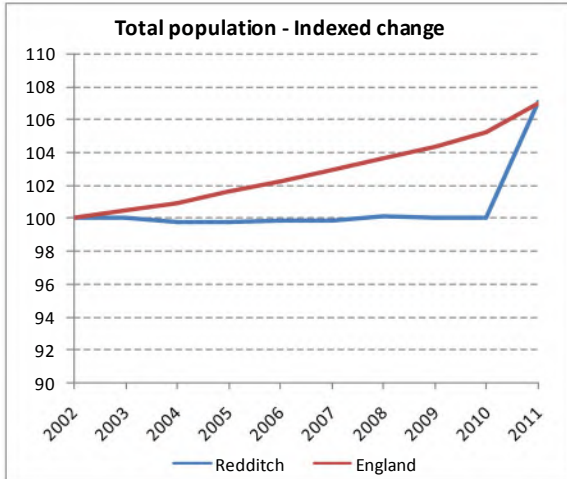
Overall, based on the balance of evidence, there is considered to be strong economic justification for allocating the Redditch Eastern Gateway for employment uses.

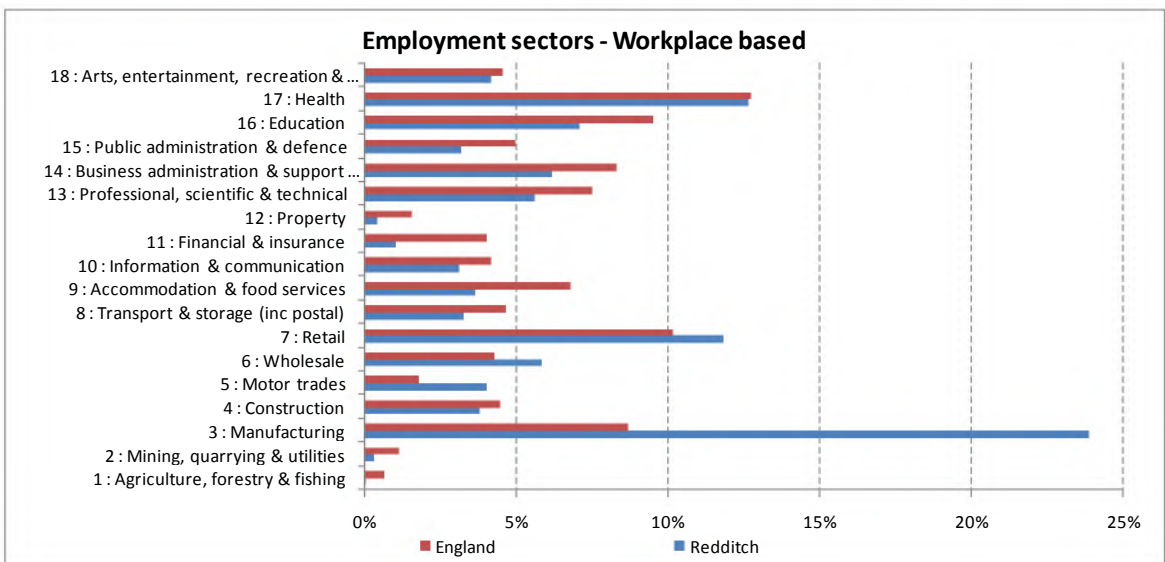
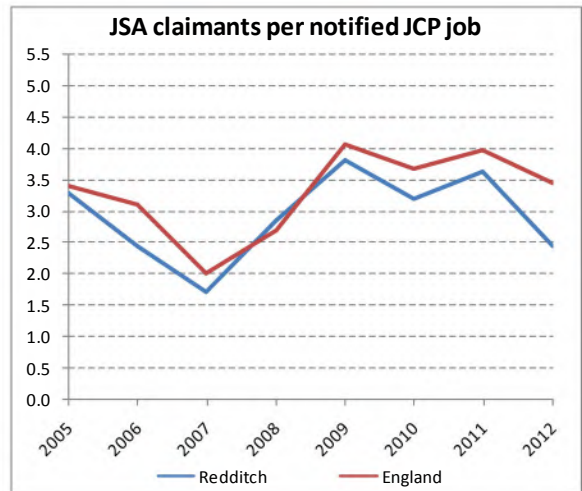
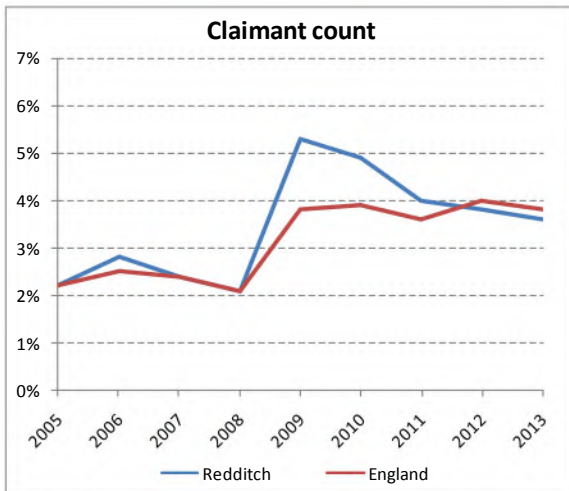
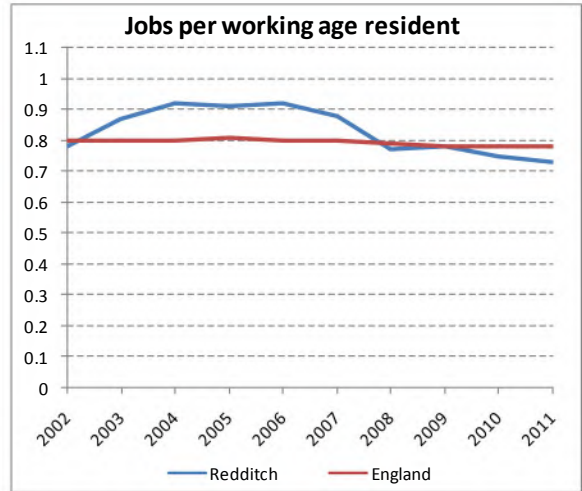
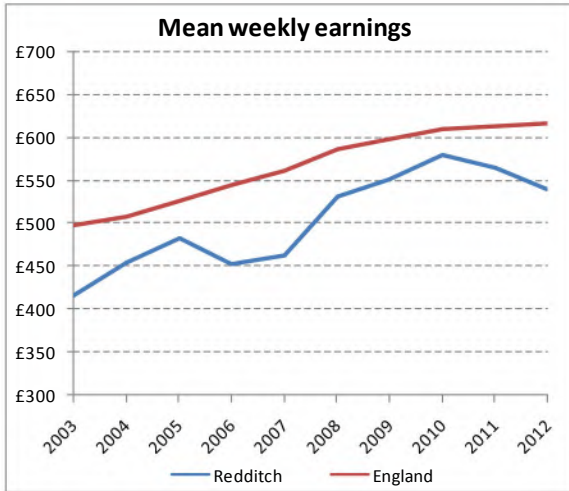




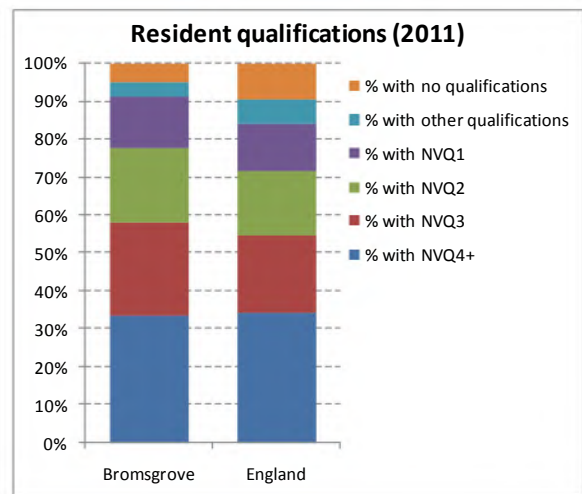
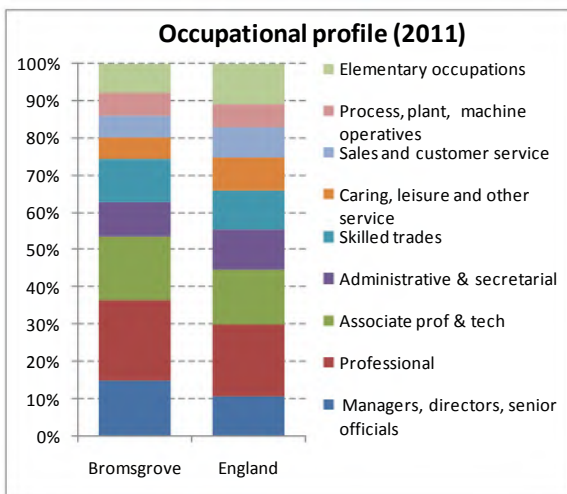
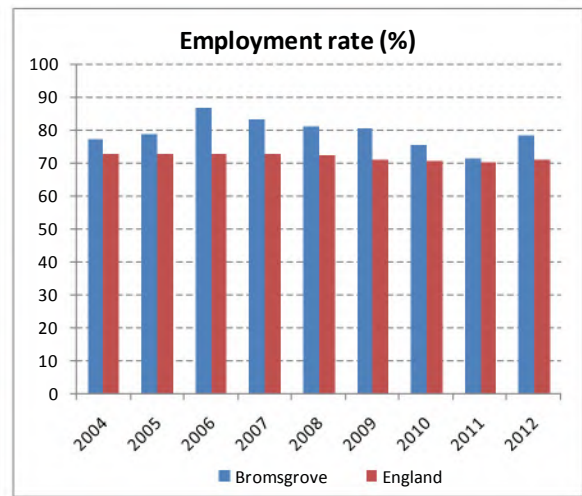
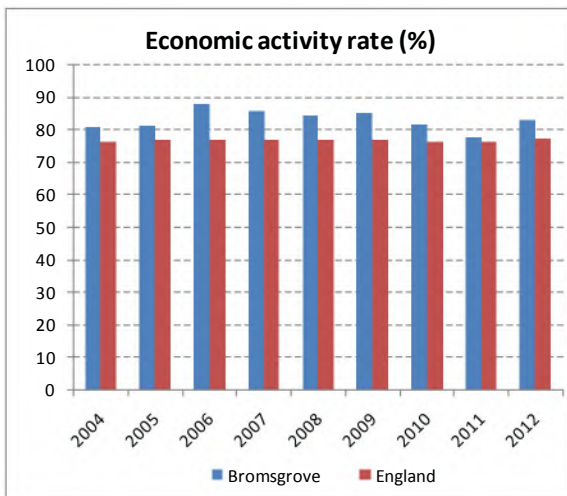
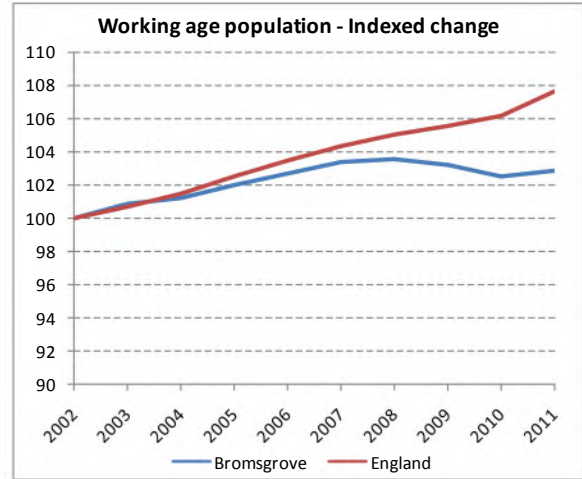
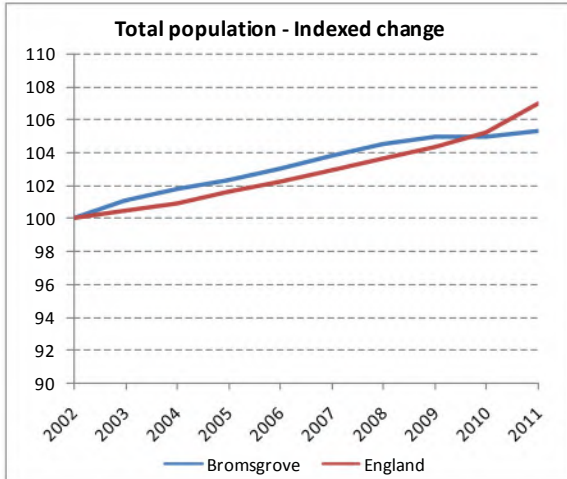
## Appendix A – Socio-economic profiles

