



Northumberland Employment Land Review

Northumberland County Council

January 2011



Nathaniel Lichfield
and Partners

Planning Design Economics



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REAL ESTATE



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Planning Design Economics

**NORTHUMBERLAND COUNTY
COUNCIL**

**NORTHUMBERLAND EMPLOYMENT
LAND REVIEW**

FINAL REPORT

26 January 2011

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Executive Summary

This Employment Land Review (ELR) has been commissioned by Northumberland County Council (NCC) to provide robust evidence to demonstrate the need for, and deliverability of, employment allocations across the County. The ELR will inform the County's Local Development Framework (LDF) - specifically the Northumberland Core Strategy and the Delivery DPD: Delivering Sustainable Communities and Proposals Map – and future reviews of Northumberland's Economic Strategy.

The principal aims of this ELR are:

- To undertake a comprehensive qualitative and quantitative assessment of all existing employment sites in Northumberland.
- To quantify the current employment land portfolio into a specifically designed database to record and monitor the survey outcomes, and other site characteristics.
- To obtain an understanding of the future growth aspirations/plans and criteria/specifications of required sites of existing employers in Northumberland.
- To understand key current and future sectors in the local economy and provide an insight into potential industry clusters and niche industries.
- To understand important market segments, undertake a flow analysis to reveal past trends and inform future supply and demand.
- To recommend potential new employment land revealed by a 'call for sites'.
- To confirm which sites to retain and which to release, identifying any gaps in the land portfolio. If new sites are suitable to alleviate these gaps they should be recommended as an appropriate employment site. Ultimately, a portfolio of sites should be recommended to take forward in the Northumberland LDF.

Economic Context

In very broad terms, the County is made up of three broad socio-economic areas, termed 'Key Service Areas' by NCC. The smallest spatially (but most densely populated), Service Area is in the **South East** of the County, which forms part of the Tyne and Wear City Region. This area has traditionally comprised the industrial hub of Northumberland and has a substantial coal mining and seafaring legacy. Despite facing many challenging socio-economic issues resulting in part from its industrial heritage, these areas still form the dominant commercial areas in the County due to their proximity to the commercial hub of Tyneside with its various facilities including Newcastle International Airport.

In contrast, the **North Service Area** stretches from Morpeth all the way up through Alnwick, Wooler to Berwick-upon-Tweed in the far north of the County. This area is defined by its rurality and the attractive and historic market towns. In contrast to South East Northumberland, this area has very dispersed population patterns and localised levels of market demand. Although in general the area is affluent, there are pockets of rural deprivation whilst market demand is constrained by the area's remoteness and poorer quality strategic road links.

The **West Service Area**, which comprises much of the former Castle Morpeth and particularly the Tynedale Districts, exhibits many similarities with the North Service Area, in particular the quality and desirability of its market towns such as Ponteland, Hexham, Corbridge, Haltwhistle and Prudhoe; the splendour of the countryside, heritage, and tourism and leisure, particularly focussed upon the World Heritage site of Hadrian's Wall, are also key strengths. In terms of the commercial and industrial market, the area is predominantly focussed around the Tyne Valley area, with settlements beyond this being less accessible, peripheral markets characterised by indigenous demand, catering to the rural economy. As with the North, many locations are physically remote and face key challenges in retaining younger residents and remaining sustainable, viable communities.

The Current Stock of Employment Space

Northumberland has a relatively large stock of employment space overall in comparison with the neighbouring authorities. It has the third highest amount of floorspace; exceeding that of Newcastle – the regional capital. However, an examination of floorspace relative to population shows that the County has a modest supply in per capita terms. This is particularly true with respect to office floorspace – Northumberland has less floorspace per capita than any of the surrounding districts.

In gross terms, Northumberland is estimated to have 46.65ha of potential new employment land that would be taken up if all extant planning permissions relating to employment land were implemented. Based upon recent levels of take-up, this would equate to approximately 4.5 years of supply. Adjusting this figure to allow for any losses of B class land due to extant permissions would result in a net development pipeline of just 1ha.

Vacancy rates across Northumberland are estimated at 8.8%, which is broadly in line with a level of 8-10% typically observed in a healthy commercial property market. This does, however, mask some significant variations by sub-area with above average vacancies in the South East and particular low levels recorded in the North and West.

An average of 10.43ha of gross new B class land has been developed annually in Northumberland in recent years, with much of this activity focused in Blyth Valley and Tynedale. However, significant losses of employment land over the same period mean that, in net terms, the County has actually experienced a decline in the stock of employment land available.

The majority of demand for employment space in Northumberland has traditionally been for **industrial (manufacturing and distribution) uses**.

The main industrial demand has been for premises in the South East of the County, particularly the former districts of Blyth Valley and Wansbeck. This has resulted in a range of new industrial developments taking place in the last 5 years, notably at North Nelson and Nelson Park West Industrial Estates at Cramlington providing new accommodation from 500 sq ft up to 30,000 sq ft on a speculative basis. There does, however, appear to be demand for further industrial accommodation in Prudhoe, Hexham and Morpeth where availability levels are currently very low.

Elsewhere in the County, markets appear to be very localised. There are new units currently vacant in Alnwick and Berwick. There are also vacancies in some of the more rural areas e.g. Wooler and Belford but demand is not steady.

Northumberland is not generally regarded as a significant centre for **office development**. As a consequence, the majority of demand is from local occupiers.

The last decade has seen several new, good quality, office developments in the County. Take up success has been mixed. Northumberland Business Park has been the most successful in terms of amount of space disposed of. This is probably due to its location and catchment area and the range of accommodation developed.

In common with most areas there is little appetite currently for speculative development of any kind and this is likely to continue until the property market and general economy improve. Once this happens however there appear to be areas where demand should stimulate development of new floorspace but only when this becomes economically viable.

Review of Current Employment Space and Allocations

The study assessed 125 existing and committed employment sites in the three Service Areas within Northumberland, which together account for slightly over 350ha of nominally available land and a further 325ha of potential expansion land. In general, the quality and spatial distribution of the sites was found to be highly variable, although it is estimated that around 160ha of land rated as being high quality, and 75ha lower quality:

- The North Key Service Area had 48 sites, comprising some 108ha of available employment land, with a reasonable spread of good quality sites across the area in towns such as Alnwick and Berwick, and clear deliverability issues for sites in and around Morpeth in particular;
- The South East Key Service Area, based largely around the former areas of Wansbeck and Blyth Valley, has a considerable legacy of industrial land and Port-related uses, hence this area has the bulk of the County's forward supply – some 227ha, including the County's only Strategic Site at West Hartford. In general, the sites scored highly in this area, particularly in and around Cramlington, due to sites' policy compliance, accessibility and reasonable levels of demand, although the increased costs involved in bringing forward many of these sites is likely to impact significantly upon the deliverability of the portfolio;
- The West Service Area had just 37 sites totalling just over 18ha, reflecting the considerable under supply of land in most of the larger towns in this area, notably Hexham, Ponteland and Prudhoe. Much of the land that is notionally available in this area is heavily constrained, with the owners often pursuing alternative, higher value uses for the site.

Economic Drivers and Non B Class Sectors

It appears that Northumberland's future growth is likely to be characterised by a shift away from public sector activities into the private service sector, with employment in manufacturing remaining relatively constant (albeit characterised by movement into higher value sectors such as biotechnology and operations linked to renewable energy). The key growth sectors in

terms of jobs are likely to be business services and tourism accompanied by some small scale growth in other service sectors although this will depend to a large extent on encouraging indigenous start-ups and providing some better quality premises in order to retain these firms and allow them to grow. The County is not seen as having a significant role as a location for strategic distribution operations with large units, but could focus more on smaller scale firms in this sector.

Overall the B class sectors with the potential to experience high or transformational levels of growth are business services, advanced manufacturing (including the strong pharmaceuticals sector) and environmental technologies/energy. However, losses in other sectors such as financial services and process manufacturing mean that the potential for an overall economic 'step change' are relatively low. Amongst the non-B class sectors, tourism and its associated industries (e.g. restaurants, accommodation etc) stand out as the sector with the highest growth potential, driven by better marketing of the County's existing assets and upgraded facilities for visitors. Other sectors including construction, education, health and public administration are all expected to suffer from declines in employment levels to a lesser or greater extent. Overall, the employment forecasts suggest that there is unlikely to be much change in the employment levels of the Non B Uses over the plan period, but there could be significant growth in B class jobs.

Future B Class Employment Space Requirements

Based on consideration of various factors, seven different estimates of future employment space requirements were prepared, using different approaches. The overall space requirements related to these different futures **range from 293ha to 506ha gross** between 2010 and 2030. A range of qualitative and quantitative factors have been considered within this report that can help to inform a judgment on the appropriate level of need, with the key issues set out below:

- Northumberland County has many advantages as an office, industrial and distribution location, with reasonable north/south strategic road accessibility, particularly if the A1 were to be continuously duelled through to Scotland (although substantial areas are physically remote); the proximity to the East Coast Mainline, competitive business costs, access to a significant skilled labour force; discrete economic markets (given the size of the County); and emerging strengths in key growth sectors, such as renewables and tourism;
- Future job growth projections for Northumberland are reasonable in the medium to long term (for the central/higher scenarios at least);
- However, the County has an above average proportion of residents employed in the public sector, which is facing severe cuts in the short to medium term;
- There is a general consensus amongst stakeholders that a number of the more successful employment areas, particularly Morpeth, Prudhoe and Hexham, are reaching full capacity and in urgent need of new employment sites and units to be provided;
- The County has an opportunity to focus on Business Services, with clear requirements for B1a space in particular;

- Take up rates in the County in recent years have been low, at 10.43ha per annum, although 13.828ha has been lost annually to non-employment uses.

Consequently, on the basis of these considerations, a range of between 293ha and 317ha (gross) of employment land may be considered appropriate. This is equal to the NLP Lower Scenario model run at the lower end, and the NLP Central projection at the top end. Both figures include a margin of choice. The range accommodates Northumberland's potential for job growth in land hungry sectors such as renewables, whilst factoring in the uncertainty of the ongoing recession and the negative growth in residents of working age forecast for the County over the coming years.

The Demand / Supply Balance

A detailed assessment of the committed employment sites in the County suggests that some 137.6ha could be de-allocated from the portfolio, relating to 21 sites.

This would leave a total forward supply of 215.79ha of employment land, plus 7.03ha of windfall sites with extant planning permission, 6.8ha of former expansion land at Egger now with extant planning permission for industrial use, thus equating to a **forward supply of 229.62ha, with a further 107ha of expansion land/sites under option.** In general terms, this suggests that given the level of demand (293-317ha), there would be a **quantitative need for around 64-87ha of new employment land in the County to 2030.**

This could equate to further provisions in the order of:

- 10ha of further industrial land in Alnwick if demand is proven in the longer term;
- 5ha of office and industrial land in and around Morpeth (presuming the proposed Fairmoor development proceeds);
- 10ha of industrial land south of the River in Blyth;
- 10-15ha of further office and industrial land in Hexham;
- 5ha of mixed use land which would include an element of office space in Ponteland;
- 10-15ha of office and industrial land in Prudhoe

Against this background, 32 potential employment sites were considered in this stage of the assessment. Of the sites proposed, and following a separate review by NLP on broad areas of search in areas of unmet demand, the following recommendations are made:

- **Alnwick:** A reserve 10ha B2 allocation could be provided at ELR11 if demand is proven in the longer term to 2020, with ELR12 (Lionheart Phase 4) providing a further high quality alternative. A hotel may be suitable on ELR2 given that it has planning permission for such a use.
- **Morpeth:** On the presumption that the two allocations at Fairmoor can be brought forward as part of a wider mixed use scheme a 5ha B1 allocation in the vicinity of County Hall could also be appropriate.
- **Blyth:** The two large existing sites that comprise Blyth Riverside Park (C02 and C03) could be intensively redeveloped to provide the additional 10ha industrial land

requirement. Further site investigation may be required in the longer term to identify a potential alternative development opportunity should site intensification prove unfeasible.

- **Blyth Estuary/East Bedlington:** ELR29 (land at East Sleekburn) to be put forward as a niche employment land development specifically protected for renewables investment. This could provide an additional 35.6ha. It should not be regarded as forming part of the general employment land supply.
- **Haltwhistle and West Tyne:** land adjacent to the A69 at Haltwhistle has the potential to accommodate tourism uses related to Hadrian's Wall and the surrounding countryside, subject to compliance with given policy criteria.
- **Hexham and Hexhamshire:** Given the strength of demand and constraints to development in Hexham, it is recommended that a bespoke employment land viability assessment should be taken forward for the town. Ahead of this study, it is considered that site ELR6 (The Hermitage) could perhaps be considered for a mixed use allocation and sensitively extended towards the A69 roundabout to the east, although this site is heavily constrained. This could provide 10ha of B1 employment use. If this proposal is not considered suitable/viable, alternatives could involve east of the Egger plant or land to the west of Shaws Lane (south of the Golf Course), potentially comprising a mixed use development with a 10ha B1 allocation. All suggestions are broad areas within the Green Belt.
- **Prudhoe:** It is considered that the proposed Prudhoe Hospital mixed use site would represent an appropriate 7ha B1 allocation for local requirements. A further allocation may also be required and the potential for an additional 5ha B-class allocation adjacent to site E17 (the Hammerite site) may be viable. Again, the possible areas of search would require a Green Belt review.
- **Ponteland:** It is considered that there is sufficient demand to justify a small, high quality, B1 development in Ponteland. A possible future site is to the south east of Ponteland relating to the eastern portion of site ELR26 (Clickemin Farm, specifically areas a and b), with land available to extend this as a further possible option. It is possible that this site may need to be mixed use to be deliverable. A further option could involve the allocation of land to the north and east of Dobbies Garden Centre, to the south-east of Ponteland along the A696. It will be for the LDF to assess the possible scale of any allocation (based on the future role of the settlement) and to establish the suitability of these sites for future employment use.

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1.0

Introduction

1.1

This Employment Land Review (ELR) has been commissioned by Northumberland County Council (NCC) to provide robust evidence to demonstrate the need for, and deliverability of, employment allocations across the County. The ELR will inform the County's Local Development Framework (LDF) - specifically the Northumberland Core Strategy and the Delivery DPD: Delivering Sustainable Communities and Proposals Map – and future reviews of Northumberland's Economic Strategy.

Context

1.2

The County and District Councils in Northumberland were replaced from 1 April 2009 by a new Unitary Council. This new Council is now the Plan-making authority, with sole responsibility for the preparation of the LDF for the County. Northumberland's local policy framework therefore currently comprises of saved policies from the 6 District Local Plans and the adopted LDF Core Strategies for Alnwick, Blyth Valley and Tynedale.

1.3

NCC recognise the importance of developing a well evidenced and defensible evidence base for the new unitary authority, hence Nathaniel Lichfield and Partners (NLP) with commercial property agents BNP Paribas Real Estate (BNPPRE) were commissioned to produce an ELR to assess the demand for, and supply of, land for employment use and ultimately develop recommendations and options for a new portfolio of sites for Northumberland best suited to deliver economic growth. In particular, sites allocated for employment use in the LDF will need to reflect the changing requirements of businesses and local economies.

1.4

The principal aims of this ELR are:

- To undertake a comprehensive qualitative and quantitative assessment of all existing employment sites in Northumberland.
- To quantify the current employment land portfolio into a specifically designed database to record and monitor the survey outcomes, and other site characteristics.
- To obtain an understanding of the future growth aspirations/plans and criteria/specifications of required sites of existing employers in Northumberland.
- To understand key current and future sectors in the local economy and provide an insight into potential industry clusters and niche industries.
- To understand important market segments, undertake a flow analysis to reveal past trends and inform future supply and demand.
- To recommend potential new employment land revealed by a 'call for sites'.
- To confirm which sites to retain and which to release, identifying any gaps in the land portfolio. If new sites are suitable to alleviate these gaps they should be recommended as an appropriate employment site. Ultimately, a

portfolio of sites should be recommended to take forward in the Northumberland LDF. There is also an expectation that the recommended portfolio should provide a spatial analysis of employment locations and sites in terms of their suitability for certain uses, especially identified growth sectors, and recommendations for potential policy interventions to stimulate development.

- 1.5 The above needs to be linked to future growth projections for Northumberland's economy which the study will present under various growth scenarios. Each scenario will produce differing land demands and may have implications for the suggested site portfolio in terms of site location and the provision for key sectors.
- 1.6 It should be noted that Northumberland County Council commissioned St Chad's College (part of Durham University) to undertake a separate study in relation to projections of future labour supply/demand and GVA for Northumberland's economy, and conversion into quantitative land requirements per sector under various growth scenarios. This work is now complete and has informed the demand forecasts used in this ELR.

Approach and Methodology

- 1.7 The study's approach generally follows Government guidance on undertaking Employment Land Reviews¹ and also takes into account recent, post PPS4 guidance on such studies². It focuses on employment space needs for the group of B Use Classes (offices, manufacturing and warehousing/distribution) but also examines, in broad terms, the employment growth potential and land needs of other economic uses defined by PPS4, such as retail, leisure, healthcare, waste management and education.
- 1.8 The requirements for both employment land and floorspace are considered in the study, and references to "employment space" are intended to mean both these elements. The term industrial space includes both manufacturing and distribution uses.
- 1.9 The overall process by which employment needs have been assessed, and how these would feed into the LDF process, is illustrated by Figure 1.1.

¹ Employment Land Reviews Guidance Note, ODPM (2004)

² South East Partnership Board (February 2010): South East Plan Supplementary Guidance - Employment and Economic Land Assessments

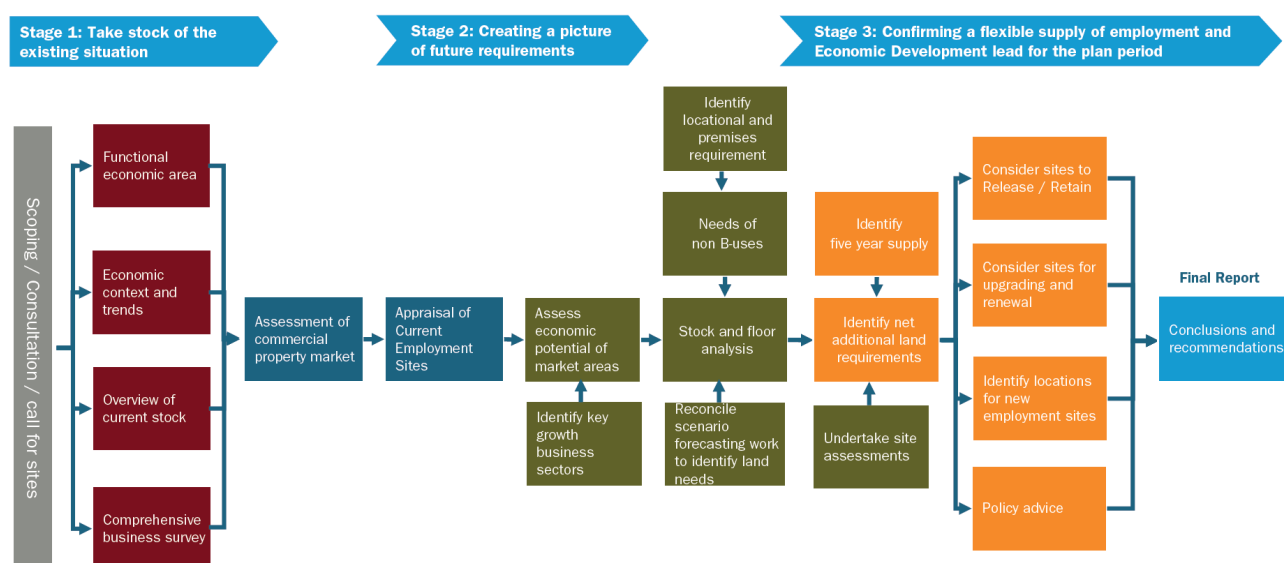


Figure 1.1 Study Methodology

- 1.10 Key inputs to this process included a business survey and consultation with various organisations with an interest in the supply of employment land including employers, economic development and inward investment agencies, business groups, property agents and developers. Appendix 1 contains a list of consultees.
- 1.11 The study also draws on previous employment land and economic studies undertaken for adjoining districts as well as other relevant documents including economic strategy documents, planning policy guidance, the latest available property market information and published economic statistics. This includes the Northumberland Economic Strategy (August 2010) and the Council's Local Economic Assessment (2009).
- 1.12 The report is structured as follows:

Economic Context (Section 2)	An overview of policy, current economic conditions and recent trends in the County and adjoining areas that may affect the need for employment space.
The Current Stock of Employment Space (Section 3)	A review of the local commercial property market, including the supply of and demand for different types of employment space within the County and the needs of different market segments.
Review of Current Employment Space and Allocations (Section 4)	Assesses potential sites for employment development, in terms of suitability to meet future needs and attractiveness to the market.
Economic Drivers and Non-B Class Sectors (Section 5)	Identification of potential growth sectors that may have specific space requirements, taking into consideration the potential future economic role of the County, key drivers that could influence this and its competitive advantages.
Future B Class Employment	Calculates estimates of net employment land

Space Requirements (Section 6)	requirements into gross requirements and specific needs in different settlement areas.
The Demand / Supply Balance (Section 7)	An assessment of the balance of supply/demand of employment land, identifying how much additional land, and what types, need to be allocated and any sites to be re-allocated for other uses.
Potential New Sites (Section 8)	Identifying a site portfolio based on retaining better quality sites, releasing poorer sites, considering the scope to maximise redevelopment / intensification of existing sites and identifying the type/location of any new additional sites.
Managing and Delivering Employment Space (Section 9)	Consideration of policy and other measures needed to support the site portfolio and maximise economic growth in Northumberland.
Overall Conclusions (Section 10)	Overall conclusions and recommendations for the study.

2.0 Economic Context

- 2.1 This section establishes the economic context for the study by reviewing recent economic conditions and trends within Northumberland's economy and contextualising it with that of the region and the UK.

Geography and Connections

- 2.2 Northumberland is England's most northerly County with the main area of population concentrated in the south east, just north of the Tyne and Wear City Region. Although the County has a total population in the region of 311,000 residents, its sheer size ensures that it is the least densely populated County in England, with no town accommodating more than 40,000 residents. As a consequence, development patterns are highly dispersed, with built up areas surrounded by substantial areas of countryside of outstanding quality and natural beauty, part of which forms the Northumberland National Park.
- 2.3 The unique economic geography of Northumberland means that identifying the spatial extent of employment and commercial markets within the area is challenging for the ELR. Northumberland contains a number of relatively self contained economies, particularly in the sparsely populated rural North and West. Many locations in these areas are relatively isolated and experience challenges in sustaining communities due to the difficulty in accessing jobs and services. It is important that this study and the LDF consider ways in which Northumberland's land portfolio can best respond to this challenge.
- 2.4 In very broad terms, the County is made up of three broad socio-economic areas, termed 'Key Service Areas' by NCC as illustrated in Figure 2.1. The smallest spatially (but most densely populated), Service Area is in the **South East** of the County, which forms part of the Tyne and Wear City Region. This area has traditionally comprised the industrial hub of Northumberland and has a substantial coal mining and seafaring legacy around which many of the main town and settlements, such as Ashington and Blyth have developed (although it should be noted that in relation to Cramlington, the intention of developing the industrial estates in the North West of the town was to diversify the economy away from coal).