## Redditch Borough

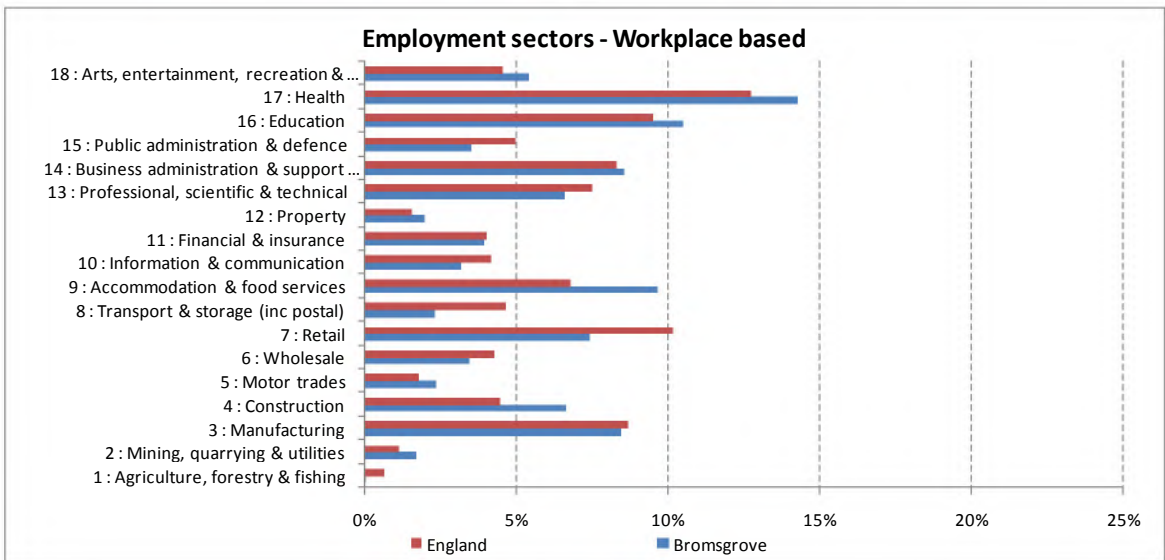
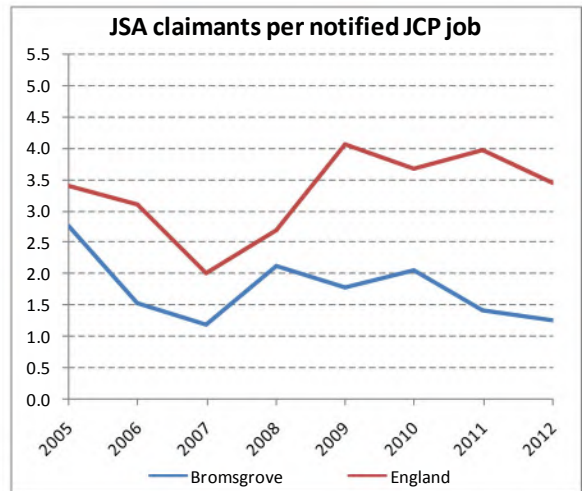
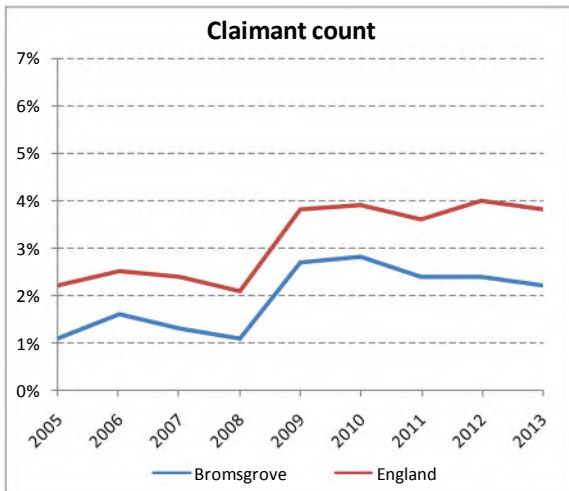
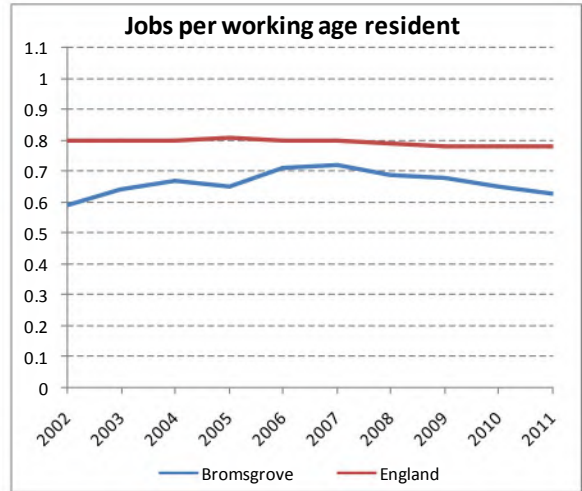
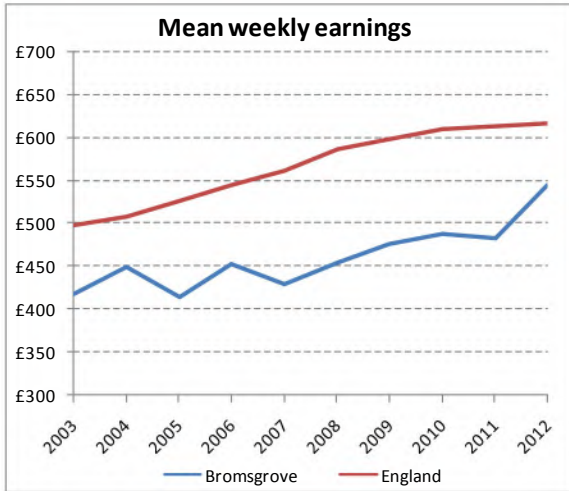




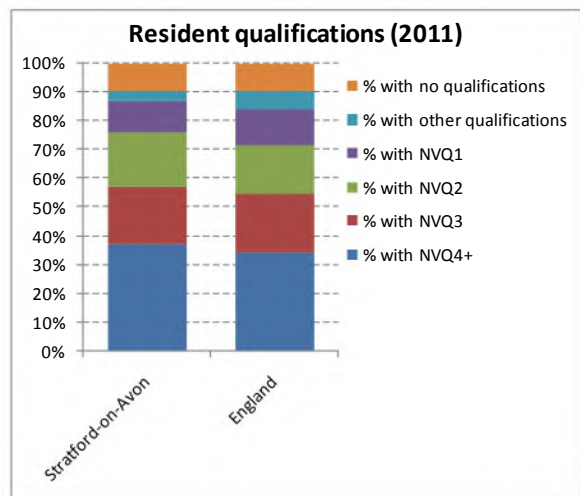
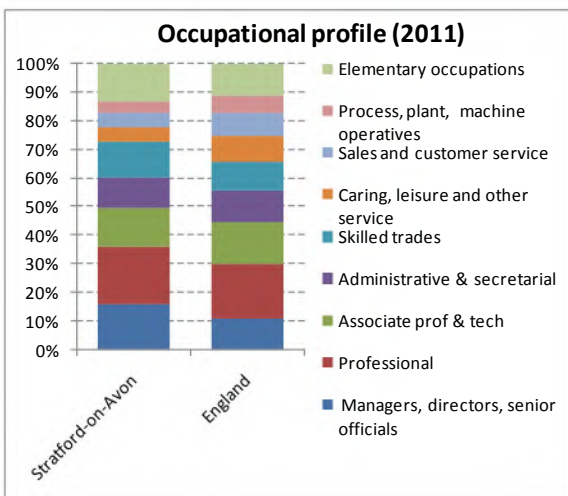
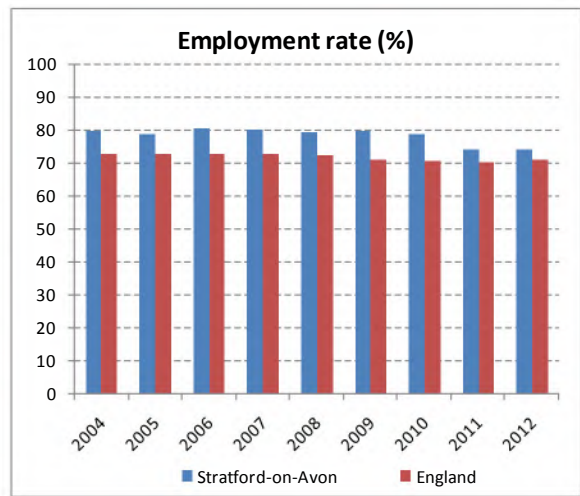
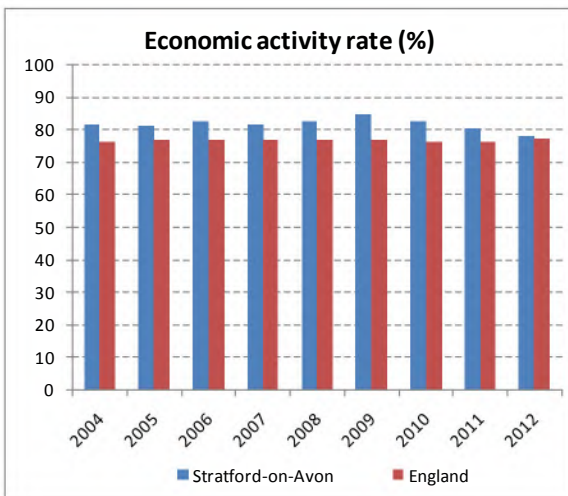
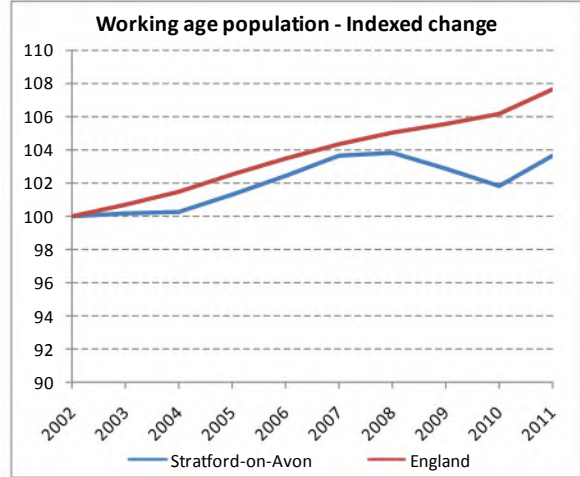
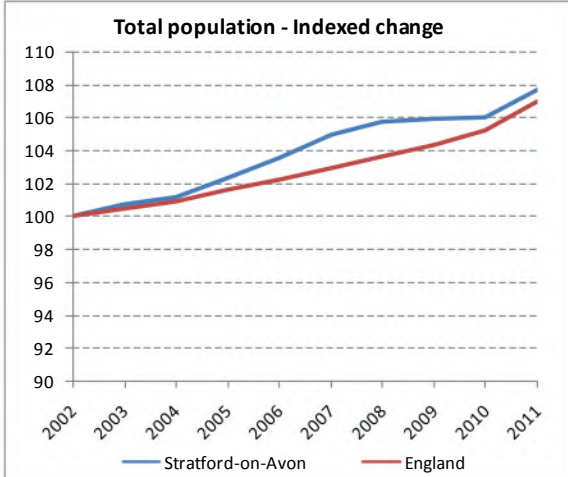
## Bromsgrove District



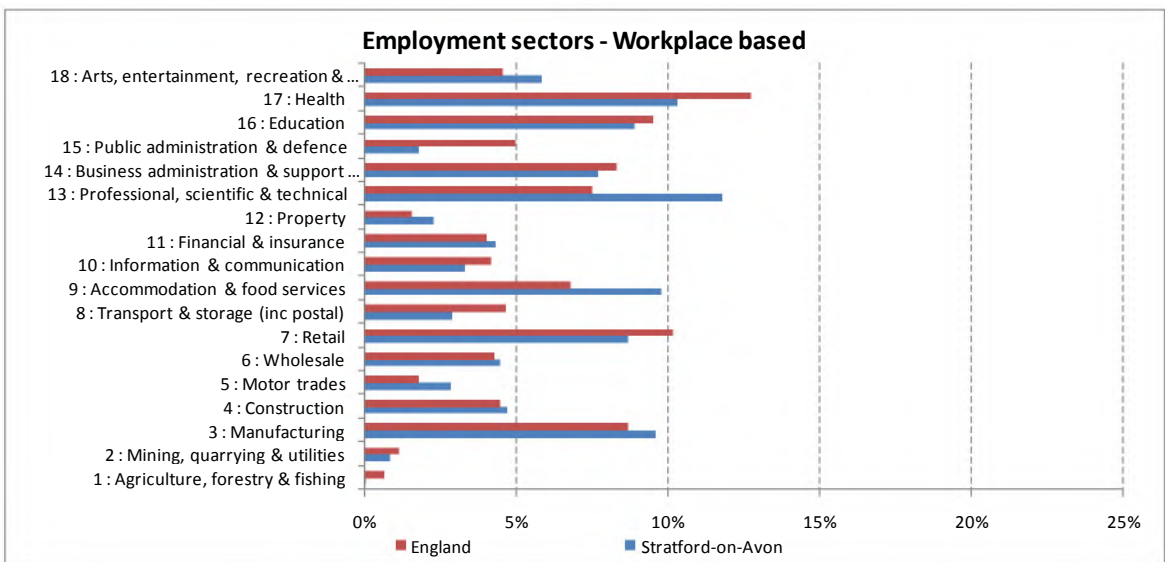
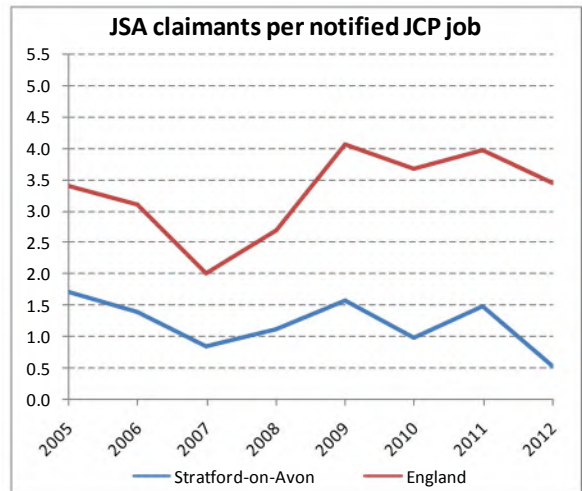
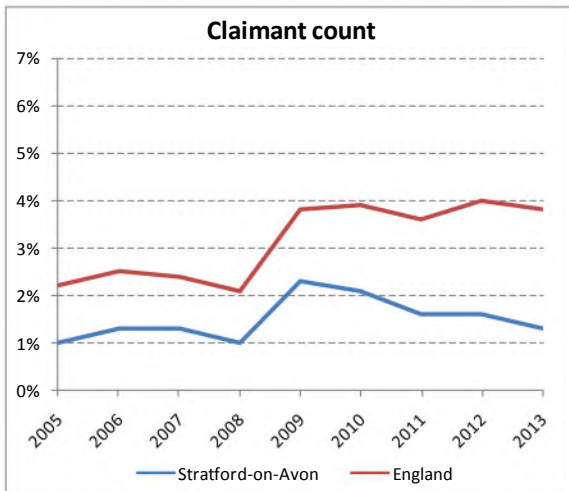
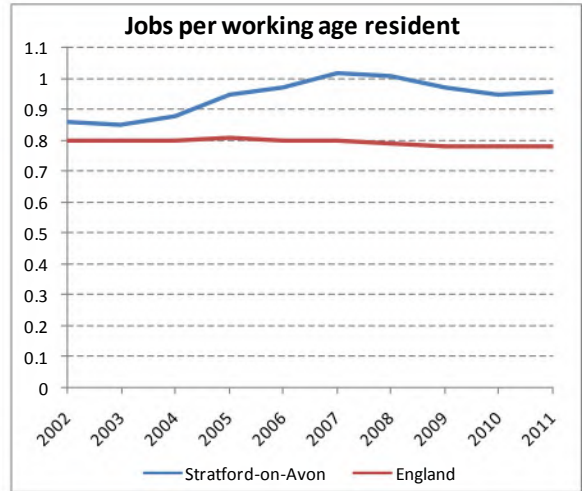
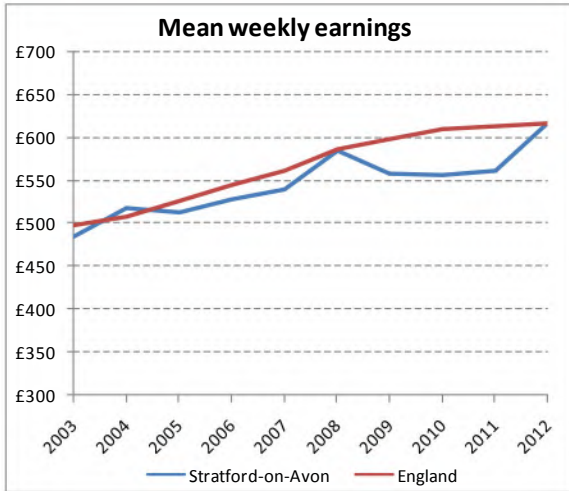




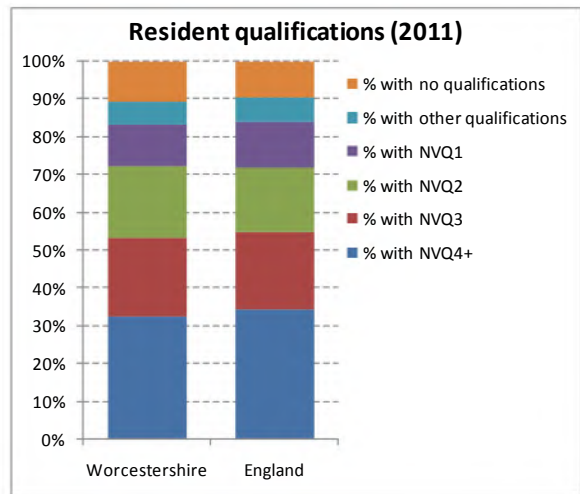
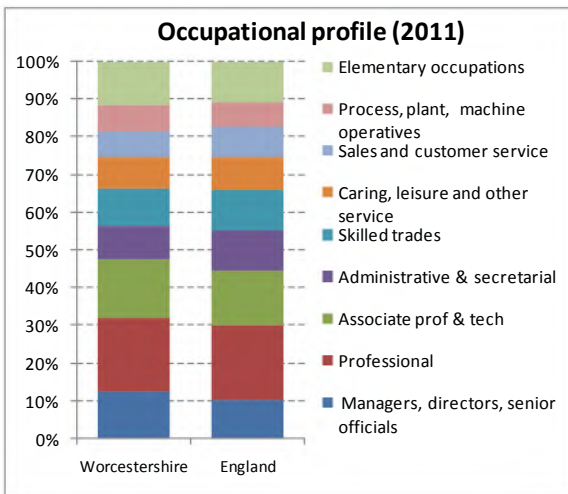
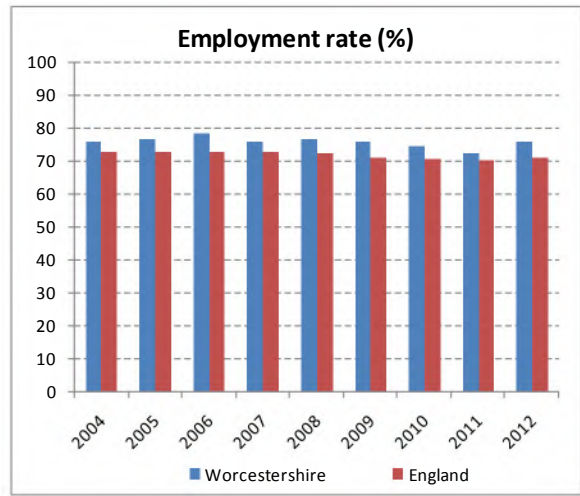
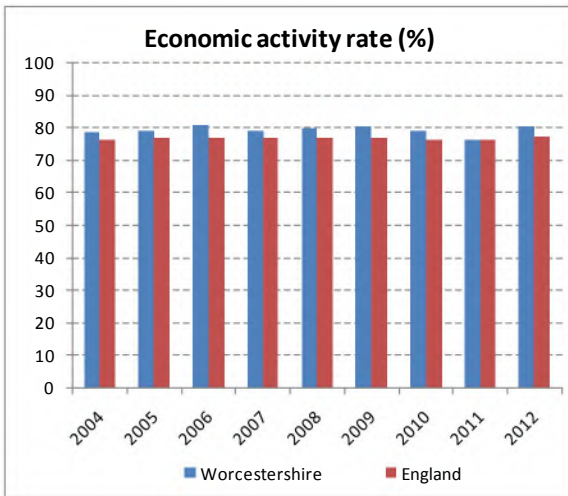
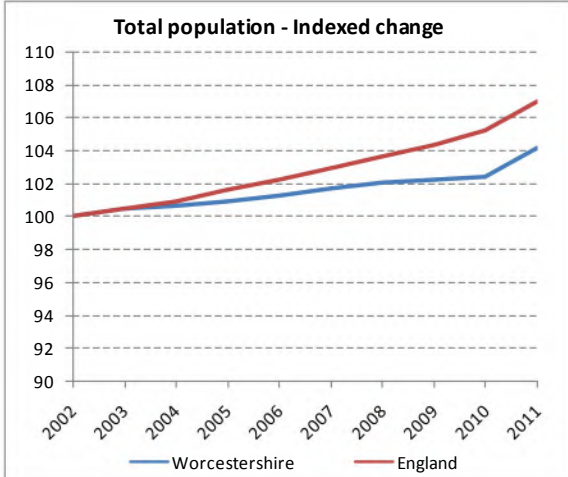
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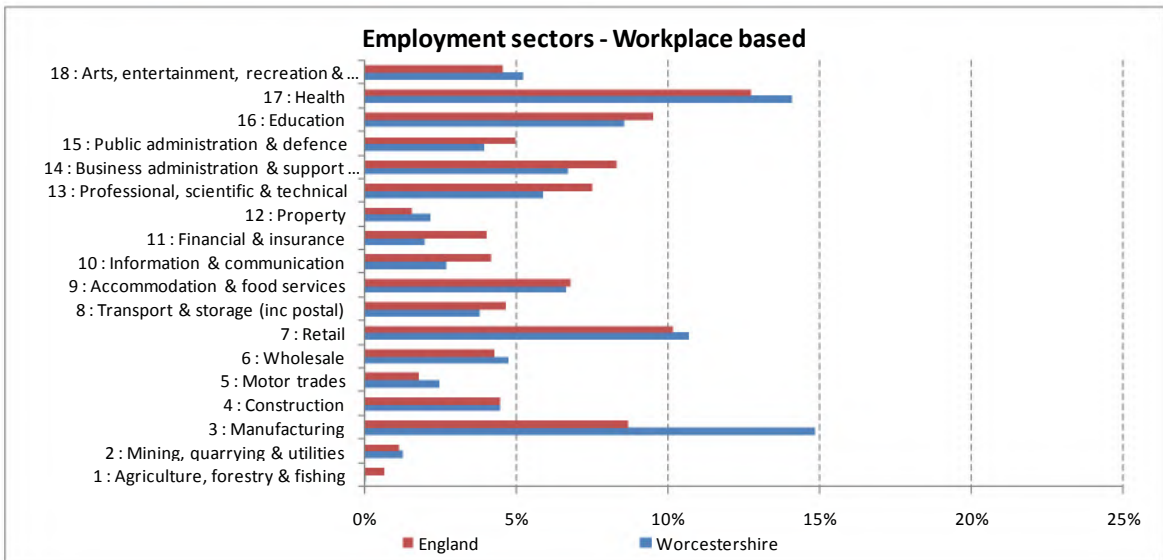
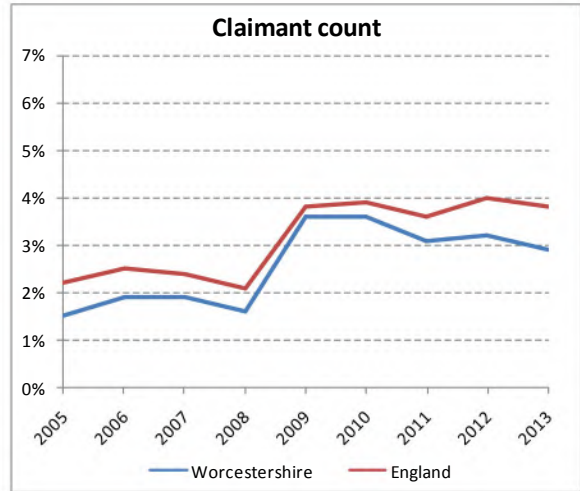
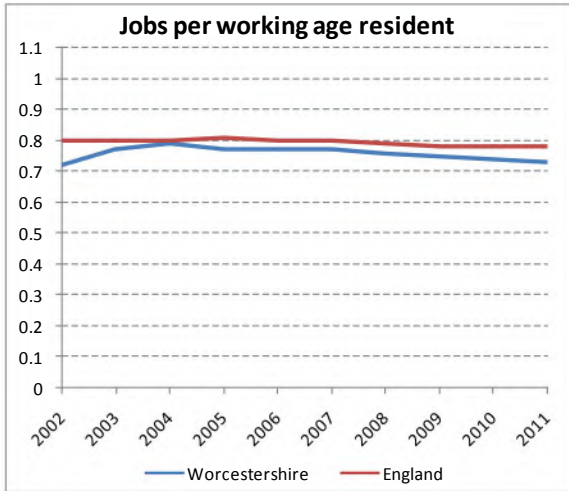