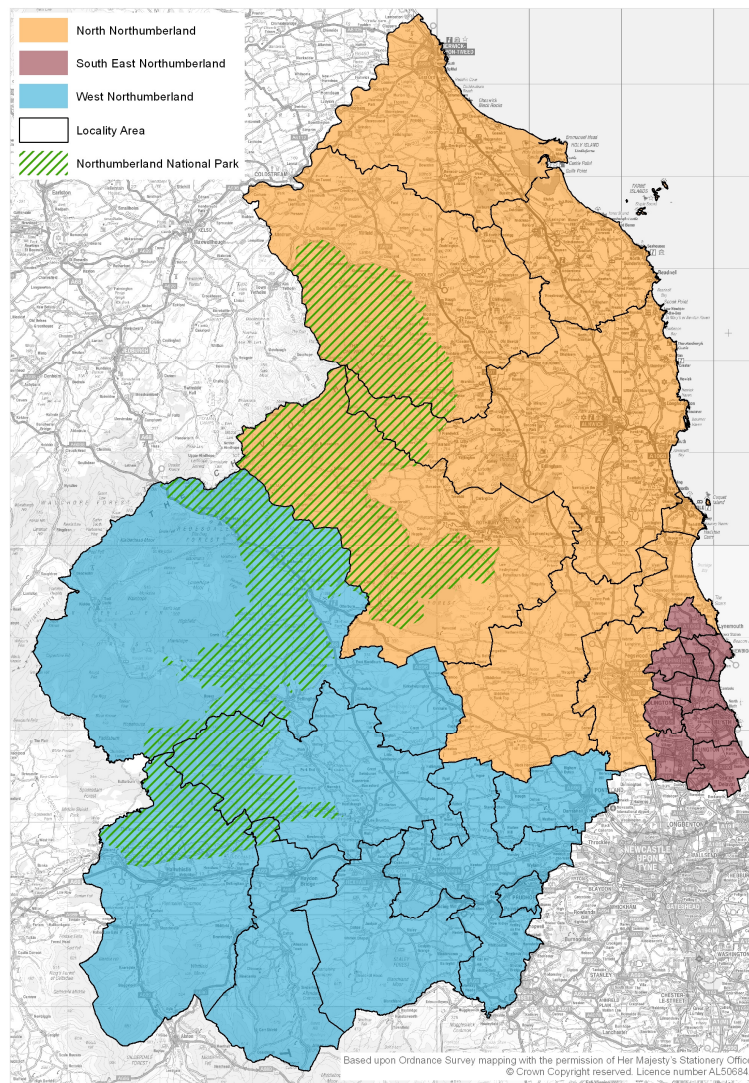


Figure 2.1 Context Plan

Source: NLP analysis

2.5

Despite facing many challenging socio-economic issues resulting in part from its industrial heritage, these areas still form the dominant commercial areas in the County due to their proximity to the commercial hub of Tyneside with its various facilities including Newcastle International Airport. The area also benefits from largely excellent road links via the A1 and A19. Indeed, the area is viewed by some property developers/investors as a reasonable alternative to the higher value sites and premises of the Tyne and Wear Authorities. For the purposes of this report, **South East Northumberland** has been apportioned into ten smaller areas, termed 'Service Area Localities':

- Blyth
- Choppington, Stakeford & Guidepost
- Cramlington
- East Ashington

- East Bedlington
- Ellington, Lynemouth & Linton
- Newbiggin
- Seaton Valley
- West Ashington
- West Bedlington

2.6

In contrast, the **North Service Area** stretches from Morpeth all the way up through Alnwick, Wooler to Berwick-upon-Tweed in the far north of the County. This area is defined by its rurality and the attractive and historic market towns. In contrast to South East Northumberland, this area has very dispersed population patterns and very localised levels of market demand. Although in general the area is affluent, there are pockets of rural deprivation whilst market demand is constrained by the area's remoteness and poorer quality strategic road links. The area does benefit from having the East Coast Main line running north-south, with regular services to London and Edinburgh from Berwick and, less frequently, Alnmouth. The area also benefits from the A1 strategic route, although it is not dualled continuously from Alnwick to the Scottish borders. The A697 also forms a key north/south link through the profile area. Tourism and leisure is a particular strength of the area due to the quality of the countryside, the heritage of its market towns and castles, and the spectacular coastal attractions. This area has been broken down into nine Service Area localities:

- Alnwick
- Amble
- Berwick & Islandshire
- Coquetdale
- Glendale
- Hartburn & Rural West
- Morpeth
- Seahouses & Belford
- Widdrington & Cresswell

2.7

The **West Service Area**, which comprises much of the former Castle Morpeth and particularly the Tynedale Districts, exhibits many similarities with the North Service Area, in particular the quality and desirability of its market towns such as Ponteland, Hexham, Corbridge, Haltwhistle and Prudhoe; the splendour of the countryside, heritage, and tourism and leisure, particularly focussed upon the World Heritage site of Hadrian's Wall, are also key strengths. In terms of the commercial and industrial market, the area is predominantly focussed around the Tyne Valley area, with settlements beyond this being less accessible, peripheral markets characterised by indigenous demand, catering to the rural economy. As with the North, many locations are physically remote and face key challenges in retaining younger residents and remaining sustainable, viable communities.

- 2.8 Areas such as Prudhoe and Ponteland form a key role for overspill from the Tyne and Wear market and, like parts of the South East area, provide good value alternatives to the Tyneside market. This area is characterised by physical and planning policy constraints, particularly the presence of the Green Belt, the River Tyne itself, topography and the Northumberland National Park. The east-west A69 is the key arterial route for the area, running alongside the Carlisle to Newcastle rail line, which serves stations the length of the Tyne Valley. In total, there are eight Service Area localities in the West:

- Allendale
- East Tynedale
- Haltwhistle & West Tyne
- Hexham & Hexhamshire
- Mid Tyne
- North Tyne & Redesdale
- Ponteland
- Prudhoe

Policy Context

- 2.9 This part of the report provides a summary of the relevant policy documents relating to employment land within Northumberland.

National Planning Policy

- 2.10 The study has been shaped by the aims and objectives of a variety of national planning policy and guidance documents to ensure that the ELR forms a robust part of Northumberland's LDF evidence base. Relevant documents that have informed the work include:

- PPS1: Delivering Sustainable Development;
- PPS4: Planning for Sustainable Economic Growth;
- PPS7: Sustainable Development in Rural Areas (sections remaining after adoption of PPS4);
- PPG13: Transport;
- PPG20: Coastal Planning;
- Good Practice Guide on Planning for Tourism;
- Living Working Countryside: The Taylor Review of Rural Economy and Affordable Housing.

- 2.11 Whilst it is important to ensure that the study is mindful of and takes account of the national policy context as outlined above, it is not considered necessary to provide a summary of each document.

- 2.12 **PPS4** sets out the Government's overarching objective to achieve sustainable economic growth. The document places retail and other town centre development in a wider context as 'economic development' which provides employment opportunities, generates wealth and/or economic output. This includes B-class uses (offices, industry and storage/distribution) but also public and community uses, town centre retail and leisure and other forms of

development that achieve these objectives. PPS4 requires local authorities to plan for a 'broad range' of economic development, acknowledging that other sectors also generate employment and economic growth.

- 2.13 Policy EC2 provides a framework for planning to facilitate sustainable economic growth. The policy recommends that local planning authorities ensure that their development plan:
- Sets out a clear economic vision and strategy, which positively and proactively encourages sustainable economic growth;
 - Supports existing business sectors, as well as identifying and planning for new or emerging sector, whilst ensuring that policies are flexible enough to respond to changing economic circumstances;
 - Positively plans for the location, promotion and expansion of clusters or networks of knowledge driven or high technology industries;
 - Seeks to make the most efficient and effective use of land, prioritising previously developed land and reflecting the different location requirements of businesses;
 - Identifies, protects and promotes key distribution networks and locates or co-locates developments which generate substantial transport movements in accessible locations;
 - Plans for the delivery of sustainable transport and other infrastructure needed to support their planned economic development;
 - Identifies a range of sites to facilitate a broad range of economic development, including mixed use;
 - Does not carry site allocations forward from one version of the development plan to the next without evidence of the need and reasonable prospect of their take up during the plan period;
 - Encourages new uses for vacant or derelict buildings;
 - Considers how sites for different business types can be delivered, including by the use of compulsory purchase to assemble sites and other planning tools including area action plans, simplified planning zones and local development orders; and
 - Facilitates new working practices such as live/work.
- 2.14 PPS4 suggests that town centre uses include offices, retail, leisure, sports and entertainment, arts, culture and tourism development. As such, Policy EC5 specifies that LPAs should identify an appropriate range of sites to accommodate the identified need, ensuring that sites are capable of accommodating a range of business models in terms of scale, format, car parking provision and scope for disaggregation. An apparent lack of sites of the right size and in the right location should not be a reason for LPAs to avoid planning to meet the identified need for development.
- 2.15 Policy EC5 requires that main town centre uses which are not located within an existing centre, and which are not in accordance with an up-to-date

development plan strategy, should be subject to two tests³: the sequential approach to site selection; and the impact arising from the development, taking into account a number of criteria.

- 2.16 Having identified sites for development, PPS4 requires LPAs to allocate sufficient sites in development plan documents to meet at least the first five years identified need. Where appropriate, LDFs should set out policies for the phasing and release of allocated sites to ensure that those sites in preferred locations within centres are developed ahead of less central locations.
- 2.17 Policy EC6: ‘planning for economic development in rural areas’, seeks to ensure that LPAs protect the countryside and strictly control economic development in open countryside away from existing settlements. Most new development should be located in or on the edge of existing settlements. The conversion and re-use of appropriately located and suitably constructed existing buildings in the countryside for economic development should be supported.
- 2.18 Policy EC7: ‘planning for tourism in rural areas’, states that local planning authorities should support sustainable rural tourism and leisure developments that benefit rural businesses, communities and visitors and which utilise and enrich, rather than harm, the character of the countryside, its towns, villages, buildings and other features. Through their LDFs, local authorities should (inter alia):
- a Sensitively support the provision and expansion of tourist and visitor facilities in appropriate locations where identified needs are not being met;
 - b Wherever possible, locate tourist and visitor facilities in existing or replacement buildings;
 - c Support extensions to existing tourist accommodation where the scale of the extension is appropriate to its location and where the extension may help to ensure the future viability of such businesses;
 - d Ensure that new or expanded holiday and touring caravan sites and chalet developments are not prominent in the landscape and that any visual intrusion is minimised;
 - e Recognise that in areas statutorily designated for their natural or cultural heritage qualities, there will be scope for tourist and leisure related developments, subject to appropriate control.

Local Planning Policy

- 2.19 The Northumberland consolidated planning policy framework currently comprises of saved policies from the six District Local Plans and the adopted LDF Core Strategies for Alnwick, Blyth Valley and Tynedale.

³ Policy EC14 clarifies that where office development is ancillary to other forms of economic development not located in the town centre there should be no requirement for such offices to be located in the town centre.

- 2.20 The development plan for the former District area of **Alnwick** consists of:
- Saved policies of Alnwick District Wide Local Plan (1997); and
 - Alnwick District LDF Core Strategy (October 2007)
- 2.21 Policy S9 of the Core Strategy concerns the allocation of employment land within the district, and states that up to 30 hectares of land will be allocated for employment provision between 2004 and 2021. The majority of land will be in the main rural service centres of Alnwick and Amble, in line with the Council's development strategy. The Council is also keen to use some employment land to form a new 'gateway' to the town of Alnwick, as suggested by the 2004 Alnwick Strategic Sites Feasibility Study.
- 2.22 The recent Strategic Sites study for Alnwick town has emphasised the ongoing demand for strategic employment land in Alnwick town, despite an over-provision of employment land in the North East region as a whole.
- 2.23 The development plan for **Berwick upon Tweed** consists of:
- Saved policies of the Berwick-upon-Tweed Borough Local Plan (April 1999).
- 2.24 22.8 hectares of land for general, local employment and business park land was allocated in the Local Plan for the period 1 July 1991 - 1 July 2006. More than half of this land (13.6ha) was allocated for the North Road Industrial Estate and extension at Berwick upon Tweed itself.
- 2.25 The development plan for **Blyth Valley** consists of:
- Saved policies of the Blyth Valley District Local Plan (May 1999);
 - Blyth Valley Borough LDF Core Strategy (July 2007); and
 - Development Control Policies DPD (September 2007).
- 2.26 The Core Strategy allocated 175 hectares of employment land for Blyth Valley, comprising 80 hectares of general employment land, 40 hectares of brownfield mixed-use and 55 hectares of prestige employment land. New employment opportunities will continue to be directed towards the main towns of Blyth and Cramlington.
- 2.27 The development plan for **Castle Morpeth** consists of:
- Saved policies of the Castle Morpeth District Local Plan (February 2003)
- 2.28 The Local Plan allocated 93 hectares of land for employment use (Policy E1).
- 2.29 The development plan for **Tynedale** consists of:
- Saved policies of the Tynedale District Local Plan (April 2000); and
 - Tynedale District LDF Core Strategy (October 2007).

- 2.30 Policy EDT2 of the Core Strategy specified a need for the provision of 34 hectares of employment land, which equates to approximately 2.25 hectares per annum up to 2016. The majority of this land will be in the main towns and local centres of Hexham, Prudhoe and Haltwhistle. It should be noted that Policy NE10 of the Local Plan identifies Prudhoe Hospital as an important development site and recognises the potential for a mixed-use development, with a notional 7ha of employment land to be provided.
- 2.31 The development plan for **Wansbeck** consists of:
- Saved policies of the Wansbeck District Local Plan (July 2007).
- 2.32 As of April 2009, there was a total of 63 hectares of employment land available for new development in the former district. These were mainly located in Ashington and Bedlington. This amount was sufficient to meet requirements set out in the Structure Plan (as was required at the time of adoption).
- 2.33 Policy EMP3 of the Local Plan designates land at Cambois as a zone of economic opportunity for development by businesses requiring large sites in non-estate locations. The Policy states that proposals for B1, B2 and B8 development will be permitted at Cambois provided that:
- The development cannot be accommodated in a designated general employment area elsewhere in the District; and
 - In the case of proposals for greenfield development, there are no suitable alternative previously developed sites within the zone; and
 - The development will be carried out in a well planned and co-ordinated manner; and
 - Proposals include large amounts of tree planting and other forms of landscaping.

Economic Activity

- 2.34 Current economic conditions and trends in Northumberland are summarised below, with comparisons made, where appropriate, to the North East and national averages. Given the size and diverse nature of the County, data has, where possible, also been considered with respect to the three sub-areas of North, South East and West Northumberland.
- 2.35 It should be noted that the majority of economic data has in the past been collected regularly at former local authority area. Information is only collected at Super Output Area (which can be aggregated up to reflect the boundaries of Northumberland's three sub-areas) during a Census. As such, in order to collect up-to-date and meaningful time-series data, it has been necessary to aggregate up information relating to the former local authorities in order to develop proxy measures for the three sub-areas. This is considered a reasonable approach, given that the local authority boundaries generally correspond fairly closely with those of the former districts. In adopting such an approach, the following assumptions have been applied:

- North Northumberland contains the former authorities of Alnwick, Berwick and Castle Morpeth⁴;
- South East Northumberland contains the former authorities of Blyth Valley and Wansbeck; and
- West Northumberland comprises the former Tynedale district.

- 2.36 Northumberland has a resident population of approximately 311,100, of which 197,000 are of working age⁵. Its population has risen by just 1.2% over the last 10 years; a rate of growth that is significantly lower than the national average (5.3%) but broadly in alignment with modest population increases observed at the regional level (1.3%) over the same period.
- 2.37 The number of employee jobs in Northumberland, which stood at 103,400 in 2008, has risen by a modest 1.7% over the past 10 years – a period of strong economic growth nationally. This compares with job increases of 9.0% across the North East and 9.5% across Great Britain and indicates that Northumberland has underperformed in employment terms over the decade. Analysis of data at the sub-area level reveals that all three areas have observed low levels of growth. Performance was weakest in the South East, where the employment base actually contracted by 1.0% over the period.
- 2.38 Levels of self-employment in the County rose from 8.1% in June 2005 to 9.2% by June 2010; in contrast, the figure for England and Wales remained largely static over the same time period (9.1% to 9.2% 2005-10)⁶. This would suggest strong growth in self-employment, particularly compared to the North East region as a whole, which remained static at 5.8% of residents aged 16-64 between June 2005 and 2010.
- 2.39 Between 1997 and 2007, the number of VAT registered businesses in Northumberland increased by approximately 19% to 9,425. This growth in the business base is broadly in line with that observed regionally (22%) and nationally (21%) and indicates that levels of entrepreneurial activity in the County are only slightly below the national average. These figures, however, mask significant differences in performance across the County's sub-areas. For instance, the number of businesses increased by just 12% in the North, compared with growth of 33% in the South East. The latter figure is in stark contrast to the decline in employee jobs in the South East and this disparity would appear to be explained, in part, by the closure of a relatively small number of major employers in the area resulting in significant job losses. It is considered that the high number of business start-ups in the South East may be explained in part by the fact that the area has been the focus of regeneration projects and funding aimed at stimulating an increase in the business base, including schemes such as Go Wansbeck.

⁴ Whilst it is acknowledged that Castle Morpeth falls within both North and West Northumberland, the largest town in the former district (Morpeth) lies within the North sub-area

⁵ Source: ONS Mid-Year Population Estimates (2009)

⁶ Source: ONS Annual Population Survey

- 2.40 The growth in Northumberland's stock of VAT registered businesses has been underpinned by above average survival rates, with BERR data for 2005 indicating that 74% of businesses in the County were still trading 3 years after their formation. This compares to 71% nationally and 70% regionally. Analysis by sub-area shows that business survival rates are highest in the North (79%) and lowest in the South East (69%).
- 2.41 As the table below indicates, Northumberland has a slightly higher proportion of small businesses and a lower share of larger firms than the North East and national averages. Again, there are notable differences between the County's sub-areas with the West contain a particularly high proportion of small business and the South East a greater share of larger employers.

Table 2.1 Proportion of small businesses in Northumberland

	0-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
North	68.1%	16.5%	8.6%	4.7%	1.2%	0.7%	0.1%	0.1%	0.0%
South East	59.5%	18.9%	9.9%	7.5%	2.6%	1.0%	0.4%	0.0%	0.1%
West	72.8%	14.3%	7.3%	3.9%	1.1%	0.4%	0.1%	0.0%	0.0%
Northumberland	67.0%	16.5%	8.6%	5.3%	1.6%	0.7%	0.2%	0.0%	0.0%
North East	60.6%	17.8%	10.1%	7.2%	2.4%	1.3%	0.4%	0.1%	0.1%
UK	68.0%	14.9%	8.3%	5.5%	1.9%	1.0%	0.3%	0.1%	0.0%

Source: UK Business: Activity, Size and Location (2009)

Industrial Structure

- 2.42 As Figure 2.2 illustrates, the largest industrial sectors in Northumberland (in employment terms) include public administration and health (35%), and distribution, hotels and restaurants (24%). Both of these figures exceed the national average, which could make the area vulnerable to future public sector spending cuts. It is therefore important to stimulate additional employment opportunities in order to help diversify the economy and strengthen private sector activity in the area.
- 2.43 It is interesting to note that the typically high growth sector of banking, finance and insurance is currently under-represented in Northumberland, accounting for 11% of jobs. This compares to 22% of all employment at the national level.
- 2.44 The figure clearly demonstrates that the economies of Northumberland's three sub-areas are not homogeneous, with each demonstrating high proportions of employment in particular sectors. The North, for instance, is characterised by a strong-representation of jobs in public administration and health, and tourism-related activities compared to County and national averages. The West contains above average levels of employment in tourism, and banking, finance and insurance. Manufacturing remains particularly strong in the South East.

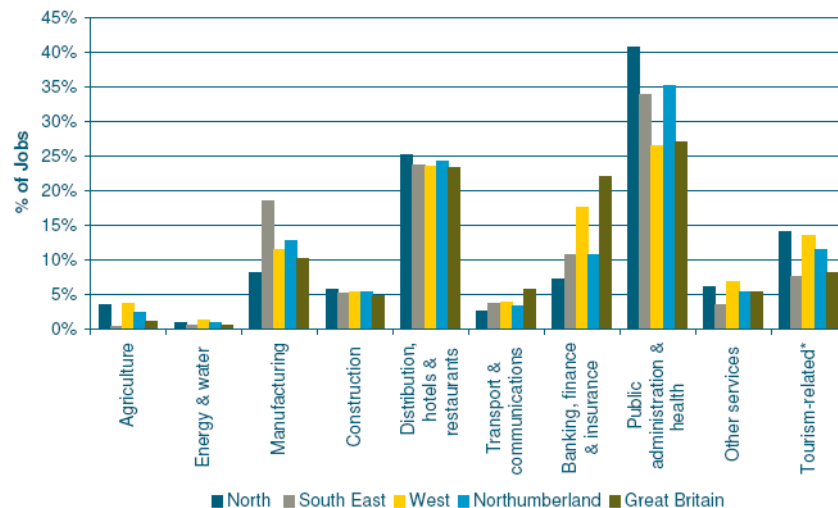


Figure 2.2 Jobs by Sector in Northumberland (2008)

Source: Annual Business Inquiry

- 2.45 As outlined earlier in this section, growth in employee jobs within Northumberland has been modest. Notwithstanding this, the key sectoral drivers of job growth over the period 1998-2008 at County level have been: banking, finance & insurance (although starting from a low base); public administration & health; and other services. However, for all of these sectors growth across Northumberland was lower than the national average. A smaller increase in employment was observed with respect to distribution, hotels & restaurants, although this was broadly in line with national and regional growth.
- 2.46 Whilst data is not available for the North East or Great Britain in order to serve as a benchmark, it should also be noted that Northumberland experienced an 18% uplift in tourism-related jobs over the period. This is not shown on the graph.
- 2.47 These job increases outlined above were, to a large extent, offset by significant contraction in a number of Northumberland's traditional industries. Employment in energy & water fell by 58% (which can mainly be accounted for by the closure of Blyth Power Station in 2001) and manufacturing employment decreased by 27% (although this is a smaller decline than observed regionally and nationally). A significant fall in the number of jobs was also experienced in the agriculture and construction sectors.

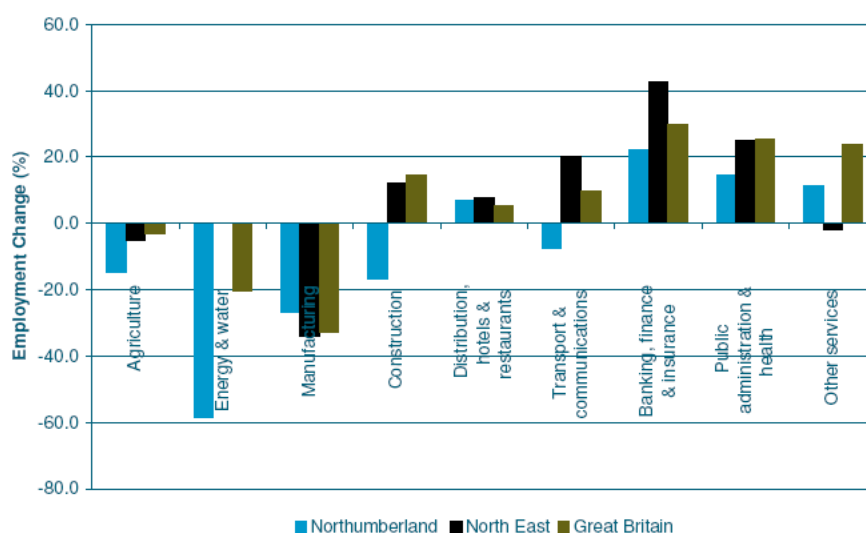


Figure 2.3 Employment Change in Northumberland (1998-2008)

Source: Annual Business Inquiry

Knowledge-based Industries

2.48

Knowledge-based industries comprise those sectors of the economy where value-added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors and so are considered an important indicator of economy's competitiveness and future growth prospects. Table 2.2 provides an understanding of where these industries are concentrated in Northumberland, although it has not been possible to aggregate this information up to sub-area or County level. This is because data is only available as a percentage, rather than in absolute terms and cannot, therefore, be accurately aggregated. It can be seen, however, that Northumberland contains fewer knowledge-based businesses than the national and regional averages. It can also be seen that the highest concentrations of activity within the County are focused in the former districts of Castle Morpeth and Tynedale.

Table 2.2 % of Employment in Knowledge Based Industries

	Knowledge-Based Businesses
Alnwick	11.6%
Berwick	8.8%
Blyth Valley	13.4%
Castle Morpeth	17.3%
Tynedale	15.7%
Wansbeck	11.1%
North East	16.1%
UK	20.5%

Source: UK Competitiveness Index (2008)

- 2.49 Whilst Northumberland currently contains a low proportion of knowledge-based businesses, further research at the County-level set out within the Local Economic Assessment indicates that recent performance has been strong. Indeed, over the period 2000-06 the number of VAT-registered knowledge-based firms in Northumberland increased by 25.2%. This is in line with the corresponding figure for the North East (25.7%) and far above the national level (10.7%). Furthermore, it is estimated that the number of knowledge-based jobs in the County increased by 35.0% over the same period, compared to 27.9% regionally and just 10.7% nationally.

Workforce

- 2.50 Northumberland's economic activity rate, at 64.6%, is above the regional average (61.3%) but below national levels (66.9%) suggesting there is some scope for further growth in the local economy. An analysis of the data at the sub-area level shows that economic activity rates are relatively high; performance is worst in North Northumberland (63.4%) but still outstrips the North East average. The highest levels of economic activity are observed in West Northumberland (66.7%).⁷
- 2.51 The County has a relatively high rate of self-employment, particularly in the context of national performance. Indeed, it is estimated that 9.7% of the working-age population are self-employed in both Northumberland and the North East in comparison with 9.0% nationally. The County-wide average, however, masks significant differences across the sub-areas of Northumberland. Data at this level is only available for 2001 and is not, therefore, directly comparable with the figures discussed above. The 2001 data does, however, indicate that levels of self-employment are particularly low in the South East, an area that is characterised by a higher number of large employers, whilst levels of self-employment in the West and North far exceeded the 2001 national average. This entrepreneurial spirit is something which the County can build on.
- 2.52 Claimant unemployment in Northumberland (3.9%) is lower than the regional average (5.2%) and in line with national rates (4.1%). Whilst the County has traditionally outperformed the North East over the past decade, it has narrowed the gap with respect to national levels over the same period. Examining the figures at County level does, however, mask the high levels of claimant employment observed in the South East (5.2%) which are offset by the low levels in the North and West of 2.9% and 2.6% respectively.

⁷ Data sourced from Northumberland Infonet and based upon Census 2001. More recent data from ONS cannot be accurately aggregated up to sub-area level.

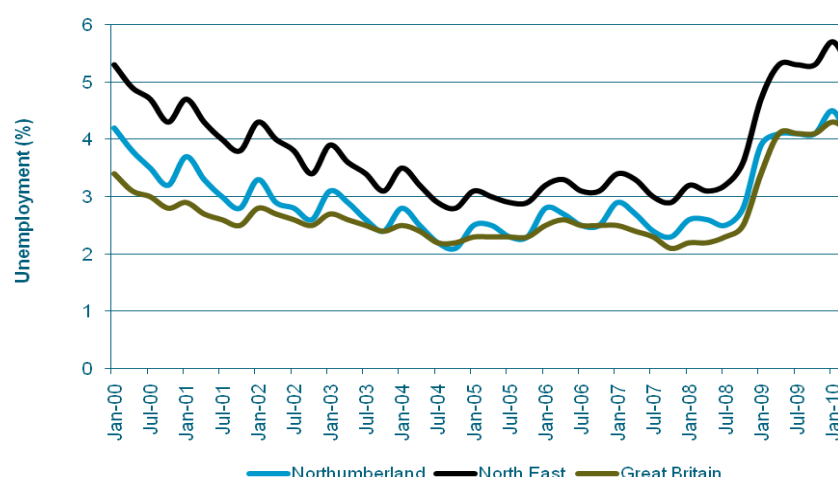


Figure 2.4 Claimant Unemployment

Source: ONS Claimant Count

- 2.53 In April 2010 there were 7.6 claimant unemployed workers in Northumberland for every notified job centre vacancy. This was lower than the ratio for the North East (8.1) but significantly higher than that for Great Britain (6.2). This indicates slightly better prospects for the unemployed to find work in the County relative to other parts of the region. The prospects for the unemployed would appear to be particularly poor for residents in the South East, where there were approximately 14.6 claimant unemployed workers for every notified vacancy. Performance in the North (4.1) and West (4.6) was far stronger, suggesting better prospects of finding employment than the national average.

Skill Levels

- 2.54 The resident workforce of Northumberland performs poorly in comparison with the national average, containing a higher proportion of people with no qualifications (31.3% compared to 28.9%) and fewer graduates (17.6% compared to 19.9%). The County does, however, perform better than the North East region with respect to both figures. Significant disparities can be observed across the sub-areas, with the South East containing the fewest graduates (11.6%) and the greatest number of residents with no qualifications (35.0%) and the West being characterised by the highest skills levels (26.8% qualified to degree level or higher and just 24.6% with no qualifications).

Earnings

- 2.55 The average gross annual salary for *jobs* based in the County is £17,950. This is below the regional average and just 82% of the national figure. However, the average gross annual salary of Northumberland *residents* (£19,573) is far closer the national average (91%) and exceeds the corresponding figure for the North East. This indicates that jobs in Northumberland are relatively low paid (possibly reflecting the seasonal nature of tourism positions and Northumberland's high proportion of part time workers) and that many of the County's residents are commuting to higher paid jobs elsewhere.

- 2.56 Whilst the data discussed above is not available for the three sub-areas of Northumberland, the Local Economic Assessment does provide some understanding of income differentials throughout the County. Using resident-based data, this shows that average weekly household incomes (2004/05) averaged £541 across Northumberland, ranging from £492 in the South East to £643 in the West.

Deprivation

- 2.57 Levels of deprivation vary across Northumberland. The County's Local Economic Assessment⁸ assesses deprivation on the basis of the County's sub-areas rather than the proxies adopted by NLP elsewhere in this section. This highlights that deprivation is lowest in the West, where no super output areas (SOAs) are classified within the worst 25% or worst 10% of SOAs in England with respect to deprivation.
- 2.58 In contrast, concentrations of deprivation are greatest in the South East. 40% of the area's population live in one of the worst 25% of SOAs nationally in terms of deprivation, with 16% living in the worst 10% of SOAs. These pockets of deprivation are spread throughout the South East.
- 2.59 In the North, 8% of the population live in one of the worst 25% of SOAs nationally in terms of deprivation, although none of the area's SOAs are classified within the worst 10%. The concentrations of deprivation within the sub-area are located primarily in the north.

Inward Investment

- 2.60 Inward investment data from One North East for the period 2007/08 – 2009/10 indicates that Northumberland attracted 30 inward investment projects over the period. This resulted in the creation of approximately 700 new jobs whilst almost 400 further jobs were safeguarded.
- 2.61 The data indicates that South East Northumberland is considerably more attractive to inward investors than the other sub-areas, although it is important to acknowledge that the picture may have been distorted as a consequence of fiscal incentives to encourage investment within the South East. Indeed, of the 30 projects recorded by One North East, 25 were in the South East (creating 416 new jobs and safeguarding a further 370). The three most popular locations in the County, in terms of inward investment secured, are Blyth (12 projects, creating 164 new jobs and safeguarding 10), Cramlington (8 projects, creating 224 jobs and safeguarding 277) and Ashington (5 projects, creating 28 jobs and safeguarding 83) which all lie within South East Northumberland.
- 2.62 It should, however, be noted that the data discussed takes account of expansions and acquisitions in addition to new projects. The number of new

⁸ The LEA analysis is based upon 2007 English Indices of Deprivation date

inward investments into the area over the period is significantly lower at 7. It is estimated that these projects created just 44 new jobs. A similar pattern is observed with respect to the locational preferences of inward investors, however, with all 7 new projects established in South East Northumberland.

- 2.63 It is important to acknowledge the role that infrastructure improvements can play in enhancing the ability of an area to compete with respect to inward investment. Anecdotal evidence gathered as part of the consultation process has indicated that the quality of the road network, particularly in the north of the County has served to deter investment and demand for premises in the past. It is understood that a planning application is currently being prepared for the Morpeth Northern Bypass, which would help to alleviate congestion around Morpeth and improve connections to the A1 from the town. The Morpeth Northern Bypass will also link the A1 to the A189 corridor, providing a strategic link across the northern perimeter of south east Northumberland without having to pass through the centre of Morpeth (which is unsuitable for heavy freight) or travelling to Tyneside.
- 2.64 Additionally, Transport Secretary Philip Hammond has pledged that the Coalition Government will consider the dualling of the A1 throughout Northumberland, proposals which were not previously supported by the recently revoked Regional Spatial Strategy. The DfT has also produced a consultation document on the possible future dualling of the A1 in Northumberland. Clearly this would represent a significant opportunity for the County, particularly the north, by enhancing the strategic accessibility of the area. Indeed, evidence collated by www.a1north.com⁹ suggests that there is a demonstrable link between investment in road infrastructure and levels of economic development.

Business Consultation

- 2.65 As part of the ELR process, a postal survey of businesses located in Northumberland was undertaken by NLP in May 2010 (see Appendix 2). A business database provided by the County Council was used to obtain contact details. The information within the database was then sorted to ensure that the survey sample included a range of industrial sectors and incorporated all of the main employment locations in the study area.
- 2.66 The survey was sent out to a sample of 600 businesses. NLP received 128 completed surveys, representing a response rate of 21%, which is not untypical of postal surveys of businesses.

Business Background

- 2.67 The responses received provide a good cross-section of the business community, with firms from locations across Northumberland participating. Completed surveys were received from businesses of all sizes, ranging from

⁹ It should be noted that the a1north.com website is administered by a local haulage firm.

just 1 employee through to in excess of 400. The graph provides a summary and shows that the size profile of the survey sample is typical of the business size profile of the County's economy. It can be seen from the graph that the majority of responses were from small businesses.

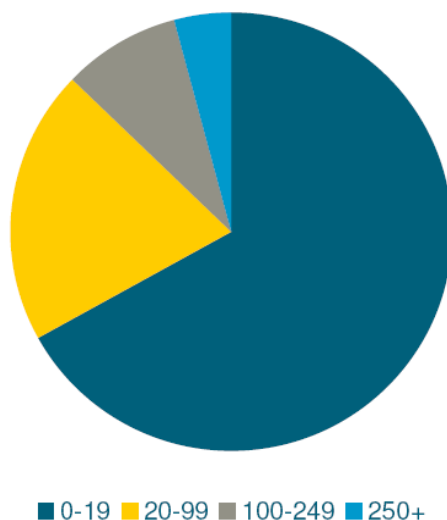


Figure 2.5 Size of Business (Employees)

- 2.68 It is interesting to note that despite the relative remoteness of parts of Northumberland, businesses located in the area are not restricted to servicing smaller local markets. Indeed, 54% of respondents indicated that they look to national and international markets for the majority (in excess of 75%) of their custom. Assessing the responses at the sub-area level indicates that the South East contains the highest proportion of such businesses, accounting for 55%. There appears to be little difference between the relative attractiveness of the North and West with respect to such firms, with the sub-areas accounting for 22% and 24% respectively.

Current Premises

- 2.69 Businesses were asked to classify the type of employment premises they currently occupy. 40% of respondents indicated that they occupy office premises, followed by light industrial (19%), heavy industrial (17%) and warehousing (15%). It is not, however, considered that this is representative of the County's stock of floorspace. This is considered in detail in the following section.
- 2.70 A high proportion (61%) of respondents had relocated to their current premises from elsewhere. Of those relocations, 39% had moved from premises elsewhere in the same town, whilst a further 26% had remained with Northumberland. In those instances where a respondent had moved to Northumberland from outside the County, the majority of firms (77%) had originally been located in Tyne and Wear.

2.71 The business survey also sought respondents' views on those factors that had influenced their decision to locate in or move to Northumberland. The top 10 factors identified are summarised in Figure 2.6. This illustrates that the availability, cost and quality of commercial premises are critical in underpinning such decisions. As such, there is a clear need to ensure that Northumberland has a stock of available premises that meet the needs of modern occupiers. The graph also suggests that proximity to the residence of a firm's owner or senior manager has a significant impact upon a large number of investment decisions. This could have implications in terms of future demand in the more affluent settlements of the County including Ponteland, Hexham and Morpeth.

2.72 It is interesting to note the high proportion of respondents that highlighted the importance of the road network, particularly given the existing constraints in large parts of the County. This would suggest that sites in the South East, or the eastern area of Tynedale, where access is good, are likely to be particularly attractive to businesses. As previously discussed, the Coalition Government has pledged to consider the dualling of the A1 throughout Northumberland which would help to enhance the appeal of the area as a business location.

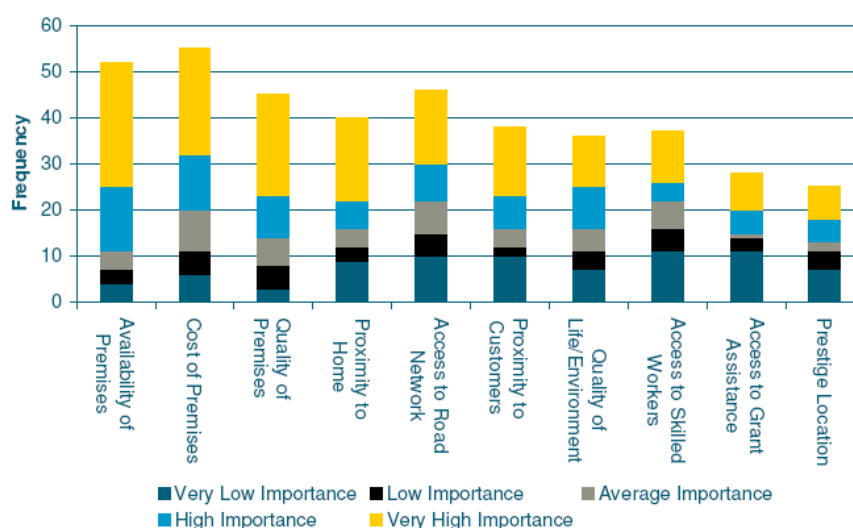


Figure 2.6 Factors Influencing Current Location

2.73 In terms of the suitability of existing premises, 67% of businesses indicated that their current buildings provide the correct amount of floorspace to meet their needs. However, more than one in five (22%) firms stated that their current accommodation was too small to properly service their business needs.

Future Premises

2.74 Based upon the survey data, it is estimated that 47% of respondents expect to relocate over the next 10 years as a consequence of an expansion or contraction in their operations. It would appear that there is a strong desire to remain within Northumberland amongst those businesses considering the need for new premises, with 90% indicating that they would prefer to stay in

Northumberland. Clearly, however, this is dependent to an extent upon the availability of suitable sites and premises.

- 2.75 Of those businesses likely to look beyond Northumberland for any new premises, 67% indicated that they would favour a move to Tyne and Wear. This would suggest that Tyne and Wear represents the County's principal competitor location.
- 2.76 Businesses were asked to highlight those factors likely to impede their ability to expand within Northumberland, with the results summarised in the graph below. Unsurprisingly given the recent recession and the fragility of the subsequent recovery, market conditions were identified as a key issue. Additional factors that this ELR can perhaps seek to influence more directly included a lack of suitable land/premises and development costs. It is interesting to note that the overwhelming majority (78%) of respondents that highlighted a lack of land as an issue are currently located in North Northumberland.
- 2.77 Broadband connectivity was also highlighted by a small number of businesses from across the County as an issue that could constrain their future expansion. This reinforces anecdotal evidence collected during consultation, with the Council's Economic Development team identifying this as a key issue. There was no clear spatial pattern to this emerging from the Business Survey, however, although evidence provided by NCC indicates market failure on the first generation broadband in most of Northumberland, with only a handful of exchanges (almost all within South East Northumberland) having been invested in beyond initial enablement by BT.

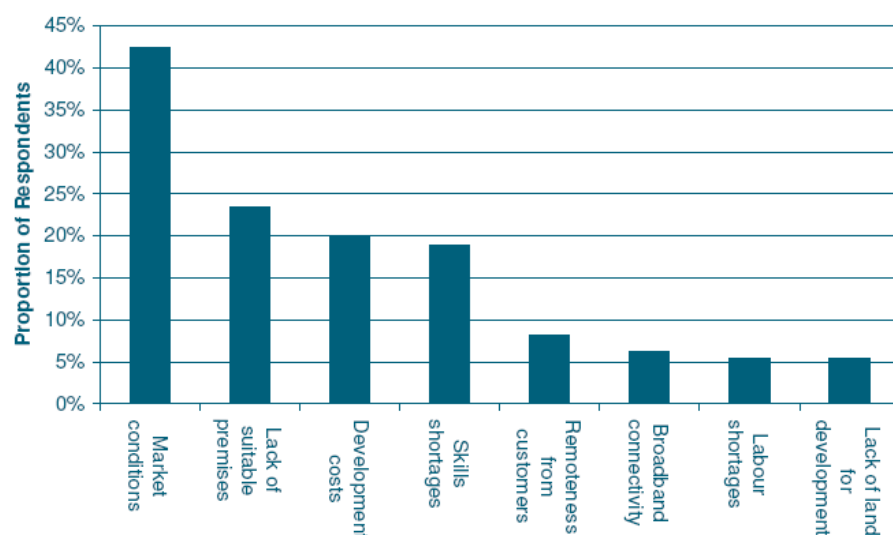


Figure 2.7 Anticipated Obstacles to expansion

Commuting Flows

- 2.78 Travel to Work data from the 2001 Census indicates that there were approximately 136,000 Northumberland residents in employment, of which 91,270 had jobs based within the County, yielding a 'containment rate' of 67%.
- 2.79 The data also shows that the remaining 44,730 residents commuted to jobs beyond the County boundary. This outflow of workers is counterbalanced, in part by a daily inflow of residents from other authorities travelling in to Northumberland to work. However, the inflow is estimated at just 16,280 resulting in a net outflow of 28,460 workers.
- 2.80 The map below provides a summary of the key inflows and outflows to the former districts of Northumberland. This demonstrates that the Tyne and Wear conurbation is a major driver of the net outflow of workers experienced by the County.

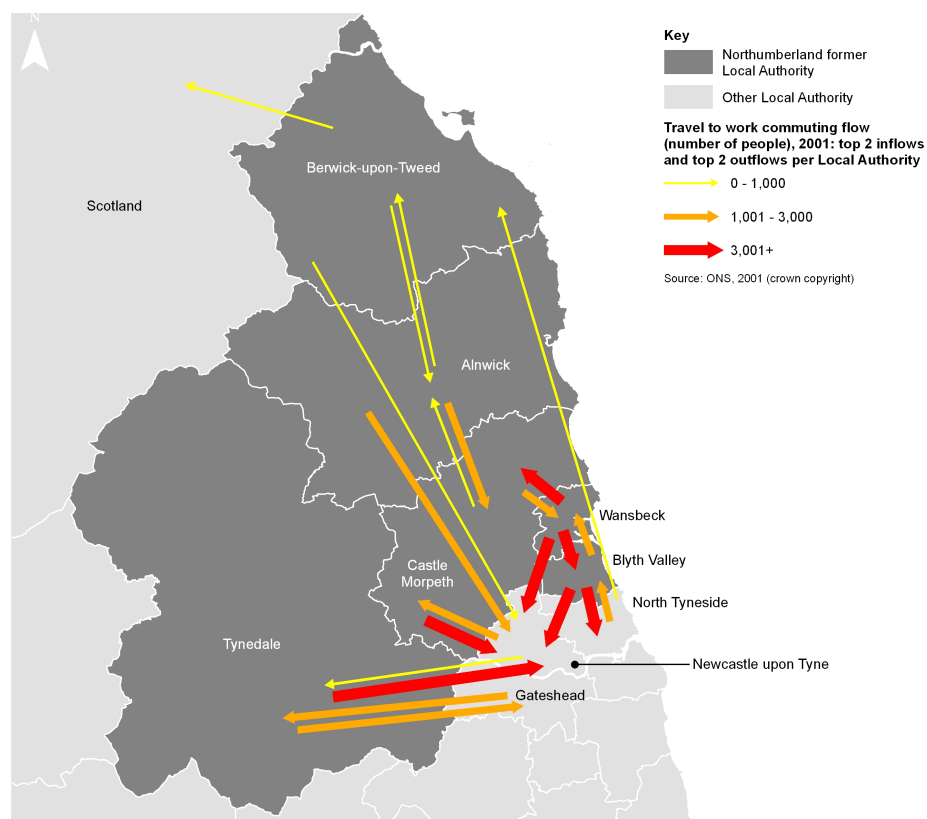


Figure 2.8 Travel to Work Patterns

- 2.81 The 2001 data discussed above represents the most comprehensive dataset available regarding travel to work patterns. However, work undertaken by the North East Regional Information Partnership (NERIP) in 2010 uses Annual Population Survey data from ONS to offer a snapshot of commuting flows in 2008 and compares these against the 2001 figures to identify emerging trends. Key findings of the study that are of particular relevance to Northumberland are summarised below:

- Inward flows to Berwick from other areas have increased since 2001, whilst the proportion of people living and working in Berwick has also increased. Taken together, this would suggest that the area serves as an employment centre in its own right, not only for residents of Berwick but also for an increasing number of workers residing elsewhere;
- Tynedale attracts a low level of in-commuting relative to other areas. However, outward flows of residents to jobs beyond Tynedale have fallen since 2001, indicating that the area is less of a commuter district than it was at the time of the Census. The NERIP study suggests that this may have been driven by improvements in IT communications encouraging an increase in home working;
- Alnwick appears to have become more of an out-commuter district, with increasing numbers of residents travelling elsewhere for employment; and
- The proportion of people living and working in Wansbeck has increased, although the area is still characterised by high levels of out-commuting. A shift in the destination of these outflows has also been observed, with the number of residents commuting to Newcastle increasing to offset a fall in those travelling to Castle Morpeth. This would suggest that economic linkages with Newcastle have strengthened over the period since 2001.

Functional Economic Areas

2.82

Typically an examination of commuting flows is used to help in understanding the functional economic area(s) within which a local authority lies. This study, however, draws upon a more detailed exercise undertaken by the North East Regional Information Partnership (NERIP)¹⁰ which takes account of commuting flows, shopping patterns and trade linkages. This work breaks the North East region up into a series of areas that have many of the characteristics of a functional economic area. With respect to Northumberland, the study identifies four distinct areas covering parts of the County:

- **The area around Berwick upon Tweed:** this predominantly rural area comprises the former local authority district of Berwick, reflecting the high levels of self containment observed with respect to commuting and shopping patterns. In terms of travel to work data, the former authority was the most self-contained in the North East, as a consequence of its remoteness from major urban centres such as Newcastle and Edinburgh.
- **The area around Alnwick and Morpeth, and West Northumberland:** this area covers the former local authority district of Alnwick and most of the former Castle Morpeth and Tynedale authorities (excluding the portions which are close to Newcastle). The area is largely rural in character and contains the Cheviot Hills, Kielder Water and sections of the Northumberland Coast. Morpeth serves as a major centre of employment (with ties to Tyneside and South East Northumberland), as does Hexham (which also looks towards West Northumberland and northern parts of County Durham). Alnwick is a less significant economic centre, with ties to

¹⁰ *The Economic Geography of the North East*, NERIP (2010)

Morpeth and Berwick, as well as (to a far lesser extent) Tyneside.

Commuting data shows that the northern part of the area is relatively self-contained, with 60-70% of Alnwick and Tynedale residents working within the former district areas. However, the area becomes more outward-looking to the south, reflecting the influence of Newcastle and North Tyneside.

- **South East Northumberland:** this area, which is mostly urban and semi-urban in character, contains the two former local authorities of Blyth Valley and Wansbeck. A former coal-mining area, South East Northumberland includes the towns of Blyth, Ashington and Cramlington and experiences high levels of deprivation in many parts. Travel to work data reveals that a relatively high proportion of residents commute out of the area to Morpeth and Tyneside, whilst significant commuting flows in the opposite direction can also be observed; and
- **Newcastle, Gateshead and the area north of the Tyne:** this area includes the local authorities of Newcastle, Gateshead and North Tyneside, as well as the urban fringe extending as far west as Prudhoe. Within Northumberland it contains the towns of Prudhoe and Ponteland. The area is the region's key economic centre, containing a large number of jobs and regionally important organisations (both public and private sector). This is reflected in travel to work data, which shows that the area is the commuting destination for a large number of people living elsewhere in the North East. Significant inflows can be observed from Blyth Valley, Morpeth, Tynedale, Derwentside, Chester-le-Street, Sunderland and South Tyneside, whereas outflows to these districts from Newcastle Gateshead and north of the Tyne are far smaller - despite their obvious proximity in many instances.