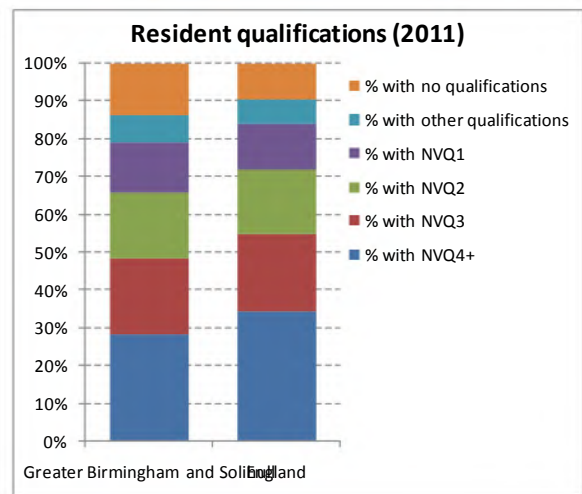
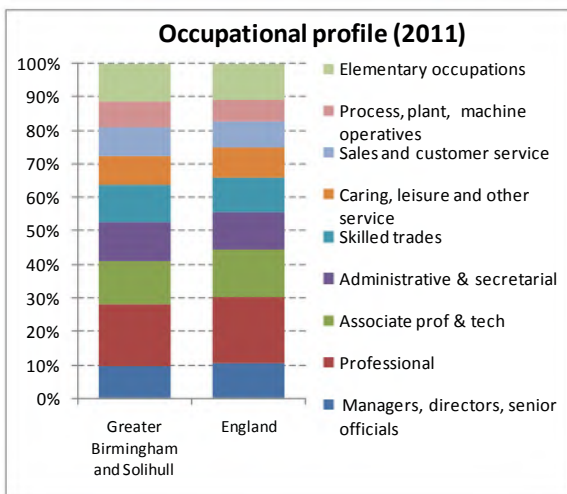
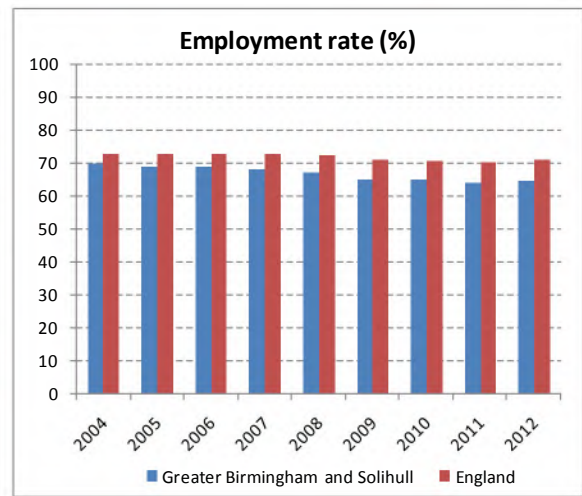
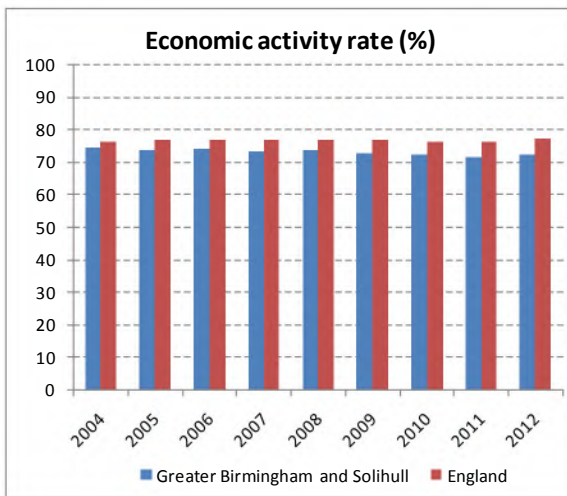
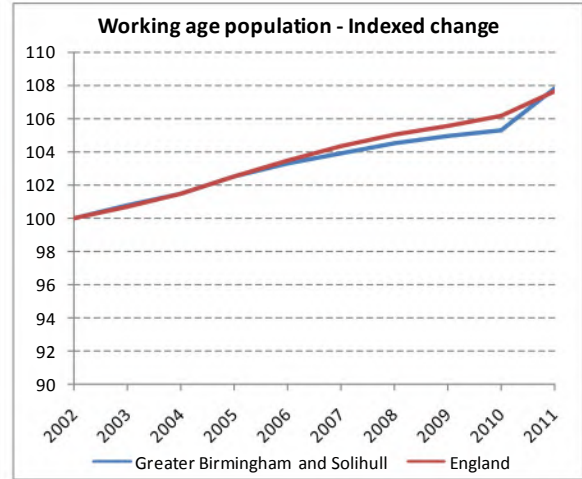
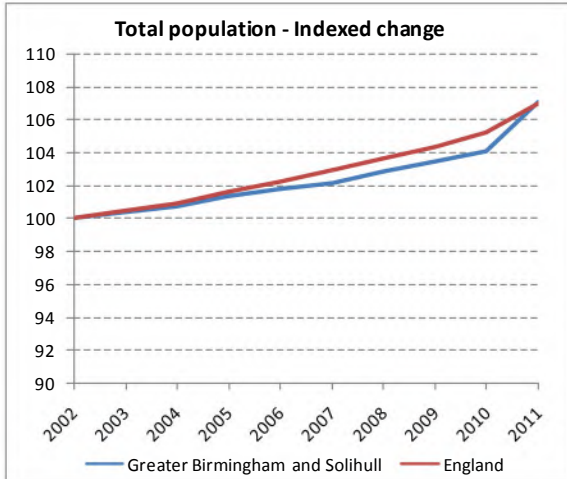
## Worcestershire LEP area

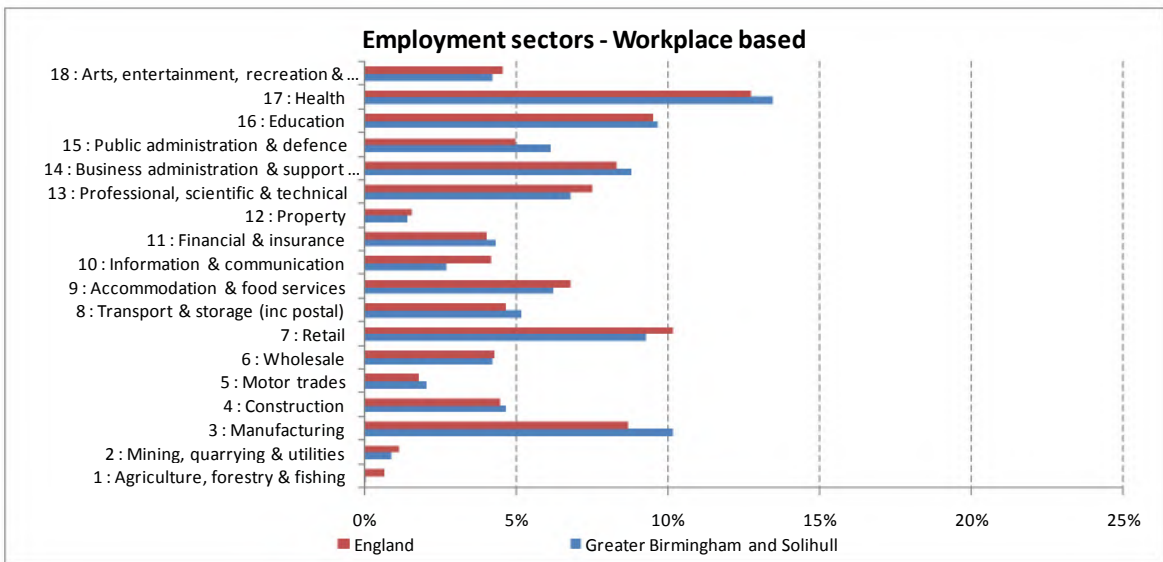
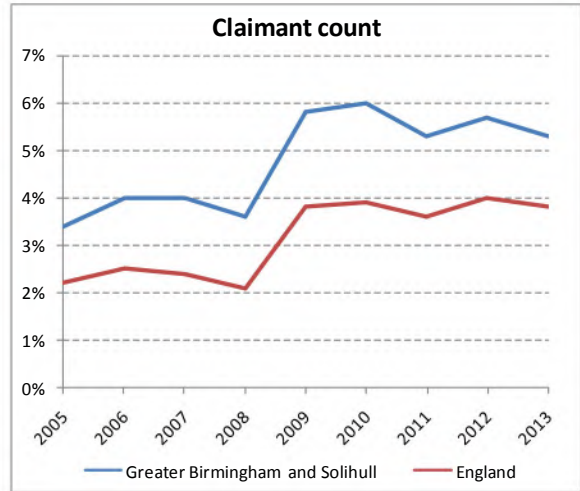
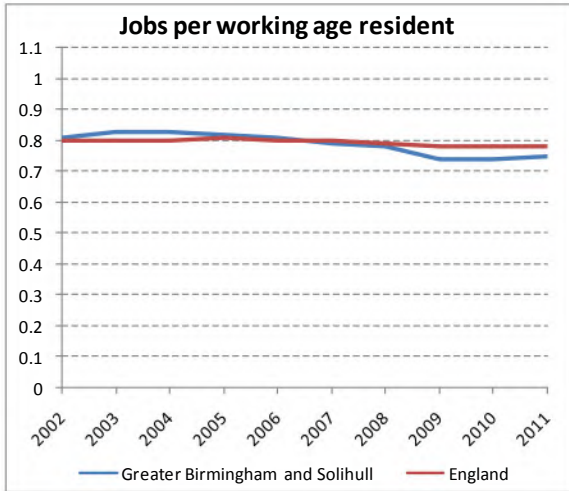




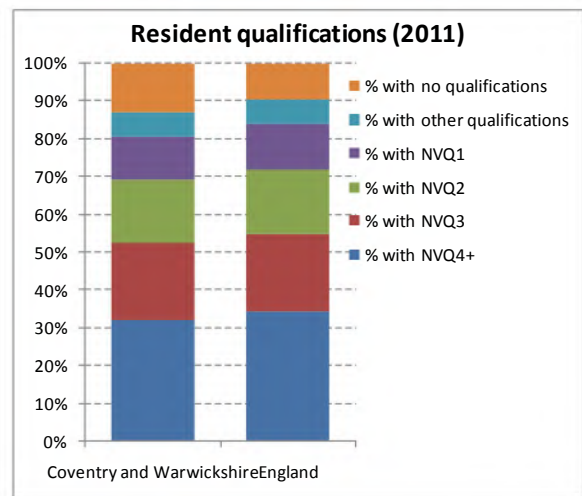
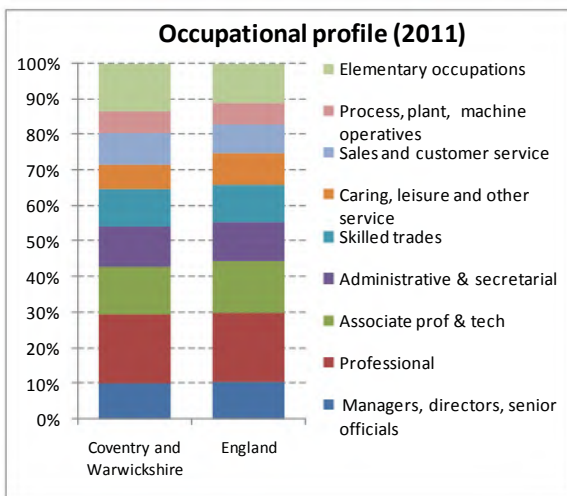
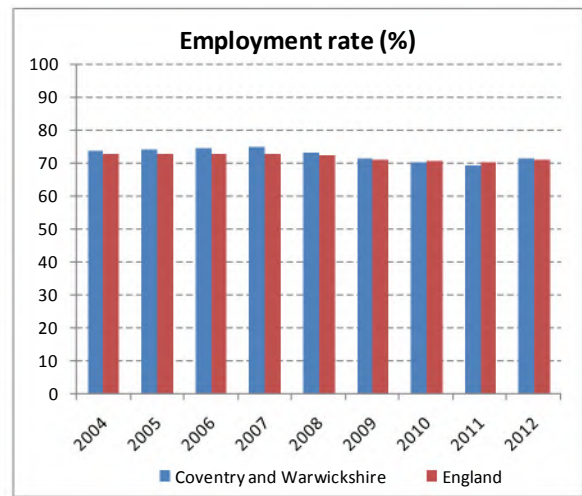
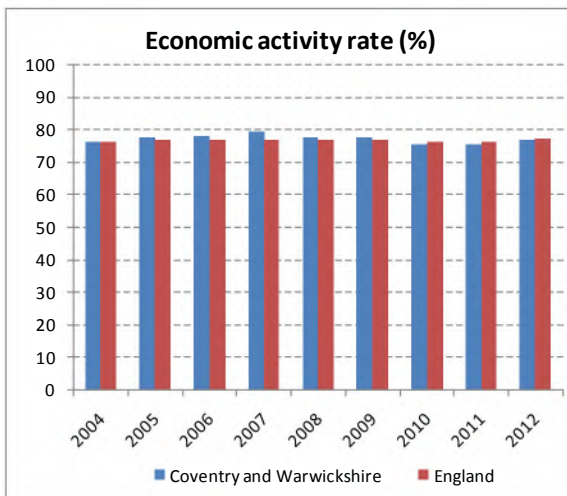
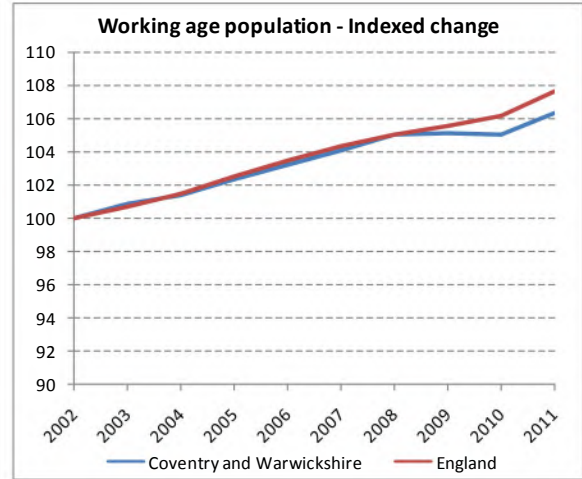
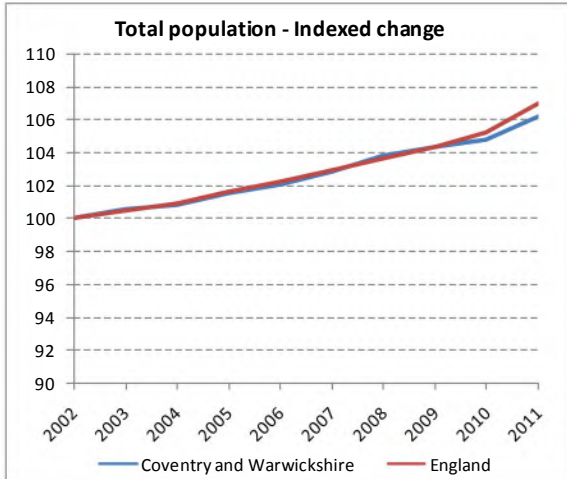