2.83 It should be noted that NCC is undertaking evidence work on economic geographies, which this information should be considered alongside.

Conclusions

2.84 Table 2.3 provides a summary of the analysis contained within the preceding paragraphs. The information is drawn together in order to identify the economic strengths and weaknesses of the area, as well as the key potential opportunities and threats which will influence Northumberland's ability to support new employment space in the future.

Table 2.3 SWOT analysis for Northumberland County

Strengths	Weaknesses
Attractive market towns and rural areas (particularly in the North and West) provide quality of life advantages	Low representation and modest growth in office-based sectors
Strong growth in the business base and a high proportion of small firms	Small proportion of knowledge-based businesses at present
Low levels of unemployment (particularly in the North and West)	Low growth in employee jobs during a period of strong economic performance nationally
Strong recent growth in knowledge-based	High levels of deprivation in the South East

<p>activity (albeit from a low base)</p> <p>Tourism assets, heritage and leisure attractions</p>	<p>Poor accessibility in parts of the North and West, giving rise to isolated rural communities</p> <p>Current lack of high speed broadband provision</p> <p>Low level of workplace-based earnings</p>
Opportunities	Threats
<p>NAREC offers the potential to drive growth in renewable energy and related sectors</p> <p>Scope to develop the County's offer as a lower-priced alternative to the commercial markets of Tyneside – particularly as the influence of the EZs comes to an end</p> <p>Potential to increase the provision of workspace to capitalise upon the entrepreneurial culture</p> <p>Potential long term opportunity arising from the Government's revised stance on the dualling of the A1 in Northumberland</p>	<p>Competition for inward and domestic investment from nearby economic centres such as Tyneside</p> <p>The high proportion of public sector employment (especially in the North) could leave the County vulnerable to Government spending cuts</p> <p>The South East's strength in manufacturing could be threatened in future by off-shoring and the impact of the recession</p>

Source: NLP analysis

3.0

The Current Stock of Employment Space

3.1

This section provides an overview of the current stock of employment space in Northumberland and recent trends and changes to the supply of such space. The analysis focuses upon the main types of employment uses – primarily offices (use class B1(a)), manufacturing industry (B1(c)/B2) and warehousing/distribution (B8), drawing upon the following sources:

- Commercial floorspace data from the Valuation Office Agency (VOA) and published by ONS;
- Annual monitoring data regarding employment land and premises, as collated by the former districts of Northumberland.

3.2

It should be noted that floorspace trend data regarding most other uses defined as economic development within PPS4 is not typically available from these sources. Current provision for non B class uses is considered separately in Section 5.

Stock of Employment Floorspace

3.3

The graph overleaf shows the total amount of employment floorspace in Northumberland and the surrounding local authorities, separated out by the main use categories. This is based on data from the Valuation Office Agency (VOA) and illustrates that the area has approximately 2.2million sq.m of B class floorspace. Whilst this figure is lower than that of County Durham, it is broadly comparable with the level of provision in authorities such as Newcastle and Gateshead.

3.4

In contrast with Newcastle and Gateshead, however, the stock of space in Northumberland is characterised by high levels of factory floorspace and a modest provision of offices. The area's stock of space comprises:

- 170,000sq.m of commercial office premises;
- 1,491,000sq.m of factory floorspace; and
- 536,000sq.m of warehousing premises.

3.5

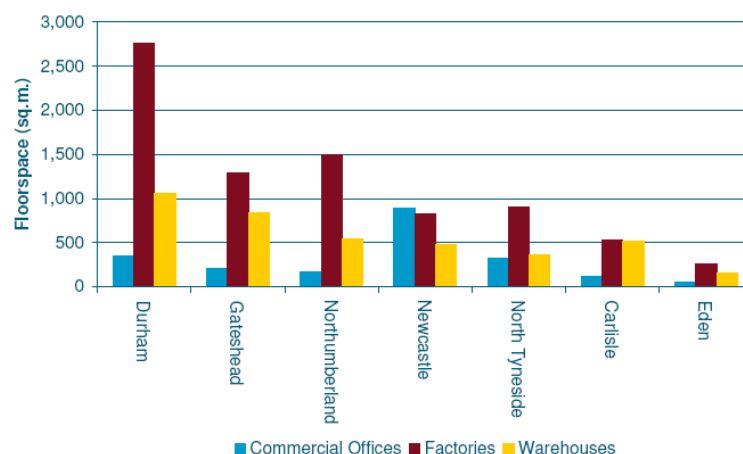
Analysis of the data at sub-area level shows that provision in Northumberland is dominated by the South East, which accounts for 50% of the County's total stock (1.1million sq.m). The North (600,000sq.m) and West (490,000) account for 27% and 22% of space respectively. The distribution by type is summarised below and is broadly similar to that of Northumberland as a whole, with each sub-area containing a large amount of factory floorspace and relatively little office space:

- North Northumberland: 79,000sq.m of commercial offices, 321,000sq.m of factory space and 202,000sq.m of warehousing premises;
- South East Northumberland: 57,000sq.m of commercial offices, 828,000sq.m of factory space and 224,000sq.m of warehousing

premises; and

- West Northumberland: 34,000sq.m of commercial offices, 342,000sq.m of factory space and 110,000sq.m of warehousing premises.

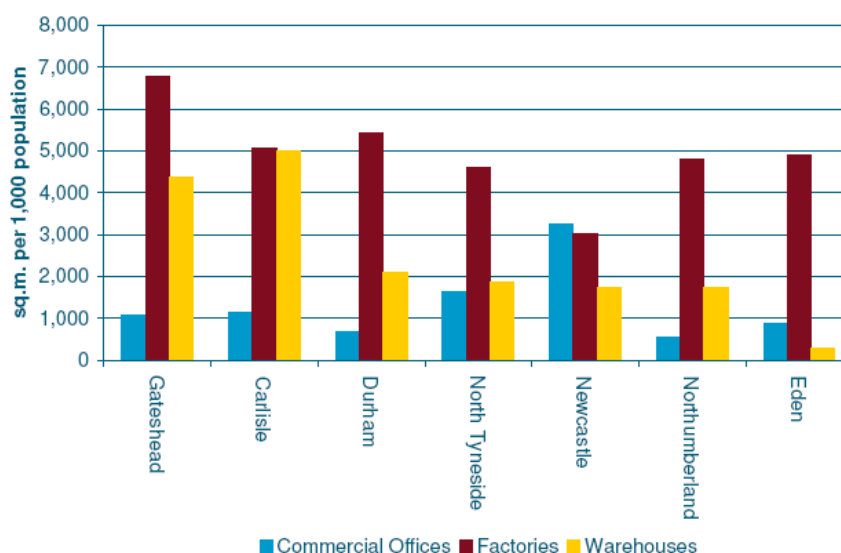
Fig 3.1 Stock of B Class Premises



3.6

Whilst Northumberland contains a significant amount of employment floorspace, it is important to acknowledge that this is, in part, a function of the authority's size. The graph below considers the stock of B class space relative to population size and reveals that Northumberland is ranked sixth out of seven authorities when such analysis is applied. It also demonstrates that the area has the *lowest* supply of commercial offices relative to population.

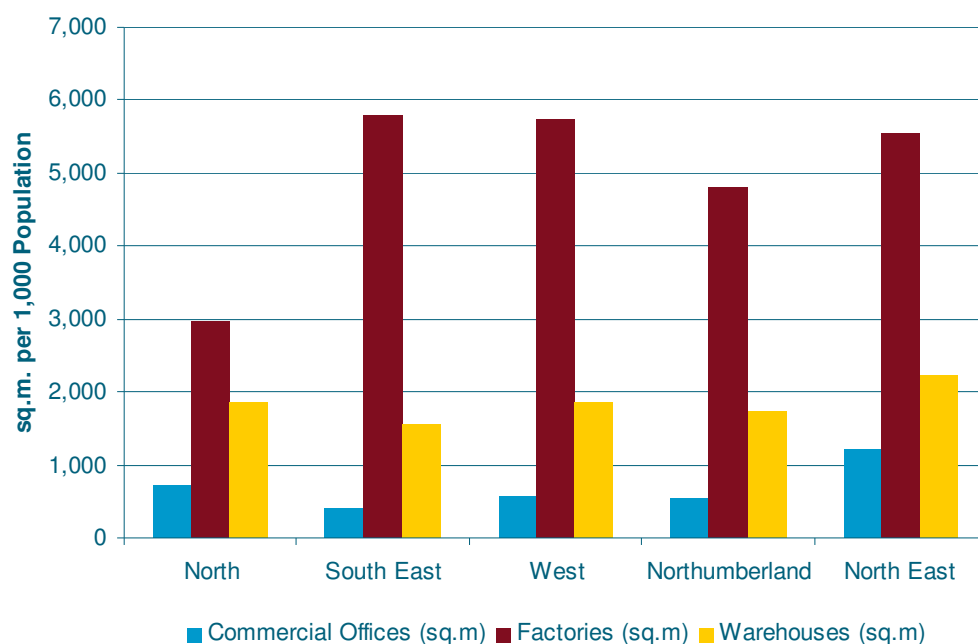
Fig 3.2 Stock of B Class Premises per 1,000 Population



3.7

An analysis of the data by sub-area shows that the level of B class floorspace provision relative to population size exceeds the County average in South East and West Northumberland. A lower figure is observed in the North.

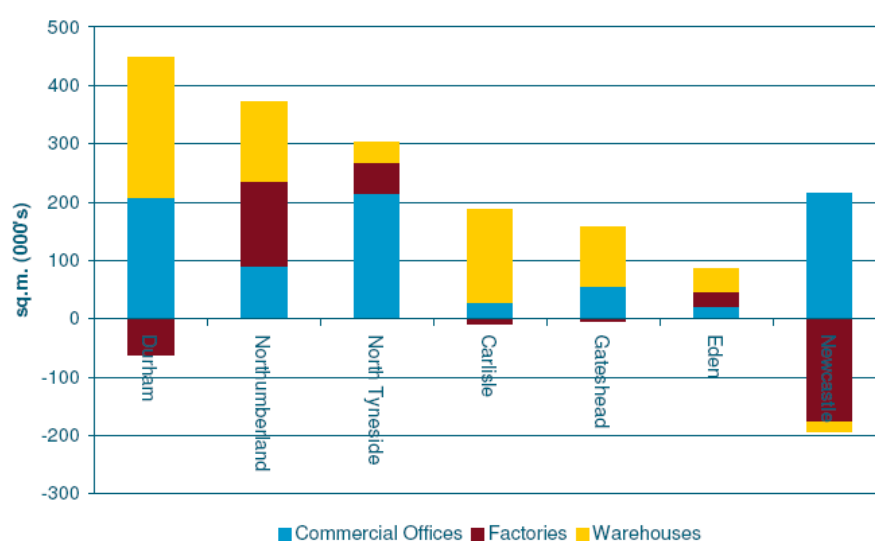
Fig 3.3 Stock of B Class Premises per 1,000 Population



Changes in Employment Floorspace

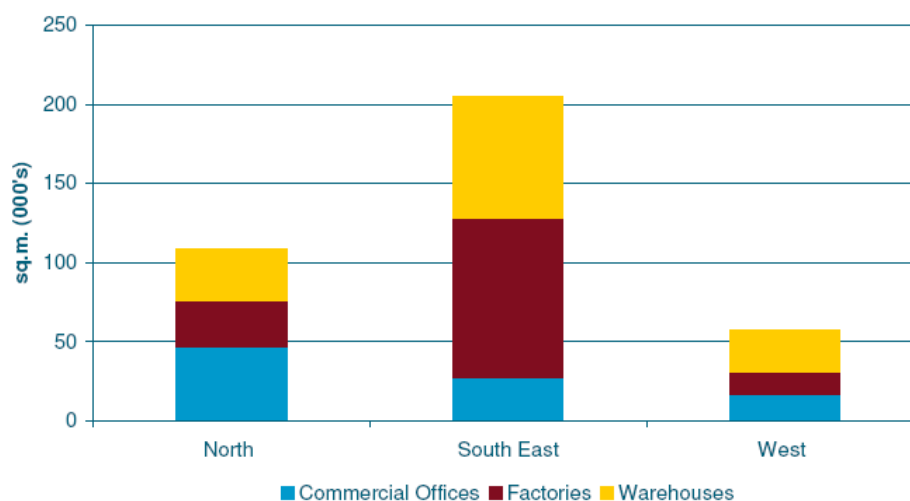
- 3.8 The graph overleaf provides a summary of recent changes in the stock of B class floorspace in Northumberland and the surrounding authorities. Again, the analysis is underpinned by VOA data.
- 3.9 It can be seen from the graph that Northumberland experienced a net gain in all B class floorspace of approximately 371,000sq.m (or 20%) over the period 1998-2008. This was the second largest increase in absolute terms of all the local authorities assessed. This level of growth was driven by increases in floorspace across all three use categories, as outlined below:
- A gain in commercial office space of 91,000sq.m;
 - A 144,000sq.m increase in factory floorspace; and
 - A gain in warehousing space of 136,000sq.m
- 3.10 The increase in factory floorspace is interesting to note, given that a contraction in supply was observed in the majority of surrounding authorities. Indeed, Northumberland has bucked the national trend, with factory floorspace falling by 9% across England.

Fig 3.4 Change in Stock of B Class Floorspace (1998-2008)



- 3.11 Net increases in floorspace were also observed in all three of the County's sub-areas. North Northumberland saw B class floorspace rise by 109,000sq.m and the West by 57,000. However, the strongest growth was experienced in the South East where floorspace increased by 205,000sq.m. This is summarised in the graph below which highlights that each sub-area posted an increase in factory floorspace against a backdrop of national contraction.

Fig 3.5 Change in Stock of B Class Floorspace (1998-2008)



Emerging Supply of Employment Space

- 3.12 Drawing upon data provided by Northumberland County Council it is estimated that the gross amount of potential new B class development with extant permission at April 2009 stood at 46.65ha. Based upon average annual gross take-up of 10.43ha per annum (see below), this equates to approximately 4.5 years of future supply.

Table 3.1 Development Pipeline for Northumberland

	B1a	B1b	B1c	B2	B8	General B Uses	TOTAL
Land (ha)	23.49	2.43	2.32	14.13	2.22	2.06	46.65

Source: NCC April 1st 2009

- 3.13 It should be noted, however that the development pipeline also contains a number of proposals that could result in the loss of existing or allocated employment sites to non-employment uses. This figure was estimated at 45.79ha at April 2009. Subtracting this figure from a gross development pipeline of 46.65ha would indicate that, in net terms, extant permissions will result in the provision of just 1ha of new employment land.

Property Availability / Vacancy Levels

- 3.14 Data published in early 2008¹¹ revealed that there was approximately 197,000sq.m of vacant B class floorspace in Northumberland, which equated to 8.8% of total stock. This vacancy rate is broadly in line with the 8-10% level that is typical for a normal market with a reasonable amount of space available for firms to relocate and expand.
- 3.15 It can also be seen from the table below that vacancy rates for Northumberland are broadly similar with respect to both office and industrial premises.

Table 3.2 Vacancy Rates (2008)

	Office	Industrial	All B Uses
North	5.5%	6.0%	5.9%
South East	14.3%	12.7%	12.9%
West	3.0%	3.0%	3.0%
Northumberland	8.2%	8.8%	8.8%

- 3.16 The County-wide vacancy rate does, however, mask significant differences across the sub-areas of Northumberland. Indeed, vacancy rates in North and West Northumberland are below the 8-10% band discussed above. This would suggest that there may be an issue of undersupply, resulting in a tight market for B class floorspace. Conversely, vacancy rates in South East Northumberland were estimated at 12.9%, indicating an element of oversupply. Figures for the South East are thought to be high due to the availability of some large old industrial units in Blyth and Cramlington, which are unsuited to the market and unlikely to ever be taken up without investment or modernisation.

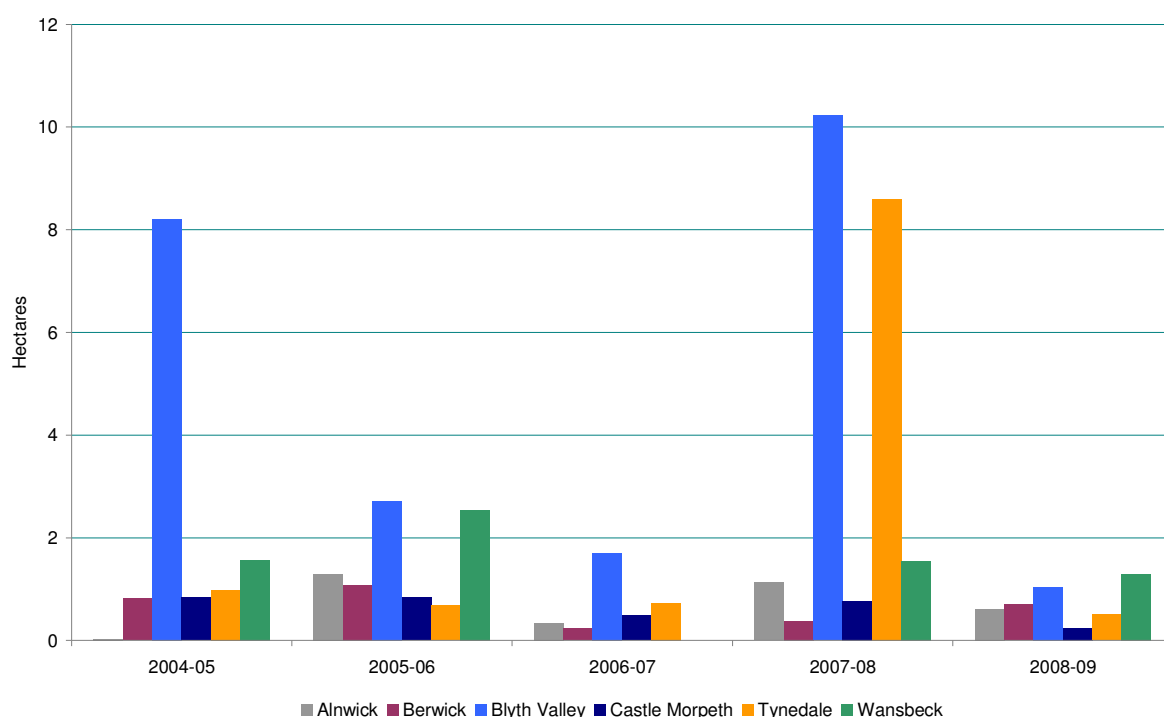
¹¹ 2008 Office Property Market Review, Northumberland Property Data Service and 2008 Industrial Property Market Review, Northumberland Property Data Service

Development Rates

3.17

The graph below provides a summary of the gross amount of land developed for employment uses in Northumberland over the period 2004/5 to 2008/9. This is based upon Annual Monitoring Report data compiled by NCC¹². Data is not available for the three sub-areas of Northumberland. However, some appreciation of the distribution of take-up can be provided by considering the data on the basis of the former districts.

Fig 3.6 Gross Annual Completions of Employment Land



3.18

This shows that 52.17ha of employment land was developed over the five year period, corresponding to an annual average of 10.43ha. This has been driven primarily by high levels of development in Tynedale (11.5ha) and Blyth Valley (23.9ha). It should be noted, however, that the majority of development in Tynedale occurred in just one year (2007/08) primarily as a consequence of the expansion of Egger's operation at Hexham. Given the low levels of development observed in the area during the remainder of the period, it could be argued that the figures for Tynedale have been skewed upwards by this one major development and are unlikely to continue at such levels over the LDF period. Blyth Valley's high take up figures were distributed more evenly across

¹² AMR floorspace figures (m²) were obtained for all years and for all former districts except for Alnwick for the years 05/06 and 06/07; Castle Morpeth for 06/07; and Tynedale 04/05. The two Alnwick reports recorded actual land take-up and it was agreed with NCC that if this is available in the AMR it should be used instead of floorspace conversions. The Castle Morpeth AMR recorded only floorspace for previous years, but for 06/07 provided a land-take figure. The Tynedale report did not provide a floorspace or land take-up for 04/05, therefore the figure provided for average annual take-up 91-05 provided in the Core Strategy Employment Background Paper was used. To convert floorspace into land, a plot ratio of 40% was applied.

the time period however, and reflected developments at Northumberland Business Park and West Nelson Industrial Estate in recent years.

Loss of Employment Space

- 3.19 Data regarding losses of employment land to alternate uses is not available for Northumberland on an annual basis and as a consequence, net annual take-up of employment land cannot be accurately calculated. However, data has been made available by NCC for the five year period 2004/5 to 2008/9 and this is summarised in Table 3.3.

Table 3.3 Losses of Employment Space (ha)

	B1	B1/B2	B1/B8	B2	B8	B1/B2/B8	Total
Alnwick	0	0	0	0	0	1.825	1.825
Berwick	0	0	0	0	0	3.289	3.289
Blyth Valley	0	2.66	0.6	0	0	18.3	21.63
Castle Morpeth	0	0	0	0	0	34.626	34.626
Tynedale	0	0	0	0	0	0.47	0.47
Wansbeck	0	0	0	0	0	7.3	7.3
Total	0	2.66	0.6	0	0	65.88	69.14

Source: NCC April 1st 2009

- 3.20 The table shows that almost 70ha of employment land were lost to other uses over a 5 year period, equating to approximately 13.828ha per annum. These losses were driven by a number of factors including residential schemes and non B class development including retail and community uses. The data also shows that the losses have been concentrated in the former districts of Blyth Valley (21.63ha) and Castle Morpeth (34.6ha).

- 3.21 Comparing the above figures to the gross development rates considered previously indicates that Northumberland has lost more employment land than has been developed for B-class uses over the past 5 years.

Age of Premises

- 3.22 Data published by the Northumberland Property Data Service¹³ provides an indication of the age of office and industrial premises across Northumberland and by sub-area. It should be noted, however, that no national or regional benchmarks are provided. The data indicates that, in broad terms, the County's supply of office premises is newer than its industrial stock. Indeed, it is estimated that almost half (46%) of all offices in Northumberland have been

¹³ 2008 Office Property Market Review, Northumberland Property Data Service and 2008 Industrial Property Market Review, Northumberland Property Data Service

developed since 1990, compared to just over a quarter (27%) of industrial floorspace.

- 3.23 Analysis of office premises by sub-area shows that both the West (52%) and the South East (49%) contain a higher proportion of modern stock compared to the County-average. The figure for Northumberland is dragged down, however, by the North, where just 40% of offices have been developed since 1990. The South East contains by far the highest proportion of modern industrial premises, with 39% of stock estimated to have been developed no earlier than 1990. This is almost double the corresponding figures for the North (22%) and West (18%). The high proportion of older industrial developments in these areas may mean that they are less suitable to be re-let to modern occupiers. This may result in a large amount of vacant premises with high re-development costs.
- 3.24 Prior to 1990, the west of the County had a very low level of office accommodation which, in the main, will have been small in size and based in town centres (particularly on upper floors and on industrial estates). Hexham in particular has seen small, purpose built, office developments e.g. Beaufront Park was developed out to address demand for purpose built accommodation to a modern specification.
- 3.25 South eastern Northumberland has seen modern business park developments at Wansbeck Business Park and Northumberland Business Park in particular. On Northumberland Business Park, modern, good specification, offices have been built speculatively to take advantage of latent demand from small to medium sized occupiers. Many units were built with a view to selling on to owner occupiers who wanted their own business identity and base. Many of these units were particularly attractive in the mid-2000s when the availability of finance was considerably easier to obtain; many were purchased by pension schemes and leased back to occupiers. Developers saw an opportunity to attract occupiers who didn't want to travel to Tyne and Wear and pay the higher values demanded for a similar product.