## Greater Birmingham and Solihull LEP area

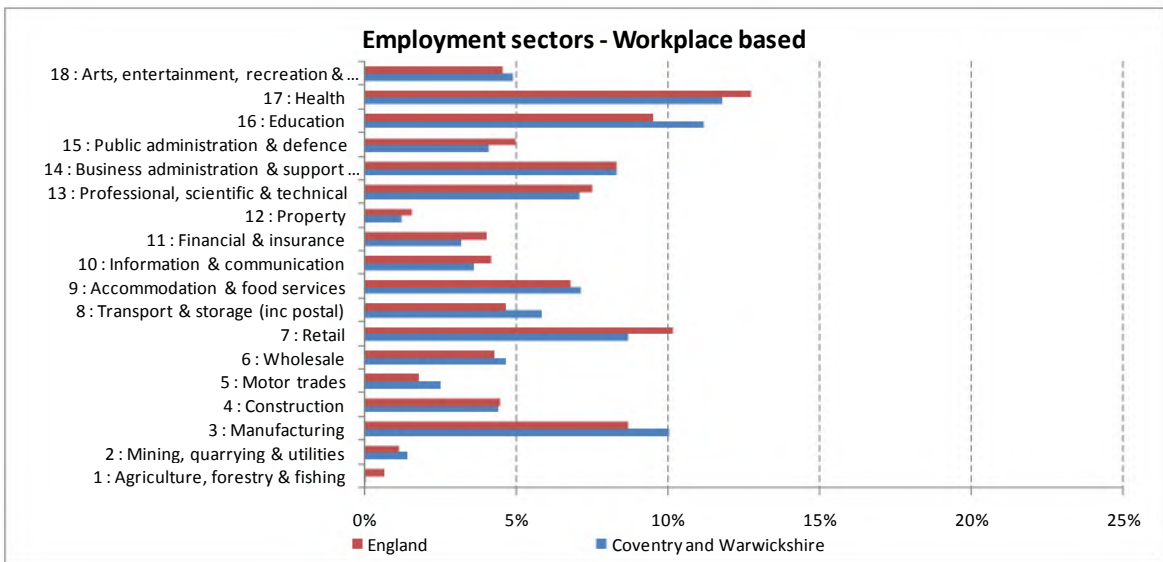
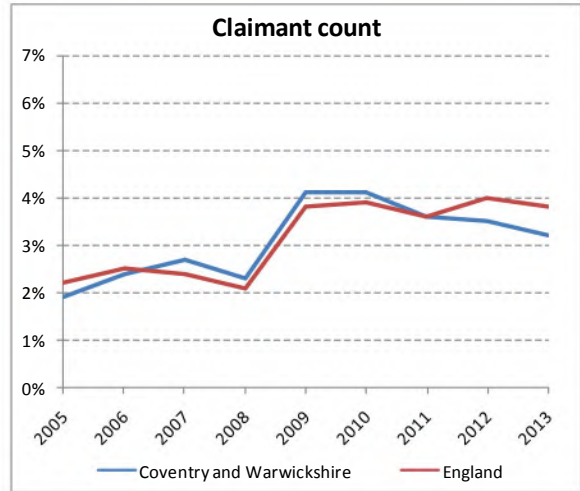
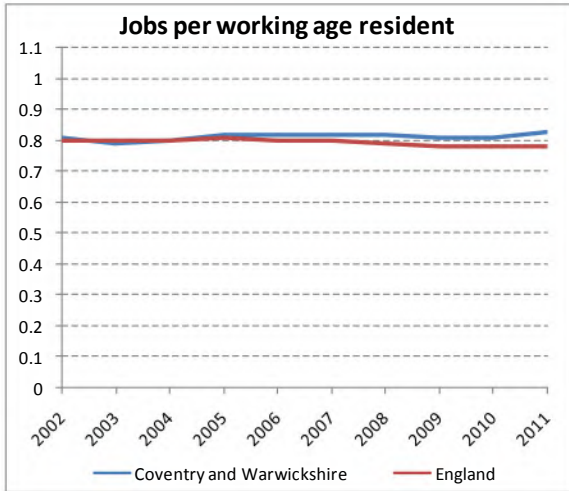




## Coventry and Warwickshire LEP area







## Appendix B – Shift share analysis

### Redditch growth sectors

A shift-share analysis at the Redditch level has been undertaken for sectors with employment of above 100 in 2011 in manufacturing and business services. Shift-share analysis identifies three components of employment change in a local area or a region. These are:

- The national share – this is a calculation of the rate of change in employment in a sector at the Redditch level which is attributable to national growth across all sectors;
- The industry mix – this is a calculation of the change in employment in a sector at the Redditch level which is attributable to the growth of that sector nationally compared to the growth of all sectors nationally.
- The local shift – this represents the employment change at the local level which is attributable to the difference between the growth rate of the sector in question at the local level and the growth rate of the sector at the national level.

Table B1 provides summary details of the shift-share analysis for Redditch over the period 2008 to 2011.

<b>Table B1: Shift share analysis</b>				
	<b>2008 to 2011 employment change in Redditch</b>	<b>National Share</b>	<b>Industry mix</b>	<b>Local shift</b>
Manufacture of food products	-64	-13	12	-63
Printing and reproduction of recorded media	72	-5	-32	110
Manufacture of chemicals and chemical products	79	-9	-10	98
Manufacture of rubber and plastic products	-386	-21	-74	-291
Manufacture of basic metals	-312	-14	-57	-241
Manufacture of fabricated metal products, except machinery and equipment	-297	-96	-175	-26
Manufacture of computer, electronic and optical products	-123	-11	-39	-74
Manufacture of electrical equipment	-2	-27	78	-53
Manufacture of machinery and equipment n.e.c.	-317	-38	-56	-223
Manufacture of motor vehicles, trailers and semi-trailers	390	-16	-108	514
Manufacture of other transport equipment	-237	-12	54	-279
Manufacture of furniture	290	-1	-2	293

Computer programming, consultancy and related activities	-132	-15	16	-133
Financial service activities, except insurance and pension funding	-126	-11	-48	-67
Activities auxiliary to financial services and insurance activities	-70	-6	26	-90
Real estate activities	-154	-10	26	-170
Legal and accounting activities	-62	-24	30	-68
Activities of head offices; management consultancy activities	-410	-32	97	-475
Architectural and engineering activities; technical testing and analysis	-26	-11	-5	-10
Advertising and market research	117	-5	3	119
Office administrative, office support and other business support activities	-526	-21	-66	-439
Other	-1,565	-811	67	-822
<b>Total</b>	<b>-3,861</b>	<b>-1,207</b>	<b>-264</b>	<b>-2,390</b>

The table shows that between 2008 and 2011 Redditch had a significant positive local shift in relation to:

- Printing and reproduction of recorded media;
- manufacturing of chemicals;
- manufacturing of motor vehicles, trailers and semi-trailers;
- manufacturing of furniture; and
- advertising and market research

This indicates that these sectors are growing more rapidly at the Redditch level than they are across Great Britain.

Sectors which have significant negative local shifts include:

- manufacture of rubber and plastic products;
- manufacture of basic metals;
- manufacture of other transport equipment;
- computer programming and related services;
- real estate activities;
- head office activities; and
- office administrative activities.

This suggests that these sectors have a comparative disadvantage in Redditch.

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## Appendix C – Market assessment

### Purpose of the report

This market assessment has been commissioned by North Worcestershire Economic Development and Regeneration forming part of an Economic Assessment relating to potential employment development sites in Redditch known as Redditch Eastern Gateway. The sites, which lie adjacent to the established and popular employment area of Ravensbank, provide the potential to deliver an important strategic site to satisfy the requirement for employment land needs of Redditch and the wider M42 market.

This appendix assesses current issues and trends in terms of occupier demand and land supply and the potential impact of the Redditch Eastern Gateway sites, should they come forward for development, on future land supply.

### Location

Redditch has a population of 79,940 (2008) and lies approximately 15 miles south of Birmingham. It benefits from excellent road links with the nearby M42 (4 miles) facilitating access to the M5, M6 and M40 Motorways.

The administrative boundaries of Redditch are largely constrained to the existing urban area of the town, thereby placing a restraint on future development without encroaching into the neighbouring districts administered by Bromsgrove District and Stratford-on-Avon District Councils.

Redditch has one of the highest population densities within the County of Worcestershire. The town's historical economic base was developed around needle making, manufacturing and metal based industries with 24% of the population employed within the manufacturing sector.

Since Redditch's designation as a New Town in 1964 the town's employment expansion has been concentrated within the established industrial areas of Lakeside, Moons Moat North and Park Farm, all of which benefit from close proximity to a large labour pool and with relative ease of access to the motorway transport network.

Regionally, Redditch's closest neighbouring urban area is the town of Bromsgrove which has a slightly smaller employment base than Redditch with a total built employment floorspace of 500,000 sq m (Redditch has 700,000 sq m).

The nearby M42 Corridor (4 miles) has a number of established business parks along its western length between the M5 and M6 Motorways. The more established business parks include Blyth Valley at Solihull and the Birmingham Business Park near Birmingham Airport which underwent significant expansion in the 1990s and early 2000s with the structural change brought about by the significant growth in the B1 office and research and development sectors. Dominated by office development these sites have evolved as a result of the excellent road access and

communication links, together with their proximity to Birmingham Airport and Birmingham International Railway Station.

In addition the availability of large tracts of land with direct access to the M42 enabled these business parks to be masterplanned and developed providing attractive low density development suited to larger scale office occupiers and attracting Companies such as Orange Communications, Hewlett Packard and Fujitsu.

Within the industrial property sector along the M42 Corridor, industrial and distribution occupiers have been unable to compete with the higher land values generated by the expansion of these office parks particularly in high profile motorway locations around Solihull and Birmingham Airport. Take-up of industrial units has tended to focus on industrial estates in suburban locations including Solihull (examples being the Elmdon Trading Estate and Monkspath Industrial Estate), Redditch and to the east, Tamworth.

## Redditch Eastern Gateway sites

The Redditch Eastern Gateway sites that are the subject of this study and being considered for future employment needs within the Redditch area, comprise two prominently located sites situated on the north east side of Redditch close to the existing employment areas of Moons Moat North and Ravensbank, immediately adjoining the A4023 and A435. Situated within 4 miles of the M42 (Junction 3) and a 15 minute drive time of the M40 and M5 motorways, Redditch Gateway is strategically well located and attractive to businesses seeking good access and proximity to a large local labour force.

The two areas of land, separated by the A4023, are owned by the Gorcott Estate (north of A4023) and the Homes and Communities Agency (south of A4023), the details of which are summarised as follows;

### *Gorcott Estate (Plot I and II)*

#### **(i) Plot I - 9.83 hectares (24.28 acres)**

##### ***Site Description***

Comprising uncultivated agricultural land, this regular shaped site lies to the north of the A4023 and sits immediately adjacent to the Ravensbank industrial area. The site rises gradually from south west to north east and is crossed by existing footpaths. The site derives access for existing agricultural purposes over adjoining land.

##### ***Land Ownership***

The site lies within the ownership of the Gorcott Estate which has selected a potential development partner, Stoford Developments, to promote the land through the planning process and eventually develop out the land for employment purposes.

##### ***Planning Status***

The site has been identified as suitable for employment development within Bromsgrove District Council's Draft Core Strategy 2.

**(ii) Plot II - 7 hectares (17.3 acres)*****Site Description***

The site sits immediately adjacent to Plot I referred to above and comprises similarly uncultivated agricultural land. The land rises more steeply than Plot I from south west to north east. The Plot has extensive road frontage to the A435 and A4023 however current access is derived over adjoining agricultural land.

***Land Ownership***

This site also lies within the ownership of the Gorcott Estate and is included with the adjoining land in its proposed promotion through development partner, Stoford Developments, for development and employment purposes.

***Planning Status***

This site lies within the administrative district of Stratford on Avon and is currently allocated as Green Belt. Gorcott Hall, a Grade II\* listed residence, is situated adjoining this plot to the north east and will require sympathetic consideration as part of any development proposals for this site.

***Winyates Triangle, Plot III - 11.9 hectares (29.4 acres)******Site Description***

This site lies to the south of the A4023 and comprises a largely level area of land currently used for low grade agricultural purposes. The site has extensive road frontage to the A435, A4023 and Far Moor Lane. Extensive residential development lies immediately to the south of this site. Access for existing agricultural purposes is derived via Far Moor Lane.

***Planning Status***

The site lies within the administrative district of Stratford on Avon and is currently allocated as White Land.

***Land Ownership***

The entirety of this site lies within the freehold ownership of the Homes & Communities Agency which is understood to be keen to promote the site for development purposes with potential to deliver high quality employment space.