Employment Space in Adjoining Areas

- 3.26 It is important to understand the extent and types of available employment land in nearby authorities, as well as any major new economic development coming forward that could impact upon the County's employment portfolio. A brief review has been undertaken of the current employment land position in each of the adjoining areas and is set out below.
- 3.27 **North Tyneside** lies to the south east of Northumberland and is bounded by the River Tyne to the south and the North Sea to the east. The District's ELR, published in February 2009, highlights that demand for offices within North Tyneside is reasonable and is driven by a *"lack of good quality freehold premises in Newcastle City Centre."* The District's key office locations are Cobalt Business Park, Balliol Business Park and Royal Quays at North Shields. All three

locations were Enterprise Zones that have been developed as out-of-town business parks and have been successful in attracting inward investment to North Tyneside. With the abolition of the Enterprise Zones in 2011, however, locations for office development in North Tyneside will have to compete with locations elsewhere, based on individual site merits rather than purely on fiscal advantage. This may provide an opportunity for areas in Northumberland, particularly to the south east, to compete for office development due to the proximity to the Tyne and Wear conurbation and flexibility to provide purpose-built office accommodation.

The North Tyneside ELR indicates that the market for industrial premises is primarily focused upon local demand, although the District's stock does help to service some of Newcastle's needs also. Key industrial locations within North Tyneside include the Tyne Tunnel Industrial Estate, West Chirton Industrial Estate and New York Industrial Estate. 247 hectares of undeveloped, allocated employment land was identified by the ELR, although the study suggests that land considered unlikely to be developed for employment purposes should be removed from the portfolio. This reduces availability to 198 hectares. In terms of demand, the ELR concludes (on the basis of amending past take-up rates and projecting them forward) that requires 197ha of land over the period to 2020/21. This figure comprises of a 10ha per annum, in addition to a further 34ha to meet the area's growth aspirations and a buffer of 23ha for contingency purposes. Based upon this analysis, the ELR concludes that North Tyneside has sufficient land available to meet expected demand.

3.28

Newcastle upon Tyne borders Northumberland to the south east. The city is the regional capital and a key driver of the North East economy. Consequently, demand for office premises, particularly within the city centre, is high. However, supply in the city centre is constrained due to the compact nature of the centre, as well as competing demand for retail, leisure and residential space. As a result, supply has at times struggled to meet demand, which has provided the rationale for out-of-centre developments both in Newcastle and the surrounding authorities. The desire for purpose-built accommodation away from other traffic generating uses has compounded the hollowing out of office take-up in the city. Within Newcastle, the most recent out-of-centre office developments have taken place at locations such as the Newburn Riverside and Newcastle Great Park (NGP). The release of significant amounts of greenbelt land at NGP is likely to have had an impact upon demand in Northumberland, particularly the South East and Ponteland where the inter-relationship with the Tyneside conurbation is strongest. Greenbelt land is typically less constrained than brownfield, and often more attractive to developers as a consequence. In addition, NGP is well located beside the A1 and could therefore draw demand from Northumberland if investors' decisions are heavily influenced by proximity to the conurbation and the strategic road network. Locations in South East Northumberland will still be able to forge a role within this market context, potentially by offering lower cost land.

- 3.29 It is understood that Newcastle City Council is currently in the process of producing an ELR for the local authority area, to identify suitable sites for employment development over the period to 2037.
- 3.30 **Gateshead** is located to the south and east of Northumberland. The Council is currently undertaking an ELR for the Borough to cover the period to 2037. Whilst only in draft at the time of writing, in basic quantitative terms, the ELR concludes that the Borough has a reasonable level of employment land, with transport infrastructure constraints prohibiting development in areas of strongest demand such as the A1 Corridor and around Follingsby to the east. Take up of employment land since 2000/01 has only been marginally greater than the amount of employment land lost to alternative uses. The draft report concludes that the Borough requires between 94ha and 180ha (gross) to meet employment land needs up to 2037. Following a detailed review of all the PEAs and SEAs in Gateshead Borough, and the existing, committed and potential employment sites therein, the draft ELR recommends that the Borough's portfolio should comprise 74 employment sites, totalling 114.19ha. Much of this land is located in and around Gateshead Town Centre and Quayside; the Team Valley, East Gateshead and Follingsby. However, around 6ha is considered to be available at Blaydon/Derwenthaugh, with a further 10ha at Dunston; these are areas which are closer and more accessible to East Tynedale and Prudhoe in Northumberland and which may be expected to have more of an impact on the demand for employment land in these locations.
- 3.31 **County Durham** lies to the south of Northumberland. The Unitary Durham authority was created in April 2009 as a result of structural changes to local government. It is understood that the Council is currently undertaking an ELR to cover the period to 2037. The Council has also undertaken an econometric forecast study which is being used to inform the emerging Core Strategy. Initial options presented in the Core Strategy Issues and Options document suggests that there are *"a number of important existing employment locations within County Durham particularly at Peterlee, Newton Aycliffe and Durham City"*. The document estimates that an additional 168.2 hectares of employment land will be required up to 2030 in order to meet increased requirements. The Council aim to *"retain high quality sites close to Durham City, to main transport links and to the other priority towns in the area [Newton Aycliffe, Peterlee, Spennymoor, Stanley and Shildon]"*. There is currently a significant undersupply of office development land within the short term across the County. The emerging ELR identifies potential sites for office development at Durham Science Park, Mount Oswald, the former Ice Rink in the City Centre and Milburngate House. In addition, a site at Aykley Heads is recognised as a key potential future office location.
- 3.32 **Eden District** lies to the south west of Northumberland, and is the most sparsely populated district within England. This makes it more difficult to provide high quality services to the District's residents. The Council has identified a need to provide higher wage employment. The Employment Land Availability Assessment, completed in December 2009, identifies an existing

provision of 459,000 sq m of employment floorspace, plus 91 vacant premises (21,663 sq m floorspace) in the District. 42ha of land was identified to contribute to the existing land supply, with three-quarters located in Penrith. The study promotes the use of brownfield land, with a particular emphasis on development at Eden Business Park.

3.33 **Carlisle District** borders Northumberland to the north west. An ELR was commissioned in January 2010, the results of which have not yet been published. Employment land is currently focused around Kingmoor Park and Carlisle city centre, with new opportunities arising due to the expansion of Carlisle Airport and the implementation of the Carlisle Northern Development Route. Land adjacent to the three M6 junctions that serve Carlisle are vital in maximising the district's economic prospects, and must be harnessed for employment use.

3.34 The **Scottish Borders** lie to the north of Northumberland. An Employment Land Audit was published in 2007; identifying employment land supply and land take up over the previous five years. It concluded that there was 80.4ha of developable land, but only 26.9ha of this was serviced. The majority of this land is located in Selkirk, Hawick, Eyemouth and Tweedbank.

The Commercial Property Market

Impact of Recession

3.35 In mid 2010, the UK commercial property market is still recovering from the financial crisis of 2007 and the ensuing recession. 2007 also marked the burst of the UK property bubble. As a result, the commercial property market has seen reductions in capital and rental values of up to 40% at the lowest point in the cycle, although certain sectors of the market have recovered strongly. Added to this, funding issues (including stricter lending criteria and increased costs, i.e. through the removal of empty rates relief) means that property development is less profitable and far riskier than it was previously. Another significant factor has been the severe public expenditure reductions introduced by the coalition Government which has initially resulted in severely reduced demand for property from the public sector and has affected public sector funding for both occupiers and developers/investors. For example, in June 2010 HM Treasury and Cabinet Office Ministers announced an immediate freeze on all new leases or extensions for the Government estate.

3.36 As a result of the above speculative property development outside London has become rare. This is even more acutely felt in more economically marginal locations such as Northumberland where lenders and developers are likely to be particularly cautious.

3.37 A further result of the new Government policy is the abolition of the Regional Development Agencies. This has already seen a reduction in the powers of One North East which is due to be wound up altogether in 2012. It is not yet clear

what will replace it but this is another significant change which is likely to affect how the property market evolves and recovers in the next few years. Already ONE has had to make major cuts (approximately £32.9m) in its budget for 2010/2011 following a strategic review of all in-year Single Programme spending. One Northeast is estimated to have created or protected some 160,000 jobs in the north east and has taken responsibility for the administering of millions of pounds of grants and funding to assist the north-east economy through various projects. It is likely to be replaced by a Local Enterprise Partnership although the composition of this is still to be confirmed.

Industrial Demand/Supply

- 3.38 Historically the majority of demand for employment space in Northumberland has been for industrial premises including both manufacturing and storage and distribution uses. Spatially this has been focussed in the south east sector of the country in the former districts of Blyth Valley and Wansbeck.
- 3.39 There are, however, reasonable sized concentrations of industry at Prudhoe and Hexham in the Tyne Valley and Alnwick and Berwick in the north.
- 3.40 In terms of supply, this report focuses on current availability, although where relevant it discusses take up over recent years (up to 5 years ago).

Alnwick

- 3.41 In terms of availability, NCC's property database lists a total of 23 industrial units currently available in the former Alnwick District. Within Alnwick town itself the only available units relate to workshops of between 1,000 sq ft to 3,000 sq ft in size. The most recent development is the Hotspur Court Business Park (built in 2008). Out of 17 units, totalling 42,000 sq ft, the agent George F White indicates that 60-70% have been let. The units have been primarily let on leases up to 5 years at rents of £5.00 – £5.75 per sq ft.
- 3.42 George F White stated that currently 1,500 – 2,000 sq ft has been the most popular size at Hotspur Court and demand is mainly from local companies although they would not rule out interest from further afield in the future.
- 3.43 Discussions with other agents suggest that future demand is likely to come from smaller occupiers looking for workshops. Whittle Jones, who act for Northern Trust suggested that in the future they would look at 'good' accommodation for workshops with units between 4,000 to 10,000 sq ft in size, and no bigger.

Berwick

- 3.44 Berwick has a fairly localised market although it has, over the years, attracted borders-based clients. Tweedside Industrial Estate has historically been the main employment area, including a number of traditional grain-based businesses, but more latterly attracting non traditional employment uses

including builders merchants, car showrooms etc. The main significant new space has been provided by Gladman Developments at the Ramparts including four units of 3,789 sq ft all of which have been sold or let to Farm to Freeze. There are no plans to build phase 2 (2 x 4,564 sq ft) unless they can line up a pre-let or sale.

- 3.45 NCC's property database currently lists a total of 16 properties as being available in the former Berwick District, with only 7 in Berwick itself. These units are all at Ramparts Business Park.
- 3.46 Edwin Thompson are agents for Martree Business Park at Ramparts where 5 units providing space from 2,500 to 15,500 sq ft were completed in 2008. Of these, only unit 5 (2,500 sq ft) has been let (to an MOT Centre). In response to the weak market demand, quoted rents have been reduced from £5.50 per sq ft to £4.00. There has been interest in some of the other units but for various reasons this has fallen away. The agents view is that there is a shortage of industrial units in Berwick and North Northumberland but this relates to a need for smaller and cheaper units (from 500–1,000 sq ft or smaller).
- 3.47 The market is very localised as many national businesses (e.g. those looking for trade units) feel that the area's demographic characteristics (particularly in terms of the number of households) are insufficient to warrant representation in the area. Edwin Thompson were also of the view that there was not enough land available in Berwick for development at value levels which were affordable to local occupiers.

Ashington

- 3.48 Ashington has four main industrial estates of varying age and quality. Jubilee Industrial Estate is located to the west of the town centre and comprises generally older property including the former Dewhirst Clothing Factory which has been broken up and let as smaller units of between 8,000 – 110,000 sq ft, at asking rents of £2.00 - £3.00 per sq ft. Ashtenne have a workshop scheme comprising 3 blocks of units totalling 29,630 sq ft with unit sizes from 300 to 2,500 sq ft (although there is one unit of 7,900 sq ft). There are 5 units totalling 4,960 sq ft currently vacant and rents range from £2.50 per sq ft to £6.00 per sq ft with units let on flexible terms.
- 3.49 North Seaton Industrial Estate houses a range of buildings with a mix of uses from car showrooms to garden centres. The latest development, at Merchant Court Trade Park, was a redevelopment of part existing factories completed in January 2009. This comprises 19 units totalling 72,199 sq ft. Currently, there are only 4 units totalling 12,000 sq ft let. The agent DTZ are of the view that this is due to the difficult market we are currently in; an over supply of units around 3,000 sq ft in the immediate area; and the owner's reluctance to quote more flexible terms. They are currently looking for 3 to 5 year leases at rents

of £4.25 to £5.00 per sq ft. Demand in the main has been for small units and from new start up companies.

- 3.50 Wansbeck Business Park is a good quality park with units set in a landscaped setting originally developed by English Estates but more latterly owned by Buildings for Business amongst others. The majority of units are currently let; the last lettings were completed by Buildings for Business. Unit 5B (2,508 sq ft) was let in November 2009 to Torque Tension Systems on a 3 year lease with breaks at £4.75 per sq ft. This was followed by a letting of unit 6A (4,883 sq ft) from November 2010 to Clean Room Laundry Ltd on a 10 year lease with a break at year 6 at £3.69 per sq ft.
- 3.51 The study was further informed by 'Buildings for Business', who agreed terms to let Unit 2 (36,000 sq ft) to an Ashington-based company.
- 3.52 Naylor's are currently marketing unit 9A (6,458 sq ft) at Wansbeck Business Park. This has been on the market for over two years and they have only recently had any interest in it. The agent's view was that the unit is not in a prominent position on the park and that it may be too large in comparison with current market requirements in the Ashington Area.
- 3.53 The most recent new development has been at Ashwood Business Park, adjacent to the A189 spine road. In 2007 Fergusons built six new factories/warehouses with sizes ranging from 4,000 sq ft to 10,000 sq ft for sale or to let at quoting rents of between £4.00 per sq ft to £4.25 per sq ft. Discussions with the agent Knight Frank confirms that the market is slow, even though they have sold two and let two units. The most popular size enquired about was the 4,000 sq ft unit. Knight Frank confirmed that if they were to advise on further units they would focus on the 1,500 – 4,000 sq ft range.

Blyth

- 3.54 Blyth has traditionally been an area for heavy industry and B2 uses. The main industrial estate, Blyth Riverside Park, consists of Coniston Road and Cowley Road. These are traditional industrial estates, which contain a number of older units which could be considered functionally obsolete in today's more modern market. According to the Focus land database, there have been 11 industrial deals in the last 5 years. The majority have been for smaller workshop units of 1,000 sq ft to 2,500 sq ft on short terms or with break options, at rents between £3.00 and £5.00 per sq ft. The last deal on larger premises was a letting of a second hand unit of 32,806 sq ft at Ennerdale Road in October 2008 to Slumberdown Quilts for 10 years at a quoted rent of £2.61 per sq ft. Slumberdown Quilts has since ceased operation and the facility is now operated by FAL Equestrian.
- 3.55 Currently (again, according to Focus) there are 7 units available ranging from workshops of 1,000 sq ft up to a large factory of 100,000 sq ft, which could be split into areas from 10,000 sq ft.

- 3.56 Blyth Harbour South predominantly provides properties for the Port of Blyth; more latterly the northern part has been brought into use by NaREC (the national centre for the UK dedicated to advancing the development, demonstration, deployment and grid integration of renewable energy and low carbon generation technologies). The renewables sector is seen as very important for Blyth's future and, along with the port, is likely to be a major stimulator of demand for the area.

Cambois

- 3.57 The Cambois Zone of Economic Opportunity comprises in total approximately 248 hectares and currently includes pockets of industrial activity as well as the former Blyth Power station for which the owners RWE Npower has long term plans to redevelop a 'clean' coal fired power station.
- 3.58 Focus research has revealed that in 2009 Fergusons purchased a large second hand industrial unit of 47,407 sq ft - the former Arizona Chemicals at West Sleekburn - for a reported price of £550,000. The only other industrial deals reported on Focus comprise the letting of 1-2 West Sleekburn Industrial Estate (7,045 sq ft) in February 2008 at a quoted rent of £2.77 per sq ft; and 3 West Sleekburn Industrial Estate (7,722 sq ft) in February 2008, at a quoted rent of £3.89 per sq ft.
- 3.59 Knight Frank are letting the former Arizona site at West Sleekburn as competitively priced office, warehousing and hardstanding. Offices are available from 832 sq ft to 6,605 sq ft at £3.50 per sq ft; and warehousing from 2,452 sq ft up to 25,236 sq ft at £2.25 per sq ft.
- 3.60 In recent years the area has not been a particularly popular location for industrial users but with the anticipated growth of the renewables sector in Blyth this may change and future demand requirements should be carefully considered.

Cramlington

- 3.61 Cramlington's proximity to Tyneside and its excellent transport links have made it a popular location, and in commercial terms, it has become one of the most successful of Northumberland's settlements for industrial activity over the past 10 years.
- 3.62 The main industrial estates are clustered to the north west of the town centre and include Bassington Industrial Estate, Nelson Industrial Estate and South Nelson Industrial Estate.
- 3.63 According to Focus there are currently over 30 industrial properties available, ranging in age, specification and size from small workshops of 500 sq ft up to large detached warehouses of 120,000 sq ft.

- 3.64 BNPPRE are joint agents on Admiral Business Park on Nelson Industrial Estate. This site comprises a former textiles factory which has been redeveloped over the last 10 years to provide refurbished warehouse / manufacturing units totalling 1,015,846 sq ft and ranging from 3,400 to 254,000 sq ft. Currently, there is in total of 183,840 sq ft of space available to let (approx 18% of the total). Rents range from £1.75 per sq ft for the larger units up to £3.00 per sq ft on the smaller units. There are a range of occupiers from Archibalds Building Merchants through to more local storage and service companies.
- 3.65 Since January, 2008 Focus records 99 separate industrial deals in Cramlington for both new and second hand units.
- 3.66 New units include Atley Business Park (North Nelson Industrial Estate), where the latest recorded letting was for Unit 1-3 (3,024 sq ft) to Triple Air Technology Ltd on a 3 year lease at £5.16 per sq ft.
- 3.67 In terms of larger units, Unit 3 Easter Park, Baker Road (10,202 sq ft) was let in November 2009 to Bazaar Trading Co. Ltd at a quoted rent of £4.17 per sq ft. For similar sized new units on Tyneside the rents would have been around £0.75 to £1.00 per sq ft more and some occupiers will have considered this discount to help make Cramlington a reasonable cost alternative to the more expensive Tyneside industrial estates.
- 3.68 Nelson Park West proved particularly attractive to developers in 2005. Easter completed its Arcot Court development of 9 new units from approximately 4,500 to 20,000 sq ft, and this was followed up by further new developments of units up to 30,000 sq ft at Easter Park and Baker Road. Most of these units have since been successfully occupied.

Haltwhistle

- 3.69 There are a number of smaller industrial estates as well as the larger Hadrian Enterprise Park (formerly Akzo Nobel site) just off the A69 which provide a range of types and sizes of mostly older buildings and appears to satisfy the localised demand.
- 3.70 The main industrial estates are West End (predominantly owned by Northern Trust) and Hadrian Business Park (the former Akzo Nobel Site).
- 3.71 West End comprises a number of workshop units and some medium sized factories, of which the majority were built in the 1980s. We are informed by Whittle Jones the letting agent that rents range from £1.58 per sq ft on a 1970s built factory of 15,537 sq ft held on a 12 year lease, up to £4.75 per sq ft on a 600 sq ft workshop held on a 3 year tenancy agreement from January 2009. They also confirmed that demand was locally based only.
- 3.72 Hadrian Enterprise Park (on which BNPPRE are joint agents) comprises a former manufacturing complex and offices with sizes ranging from 474 sq ft up to a

single area of interconnecting factory bays of more than 100,000 sq ft on a site of 14.1 acres. Rents range from £1.00 per sq ft upwards on flexible terms and the estate has attracted a range of occupiers looking for value for money accommodation including a recycling company and a children's crèche / activity centre. Again, the majority of occupiers are local businesses.

Hexham/Corbridge

- 3.73 The majority of industrial activity is centred on Hexham with only a few small local industrial units at Corbridge. Hexham has been a popular location given its good town centre infrastructure and amenities and its location (approximately 20 miles west of Newcastle) on the A69 cross-Pennine road which is a dual carriageway of good quality from Newcastle.
- 3.74 The main estates comprise Haugh Lane, Burn Lane, Tyne Mills, Bridge End and the Egger (UK) Ltd manufacturing plant.
- 3.75 Haugh Lane and Burn Lane contain a mix of users including some retail (Tesco & Aldi) and car dealerships as well as more traditional industrial type users. Bridge End adjacent to Egger has a mixture of users including workshop units, offices, timber suppliers and waste transfer station and light industrial.
- 3.76 In terms of supply, NCC's database does not list any available industrial properties in the town. Focus lists one industrial unit of 3,068 sq ft at 1A Bridge End Industrial Estate available on flexible terms at a rent of £5.51 per sq ft and the former Arriva Bus Depot at Chareway Lane which is likely to be a redevelopment opportunity.
- 3.77 This demonstrates the very low supply of available industrial accommodation in this location. Demand is often 'supply led' and occupiers need to see the product available before they express an interest. This means that demand is often 'hidden' which consequently discourages speculative development.
- 3.78 Focus only revealed details of two deals. The most recent, completed in February 2010, was the letting of a second-hand unit of 2,274 sq ft at 2C Bridge End from Northern Trust to Salon UK Ltd on a 3 year lease at £5.50 per sq ft subject to a 3 months tenants break at any time. The other, completed in July 2009, was Unit 2A Bridge End (3,068 sq ft), also on a 3-year tenancy agreement at an achieved rent of £2.40 sq ft.
- 3.79 Discussions with Whittle Jones have revealed that currently, Northern Trust are achieving an average rent on tenancy agreements in Hexham of £4.90 per sq ft. Hexham is a location where they would consider further industrial development in the future, provided they could purchase land at a reasonable price and may look to develop units of 5,000 to 10,000 sq ft.
- 3.80 Given the low supply of available industrial property it is difficult to establish a clear picture of demand. Allowing for Hexham's size, location and proximity to

the A69 it appears to have potential for small (from 500 sq ft) to medium sized up to (10,000 sq ft) industrial units in the future.

Morpeth

- 3.81 Morpeth has maintained a relatively healthy industrial market due to its easy access from the A1, proximity to Tyneside and good local services.
- 3.82 Both NCC's property database and Focus list approximately 16 properties as being currently available at both Coopies Lane Industrial Estate area and Pegswood. At Pegswood, there are 5 workshops currently available, ranging from 495 sq ft to 1,981 sq ft. These are available on flexible leases at rents from £4.91 to £6.20 per sq ft.
- 3.83 Recent deals at Pegswood reported by Focus include Unit 4C (1,500 sq ft) let in September 2009 (no other details available) and Unit 1D (2,475 sq ft) let to the Rotary Club of Morpeth on a 3 year lease at £4.88 per sq ft.
- 3.84 At Coopies Lane there are a similar range of units available. The majority comprise workshops of between 590 sq ft to 4,270 sq ft. Asking rents vary up to £6.81 per sq ft.
- 3.85 Recent deals reported by Focus include Unit 3 Coopies Lane (1,360 sq ft), let to an undisclosed tenant on confidential terms, although the quoting rent was £5.74 per sq ft; and a freehold unit at Coopies Lane of 8,405 sq ft, sold in November 2009 to an undisclosed purchaser. The quoting price was £750,000 and the property has been marketed for nearly 2 years.
- 3.86 BNPPRE's experience of Morpeth has included the letting of several small-to-medium sized (2,000 to 5,000 sq ft) workshops on Coopies Lane where there has been a mixture of demand from both local and national companies, with the latter particularly favouring units with a reasonable prominence for trade type users.