**Redditch's industrial property market**

Redditch's principal industrial areas are focused within the established Lakeside and Park Farm South employment areas immediately to the east of Redditch town centre, together with the Moons Moat North Industrial Estate and the more recently developed Ravensbank employment area to the north east of the town. These established areas benefit from good road access including access to the nearby M42 Motorway via the A435 (dual carriageway) together with access to a large local labour pool. Other smaller and less significant industrial areas are distributed within the town, principally to its north side.



The stock of industrial property within the town is characterised by a variety of units from terraces of units of less than 464 sq m (5,000 sqft) up to modern distribution units exceeding 9,290 sq m (100,000 sqft).

This assessment is undertaken within the context of a general economic recession in which financial institutions and commercial property developers are extremely risk averse and companies are uncertain as to future prospects. As a result the general synopsis of current property values is that rental and capital values have reduced together with take-up rates.

In addition, the reduction in the availability of development finance at viable borrowing rates has had a detrimental effect upon the ability of the private sector to undertake property development with a corresponding decrease in levels of speculative activity in recent years.

### ***Industrial Land Supply***

Analysis of land for industrial development purposes which is available on the open market has identified a single site:

- **Industrial Land** – Moons Moat Drive – 0.63 hectares (1.5 acres) with consent for B2 general industrial development at a freehold price of £300,000 (£476,190 per hectare/£192,309 per acre).

The lack of available land on the market may reflect the reluctance of landowners to sell land at values currently perceived as being low.

Further potential employment land within Redditch has been identified within the Employment Land Review report produced by Redditch Borough Council (January 2012 and updated December 2012). Of the 38 hectares of employment land originally identified, comprising either land allocated within the Local Plan or having the benefit of planning consent, some identified sites are now committed to alternative development such as housing or have been acquired for owner occupation, reducing the amount of “available” land to around 27.5 hectares towards a target requirement 40 hectares by 2030 (including 15 hectares of waste management facilities).

It should be noted that not all the land identified in the Employment Land Review can be declared as “available” as some land owners are not actively marketing their sites for development. It does however provide a useful snapshot of underutilised land within the Redditch area

A review of these sites identified within the Employment Land Review reveals that the majority comprise small (less than 1 hectare) infill sites within existing employment areas. A range of constraints affect the majority of the sites including issues relating to site access, topography, contamination and ecological issues. In addition, on a quantitative basis, the land at Brockhill (previously identified solely for commercial use) has recently been subject to a planning application for mixed use including residential development, the net effect of which has been to reduce Redditch’s Employment Land Review calculation of committed land by 5.45 hectares (13.35 acres). Furthermore, land with planning consent at Ravensbank (4.18 hectares (10.24 acres)) has been sold to an owner occupier and cannot therefore be considered available.

As noted above, there has been an absence of speculative development over recent years as borrowing rates have impacted upon development viability.

### **Industrial Building Supply**

In terms of Redditch’s existing stock of employment buildings, B1, B2 and B8 buildings total 700,307 sq m (7,538,104 sqft).

An assessment of the current availability of industrial floorspace has been undertaken utilising the Focus web-based research engine and informed by discussions with local agents, the summary of which is as follows:

- there are currently around 106 industrial units available within the Redditch area totalling 74,125 sq m (797,878 sqft).
- of these only 16 are being marketed on either a freehold or long leasehold basis.
- only 12 of the available units currently available constitute new or refurbished buildings.

Table C1 summarises the current availability of industrial floorspace.

<b>Table C1: Current availability of industrial floorspace</b>	
<b>Unit Size</b>	<b>No. of Units</b>
Up to 92.9 sq m (1,000 sqft)	19
92.9 sq m (1,000 sqft) - 464 sq m (5,000 sqft)	41
464 sq m (5,000 sqft) - 929 sq m (10,000 sqft)	27
929 sq m (10,000 sqft) - 1,858 sq m (20,000 sqft)	10
1,858 sq m (20,000 sqft) - 6,967 sq m (75,000 sqft)	9
Units in excess of 6,967 sq m (75,000 sqft)	0

The overall assessment of supply identifies that there is a legacy of second hand stock within the industrial market with only one unit identified as being new or refurbished representing less than 1% of the total available units.

### **Industrial Demand**

The Redditch Employment Land Review update indicates that the recent economic recession had a significant effect on employment levels in Redditch. Whilst further declines are possible in the short-term it is unlikely to continue over the period to the year 2031. Indeed future projections for a number of scenarios set out within the ELR indicate an increase in employment floorspace requirements, notably in the light industrial, office and distribution sectors.

Assessment of the current levels of demand and take up of industrial property have been analysed utilising the Focus property web database as a primary data source. The summary of this is as follows:

- Transactions Completed 09/09-09/10

  - 57 transactions were completed within Redditch and its immediate environs totalling 30,273 sq m (325,863 sqft).
  - the average size of units was 522 sq m (5,618 sqft).
  - 8 freehold transactions were concluded totalling 8,715 sq m (93,818 sqft) with 49 leasehold deals of 21,557 sq m (232,045 sqft).
- Transactions Completed 09/10-09/11

  - 68 transactions were completed with a total floor area of 42,339 sq m (466,509 sqft).
  - the average size of unit transacted was 628 sq m (6,761 sqft).
  - 11 freehold transactions were completed with a total floor area of 16,082 sq m (173,113 sqft) including a unit on the East Moons Moat Industrial Estates of 7,525 sq m (81,000 sqft). 57 leasehold transactions were completed totalling 27,257 sq m (293,396 sqft).
- Transactions Completed 09/11-09/12

  - 47 transactions were completed comprising a total of 25,637 sq m (275,959 sqft).
  - the average size of unit completed was 534 sq m (5,749 sqft).
  - 4 units were completed on a freehold or long leasehold basis totalling 3,024 sq m (32,557 sqft) with 43 being leasehold transactions totalling 22,612 sq m (243,402 sqft)

A summary of industrial demand by unit size in 2010, 2011 and 2012 is set out in Table C2.

<b>Table C2: Summary of industrial demand</b>			
<b>Unit Size</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
0-464 sq m (0-5,000 sqft)	40	44	28
464 sq m– 929 sq m (5,000-10,000 sqft)	8	10	5
929 sq m– 1,858 sq m (10,000-20,000 sqft)	7	10	10
1,858 sq m– 6,967 sq m (20,000-75,000 sqft)	2	3	1
Larger than 6,967 sq m (75,000 sqft)	-	1	-

Analysis of transactions over the past 36 month period identifies a significant proportion of demand for industrial property for units of less than 464 sq m (5,000 sqft) amounting to 66% of all transactions.

Current evidence reveals a reduction in demand over the past 12 month period and notably in unit size up to 464 sq m (5,000 sqft). Demand for units in the 464-1,858 sq m (5,000-20,000 sqft) has remained relatively consistent over the past 3 year period.

Current enquiry levels for industrial and warehouse accommodation recorded and provided by Worcestershire County Council (WCC) provides insight in to the potential level of demand for units as detailed in Table C3.

<b>Table C3: Current enquiry levels for industrial/warehouse accommodation</b>		
<b>Unit Size</b>	<b>No. of Enquiries (2012)</b>	<b>No. of Enquiries (2011)</b>
0-464 sq m (0-5,000 sqft)	37	149
464 sq m– 929 sq m (5,000-10,000 sqft)	5	32
929 sq m– 1,858 sq m (10,000-20,000 sqft)	11	20
1,858 sq m– 4,645 sq m (20,000-50,000 sqft)	2	17
4,645 sq m– 9,290 sq m (50,000-100,000 sqft)	1	10
9,290 sq m– 18,580 sq m (100,000-200,000 sqft)	10	2
Larger than 18,580 sq m (200,000 sqft)	7	24

Care needs to be taken in analysing these figures given that they represent enquiries as opposed to formally transacted deals. Notwithstanding this, the enquiry levels do reflect a significant number of companies seeking accommodation exceeding 1,858 sq m (20,000 sqft) which is not mirrored in the number of transactions. These enquiry levels, when measured against current supply, suggests that there is insufficient supply of land or buildings for industrial use, particularly in the larger size range above 1,858 sq m (20,000 sqft).

**Industrial property values**

Industrial property values vary across the district dependent upon the range of size and condition types with rental and values based upon transactional evidence as shown in Table C4.

<b>Table C4: Industrial property values</b>	
<b>Unit Size</b>	<b>Rental Values (Headline Rent Excluding Incentives)</b>
0-92 sq m (0-1,000 sqft)	£48.43-£119 per sq m (£4.50-£11.06 per sqft)
92-464 sq m (1,000-5,000 sqft)	£25.83-£79.11 per sq m (£2.40-£7.35 per sqft)
464 sq m– 929 sq m (5,000-10,000 sqft)	£21.52-£56.83 per sq m (£2-£5.28 per sqft)
929 sq m– 1,858 sq m (10,000-20,000 sqft)	£39.50-£54.25 per sq m (£3.67-£5.04 per sqft)
Larger than 1,858 sq m (20,000 sqft)	£46.60-£60.38 per sq m (£4.33-£5.61 per sqft)

The following provide evidence of typical transactions and availability in support of these values;

- Units 31-36 Moorside Industrial Estate - Middleton Metal Solutions Limited have taken 5,537 sqft on a 5 year lease at £25,000 per annum (£4.51 per sqft). These comprise second hand single storey units.
- Broad Green Road, Rubicon Centre - The freehold interest in a 3,000 sqft industrial workshop space at £175,000 equating to £58.33 per sqft.
- Acanthus Road, Ravensbank Business Park - A 4.23 hectare (10.3 acre) employment site sold in March 2010 for a value believed to be £673,750 per hectare (£275,000 per acre).

**Industrial property market imbalance**

From the above analysis it is possible to assess both the current supply conditions measured against past transactions to identify potential demand. Annual take-up over the past 3 year period for B1, B2 and B8 purposes has averaged 33,083 sq m (356,110 sqft). Based on this average take-up rate, reflecting current availability, there is the equivalent of 2 years supply overall currently available.

Within these figures however the balance between supply and demand is closer than the average total take-up figures suggest. Analysis of current supply and demand in the various size sectors is set out in Table C5.

<b>Table C5: Analysis of current supply/demand in various size sectors</b>			
<b>Unit Size</b>	<b>Current Supply</b>	<b>Demand</b>	<b>Current Enquiries (WCC)</b>
0-464 sq m (0-5,000 sqft)	85	28	37
464 sq m– 929 sq m (5,000-10,000 sqft)	27	5	5
929 sq m– 1,858 sq m (10,000-20,000 sqft)	18	10	11
1,858 sq m– 6,967 sq m (20,000-75,000 sqft)	4	1	3
Larger than 6,967 sq m (75,000 sqft)	1	-	17

Of particular note within the above table is evidence that supply and demand for units within the 464 sq m – 1,858 sq m (5,000-20,000 sqft) is more evenly balanced than other size sectors. Given that the majority of available properties across all sectors comprise second hand units this does not present a wide choice to satisfy demand in the mid-range between 464 sq m and 1,858 sq m (5,000-20,000 sqft). Furthermore, as previously identified, there is a severe shortage of suitable land currently available upon which medium and large sized units can be developed. Enquiry levels for units exceeding 1,858 sq m (20,000 sqft) significantly exceed supply levels which suggests that insufficient land supply is restricting economic growth within Redditch.

Projected employment growth identified within the Employment Land Review suggests an increase in demand of between 49,819 sq m and 53,000 sq m (536,000 sqft and 570,922 sqft) for B1 light industrial use over the Plan period to 2031. However, there is an anticipated decrease in B2 general industrial floorspace over this period. It should be noted that these are projected figures based upon a variety of assumptions including anticipated housing growth and expansion of the economy. Any reduction in demand for general industrial floorspace is unlikely to release floorspace suitable for the anticipated growth sectors of light engineering and research and development or B1 office uses which require modern buildings suitable to their requirements.

**Industrial Property Market Conclusion**

- Transactional evidence indicates demand for industrial units within the 929 sq m to 1,858 sq m (10-20,000 sqft) size ranges remains consistent over the period of the review with a recent slight decline in take-up of smaller units.

- Of the available stock, a large proportion of the available accommodation is in unit sizes under 464 sq m (5,000 sqft).
- It is noted that of the current stock available there is a limited supply of new or refurbished stock. The overall condition and quality of the identified stock is therefore an issue in terms of being able to meet the requirements of occupiers.
- A qualitative analysis of land available for future employment growth reveals a significant shortfall in land suitable to satisfy the expansion requirements of Redditch. Sites are characterised mainly as small infill sites with little market appeal to the needs of B1 occupiers.
- On the basis of the analysis undertaken it is suggested that there will be specific requirements to provide accommodation of less than 1,858 sq m (20,000 sqft) to address demand requirements. However given the limit of available supply of new or refurbished units, all categories including those above 1,858 sq m (20,000 sqft) should be considered.
- Employment land availability, notably for expansion in the B1 light industrial and office sector is severely constrained. This sector, projected to be a future growth sector, will favour sites in accessible locations particularly those within an attractive masterplanned environment.
- Redditch does not have any strategic well located sites suitable for inward investors.

## Redditch's office property market

### *Office Land Supply*

Availability of land suitable for B1 development (offices and light industrial) is identified within the Redditch Employment Land Review. As previously discussed, the sites currently available comprise a large number of small and medium sized sites distributed throughout the district. Many of these sites neighbour industrial and warehouse units and are therefore unsuitable for modern office occupiers which predominately require sites with good access and communication links together with an environment attractive to staff and customers operating within the service sector.

Redditch Borough Council, similar to many other urban areas, has sought to discourage office development outside the town centre and has adopted planning policies operating the sequential test when considering applications for office development within the Borough. Further to this, Redditch Borough Council has previously identified that up to 22,000 sq m of B1 office space can be accommodated within the town centre although identifying suitable sites that are immediately available for this purpose is extremely difficult. A recent example of planning permission being granted for office development was the application by Persimmon Homes for 5,000 sq m of offices as part of a mixed use application, including 212 dwellings at Buck Hill, a site previously identified as an employment site. It is unclear at this current time what Persimmon's plans are for this office development. However, it is unlikely that any occupiers have been identified at this stage and the application may have been submitted to secure consent for the overall site.



### **Office Building Supply**

The current provision of B1a office buildings identified within the Employment Land Review Report for Redditch totals 147,330 sq m (1,585,860 sqft).

In order to assess the current availability of office floorspace the Focus research engine has been used as a primary data source, coupled with local agent liaison as a means to crosscheck data. There are currently 107 office properties available (see table C6), of which 17 are available on a freehold basis.

**Table C6: Office property availability**

Unit Size	No. of Available Properties	Floor Area Available
0-46 sq m (0-500 sqft)	38	669 sq m (7,206 sqft)
46 sq m– 92.9 sq m (500 sqft - 1,000 sqft)	10	672 sq m (7,236 sqft)
92.9 sq m– 232 sq m (1,000 sqft – 2,500 sqft)	30	4,923 sq m (53,001 sqft)
232 sq m- 464 sq m (2,500 sqft - 5,000 sqft)	14	5,654 sq m (60,867 sqft)
464 sq m- 929 sq m (5,000 sqft - 10,000 sqft)	8	5,799 sq m (62,428 sqft)
In excess of 929 sq m (10,000 sqft)	7	10,034 sq m (108,007 sqft)

Analysis of available stock reveals that all but 2 of these properties are within existing second hand buildings with the majority of smaller suites of less than 46 sq m (500 sqft) located in serviced office suites and business centres - which provide additional services beyond usual office occupier requirements and which may not be suited to all office occupiers.

### **Office Demand**

In order to estimate demand for office accommodation, as assessment of transactional evidence has been undertaken utilising as a primary data source the Focus web database for the period 2009 to 2012, a summary of which follows:

- Transactions Completed 09/09-09/10
- 35 transactions were completed within the year of which 7 were freehold and 28 leasehold.
  - total volume of offices transacted was 9,476 sq m (102,000 sqft) with an average office size of 287 sq m (3,091 sqft).
  - the transactions include the purchase of Osprey House (2,879 sq m (31,000 sqft)) purchased by North East Worcestershire College and the purchase of Old School House by the Stroke Association (1,152 sq m (12,404 sqft)), both of which were significant transactions by virtue of their scale.

- Transactions Completed 09/10-09/11
  - 37 transactions were completed totalling 3,633 sq m (39,106 sqft).
  - of these, 5 freehold sales were completed totalling 575 sq m (6,192 sqft) and 32 leasehold transactions totalling 3,057 sq m (39,106 sqft).
- Transactions Completed 09/11-09/12
  - in this year 29 transactions took place totalling 4,831 sq m (52,010 sqft) including a single letting at McLellan House of 1,145 sq m (12,328 sqft).
  - 25 transactions were completed on a leasehold basis and 4 freehold.
  - refurbished or new build accommodation comprises 5 of the completed transactions.

The transactions completed over the past 3 years and identified within the floorspace areas are set out in Table C7.

<b>Table C7: Transactions completed over past 3 yrs (identified within floorspace areas)</b>			
<b>Unit Size</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
0-46 sq m (0-500 sqft)	12	14	9
46 sq m – 92.9 sq m (500 sqft - 1,000 sqft)	4	5	6
92.9 sq m – 232 sq m (1,000 sqft – 2,500 sqft)	11	17	8
232 sq m - 464 sq m (2,500 sqft - 5,000 sqft)	4	1	3
In excess of 464 sq m (5,000 sqft)	4	0	3

Analysis reveals an average annual take-up of 5,980 sq m (64,372 sqft). The distribution of take-up within the different size categories has altered slightly over the period of research with some particularly large transactions in 2010 distorting the average take-up figures. Setting aside those larger freehold transactions together with those in the smaller office category below (46 sq m) reveals a subdued take-up within the 92.9 sq m – 464 sq m (1,000 sqft– 5,000 sqft) office size which is concurrent with the timing of the financial crisis and the recession within the UK.

Records of enquiry for office accommodation to Worcestershire County Council provide an insight into the potential level of demand for office buildings and are as shown in Table C8.

<b>Table C8: Current enquiry levels to Worcester CC for office accommodation</b>		
<b>Unit Size</b>	<b>No. of Enquiries (2012)</b>	<b>Percentage</b>
0-92.9 sq m (0-1,000 sqft)	10	37%
92.9 sq m– 232 sq m (1,000-2,500 sqft)	6	22%
232 sq m– 464 sq m (2,500-5,000 sqft)	1	4%
464 sq m– 929 sq m (5,000-10,000 sqft)	6	22%
Larger than 929 sq m (10,000 sqft)	4	15%

Analysis of the above confirms the greatest levels of demand for small office suites (37%) and the majority of demand for suites of less than 232 sq m(59%), albeit alongside some interest in larger units particularly in the 464-929 sq m (5,000-10,000 sqft) size range.

### **Office Property Market Imbalances**

In accordance with the research undertaken, office space currently identified as available within the Redditch area totals 24,485 sq m (269,142 sqft). Of this 14,480 sq m (157,505 sqft) lies in the popular sub 929 sq m (10,000 sqft) range. On this basis current supply exceeds demand based upon both a quantitative and qualitative analysis of current availability and supply is likely to exceed demand for the foreseeable future.

It is noted that the Redditch Employment Land Review does identify a potential substantial increase in B1 office demand up until 2031. Depending upon various alternative scenarios relating to potential growth in housing numbers and expansion of the economy, the increase in office demand during that period based upon the Review could lie between 29,551 sq m and 43,410 sq m (318,086 sqft and 467,265 sqft). Based upon these projections it would appear necessary for future land supply to be identified to satisfy some, if not all, of this projected growth, particularly as existing stock is unlikely to meet the high quality and environmentally sustainable requirements of future occupiers.

### **Office Property Values**

Office property values vary across the district and differ substantially dependent upon the condition of the property. Based upon transactional evidence, Table C9 shows the following range of applicable rental values.

<b>Table C9: Office property rental values</b>	
<b>Size</b>	<b>Rental Values – Headline Rents excluding serviced offices</b>
0 - 92.9 sq m (0 - 1,000 sqft)	£75.34 - £107.10 per sq m (£7 - £9.95 per sqft)
92.9 sq m- 464 sq m (1,000 sqft – 5,000 sqft)	£53.83 - £134.55 per sq m (£5 - £12.50 per sqft)
464 sq m– 929 sq m (5,000 sqft – 10,000 sqft)	£49.19 - £88.91 per sq m (£4.57 - £8.26 per sqft)
In excess of 929 sq m (10,000 sqft)	£86 per sq m (£7.99 per sqft)

### **Office Property Market Conclusion**

There is generally a reasonable supply of existing stock of offices within the Redditch area distributed throughout the town and existing employment areas.

Demand for office accommodation has fluctuated over recent years reflecting the impact of the recession and the downsizing of the service sector generally.

The Redditch Employment Land Review projects that demand for B1 offices and research will increase over the Plan period to 2031 subject to growth in the economy and the projected increase in housing provision in the market. A qualitative analysis of land identified for future B1 (office development) suggests that insufficient land has been allocated specific for office use. Recent evidence of demand for offices indicates that offices with good road access and a reasonable parking standard are preferred by the majority of occupiers across all size ranges.

## Viability assessment

### *Assumptions*

In terms of employment land values within Redditch and the surrounding area, the most recent transactional evidence has been the sale of a 4.2 hectare (10.3 acre) site on Acanthus Road in the nearby Ravensbank employment area in 2010. The site is understood to have been sold at a value in the order of £673,750 per hectare (£275,000 per acre). Furthermore, the only business park employment site currently available on the open market with planning consent for employment use is a 0.63 hectares site (1.56 acre) on Moons Moat Drive which has a guide sale price of £300,000-£476,190 per hectare (£192,309 per acre). It is reasonable to assume therefore that serviced employment land with the benefit of planning consent, would have a value in the order of £612,500-£735,000 per hectare (£250-£300,000 per acre).

In terms of rental and capital values for B1, B2, B8 employment uses, evidence of values established within this review are primarily based upon transactional evidence of existing second hand buildings with little evidence derived from sales and lettings of new buildings due to the dearth of new development since the beginning of the recession in 2008.

There will be a point at which the majority of all the second hand space of a reasonable quality will be taken up such that the only available solution to companies seeking units within the Redditch area will be by way of new build at which time rental and capital values will need to increase to make property development commercially viable.

Assessing a reasonable rental in the current climate for new buildings, the following are considered to be appropriate:

- Industrial - £59.20 - £64.04 per sq m (£5.50 - £5.95 per sqft);
- Warehouses – £59.20 - £64.04 per sq m (£5.50 - £5.95 per sqft);
- Office – £145.31- £161.46 per sq m (£13.50 - £15 per sqft).

Viability assessments have been undertaken based on two scenarios:

- Industrial/distribution scenario
- Office scenario

Appraisals are highly sensitive to the inputs and any future changes to costs and values could result in significant changes to the outputs.

The appraisals have been created based upon the assumed development of a single unit upon a site of 0.40 hectares (1 acre) of land on a pre-let basis from a developer and subject to the following assumptions:

- Serviced land value - £673,750 per hectare (£275,000 per acre)
- Site density
  - industrial (gross internal) - 1,625 sq m per hectare (17,500 sqft per acre)
  - office (net) - 1,625 sq m per hectare (17,500 sqft per acre)

- Build Costs
  - industrial (gross internal) - £430 per sq m (£40 per sqft)
  - offices (gross external) - £1,076 per sq m (£105 per sqft)
- Professional design fees – 10% of construction costs
- Construction period
  - industrial -9 months
  - offices - 12 months
- Finance Charges – 7% per annum
- Rents assumed
  - industrial - £64.08 per sq m (£5.95 per sqft)
  - offices - £156.07 per sq m (£14.50 per sqft)
- Yields<sup>10</sup>
  - Industrial – 7.5% (net of costs)
  - Offices – 7.5% (net of costs)
- Tenant Incentives – a 6 month rent free period has been assumed

### **Appraisals**

Appraisals for each scenario are set out below.

<b>Industrial</b>		
<u>Value</u>		
Industrial / Distribution (£5.95 per sqft / 7.5% yield net)		£ 1,312,845
<u>Costs</u>		
Serviced Land (incl. costs)	£ 288,063	
Total Build Costs	£ 721,640	
Contingency (2%)	£ 14,433	
Professional Fees	£ 76,607	
Disposal Costs (letting and investment sale)	£ 35,312	
Finance (incl. rent free)	£ 66,473	
Total Cost		£ 1,202,528
<u>Developers Profit</u>		£ 110,317
Return on cost		9.17%

<sup>10</sup> Based upon assumed lettings on an institutional basis for a 15 year term to a tenant of excellent covenant



Office		
<u>Value</u>		
Office (£5.95 per sqft / 7.5% yield net)		£ 3,199,370
<u>Costs</u>		
Serviced Land (incl. costs)	£ 288,063	
Total Build Costs	£ 2,213,820	
Contingency (2%)	£ 44,276	
Professional Fees	£ 228,810	
Disposal Costs (letting and investment sale)	£ 86,054	
Finance (incl. rent free)	£ 185,633	
Total Cost		£ 3,046,656
<u>Developers Profit</u>		£ 152,714
Return on cost		5.01%

At the assessed values, industrial development appears financially marginal unless undertaken on a pre-let basis, providing little incentive to currently bring new sites forward - particularly for speculative development with associated letting risks and holding costs. Office development at prevailing rental levels is unlikely to move forward in present market conditions and is unlikely to do so unless either rents increase and yields improve and/or bespoke freehold enquiries emerge.

A more significant barrier to new commercial development is the requirement for substantial upfront capital expenditure necessary to provide serviced land. This is particularly relevant in the case of medium and large sized strategic sites, such as Redditch Eastern Gateway, being considered for multiple unit development where initial infrastructure costs associated with highways, reinforcement of utilities and drainage infrastructure can equate to £122,500 - £367,500 per hectare (£50,000-£150,000 per acre). Other than the impact that these infrastructure and servicing costs have on gross land values, servicing costs also impose a significant financial strain on financial viability due to the holding costs of this infrastructure over a development period which may run over a 20 year period.

Substantial highway works, including the provision of a new roundabout on the A4023 forming part of the initial proposals prepared by Stoford Developments, involve substantial costs. The impact of these costs can be mitigated if the infrastructure benefits the largest extent of land available including both the Gorcott Estate land and the Winyates Triangle site.