Ponteland

- 3.87 Ponteland's industrial requirements appear to have been well served locally by Meadowfield Industrial Estate. Meadowfield comprises an established industrial estate of approximately 140,000 sq ft. It comprises a mixture of traditional occupiers and some non B-use class occupiers including Ponteland Primary Care Trust, a veterinary surgery and a builders' merchant.
- 3.88 The estate is surrounded by residential properties and, near the southern entrance, the auction mart site, which now has planning permission for a sheltered housing scheme (CM20070701-60 units-59 sheltered housing flats and one dwelling for a warden – decision made 25/7/2008).
- 3.89 There is very little available accommodation and relatively full occupancy has been the normal situation over the last few years. Specific evidence of demand

has been difficult to identify. This could be that demand is hidden through the lack of supply available at Meadowfield or elsewhere within the settlement; however, there are clearly a considerable number of residents who live in and around Ponteland who travel the short distance to Tyneside for property which provides for their industrial requirements and who may conceivably relocate their business into Ponteland if the right sort of accommodation was available. The attractiveness and affluence of the settlement creates the opportunity for additional commercial/office development subject to land being made available.

Prudhoe

- 3.90 Prudhoe has a substantial industrial estate at Low Prudhoe with a mix of starter units, workshops, some medium sized units and large manufacturing dominated by SCA Hygiene Products.
- 3.91 According to NCC's property database and Focus there is very little available accommodation. There are 3 units at Low Prudhoe. Unit 8b Marquis Court is a workshop of 1,206 sq ft available on a 3 year tenancy agreement at a quoting rent of £6.70 per sq ft. Unit 1C Princess Court is 2,442 sq ft and is available on similar terms at an asking rent of £5.81 per sq ft. There is also a unit of 4,706 sq ft available on flexible terms at a rent of £4.57 per sq ft. The other properties are small workshops located near to the town centre.
- 3.92 Focus reveals a total of 19 deals done since September, 2007. Many of these have been for workshop properties e.g. 7B Earls Court (1,422 sq ft) let on flexible terms in December 2009 by Whittle Jones who have described steady local demand for small to medium sized units, their current average rent in the locality being £4.65 per sq ft.
- 3.93 There have been some larger lettings including 2 Princess Court (4,994 sq ft) let by Whittle Jones in March 2010 for 3 years at a quoted rent of £2.81 per sq ft. In June 2009 14,486 sq ft was let to Permess UK at a rent of £1.55 per sq ft.
- 3.94 The most recent speculative development took place at Regents Drive. Although the stock took time to let it is now fully occupied, with many internationally operating companies now in occupation. However, James Barr were asked to gauge developer interest in a further site of 15.37 acres at Regents Drive, Low Prudhoe in 2008/2009; the site was not straightforward and infrastructure was required, but the main difficulty identified was a lack of confidence from developers over demand and the ability to fund a scheme.

Other Locations

- 3.95 The report has concentrated on what we have considered are the major locations for industrial development. Other areas to consider include:
- **Bedlington**, where Focus lists 6 units available on Barrington Industrial

Estate ranging from 1,000 sq ft to 5,000 sq ft at quoting rents of £3.75 to £4.00 per sq ft. There are also larger units of 28,000, 30,800 and 37,600 sq ft on the Welwyn Electronics Park (F06). The agents (King Sturge) have indicated that the units are in a poor condition and functionally obsolete in terms of modern users. The units have been on the market for a number of years (at least four with King Sturge) and in that time there has been a low level of enquiries but only looking for small amounts of space (1,000 – 2,000 sq ft). Although a couple of viewings have taken place, the enquiries have not progressed any further. There are no quoting rents and the landlords are likely to be flexible on terms but there is a reluctance to spend capital to split the accommodation into the smaller areas that the few local enquiries have demanded. Focus does not list any industrial deals for Bedlington in the last 5 years.

- At **Amble**, Focus currently lists 8 available units, 2 of which are workshops at Coquet Enterprise Park of 944 sq ft and 1,625 sq ft, quoting rents of approximately £6.00 per sq ft. There are further workshops listed for Amble Industrial Estate ranging from 549 to 1,074 sq ft also quoting in excess of £6.00 per sq ft. Holywell Engineering have up to 50,000 sq ft available over a number of units set within a secure compound. There have been a number of lettings in the past 3 years noted on Focus. These have all been for small workshops between 500-1,500 sq ft. Northern Trust's average rent for industrial units at Amble is £3.30 per sq ft.

Rural Locations

- 3.96 It is very difficult to obtain robust supply and demand information for the more rural settlements, as by their very nature, this is likely to be much more locally focused.
- 3.97 Taking Wooler as an example, NCC's property database lists two units as being available on Wooler Industrial Estate. Both units 1A and 1B are for sale freehold through George F White. The units are 2,389 sq ft asking price £120,000 (£50 per sq ft) and 2,171 sq ft (with a mezzanine floor of 2,574 sq ft) asking price £130,000 (£60 per sq ft) respectively. Enquiries of the vendors agent revealed that they has been on the market for at least 2 years but there is very limited demand in the rural areas.
- 3.98 The vast majority of speculatively built units in the rural locations are workshop sized i.e. up to 2,000 – 3,000 sq ft and this suggests that where demand does exist it will be for incubator or move on accommodation for individuals or very small local businesses.

Office Demand/Supply

- 3.99 Northumberland has not seen the levels of office development experienced over the last 20 years in Tyne and Wear and County Durham. This is due to a number of factors including its geography; the absence of large centres of population like Newcastle, Sunderland, Durham and their facilities and amenities; more modest communication links; and not benefiting from the

Enterprise Zone incentives which have spawned many of the established out-of-town business parks e.g. Doxford, Cobalt, Quorum and Bracken Hill.

3.100 For those reasons Northumberland has not been regarded by developers/investors and occupiers as being a significant office market, other than catering for mainly local or specific demand, rather than attracting more footloose requirements.

3.101 The 2000s have, however, seen a significant increase for Northumberland in provision of new speculative office development at Northumberland Business Park, Cramlington, Ramparts Business Park, Berwick, Cawledge Business Park Alnwick, Prestwick Park, Ponteland, Beaufront Business Park Hexham and Sanderson Arcade, Morpeth.

Cramlington

3.102 Northumberland Business Park, Cramlington is Northumberland's premier office location and is well situated near the junction of the A19 and A1 in the south east of the County. The first office development onsite comprised Apex Business Village Phase 1 – 22 units of approximately 1,550 sq ft and available as single or multiple units for sale. The first phase was so successful that a second phase comprising a further 25 units of similar size was developed; the majority of units are now occupied. The success of this development was partly down to pent up demand from local businesses looking to purchase a small self contained office.

3.103 Around 2006 Gladman Developments signed a development agreement with Northumberland Council to develop phases of offices on the remainder of the business park. The first phase comprises good quality office buildings ranging from 1,000 – 25,000 sq ft and totals approximately 100,000 sq ft. Quoted rents are currently £13.00 per sq ft and we are informed by Gladman that currently another unit is under offer for sale at £125 per sq ft. Generally speaking demand has been for the smaller units with reasonable enquiries for offices up to 5,000 sq ft over the last couple of years. There has been little interest in the larger 25,000 sq ft unit. Gladman have been reasonably successful with a 10,000 sq ft office building which they have converted to serviced offices through a joint venture with United Business Centres to create approximately 120 workstations of which 60 are currently let.

3.104 This would appear to demonstrate that there is certainly a market for small incubator accommodation as demonstrated by the serviced offices and smaller move-on accommodation as provided by the 2,000 sq ft units, some of which have been occupied by businesses moving on from the smaller Apex accommodation.

3.105 Gladman confirmed that the recent reduction in public sector activity has substantially reduced potential demand. It is our view that there is also severe competition from Tyneside for more footloose enquiries.

- 3.106 Northumberland Business Park has also provided several examples of directors living in the Morpeth area moving their companies to be closer to where they live.

Berwick upon Tweed

- 3.107 Gladman have also developed approximately 32,000 sq ft of new offices at Ramparts Business Park of 1,000 sq ft, 2,000 sq ft and a single 6,000 sq ft building. Unfortunately this has been less successful than its Cramlington development. Presently there are three buildings sold or let including 6,000 sq ft to Berwick Borough Housing and two 2,000 sq ft units. Gladman have an arrangement in place to build out further properties when required but demand is perceived as poor and very localised even though Berwick is equidistant between Newcastle and Edinburgh. Gladman also feel it is difficult to move businesses out of Berwick Town Centre.

Alnwick

- 3.108 A joint venture development between City and Northern and Northumberland Estates built out Cawledge Business Park just to the east of the A1 at Alnwick.
- 3.109 This comprises 12 new self contained offices totalling 27,139 sq ft completed in 2008. The unit sizes are 1,852 sq ft, 2,407 sq ft and 2,848 sq ft. They are built to a good specification with generous parking allocations and are available to let at £10.00 per sq ft reduced from the original quoting rent of £12.50 per sq ft.
- 3.110 Discussions with the agent King Sturge has confirmed that four units have been let to Age Concern, Jenix, Northumberland Community Trust and small private occupiers and one unit sold to NE Property Finance.
- 3.111 Demand has been mainly from Alnwick-based businesses or those requiring representation there. The agents' experience has been that demand is primarily for smaller units of around 1,000 sq ft; future office development is likely to be smaller in total size than the original phase.

Corbridge/Hexham

- 3.112 NCC's property database lists 17 offices as currently available in Hexham of which 11 are at Beaufront Business Park (Phase II).
- 3.113 Phase II Beaufront Business Park was completed in summer 2009 and provides 12 contemporary offices built to a shell specification in a mixture of serviced offices and self contained suites. Available suites range from 1,141 sq ft to 15,640 sq ft, at quoting rents of £12.50 per sq ft.
- 3.114 King Sturge's client took the decision not to fit out the offices until they had an occupier for a sizeable element of the space. Currently, there are terms out to a single company for 12,000 sq ft.

- 3.115 The agent's view is that if the space had been fitted out then there were smaller enquiries for between 500 to 2,000 sq ft which may have been satisfied.
- 3.116 The agent's experience is that there is reasonably steady demand for smaller offices and they have also identified a couple of 10,000 sq ft enquires from companies based in Hexham and the Tyne Valley. However, unless there is a good reason for a business to locate in Hexham (e.g. the directors is a local resident), demand is likely to be primarily from local companies.
- 3.117 In the town centre, offices generally comprise suites in existing buildings - in some cases arranged over several floors – ranging in size from 288 sq ft up to 8,124 sq ft. Rents vary from £4.42 per sq ft upwards, depending on the quality and size of the accommodation.

Morpeth

- 3.118 Focus lists offices available in Morpeth at Sanderson Arcade, Bridge Street, Market Place, Telford Court and Longhirst Hall Business Centre.
- 3.119 Morpeth's newest offices are above Dransfield's new prestigious town centre retail scheme at Sanderson Arcade. There are currently suites of between 326 sq ft and 1,450 sq ft available to let at a quoting rent of £14.50 per sq ft. the scheme has already attracted tenants including Castle Morpeth Housing (ISOS) and Handelsbanken.
- 3.120 Longhirst Hall Business Centre provides second hand accommodation set in the grounds of Longhirst Hall with office suites ranging from 200 to 19,554 sq ft at a quoting rent of £10.00 per sq ft.
- Enquiries of the letting agent Storeys:ssp have revealed that the space can also be occupied on a serviced, short term basis. The property has been on the market for 12-18 months and in that time approximately 2,000 sq ft has been let in small suites of 400 sq ft or less. The only substantial enquiries were from the public sector and these have fallen away in the current economic circumstances. Although some enquirers like the good car parking provision and on-site services, others have expressed the view to the agents that the location is 'too far out of town'.
- 3.121 Telford Court provides pavilion style offices available on flexible terms at quoting rents of £15.00 - £16.00 per sq ft. there are currently 3 units available according to Focus 2 x 936 sq ft and 1 x 665 sq ft.
- 3.122 Prior to the new Sanderson Arcade development there was a dearth of supply of good quality offices in the town centre. BNPPRE acted for the Inland Revenue to take 3,281 sq ft at Manchester Street and at the time this was the only suitable space available. Although the space physically suited the requirement

the lack of other options meant that the rent and terms were not as competitive as they might otherwise have been.

- 3.123 Sam Allan Estates (office letting agents on the Sanderson Arcade Scheme) are reporting continued good levels of enquiries for the town centre office space. This is mainly local in nature and confirms the steering groups' views that if the space was available there is a good possibility that business owners/directors living in the Morpeth area may relocate closer to home.

Ponteland

- 3.124 The main offices in Ponteland are at Preswick Park near to Newcastle International Airport. Preswick Park comprises prestigious offices set in a landscaped environment on a country estate. The accommodation totals 16,494 sq ft with individual floors from 534 sq ft. There are also meeting and conference facilities to hire on site. A discussion with the business park manager revealed that there are 6 units totalling 7,267 sq ft out of 16 vacant.
- 3.125 Lettings have included 1,645 sq ft to Westmarketing, 534 sq ft to Tilley Sports Management and 753 sq ft to Kirby's Solicitors. They currently have a couple of good enquiries and overall have experienced what they have described as a 'steady stream of enquiries'. Rents are pitched at £17.00 per sq ft which they have been reluctant to reduce even in the current difficult market, although they are prepared to be flexible on lease terms. Interestingly, Tilley Sports Management relocated from Gosforth High Street, Newcastle, whilst Kirby's relocated from the centre of Newcastle (as their main director lives in Ponteland).

Inward Investment

- 3.126 Northumberland has had some successes in attracting new investment in recent years. Notable successes have included the extension of the Egger factory at Hexham and SCA at Low Prudhoe.
- 3.127 The County is also home to some of the leading companies in their particular field e.g. Miller Welding at Cramlington which has designed and patented 'quick coupler systems for industrial excavators. Others include IHC Engineering at Stocksfield and PDL Group at Hexham.
- 3.128 Although parts of the County (in particular the northern service area locality) are viewed by some footloose businesses as peripheral due to their rural nature and relatively poor road network, the Tynedale area and the south east of the County has been successful in attracting some good quality businesses.
- 3.129 Of particular note is the renewable energy hub created around NAREC at Blyth. It has recently been announced in the press that two firms linked to the offshore wind sector are signing long term deals. Boat builder, Alnmaritec will build aluminium boats from the Wimborne Quay terminal and Sheffield based

MTL Group which undertakes steelwork for wind turbine manufacturers is setting up a manufacturing operation at Blyth's South Harbour.

- 3.130 Whilst recognising that in terms of premises and communications Northumberland faces very strong competition for footloose enquiries from its neighbour Tyne and Wear, it does have particular attractions including an excellent quality of life, a very attractive physical environment in many areas and, in certain cases, a very competitive cost package compared with similar properties on Tyneside.

Conclusions

- 3.131 Northumberland has a relatively large stock of employment space overall in comparison with the neighbouring authorities. It has the third highest amount of floorspace; exceeding that of Newcastle – the regional capital. However, an examination of floorspace relative to population shows that the County has a modest supply in per capita terms. This is particularly true with respect to office floorspace – Northumberland has less floorspace per capita than any of the surrounding authority areas.
- 3.132 The County experienced the second largest increase in floorspace of all the neighbouring authorities over the last decade. This was underpinned by growth in office, factory and warehousing premises despite a substantial contraction in factory space at the national level over the same timeframe.
- 3.133 South East Northumberland has been the focus for B class development in recent years, accounting for 55% of the growth in floorspace County-wide since 1998.
- 3.134 In gross terms, Northumberland is estimated to have 46.65ha of potential new employment land that would be taken up if all extant planning permissions related to employment land were implemented. Based upon recent levels of take-up, this would equate to approximately 4.5 years of supply. Adjusting this figure to allow for any losses of B class land due to extant permissions would result in a net development pipeline of circa 1ha.
- 3.135 Vacancy rates across Northumberland are estimated at 8.8%, which is broadly in line with a level of 8-10% typically observed in a healthy commercial property market. This does, however, mask some significant variations by sub-area with above average vacancies in the South East and particular low levels recorded in the North and West.
- 3.136 An average of 10.43ha of gross new B class land has been developed annually in Northumberland in recent years, with much of this activity focused in Blyth Valley and Tynedale. It should be noted that the high figure for Tynedale is distorted by the significant expansion of Egger in a single year, with other years seeing comparatively little development. Furthermore, significant losses of

employment land over the same period mean that, in net terms, the County has actually experienced a decline in the stock of employment land available.

- 3.137 The majority of demand for employment space in Northumberland has traditionally been for industrial (manufacturing and distribution) uses.

- 3.138 The main industrial demand has been for premises in the south east of the County, particularly the former districts of Blyth Valley and Wansbeck. This has resulted in a range of new industrial developments taking place in the last 5 years, notably at Nelson Industrial Estate at Cramlington providing new accommodation from 500 sq ft up to 30,000 sq ft on a speculative basis.

- 3.139 There does, however, appear to be demand for further industrial accommodation in Prudhoe, Hexham and Morpeth where availability levels are currently very low.

- 3.140 Elsewhere in the County, markets appear to be very localised. There are new units currently vacant in Alnwick and Berwick. There are also vacancies in some of the more rural areas e.g. Wooler and Belford but demand is not steady.

- 3.141 The last decade has seen several new, good quality, office developments in the County. Take up success has been mixed. Northumberland Business Park has been the most successful in terms of amount of space disposed of. This is probably due to its location and catchment area and the range of accommodation developed.

- 3.142 Cawledge Business Park in Alnwick and Ramparts Business Park in Berwick have seen weaker levels of take up, likely to be due to lower levels (and more localised) demand, but they have filled a gap in their particular markets.

- 3.143 Prestwick Park (adjacent to Ponteland) has had a reasonable amount of success in attracting tenants and has maintained its rental levels during the recent poor market conditions. Its location next to Ponteland, good communication links and proximity to Tyneside appear to have been beneficial.

- 3.144 Beaufront Park, Hexham is difficult to judge. Its layout and shell condition have not aided its attraction to office occupiers but the letting agents are convinced that it will let in due course and there is demand for offices in the Tyne Valley and Hexham areas.

- 3.145 In common with most areas there is little appetite currently for speculative development of any kind and this is likely to continue until the property market and general economy improve.

- 3.146 Once this happens however there appears to be areas where demand should stimulate development of new floorspace but only when this becomes economically viable.

3.147

Northumberland is not generally regarded as a significant centre for office development. As a consequence, the majority of demand is from local occupiers.

Implications for the Study

- a Northumberland has a large stock of B class floorspace in absolute terms but, relative to population size, the County's provision is comparatively modest.
- b A development pipeline of 46.65ha has been identified in the County, representing 4.5 years of supply. However, the development pipeline also contains a significant number of proposals that could result in the loss of existing or allocated employment sites to non-employment uses (equal to around 45.8ha). In net terms, extant permissions could result in the provision of just 1ha of new employment land.
- c Take-up of employment land has averaged 10.43ha per annum in recent years. However, losses of land to other uses averaged 13.8ha per annum over the same period, leading to a net reduction in land. Such losses must be compensated for in determining the future portfolio.
- d Demand for manufacturing and warehousing space has traditionally driven demand in Northumberland, with a particular focus in the South East.
- e There are several locations, particularly Morpeth, Prudhoe, Ponteland and Hexham, with hidden demand because of restricted supply.
- f There is evidence that business owners would be willing locate their company to be closer to their residence as evidenced in the commercial property market survey.
- g Demand for particular types of commercial/industrial accommodation (i.e. starter units, move on etc) and size varies between locations, but in general terms tends to be for smaller units in the remoter west and north Northumberland.
- h Demand for office space is primarily localised, as the County is not generally regarded as a significant office location. The quality of environment, road network and proximity to Tyneside creates opportunities in parts of South Northumberland.

4.0

Review of Current Employment Space and Allocations

Introduction

4.1

This section assesses the characteristics and qualities of existing and allocated employment sites in Northumberland and their suitability to meet future employment development needs. Locations of these sites are shown on the plans in Appendix 3. A total of 125 developed and allocated sites identified by NCC were assessed, amounting to 1,663 ha (gross) in total area. These sites comprise the main employment areas and allocations in the County, as well as a sample of small rural sites, although it should be recognised that this figure does not include every employment site within the County.

4.2

At this point it should be emphasised that although this study has assessed the suitability of sites for different uses in physical and market terms, it does not imply that such uses would necessarily be acceptable in terms of national or local planning policy or guidance.

4.3

As assessment was made of each site's suitability for employment use, against the criteria listed below (which reflects those in the ODPM and more recently the SEEPB Guidance on ELRs¹⁴):

- a Strategic road access;
- b Local road access;
- c Proximity to urban areas and access to labour and services;
- d Compatibility of adjoining uses;
- e Site size, characteristics and potential development constraints;
- f Attractiveness to the market, including vacancy and market activity; and
- g Planning policy / sustainability factors.

4.4

Other factors were also noted including the sites' suitability for specific uses; any barriers to the delivery of undeveloped sites for employment uses; as well as sequential factors where relevant. A full breakdown of the site appraisal categories and scoring system applied is presented in Appendix 4.

4.5

It should be noted that this assessment process in itself does not necessarily provide a complete picture of a site's role within the local economy. For example, a site's importance to meeting rural/local needs or providing a location for bad neighbour uses can be important reasons for retaining a site despite it recording a low ranking. In addition, not all businesses require a site that performs well on all these criteria. A broader commentary is therefore provided on each site to supplement the formal scoring exercise.

¹⁴ South East Partnership Board (February 2010): South East Plan Supplementary Guidance - Employment and Economic Land Assessments

Nevertheless, the site appraisal process and associated scoring is vital in providing a readily understandable, transparent and justifiable analysis of a site's merits in what could otherwise comprise quite a subjective assessment.

- 4.6 Following this assessment process, sites were ranked by their scores and then categorised as “good”, “average” or “lower quality” in terms of their inherent qualities and suitability to accommodate employment generating uses. In this process, market and other views of a site were also taken into account where available, with particular input from BNPPRE.

Overview of Sites

- 4.7 The following sections summarise the results of the site appraisals within each of the County's three main service areas – North, South East and West – and the 27 Service Area localities within.
- 4.8 Given the large number of sites which have been assessed by this study, it is not practical to provide a detailed commentary on every site in this section of the report (this is provided in Appendix 5, with the full site pro-formas in Appendix 6). Many of these sites are operating adequately in their current use and no specific intervention or recommendation needs to be made for them. This section therefore provides a brief overview of the relative amounts of good, average and lower quality sites in each service area. In summary, around 75ha of committed employment land is classified as being of ‘lower’ quality; 117ha of ‘average’ quality, and, encouragingly, 161ha being of a ‘higher’ quality.

North Service Area

Table 4.1 Qualitative Assessment of Committed Employment Sites in the North Service Area

Site No	Site Name	Site Status	Vacancy Rate of existing floorspace	Net Developable Area (ha)	Area av. for expansion (ha)	Role of the Site	Score (out of 35)	Quality
Alnwick								
A01	Alnwick Station	Existing	0%	0	0	Edge of centre retail park with associated industry	22	Average
A02	Alnwick South Road	Expansion Land	0%	0	0.103	Indigenous storage/distribution uses / Sui Generis Uses	22	Average
A03	Alnwick - Saw Mill	Allocated	9.4%	0.303	0	Indigenous Industrial / warehousing uses / retail	21	Average
A04	Alnwick - Willowburn	Existing	0.0%	0	0	Office / manufacturing / warehousing park	26	Higher
A05	Alnwick - Willowtree	Existing	9.1%	0	0	Industrial Starter Units	28	Higher

A06	Alnwick - Sterling Winthrop	Existing	0.0%	0	0	Research Centre for specialised industrial use	29	Higher
A07	Alnwick - St Thomas Units	Existing	100.0%	0	0	Workshop Units	14	Lower
A11	Thrunton - Brickworks	Existing	0.0%	0	0	Single user specialist site	12	Lower
A12	Swarland - Kitswell Dene	Existing	0.0%	0	0	Single user specialist site	16	Lower
A13	Alnwick - Greensfield Park	Existing	0.0%	0	0	General B-Class Employment uses serving a local market	26	Higher
A15	Alnwick Lionheart Enterprise Park	Allocated	1.8%	0.021	0.63	Small scale warehousing, offices, retail and Sui Generis including waste transfer station	25	Higher
A16	Alnwick - Hotspur Park	Existing	0.0%	0	0	Out of centre retail / leisure park	26	Higher
A17	Alnwick - West Cawledge	Allocated	0.0%	2.298	0	Extension to existing Enterprise Park	19	Average
A18	Alnwick - Lionheart Enterprise Park Phase 2	Allocated	29.9%	1.696	0	Small scale warehousing, offices, retail, manufacturing and Sui Generis uses	24	Higher
A19	Alnwick - Greensfield Moor	Allocated	51.2%	2.092	1.3	Office park	24	Higher
A20	Alnwick - Lee Moor Farm (Rennington)	Existing	17.5%	0	0	Office park with associated retail/leisure	15	Lower
	Total	16 Sites		6.41	2.033			

Amble

A08	Amble Coquet Enterprise Park	Allocated	4.6%	8.931	0.825	General B-Class Employment uses serving a local market	22	Average
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Berwick & Islandshire

B02	Berwick - North Road	Allocated	8.4%	0.415	0	General B-Class Employment uses serving a local market, with associated retail and Sui Generis uses	26	Higher
B03	Berwick - Tweedmouth	Allocated	0.0%	0.09	0	Part retail park, part general industrial estate	24	Higher

B04	Berwick - Tweedside	Allocated	9.3%	0.327	1.289	General B-Class Employment uses with some Sui Generis encroachment serving a local market	25	Higher
B09	Norham	Allocated	0.0%	0.469	0	Rural service site, currently vacant	7	Lower
B12	Berwick - Ramparts Business Park	Allocated	50.0%	9.865	0	General B-Class Employment uses serving a local market, with associated retail and Sui Generis uses	27	Higher
B13	Berwick - NW of A698 Ord Road	Allocated	0.0%	8.435	0	Industrial allocation currently in agricultural use	20	Average
B14	Berwick - Spittal Point	Allocated	0.0%	3.886	0	General B-Class Employment uses serving a local market	13	Lower
	Total	7 Sites		23.487	1.289			
Coquetdale								
A09	Rothbury	Existing	5.2%	0	0	General B-Class Employment uses serving a local market	15	Lower
Glendale								
B06	Wooler	Existing	23.2%	0	0	General B Class uses with some Sui Generis encroachment	19	Average
B07	Milfield	Expansion	0.0%	0	1.945	Rural distribution centre	13	Lower
B08	Wooperton Station Sawmills	Existing	0.0%	0	0	Single user specialist site	11	Lower
B11	Wooler - NW of Berwick Road	Allocated	0.0%	2.059	0	Industrial allocation currently in agricultural use	20	Average
	Total	4 Sites		2.059	1.945			
Hartburn & Rural West								
D16	Longhorsley - East Road	Allocated	0.0%	0.4	0	Industrial allocation currently in agricultural use	14	Lower
D18	Scots Gap - Auction Mart	Allocated	0.0%	0.44	0	Auction Mart	14	Lower
	Total	2 Sites		0.844	0			
Morpeth								

D02	Morpeth - Coopies Lane	Allocated	17.2%	0.161	0.176	General B-Class Employment uses serving a local market	19	Average
D03	Morpeth - Town Centre	Existing	49.7%	0	0	Mixed use site comprising several Sui Generis uses	19	Average
D04	Morpeth - Whalton Road	Expansion	0.0%	0	7.402	Single user specialist site	24	Higher
D06	Pegswood	Existing	19.2%	0	0	Workshop starter units	20	Average
D07	Milkhope Centre	Existing	0.0%	0	0	Rural service site	19	Average
D10	New Kennels	Existing	0.0%	0	0	Light industrial units	17	Lower
D11	Morpeth - Loansdean	Existing	13.5%	0	0	Office Park	28	Higher
D12	Whitehouse Farm Centre	Allocated	5.9%	2.03	0	Workshop starter units	17	Lower
D13	Fairmoor (Northgate)	Allocated	0.0%	10.2	0	Agricultural land intended for B1 Business Park	24	Higher
D14	Morpeth - Railway Yards	Allocated	0%	1.8	0	Rail related storage and operations	17	Lower
D17	Extension to land at Fairmoor	Allocated	0.0%	5.6	0	Greenfield site intended for B1 Business Park	22	Average
D19	St Marys Hospital - Stannington	Allocated	0.0%	33.6	0	Residential-led mixed use development	16	Lower
D21	Adjacent to A1 Fairmoor	Allocated	0.0%	8.15	0	Agricultural land	23	Average
	Total	13 Sites		61.541	7.578			
Seahouses & Belford								
B01	Belford	Allocated	5.0%	0.794	0	General B-Class Employment uses serving a local market	18	Average
B05	Alnwick - North Sunderland	Allocated	11.4%	1.208	0	General B-Class Employment uses serving a local market	16	Lower
B10	Belford West	Allocated	0.0%	1.589	0	Rural service site	18	Average
	Total	3 Sites		3.591	0			
Widdrington & Cresswell								
D01	Hadston	Allocated	25.9%	1.22	0	Workshop starter units	14	Lower
	TOTAL For North Service Area	48 sites		108.079	13.67			

Note: when referring to a site that 'serves the local market', this should be taken to mean that the commercial market and potential businesses renting/buying space are primarily local in origin

Alnwick

- 4.9 Notwithstanding the site at St Thomas' Close, located within a neighbourhood to the west of the settlement, all of the employment sites assessed within Alnwick are located to the south east of the town centre. Some sites are located more centrally close to the former station; however, the majority are located within a purpose built employment area adjacent to the A1 which offers excellent access to the strategic road network whilst being in close proximity to residential areas and services within Alnwick.
- 4.10 In general, although 16 sites were appraised, there is relatively little land actually available for employment use – just 6.41ha, plus a further 2.033ha for expansion of existing firms. Recent office development that has come forward has very high vacancy rates, which is likely to be, at least in part, a reflection of the current economic climate. The land that is available tends to be of a higher quality:
- **A17 West Cawledge** (2.3ha): greenfield grazing land intended for the future expansion of Lionheart Enterprise Park;
 - **A18 Lionheart Enterprise Park Phase 2** (1.7ha): an expansion site located to the east of the original Lionheart Park, with new premises and high vacancy rates;
 - **A19 Greensfield Moor** (2ha plus a further 1.3ha for expansion land): a speculative office development containing developments such as *Age Concern* and *Northern Property Finance* with infrastructure in place for future development. The site currently has relatively high office vacancy levels.
- 4.11 Looking specifically at the four sites at the lower end of the quality range, these tend to be smaller B2 general industrial areas with confined access. The **Thrunton Brickworks** (A11) and **Kitswell Dene in Swarland** (A12) both accommodate specialised industrial uses with exact locational requirements. The **St Thomas' Units** (A07) comprise a small existing employment site to the west of Alnwick which contains workshop units that have fallen into disrepair and have been vacant since 2005. **Lee Moor Farm in Rennington** (A20) also scored poorly, as the site is constrained by a narrow site access with little scope to expand the premises. However, it is recognised that the site is attractive to local / indigenous firms with a narrow customer base.

Amble

- 4.12 The main employment site in Amble, **Coquet Enterprise Park** (A8) (8.9ha), is a large employment site containing a mix of uses including a wide range of industrial and storage uses for companies such as *Border Laird Food*, *Holywell Engineering* and *Northern Structures*. Other uses include light industrial starter units and bulk retail operators, whilst non B class uses have also encroached upon the site including a childcare facility and a children's indoor play centre. On the whole vacancy levels are low; however, vacancies are high within the industrial starter units with 40% of the units seemingly unoccupied. This indicates that demand is limited, which may be partly due to the site's

remoteness from the strategic road network. It should be noted that since the site visit the anchor operator for the site, *Northumberland Foods*, has closed, and been taken over by Longbenton Foods who intend to take on the staff made redundant. In general, it is considered that the site addresses indigenous, local demand.

Berwick and Islandshire

4.13 The majority of the existing employment land in Berwick is focused to the south of the River Tweed. However, there are two employment sites that have been developed on the northern outskirts of the town, Ramparts Business Park and North Road. In general, sites within Berwick benefit from good access to the strategic road network and/or good access to the town centre, with the higher scoring sites benefiting from ease of access to both. It should be noted at this point that the A1 comprises a single carriageway in both directions from the town, although opportunities may emerge to improve the attractiveness of the route in future following the coalition government's changed stance on the potential to dual the A1.

4.14 The area has a reasonably high amount of available employment land – 23.5ha – across seven sites, with Ramparts Business Park (B12) scoring particularly highly, with the potential to contribute almost 10ha (although given that vacancy rates are very high at 50%, it is unlikely that further land here is needed in the short term at least). With regards to the sites which scored in the lower range:

- **B09 Norham** (0.469ha): comprises of a vacant site which is currently used for fly tipping. The site is in a remote and unsustainable location, wooded with no infrastructure and it is envisaged that the remediation costs associated with bringing the site back into use would be high.
- **B13 Berwick NW of A698 Ord Road**: currently in use for agricultural purposes. The land would require levelling and investment in infrastructure in order to become suitable for development; the site also falls within a HSE consultation zone from *Alchemia Ltd*.
- **B14 Berwick Spittal Point**: mainly used for warehousing and Sui Generis uses. The site is in poor condition with one large unit currently to let and c.75% of the site is available for future development and remediation. It is understood that work is soon to commence on a HCA-funded Masterplan for the wider area which will also look at the potential of the site and consider what the market can reasonably take forward within the area of Spittal and Tweedmouth.

Coquetdale

4.15 The only employment area reviewed in **Rothbury** (A09) comprises a narrow employment site located to the south east of the village which contains a mix of uses including a fire station, *Rothbury Home Bakery* and a builders merchants. The site is currently in a poor, run down condition, which is reflected in its lower quality score. Due to the narrow and steep nature of the

site there is very little land available for future development. Despite scoring poorly, however, it is recognised that this site serves a purpose within the local market.

Glendale

- 4.16 This Service Area Locality relates to the remote and highly rural area around Wooler in the far north-west of the County. The existing/committed sites appraised in this area generally scored in the lower/average range, with 2ha available at **Wooler – NW of Berwick Road** (B11) and a further 1.945ha available for the expansion of a local firm at **Milfield** (B7). These sites serve a discrete indigenous market, hence much of the qualitative criticism regarding the sites' isolation and small size tends to be less relevant.
- 4.17 An exception is the site at Milfield (B7), currently used as a distribution centre for the multi-national corporation *Brozzi Ltd*, with the south east of the site also in use as a battery chicken farm. The premises are kept in good condition and there are no vacant units, although it is remote from the strategic road network, residential areas and services. This site is in active use for distribution purposes with potential for it to remain in agricultural service or distribution uses for the foreseeable future.

Hartburn & Rural West

- 4.18 This Service Area Locality refers to the area of Northumberland immediately to the north-west of Morpeth and includes rural settlements such as Longhorsely and Hartburn. Two allocated sites remain in this area, contributing some 0.8ha to the County's land portfolio. Both sites scored relatively poorly in the site appraisal analysis:
- **East Road, Longhorsley** (D16) (0.4ha) consists of greenfield arable land. The site has very few incompatible neighbouring uses; however, it is remote from the strategic road network and potentially requires traffic to pass through narrow country roads when approaching from the east or west. As no development has come forward on this site, it is apparent that there is a lack of demand for B-class development in this location.
 - This site comprises an agricultural field at **Scots Gap Auction Mart** (D18) (0.4ha). This is a remote, small site located 17km from the strategic road network which restricts demand to the expansion of the existing Auction Mart only.

Morpeth

- 4.19 The majority of the employment sites assessed within Morpeth are located on the outskirts of the town with sites located to the north, south west and south east of Morpeth. However, there is also one additional site located within the town centre. On the whole the sites located close to the town centre benefit from a more sustainable location with good access to services and public transport, whilst being constrained by the congested nature of the town centre

and flood risk. Sites further from the town centre benefit from greater proximity (but not necessarily ease of access) to the A1 but are often in less sustainable locations, and compromised to a greater or lesser degree from the Green Belt designations¹⁵. It is understood that work is underway on a HCA-funded Masterplan for the North Morpeth area which will seek to explore development constraints and opportunities relating to sites in the area.

4.20

In general, the 13 sites assessed scored in the lower-average quality range. Despite being notionally capable of contributing 61.5ha of employment land, plus a further 7.6ha of expansion land to the portfolio, there are significant issues regarding many of the 'available' sites:

- To the north of Morpeth there are three allocated employment sites located at Fairmoor, to the east of the A1. The first site, **Fairmoor (Northgate)** (D13) (10.2 ha) is predominantly greenfield land. Due to its proximity to the A1 it has the potential to be a visible and attractive site; however, at present, the lack of a suitable access and infrastructure is likely to require substantial public sector funding and investment. It is understood that the costs required to overcome these issues are not insurmountable and would not be significantly greater than the normal costs which would be associated with an employment allocation of this scale. Should the Morpeth Northern Bypass be approved, then this site would be greatly enhanced as a commercial proposition, although even without the scheme alternative access is available. Even if the Bypass is not developed in its entirety due to funding issues, an improved junction with the A1 would improve the accessibility of this and other sites in North Morpeth (see below). Given the diminishing levels of public funding, opportunities for funding infrastructure by the private sector need to be considered.
- The second site, **adjacent to the A1 at Fairmoor** (D21) (8.1ha), is located immediately to the south of D13 and again, subsequent to sufficient investment in infrastructure, it has the potential to be a visible and attractive site. As regards the third site, **Extension to Land at Fairmoor** (D17) (5.6 ha), this currently consists of recreational land, a pavilion and a community hall adjacent to Northgate Hospital. Both the pavilion and community hall appear to be either vacant or infrequently used and in poor condition. Whilst the site was originally intended to form part of the wider Fairmoor development site, this site has more problematic constraints than the other two sites in this area (D13 and D21), not least the potentially very difficult access (even allowing for the possibility of the Morpeth Northern Bypass) and the proximity of sensitive uses at Northgate Hospital.
- The largest 'available' employment site in and around Morpeth is located at **St Mary's Hospital, Stannington** (D19) (33.6ha). This site contains a vacated hospital which is in the process of being converted ahead of the

¹⁵ It should be noted that the RSS proposed an extension to the Green Belt and the Structure Plan identified its 'general extent'; however, the detailed inner boundaries around Morpeth have not yet been identified, which will be a key task of the adopted Northumberland Core Strategy.

construction of a residential-led mixed use development (with some 52,000 sqft of commercial development, of which 0.254ha will relate to serviced office space and 0.19ha workshop space). Construction is underway, and it is understood that of the current 33.6ha employment allocation, only 0.444ha is likely to be developed for B1 uses.

Seahouses and Belford

4.21 This Service Area Locality, which encompasses the coastal settlements of Seahouses, Beadnell, North Sunderland and Belford on the A1, has over 3.5ha of employment land available at three sites:

- **Belford** (B1) (0.8ha) is an employment site which is used for general industry and warehousing purposes for companies such as *Coastal Grains Ltd*. Although this is not a high profile site, it provides for the needs of the local area.
- Located on the coast, **North Sunderland** (B05) (1.2ha) is an industrial estate in poor condition, containing a mix of uses aimed at the local market.
- **Belford West** (B10) (1.59ha) is a greenfield site located immediately south of the village of Belford. Part of the site is currently being developed for a farm shop and country store with the remainder of the site being available for future development.

Widdrington and Cresswell

4.22 Only one site is located in this Locality, **Hadston** (D1) (1.22ha), a site currently used for business starter units and general industry for companies such as *Stelllex Ltd*. The newer starter units are generally in good or average condition with a number of larger units appearing to be poor and almost derelict. 60% of the units on site are vacant with the starter units struggling to attract occupiers. Hadston is remote from the strategic road network and 4km away from a wide variety of services within Amble which in turn restricts demand to the local market. However, the site provides the opportunity for local business start ups for the adjoining community which has seen significant levels of new housing.

South East Service Area

Table 4.2 Qualitative Assessment of Committed Employment Sites in the South East Service Area

Site No	Site Name	Site Status	Vacancy Rate of existing floorspace	Net Developable Area (ha)	Area av. for expansion (ha)	Role of the Site	Score (out of 35)	Quality
Blyth								
C01	Blyth Bebside	Existing	48.4%	0	0	General B-Class Employment uses serving a local market	22	Average
C02	Blyth Riverside Park	Allocated	12.9%	3.726	0.621	General Industrial Estate	26	Higher
C03	Blyth Riverside Park (Coniston Road)	Allocated	18.2%	6.321	1.539	General Industrial Estate	24	Higher
C04	Blyth Harbour South	Allocated	0.2%	0.204	1.464	Port-related storage and industrial activities	24	Higher
C05	Crofton Mill	Allocated	0.0%	1.43	0	Light industrial units serving a local market	15	Lower
C16	Blyth Bates	Allocated	0.0%	23.28	0	Vacant former colliery site with potential for residential / renewables	20	Average
	Total	6 Sites		34.961	3.624			
Choppington, Stakeford & Guidepost								
F04	Barrington	Allocated	8.2%	0.135	3.903	General Industrial Estate	23	Average
F05	Barrington Brickworks	Existing	64.4%	0	0	General B Class employment uses serving a local market	22	Average
F21	West Sleekburn - Earth Balance	Existing	0.0%	0	0	Local Business Park catering for eco-friendly industries	25	Higher
	Total	3 Sites		0.135	3.903			
Cramlington								
C07	Cramlington Bassington	Expansion Land	1.8%	0	17.046	General Industrial Estate	31	Higher
C10	Northumberland Business Park	Allocated	22.5%	12.118	2.61	Split between office park and area of general B class / Sui Generis mix	33	Higher
C11	Cramlington Windmill	Expansion Land	0.0%	0	34.428	Specialised B2 industrial site	29	Higher

C17	Cramlington North Nelson	Allocated	20.4%	1.62	0	General Industrial Estate	28	Higher
C18	Cramlington Nelson Park West	Allocated	23.6%	7.79	3.935	General Industrial Estate	29	Higher
C19	Cramlington Nelson Park	Existing	19.2%	0	0	General Industrial Estate	30	Higher
C20	Cramlington Crosland Park	Allocated	13.4%	2.916	0	General Industrial Estate	28	Higher
C21	Cramlington Nelson Park East	Expansion	0.0%	0	2.829	General Industrial Estate	28	Higher
C22	Cramlington South Nelson	Allocated	20.2%	2.618	0	General Industrial Estate	25	Higher
C23	South West Sector off Fisher Lane	Allocated	0.0%	22.314	0	Agricultural land intended for Industrial use	17	Lower
C24	Cramlington West Hartford	Allocated	0.0%	51.464	0	Agricultural land intended for strategic inward investment	28	Higher
	Total	11 Sites		100.84	60.848			

East Ashington

F02	Ashington - North Seaton	Allocated	18.9%	5.895	0	Mixed use employment area	25	Higher
F12	Ashington - Ashwood Business Park	Allocated	76.7%	34.726	0	Industrial Starter / Move on units	30	Higher
	Total	2 Sites		40.621	0			

East Bedlington

F07	Cambois - Zone of Economic Opportunity	Allocated	35.0%	8.9	182.208	Expansion land for general B uses / power station	23	Average
F06	Bedlington Station	Existing	44.9%	0	0	General B-Class Employment uses serving a local market	21	Average
F08	Blyth - Harbour North	Allocated	0.0%	5.639	8.854	Port-related storage and industrial activities	20	Average
F18	Cambois - West Sleekburn Industrial Estate	Allocated	0.0%	2.13	0	Bad Neighbour uses	19	Average
	Total	4 Sites		16.669	191.062			

Ellington, Lynemouth & Linton

D15	Linton Lane	Allocated	0.0%	3.612	0	General B-Class Employment uses serving a local market	20	Average
D20	Ellington Colliery	Allocated	0%	20.5	0	Office Starter units	21	Average
	Total	2 Sites		24.112	0			

Newbiggin

F09	Lynemouth - Alcan	Existing	0.0%	0	0	Specialised B2 industrial	22	Average
F20	Newbiggin - Woodhorn Road	Allocated	0.0%	0.3	0	Vacant site intended for local business uses	23	Average
	Total	2 Sites		0.3	0			
Seaton Valley								
C06	New Deleval	Existing	5.8%	0	0	General B-Class Employment uses serving a local market	17	Lower
C08	East Cramlington	Allocated	20.4%	0.297	0.161	General B-Class Employment uses serving a local market	20	Average
C12	Seaton Delaval - Double Row	Allocated	2.3%	0.274	0.442	Mixed use employment area	23	Average
C13	Seaton Delaval - Avenue Road	Expansion Land	0.0%	0	4.08	Single user specialist site	17	Lower
C15	Seghill	Allocated	0.0%	3.47	0	General B-Class Employment uses serving a local market	19	Average
	Total	5 Sites		4.041	4.683			
West Ashington								
F01	Ashington Jubilee	Existing	26.3%	0	0	Mixed use employment area	20	Average
F03	Ellington Road End	Existing	0.0%	0	0	Light industrial units serving a local market	22	Average
F10	Wansbeck Business Park	Allocated	7.7%	4.381	0.867	Business Park	31	Higher
F11	Lintonville Enterprise Park	Allocated	12.3%	0.977	0.3	Mixed use employment area	32	Higher
F19	Ashington Green Lane	Existing	5.3%	0	0	Workshop starter units	23	Average
	Total	5 Sites		5.358	1.167			
	TOTAL For South East Service Area	40 sites		227.037	265.287			

Blyth

4.23

The majority of the employment sites assessed within Blyth are located on the northern and eastern outskirts of the town, running along the banks of the river Blyth to the north and towards Blyth Harbour to the east. However, there are additional sites within the town centre at Crofton Mill and to the west at Newsham. In general, the employment sites benefit from good access to the

A189 and residential areas and services within Blyth which are often accessible via public transport.

4.24

Six sites in Blyth were appraised, totalling 35ha of available employment land and 4ha of further expansion land. Three of the sites scored highly in the appraisal process:

- **Blyth Riverside Park (Cowley Road)** (C2) (3.7ha), a large and well established industrial estate within Blyth which is attractive to users due to its good road links and proximity to Tyne and Wear.
- **Blyth Riverside Park (Coniston Road)** (C3) (6.3ha) on the banks of the River Blyth. This large site currently contains both general and light industrial uses for firms such as *Drager* and *Burberry*. There is very little land available for further development although some large units formerly occupied by *Dewhursts* and *Fergusons* appear to be vacant.
- **Blyth Harbour South** (C4) (0.2ha) located to the east of Blyth at the mouth of the River Blyth, the site consists of a mix of office uses, general industry, warehousing and external storage for *Port of Blyth* and *Narec*. The buildings on site consist of new, good quality, office developments and average-to-poor quality industrial and warehousing units. It should be noted that all land on this site is owned by the Port of Blyth and as such it is unfeasible that any of their land would be developed for employment uses which would not generate revenue for the Port. Hence this site is likely to be restricted to Port-related uses.

4.25

One site in Blyth scored particularly poorly in the appraisal process - **Crofton Mill** (C5) (1.43ha). Although predominantly vacant, the site contains four garage units located to the south east and a sales unit for *Phoenix Fireplaces*. These units are currently in poor condition with one unit also currently vacant. With such a significant volume of residential properties nearby, this restricts the future use of this relatively small site which also requires remediation work. The site currently has extant planning permission to be developed in its entirety for residential use.

4.26

Furthermore, **Blyth Bates** (C16) (23.28ha) is a vacated colliery site which is currently undergoing remediation works. An outline application for the remediation of part of the former colliery land, followed by construction of 327 dwellings with associated road infrastructure, engineering works, car parking and landscaping, was approved in 2009. This would remove some 9.87ha from the overall site area, although it is understood that the northern section remains available as employment land. Around half of the remaining land is owned by the Coal Authority, with the remainder owned by the Port of Blyth. The Port of Blyth is currently marketing the site to the renewables sector with some degree of interest. Given its strategic deep water access, it is considered that the remaining part of the site could be retained as part of a wider strategic allocation to cater for the renewables sector.