In respect of the Redditch Gateway sites it is noted that Stoford Developments have proposed indicative layout plans which suggest the following level of development;

- 
- Gorcott Estate - Phase I – 35,138 sq m (378,230 sqft )  
Phase II – 28,006 sq m (301,455 sqft)
  
  - Winyates Triangle Site - 37,160 sq m (400,000 sqft) based upon a site density of 1,625 sq m (17,500 sqft) per developable acre

This density of development, suggested within the development proposals under review, appears to maximise the gross development value of the land with B1, B2 and B8 development proposed for the Gorcott land and B1 development on the Winyates Triangle land. As previously suggested, the proximity of local housing is likely to render B1 uses (light industrial and offices) more suitable at Winyates Triangle.

The initial upfront infrastructure costs including the highways solution being proposed here are likely to exceed £5 million and without a significant occupier commitment, are likely to make the delivery of the Redditch Eastern Gateway as a strategic employment site difficult to achieve without some financial intervention by the public sector.

## Conclusions

The viability analysis has been based on a very early project concept definition without detailed plans, specification or a cost plan. In the circumstances the findings of this review should be treated as indicative only.

Undoubtedly the Redditch Eastern Gateway sites potentially provide strategically important employment land in an excellent location for employment use capitalising on Redditch's favourable access to the major highway network (including access to the M42, M5 and M40 Motorways) and proximity to a large local labour force.

There is a significant undersupply of deliverable employment land either within Redditch or the nearby M42 corridor suitable for the current and projected needs of the B1/B2/B8 sector. This review has identified a shortfall of employment land to satisfy Redditch's future demands in addition to identified ELR's requirements.

Projected demand for expansion within the B1 office sector, identified within Redditch's Employment Land Review, cannot be met from the current land supply, suggesting that high quality sites such as Redditch Eastern Gateway are required.

If brought forward for development Redditch Eastern Gateway will be attractive both to indigenous companies based within Redditch wishing to relocate and/or expand and also has the potential to attract footloose companies seeking high quality employment space within a masterplanned site with excellent accessibility and access to a local workforce seeking representation within the M42 Corridor.



## Appendix D – Employment land supply sequential test results



AVAILABLE EMPLOYMENT LAND SCORING MATRIX

Site Address	Site Area	Distance from Town Centre	Scale of Opportunity (Site Score)	Proximity to Redditch Town Centre Score	Prospects of Securing Planning Permission for Employment Use	WEIGHTING			Planning Suitability/Availability for Business type use	Site Accessibility	Site Constraints Incl Environment	Availability	Marketability	Overall Qualitative Score (Max 40)	Comment
						3	2	1							
EASTERN GATEWAY	28.73 Ha	3	10	8	9	9	9	5	9	9	7	7	8	34	SUBJECT SITE - ALL PHASES AS PROPOSED
Ravensbank ADR	9.83 Ha	3	5	8	8	7	7	5	7	6	6	6	6	26	PART SUBJECT SITE - GORCOTT PHASE 1 - RELATES TO CURRENT SITE STATUS NOT PROPOSED
Land at Brockhill East	6.60 Ha	1	4	10	9	8	5	5	7	5	6	3	5	26	Planning consent has been granted for a mixed use development comprising 171 dwellings together with B1 office use of 4,738 sq.m.
Redditch Food Park	28.00 Ha	4	10	7	3	5	5	5	4	3	5	6	5	26	Aspiration for large scale Food Park around existing cold store logistics operation within green belt.
Bromsgrove Tech Park	4.10 Ha	7	3	5	9	9	8	1	8	6	7	8	7	23	Some Plots Developed Out, site is located between railway and existing industrial estate, in a non high profile location.
Cofton Hackett	4.90 Ha	8	3	5	8	7	7	2	7	6	7	8	7	22	Pt Longbridge Area Action Plan
Land at Wiryates Way, Moons Moat Drive	0.64 Ha	3	0	8	9	7	7	5	7	5	5	9	6	22	This site has planning consent for B2 development and is currently being marketed for sale at £300,000 (£471,152 per hectare/£192,307 per acre).
Studley Road (Aeroquip) Park Farm	1.44 Ha	2	1	9	9	2	5	8	6	5	6	4	5	21	Lying within an existing employment area this site has the benefit of valid planning consent although is currently in use by an existing occupier.
Shawbank Road, Lakeside	1.03 Ha	2	1	9	8	5	7	7	7	5	5	2	4	21	An irregular shaped site this site lies within existing single ownership by an organisation requiring the land for future expansion.
A435 Segment 2	10.44 Ha	4	5	7	6	7	3	3	5	4	3	3	3	21	Adjacent to A435 and within close proximity to employment uses (B2) and residential development. The proximity to residential development is likely to require this land to be suitable for B1 use only with landscape and buffering to adjacent properties. This site is not currently being marketed for employment purposes.
Wythall Green Business Park	6.50 Ha	7	4	5	7	6	5	3	6	6	5	6	6	20	Allocated as employment land, adjoins cricket ground and modern offices
Land at Brockhill, East of Railway	1.85 Ha	1	1	10	7	8	5	5	7	3	2	3	3	20	A recent planning application for residential development for up to 220 dwellings has been rejected on the site. The site's "gateway" location is likely to require a high design input and may best suit B1 office buildings.
Gaydon Proving Ground	14.90 Ha	25	7	0	9	7	3	3	6	7	6	6	6	20	Employment Scheme with planning permission. The policy supports comprehensive redevelopment of the site, through a masterplan approach. It is considered suitable for a major leisure village. Residential and employment development consistent with the needs of the local population or ancillary to other development would be supported. The ELS identifies the site as being of strategic regional and national significance for
Adjacent Greenlands Business Centre, Studley Road, Park Farm North	0.38 Ha	2	0	9	7	7	5	5	6	5	3	3	4	19	Lying within a residential area this site is potentially suitable for B1 light industrial/office use. The site has an extant consent for office development dating back to 2001.
Merse Road, Moons Moat North	0.65 Ha	2	0	9	8	5	8	8	7	6	2	1	3	19	Currently used as a car park this site lies in multiple ownership and has the benefit of an extant planning consent granted in 2006 for industrial development.
Saxon and Harris Business Parks	1.80 Ha	9	1	6	7	7	7	3	7	5	5	6	5	19	Remaining Sites located to rear of sprawling employment estates of varying quality
Bromsgrove ADR - Land north of Penryfields Road	5.00 Ha	7	4	5	5	6	1	1	4	5	5	5	5	18	The mixed use urban extension is proposed across 3 sites that will create a sustainable and balanced community that integrates into the existing residential areas of Bromsgrove. The development will fully address the social, economic and environmental facets of sustainable development and will consist of a minimum of 1850 dwellings, 9 hectares of employment land, local centre(s) and retail and community
Woolaston Road, Park Farm North	0.40 Ha	3	0	8	8	2	8	8	6	5	5	2	4	18	Suitable for B2 and B8 uses, this land is owned by a single organisation unlikely to bring the site forward for stand alone development, instead being retained for expansion space.
Crossgate Road, Park Farm North	1.10 Ha	2	1	9	7	2	5	5	5	5	3	2	3	18	This sloping site comprises a narrow strip of land partially located within Flood Zone 2 and requiring a contaminated land investigations. The site does not have the benefit of any current employment consent.
Old Forge Drive, Park Farm North	1.32 Ha	2	1	9	7	1	7	7	5	5	1	2	3	18	This site is in single ownership by an organisation unlikely to bring this site forward for development. The site is affected by significant contamination and sits within Flood Zones 2 and 3a.



North Worcestershire Economic Development and Regeneration  
 Redditch Eastern Gateway – Economic Impact Study  
 June 2013

Palmers Road, Moons Moat East	0.29 Ha	3	0	8	9	6	8	8	8	1	4	1	2	18	This triangular shaped site has an extant consent for B2 use. The site suffers from poor highway access.
Land to the Rear of the Alexander Hospital	2.00 Ha	3	1	8	7	7	3	5	6	5	2	1	3	18	Strategic site identified to include B1 office use.
Sugarbrook Mill	1.60 Ha	7	1	5	9	4	8	5	7	4	3	6	4	17	Partially developed out, not good access and poor immediate surroundings
Loxley Road Wellesbourne & Wellesbourne Airfield	5.50 Ha	22	4	0	7	5	7	7	6	7	5	7	6	17	The site is allocated & suitable for B1, B2, B8 uses. Due to extent of land available at M40 Distribution Park, the ELS suggests scale for employment use be reduced.
Hagley ADR	9.10 Ha	14	5	3	3	7	1	1	4	7	4	4	5	17	It is considered that this site could provide a sustainable mixed use development comprising community leisure, employment and residential development.
Bartlett Road, Washford	0.62 Ha	3	0	8	7	3	5	7	5	5	3	1	3	16	Situated in close proximity to both industrial and residential development, this site has been identified as being suitable for both B1 and B8 uses although there are no plans to bring this forward at the current time.
Land off Pipers Road	0.19 Ha	3	0	8	7	2	5	5	5	5	3	1	3	16	This narrow strip of land is considered most suitable for extension to existing general industrial or B8 use.
West of Kineton Road/Holywell, Southam	2.40 Ha	25	1	0	9	7	7	7	8	6	6	8	7	15	Large employment site with mixture of existing B1, B2 & B8 uses. Mix of uses included in recent extension includes Tesco. Vacant plot being marketed with planning for B1, B2, B8 uses.
47/52 Heming Road, Washford	0.22 Ha	3	0	8	7	3	6	6	5	2	2	1	2	15	Currently occupied in part by an electricity substation and with access impinged by HG/Vs parking on nearby roads. The site has been identified as being contaminated.
Land Fronting Matchborough Way	0.60 Ha	4	0	7	6	3	7	5	5	5	1	1	2	14	This flat site covered in mature planted trees is affected by a TPO, sits within Flood Zone 2 and requires contaminated site investigations.
Land Bound by Kingham Close and Far More Lane	0.19 Ha	3	0	8	6	7	2	2	5	1	2	1	1	14	This small site is currently accessed from a residential area and might be suitable for B1 office use only. There is no current valid permission for the site.
M40 Distribution Park, Wellesbourne	3.25 Ha	22	2	0	8	2	5	8	5	7	7	7	7	14	Vacant plot on existing employment site within a medium sized distribution park on edge of Wellesbourne, containing mainly warehouse units and open storage land. Stock of buildings is of varying quality. Good access to strategic road network (A429 to J15 M40). ELS recommends a greater mix of employment uses to remain attractive and competitive.
East of Kineton Road, Southam	2.10 Ha	25	1	0	6	7	7	3	6	7	5	5	6	13	An Employment scheme with planning for B1/B2 uses. The policy supports comprehensive redevelopment of the site, through a masterplan approach. It is considered suitable for a major leisure village. Residential and employment development consistent with the needs of the local population or ancillary to other development would be supported. There are a variety of unit sizes and estate is generally well occupied and

Scoring Criteria:		
Distance	1 mile	10
	2 miles	9
	3 miles	8
	4 miles	7
	5-10 miles	4-6
	10-15 miles	1-3
	>15 miles	0
Site Area	25 Hectares +	10
	21-25	9
	16-20	8
	5-15 Hectares	4-7
	1-5 Hectares	1-3
	<1 Hectares	0



## Appendix E – Alternative funding mechanisms

### SUMMARY OF POTENTIAL MECHANISMS CURRENTLY AVAILABLE TO SUPPORT THE DELIVERY OF INFRASTRUCTURE WORKS

- **Developer Contributions** – the previous wide ranging Section 106 contribution regime is in the process of amendment such that contributions from up to 5 developments might be pooled to provide infrastructure which will directly benefit the subject sites. Planning obligations cannot however be used for items already funded by Community Infrastructure Levy (CIL) - see below.
- **Community Infrastructure Levy (CIL)** – this is a funding resource that can be used to increase the capacity of existing infrastructure or to provide new infrastructure. Funds are pooled from development within the Local Authority area and can be prioritised accordingly. It is understood that there is no immediate prospect of a CIL policy being adopted within Redditch albeit consideration is presently being given to the potential.
- **Tax Increment Finance (TIF)** – this is a potential new source of funding, set out within a 2010 White Paper on Local Growth which provides the ability to finance infrastructure in advance of developments, leveraged against projected increases in local revenues from local business rates. As development takes place and new revenues are generated, then these will be ring-fenced to enable the Local Authority to meet its borrowing obligations.
- **Business Rates/Business Increase Bonus** – the Local Authority has the ability to seek a voluntary increase in business rates to support infrastructure provision. It will also be able to retain a proportion of business rates from April 2013.
- **New Homes Bonus** – Local Authorities have the ability to direct revenue from the homes constructed within its area for identified purposes.
- **Prudential Borrowing** – prudential borrowing can be used as a source of capital expenditure by Local Authorities however the costs associated have to be met, together with interest.
- **Regional Growth Fund (RGF)** – the primary purpose of the RGF is to directly create new private sector jobs over a sustained period. Speculative development has thus far been unsuccessful in attracting funding.
- **Growing Places Fund (GPF)** – Local Enterprise Partnerships currently have allocations of funding to be made available primarily as loan but also potentially on the basis of grant, to facilitate the early delivery of stalled infrastructure, employment and housing development schemes.
- **Local Transport Capital Settlements** – the Highway Authority has the ability to spend capital in accordance with local priorities.
- **EU Funding** – EU funding can be applied to infrastructure projects, provided strategic fit with regional priorities and state aid compliance.

It should be noted that funding regimes, particularly relating to grant, tend to fluctuate as to their availability, often with short windows of opportunity to submit applications. In the circumstances, there will be a need to review potential opportunities at the time that any proposed works have been designed, costed and programmed.