Choppington, Stakeford & Guidepost

- 4.27 Three sites were appraised in this Service Area Locality, comprising just 0.1ha of committed employment land, with a further 3.9ha of expansion space. The sites scored relatively highly overall, and particularly the **Earth Balance** site at West Sleekburn (F21). This small site promotes sustainability, containing a mix of office units for companies such as *LDR²*, retail units for local businesses such as *Redress*, and renewable energy research units.
- 4.28 Two further sites were appraised at Barrington, with **Barrington Industrial Estate** (F4) comprising the site with available/expansion land. This site is used by manufacturers such as *Pipetech*, *Charlton* and *Barrington Metal Works*. Starter units are also present on site as well as a waste transfer station.

Cramlington

- 4.29 A large number of employment sites were assessed within Cramlington, most of which are located in the north-west sector of the town between the A1171 and the A1068. Additional sites are located to the west off Fisher Lane; to the south of the town at Northumberland Business Park and East Cramlington. With the exception of **C23 South West Sector off Fisher Lane**, all of the sites scored highly in the appraisal process. C23 is a greenfield site detached from the existing settlement and is reliant upon the private car; it is physically constrained by pylons which cut across the site and is adjacent to a SSSI. It is unlikely that this site will generate significant interest whilst there are large available sites within the existing, serviced industrial estates and office parks within Cramlington.
- 4.30 The remaining employment sites tend to be relatively successful, accessible sites with good access to the strategic road network. Of particular note are the following:
- **Cramlington Bassington** (C07) (17ha of expansion land): Consists of a mix of general and light industrial units and warehousing of average condition. There are very few vacancies on site (c.2%); however, approximately 10% of the site could potentially be made available for future development which, given the size of the site, equates to a significant amount of land. Unlike other sites within the north west sector, Bassington benefits from ease of access to both the strategic road network and labour and services within Cramlington Town Centre. Generally, Bassington is a well-established and coherent industrial estate with high occupancy levels, offering a cost-effective alternative to the Tyne and Wear market.
 - **Northumberland Business Park** (C10) (12.1ha). This well established and well serviced site consists of a wide range of uses from offices, industrial units and warehousing. The site is currently in good condition with vacancy levels of 22%, and it is envisaged that there will be demand for the plots of land available for development within the site.
 - **Cramlington Windmill** (C11) (34.4ha of expansion land) comprises a large employment site consisting of two large pharmaceutical factories and

expansion land. Both of the factories are in good condition and are fully occupied. This is a generally attractive site which scores highly; however the site is specialised and the available land is only suitable for the expansion of the existing occupiers.

- **Nelson Park West** (C18) (7.8ha) contains a mix of general and light industrial units and warehousing for firms such as Orion, CEF and AFM Europe. This established site is well maintained and in good condition, although vacancy levels are quite high, at 24%. There are also plots of land equating to approximately 30% of the site which could potentially be used for future development. The site is well established and well placed for access to the strategic road network; however, town centre services are approximately 2.5km away, whilst four sites of potential archaeological interest on the site may constrain future development. Nevertheless, this is a popular, well occupied and important employment site.
- **Crossland Park** (C20) (2.9ha) consists of offices and general industry of an average quality, whilst vacancy levels are moderate at 13%. The site is well placed for access to the strategic road network; however, the town centre is approximately 1.5km away. The site on the whole is sustainable and is relatively unconstrained other than one plot of land having sloping topography.
- **South Nelson Industrial Estate** (C22) (2.618): Consists mainly of light and general industrial units of average condition with a limited amount of warehousing. There are issues concerning contaminated land and resistance from the land owner and Sports England to allow access through a designated sports field to access part of the available land. Although this site does not score as highly as others within Cramlington it is still regarded as an important employment site offering a number of units of varying age and quality. The inaccessible area of land (1.29ha) could be de-allocated.
- **South West Sector off Fisher Lane** (C25) (22.3ha): The site is situated in close proximity to the A19 and the A1 and is accessed via free moving roads. However, as a greenfield site detached from the existing settlement and reliant upon the private car this is not a sustainable development site. Additionally, the site is physically constrained by pylons and proximity to a SSSI. It is unlikely that this site will generate significant interest whilst there are large available sites within the existing, serviced industrial estates and office parks within Cramlington.
- **West Hartford** (C24) (51.5ha). The site represents the only designated Strategic Site in the County and as such is envisaged as being the prime location for a single, high quality, inward investor. The site benefits from good access onto a dual carriageway; however there are no internal roads developed within the site to-date. Whilst inward investors have yet to be forthcoming, it is considered that the site still represents the County's prime opportunity for large scale development for the foreseeable future, and as such, a substantial area should still be retained. The site is subject to an Article 14 direction from the Highways Agency.

East Ashington

4.31

The employment sites within Ashington are generally located to the north and south of the town, benefitting from being relatively close to the strategic road network, residential areas and services within the wider conurbation. In the eastern area of the town are two large sites contributing 40.6ha to the land portfolio:

- The largest site within Ashington lies to the south west of the town, immediately adjacent to the A189 at **Ashwood Business Park (F12)** (34.7ha). This large site consists mainly of a large amount of greenfield land available for development and six new industrial starter units, four of which are currently vacant. This site scores highly within the assessment and is regarded to be a good quality employment site. However, as it is newly established it will require time to develop. The site is subject to an Article 14 direction from the Highways Agency.
- Ashwood Business Park is bounded to the west by **North Seaton Industrial Estate (F02)** (5.9ha). This site consists of a mix of uses including a recycling centre, an ambulance station, a garden centre, a *Vauxhall* sales forecourt, starter units for specialist niche businesses, retail outlets such as *Acorn Timber* and some light distribution. This is regarded as a good quality, established employment site; however, it should be noted that the newer developments on site have had mixed take up rates, whilst the level of retailing on the site has diluted its attractiveness to B-class uses.

East Bedlington

4.32

The sites assessed within Bedlington are located to the north and north east of the town benefitting from being relatively close to the A189 and services within Bedlington. This also includes the substantial pdl sites to the north of the River Blyth:

- The northern half of the Welwyn Electronics Park at **Bedlington Station (F06)** is currently vacant and unused, containing buildings of poor quality, whilst the southern half is in use as an electronics factory and is in average condition. The 3ha vacant plot to the north has been marketed for further development by King Sturge for several years with very limited interest. It is considered that the vacant units are in a poor condition and functionality obsolete for the needs of modern users. This suggests they are not suitable for employment use in their current condition and could be very costly to convert.
- Cambois forms one site consisting of the large **Cambois Zone of Economic Opportunity (F07)** (8.9ha, plus 182ha of expansion land). This land, set within the wider Blyth Estuary, contains a vast amount of pdl but also uses such as, *Fergusons Business Park*, *Four Rivers Bio Diesel* and *Aggregate Industry*. Due to the size of the site there is a significant amount of land available for development and identified as 'expansion land'. Much of the site is owned by RWE NPower who has long term plans to redevelop the site as a 'clean' coal-fired power station, and hence it is unlikely that the

land identified as 'expansion land' will be available for any other use except for the power station (note – the power station plans are now on hold, but remain a long term objective for the site). Part of the remaining site, equal to 7.2ha of available employment land north of the railway line, is now subject to an application for residential development.

- **Blyth Harbour North** (F08) (5.6ha, plus 8.9ha of expansion land) is split into two sites used for harbour purposes such as the unloading of cargo and metals by *Rio Tinto Alcan*, storage and other port activities by *Port of Blyth*. Furthermore, an extended rail access to Battleship Wharf has been provided to assist in opening up the site for future development. In particular, there are plans for a new Biomass Power Station on a 5ha site at the southern half of Battleship Wharf, which would involve the use of woodchip and waste wood to generate electricity. Due to the significance of the proposals, the application will be submitted to the Infrastructure Planning Commission, with a draft Development Consent Order to be submitted in February 2011.
- To the west of Cambois the **West Sleekburn Industrial Estate** (F18) (2.13ha) is located within 2km of the A189 via free moving roads and consists mainly of land used for the storage of coal, caravans and scrap metal, a wood yard and a new waste management facility to the south west of the site. Notwithstanding the site's poor appearance this is still regarded as an established employment site which is important to the non-standard users currently using the site.

Ellington, Lynemouth & Linton

4.33

There are two significant employment allocations in this Locality:

- **Linton Lane** (D15) (3.6ha) is an employment site predominantly used for general industry and storage uses such as a large scrap yard, whilst the southernmost section of the site contains residential units which are being developed by Bellway homes. This remote site is unlikely to be attractive to general industrial and commercial occupiers.
- **Ellington Colliery** (D20) (20.5ha) is a site which predominantly consists of vacant greenfield and pdl land; however, a small number of starter office units are located to the south east of the site at Ellington Business Park. As the starter units are new they are in a good condition, with the remainder of the site being available for further development. There are likely to be viability issues due to the previous land uses on the site and the level of remediation required. There is a live application for a mixed use scheme on the site which is predominantly housing, but which will also provide some local employment land (smaller office starter units).

4.34

Furthermore, there is currently a live application for a mixed use development at the site of the former Lynemouth Colliery, land owned by UK Coal. The application seeks 200 residential units, 8.06ha of employment land (B1/B8), 900sqm of assembly and leisure, 0.91ha of land for live/work units (relating to 354 units) and 2.68ha of land for caravan storage and sales. Planning strategy is seeking a reduction in the amount of employment land in the scheme.

Whilst no decision has yet been made regarding the application, this would appear to be a substantial employment allocation in an area of relatively weak market demand.

Newbiggin

- 4.35 Newbiggin has two existing sites, the Rio Tinto **Alcan site at Lynemouth** (F9) (0ha available) is currently used solely by the *Alcan* Aluminium Smelter and Power Station; and **Woodhorn Road** (F20) (0.3ha) is a small, vacant pdl site located adjacent to a sports centre within a residential area. Whilst the former site serves a specific purpose located away from residential areas, Woodhorn Road has been marketed with minimal commercial interest for some time.

Seaton Valley

- 4.36 There are two existing employment sites located within Seaton Delaval, one in the adjoining settlement of Seghill, and two other sites in the immediate vicinity. These employment sites are important as they provide employment space for local industrial users and also house a major employer in *Proctor and Gamble*. As can be seen from Table 4.2, the sites are highly variable in quality. Poor quality sites include the following:

- To the west of Blyth at Newsham, **New Delaval** (C6) (0ha) consists of a building used for starter units within a larger employment site. The building is in average condition with vacancy levels of approximately 6% and some units currently being used for storage. Despite the fact that this site is constrained by the nature of its surroundings and is unappealing to the mainstream market, it provides business space to small local businesses.
- **Avenue Road** (C13) (4ha of expansion land) is a site which is in use solely by *Proctor and Gamble* for manufacturing. The site is in good condition and it is estimated that approximately 25% of the site would be suitable expansion land for the plant. The site is constrained as part is covered by a HSE consultation zone and is adjacent to residential areas and a high school. Nonetheless, this is an established employment site which is used by a key employer in the region.
- The solitary site at **Seghill** (C15) (3.5ha) is split into two separate existing employment sites and a large area of Greenfield land. The premises are of average condition with low vacancy levels. It is understood that much of the site is being developed for a new first school, whilst the remaining vacant land is considered unattractive to the market as it has been marketed for the last 20 years or so without success.

West Ashington

- 4.37 The employment sites within West Ashington are located to the north and south of the town, benefitting from close proximity to the A189, as well as surrounding residential areas and services within the wider conurbation. As a consequence, the sites were generally rated as being of a high/average quality,

with four sites capable of contributing some 5.3ha to the employment land portfolio. Two sites rated particularly highly:

- **Wansbeck Business Park** (F10) (4.4ha) which has taken on the form of a modern day science and enterprise park with landscaping and water features being an important aspect of the site's design. Uses include offices for firms such as *webuyanycar.com*, distribution, light industry and research for firms such as *Polar Crush*. The site is located within an existing employment area and is relatively unconstrained; as such this is regarded as a good quality employment site.
- **Lintonville Enterprise Park** (F11) (0.98ha) is a modern, mixed use site in good condition, located to the north east of Ashington. Site users consist of *Wansbeck Enterprise Centre*, *McDonalds*, starter units, offices for *Age Concern* and a car sales forecourt. The site does not suffer from physical constraints, has low vacancy levels and benefits from a sustainable location close to both the strategic road network and labour and services within Ashington.

West Service Area

Table 4.3 Qualitative Assessment of Committed Employment Sites in the West Service Area

Site No	Site Name	Site Status*	Vacancy Rate of existing floorspace	Net Developable Area (ha)	Area av. for expansion (ha)	Role of the Site	Score (out of 35)	Quality
Allendale								
E01	Allendale - Catton	Allocated	0.0%	0.55	0	Rural service site	14	Lower
E05	Haydon Bridge	Existing	0.0%	0	0	Rural service site	16	Lower
E21	Catton - Ridleys Yard	Allocated	8.3%	0.585	0	Workshop starter units	13	Lower
E25	Haydon Bridge - North of Station Road	Allocated	0.0%	0.936	0	B Class uses serving a local market	19	Average
	Total	4 Sites		2.071	0			
East Tynedale								
E08	Egger	Committed	0.0%	0	8.81	Single user specialist site	22	Average
E09	Hexham - Bridge End	Allocated	0.7%	1.27	0	General B Class uses	24	Higher
E10	Hexham - Tyne Mills	Existing	0.0%	0	0	Mixed use employment area	26	Higher
E16	Corbridge	Existing	28.7%	0	0	Mixed use employment area	20	Average

E27	Stocksfield - adjacent to Station	Allocated	0.0%	0.301	0	Vacant land with potential to accommodate light industrial units serving a local market	18	Average
E29	Stocksfield Hall Units	Existing	1.4%	0	0	Business Park	22	Average
E30	Bywell - Home Farm	Existing	0.0%	0	0	Rural service site	18	Average
E32	Newlands - Marley Tile Co.	Existing	100.0%	0	0	General B-Class Employment uses serving a local market	18	Average
	Total	8 Sites		1.571	8.81			
Haltwhistle & West Tyne								
E03	Haltwhistle - Hadrian	Allocated	16.2%	1.635	3.2	General Industrial Estate	22	Average
E04	Haltwhistle - West End	Expansion	6.6%	0	0.147	General Industrial Estate	22	Average
E11	Plenmeller	Existing	0.0%	0	0	Single user industrial site	18	Average
E22	Haltwhistle - West of Park Road	Allocated	0.0%	4.876	0	Agricultural land intended for Industrial use	17	Lower
E23	Haltwhistle Station	Existing	16.9%	0	0	Rural service site	22	Average
	Total	5 Sites		6.511	3.347			
Hexham & Hexhamshire								
E06	Hexham - Haugh Lane	Allocated	3.3%	0.103	0	Mixed use employment area	23	Average
E07	Hexham - Burn Lane	Existing	0.9%	0	0	Mixed use employment area	19	Average
E15	Acomb	Allocated	8.4%	0.068	0.283	Mixed use incl. industrial starter units for local businesses	18	Average
E20	Hexham - Former Bunker	Allocated	0.0%	1.393	0	Mixed use including retail, offices, and light industry	23	Average
E31	Ocrelands Farms	Existing	0.0%	0	0	Small Business units	16	Lower
E33	Acomb Harford Haulage	Existing	0.0%	0	0	B8 Storage and Distribution for a localised market	15	Lower
E34	Riding Mill - Wentworth Garage	Existing	0.0%	0	0	Care Home	16	Lower
E35	Hexham - The Goods Yard	Expansion Land	0.0%	0	3.695	General Industrial Estate	22	Average
	Total	8 Sites		1.564	3.978			
Mid Tyne								

E13	Fourstones - Papermill	Existing	0.0%	0	0	Single user specialist site	13	Lower
E14	Fourstones - Limeworks	Existing	0.0%	0	0	Specialist B1c/B2 Industrial use	10	Lower
E18	Colwell	Existing	100.0%	0	0	Agricultural	14	Lower
E26	Wark - Sawmill	Existing	0.0%	0	0	Specialised B2 industrial	14	Lower
	Total	4 Sites		0	0			
North Tyne & Redesdale								
E02	Bellingham - Foundary Road	Allocated	19.5%	0.37	0	Mixed use including B	11	Lower
E24	Bellingham - South of Demense Farm	Allocated	N/A	0.157	0	Light industrial units serving a local market	12	Lower
	Total	2 Sites		0.527	0			
Ponteland								
D05	Meadowfield	Existing	1.6%	0	0	General Industrial Estate	26	Higher
D09	Berwick Hill - West End Farm	Existing	0.0%	0	0	Retail / Agricultural uses	14	Lower
D22	Newcastle Airport	Expansion Land	0.0%	0	25.578	Car Parking to serve Newcastle Airport	22	Average
	Total	3 Sites		0	25.578			
Prudhoe								
E12	Low Prudhoe	Allocated	1.8%	6.037	0.768	General Industrial Estate	21	Average
E17	Eltringham	Expansion Land	0.0%	0	2.152	Specialised B2 industrial	18	Average
E28	Mickley - Tyne Valley Garden Centre	Existing	0.0%	0	0	Garden Centre	17	Lower
	Total	3 Sites		6.037	2.92			
	TOTAL For West Service Area	37 sites		18.281	44.633			

*Note: some sites on the list are not allocations as such but are existing developed sites in the Green Belt where continued employment uses will be favoured within very tight constraints (under saved Policy NE13 of the Tynedale Local Plan).

Allendale

4.38

Allendale comprises a highly rural area of the Tyne Valley that encompasses the settlement of Haydon Bridge. In total, four committed sites in the area were appraised, comprising just over four hectares of employment land. In general, the sites scored relatively poorly, in part due to their remote location and restricted user demand (although in general they fill a local need for low cost business units). In particular:

- Within Catton is **Ridleys Yard** (E21) (0.6ha). The site contains starter units for small businesses such as *Stars Arts Centre* and offices for *Steve Purteus Chartered Surveyors*. The units are modern and well kept. Despite the remote and unsustainable nature of the site, this is an attractive employment site which would remain popular for local businesses.
- **North of Station Road, Haydon Bridge** (E25) (0.9ha) consists of three separate yards and allotment gardens to the west. Each yard contains a warehouse or shed of poor quality for storage purposes and one yard is used for coach storage by *Centurion Tours*. The majority of the site would be suitable for re-development should demand arise, not including the existing allotments.

East Tynedale

4.39

East Tynedale comprises the area between Hexham and Prudhoe and contains a number of important local employment sites including Egger and sites at Stocksbridge and Corbridge. In total, 8 sites were appraised in the area, which generally rated as being of average/higher quality. Of particular note are the following sites:

- The largest of the sites is **Egger** (E8), which abuts the A69 via the Bridge End Industrial Estate (E9). The site is in good condition and is used solely by *Egger (UK) Ltd* for general industry and distribution purposes. However, the site falls within Flood Zone 3 and is subject to a HSE exclusion zone. Additionally, as traffic has to pass through the Bridge End Industrial Estate in order to gain access to Egger it often results in congestion. It includes approx. 8ha of vacant land that was safeguarded for future release in the Development Plan, but which has since received planning permission in 2009 for a 6.8ha chipboard processing facility. This has not been implemented yet, but it is understood that Egger will take this up.
- Accessed immediately off the A69, **Bridge End Industrial Estate** (E9) (1.27ha) is a mixed use site which currently consists of offices, starter units, warehousing and distribution, general industry and a waste transfer station. The site is a mix of new and old and therefore the condition of buildings within the site varies from average to good depending upon their age. Existing vacancy levels stand at approximately 20%; however, this is mainly due to the newly constructed office development at Beaufront Park. On the whole this site is regarded as an important, and well established employment site.
- The only site in **Corbridge** (E16) is located to the south of the village adjacent to the railway station. This mixed used site contains uses such as offices for *Wind Direct Ltd*, *Little Tinklers* Nursery and retail uses. As there is a mix of uses, buildings range from good to average quality depending upon the age of the property. There is very little land available for future development and vacancy levels stand at around 29%. On the whole, this site is attractive for small, local, businesses with the potential to intensify the amount of office space within the small amount of land available.
- In between Corbridge and Prudhoe, **Stocksfield Hall Business Units** (E29)

represents a good quality, modern office development within the countryside for companies such as *SCM Pharma* and *12i Consultants Ltd.* There is no land on site available for further development, and few vacant units.

- The southernmost site within Tynedale is at **Newlands, the Marley Tile Co.** (E32). This site is completely vacant and was formerly used as a Tile Works. The buildings on site are of poor quality and would likely need to be removed, following which, it is envisaged that the whole site would be available for development. However, as the site is currently located within the Green Belt, there would be substantial policy restraints relating to the sites comprehensive redevelopment, restricting development to the footprint of the existing buildings unless it is deemed a suitable development worthy of justifying an exceptional departure from the Green Belt policy designation. Much of the site comprises the former clay extraction area, which almost certainly could not be developed. Further remediation may also be required.

Haltwhistle and West Tyne

4.40

Haltwhistle, as the westernmost settlement within the authority, is remote from other major towns and the Tyne and Wear conurbation, and the sites appraised generally scored average-poor in the qualitative assessment. The majority of Haltwhistle's employment sites are situated close to the railway line. Of particular note:

- The largest existing employment site is **Hadrian Industrial Estate** (E3) (1.6ha) to the immediate north of the A69 and situated to both the north and south of the railway line. This large site consists of a mixture of average and poor quality industrial and warehousing and distribution units and a sizeable amount is also used for outdoor storage. Sections of the older industrial units have become home to smaller businesses seeking cheap rents. Vacancy levels stand at approximately 15% within the site with around 30% to 40% of the site remaining undeveloped.
- **West End Industrial Estate** (E04) is located on the south western outskirts of Haltwhistle, to the north of the A69 and south of the railway line. The estate is currently used for general and light industry, storage and distribution and sui generis uses such as a coach depot. Companies such as *Agma* and *Phillips Dutchwest* are located on site with smaller businesses making use of starter units. However, vacancy levels stand at approximately 7% due to a large number of the starter units remaining vacant; approximately 25% is suitable for re-development. This is an established employment site of average quality which is in active use by a range of local, national and multinational firms with demand being weakest for starter units.
- Land to the **West of Park Road** (E22) (4.9 ha) is currently used for grazing. The site undulates from north to south, it is relatively inaccessible, and pylons located within the site provide further constraints.

Hexham and Hexhamshire

4.41

The majority of the sites within this settlement are situated to the north of Hexham Town Centre, both the north and south of the Tyne. The sites tend to benefit from good access to the A69, residential areas and services but suffer from a variety of constraints including localised congestion, the river, heritage issues, topography and the Green Belt designation. Consequently, although eight sites are located in the town, very little land is readily available – just 1.6ha, plus a further 4ha of expansion land. The following site examples illustrate the extent to which employment land is constrained in the area:

- **Haugh Lane Industrial Estate** (E6) (0.1ha) is located to the immediate north of Hexham Town Centre and is a mixed use site consisting of two supermarkets, offices, warehousing and distribution, mechanics such as *Kwik Fit* and starter units for businesses such as *Hexham Studios*. Vacancy levels are currently very low with the most significant vacancy consisting of a large retail unit adjacent to *Tesco*. There is also very little room for further development on the site with only one plot of land for sale.
- The **Former Bunker** (E20) (1.4ha) is located to the north of Hexham town centre to the north east of Haugh Lane (E6). This pdl site is vacant and contains some plantation woodland, however, much of the site has become neglected and overgrown. The site benefits from being located within a wider employment area with good pedestrian access to the town centre and good vehicular access to the A69. However, the site is in the ownership of a retailer who is highly unlikely to release the land for employment for the foreseeable future, hence the site is not considered to be available for employment use at this time. It may be necessary for the site to be brought forward for a mix of uses to facilitate B-Class uses at this location.
- To the south east of Corbridge at Riding Mill, **Wentworth Grange** (E34) (0ha available) is currently in use as a care home. This large pre-war house remains in good condition and due to the steep and wooded nature of the site, there is no further space for development. The site's only access is an extremely narrow single lane road and also falls within the Green Belt. Although this site has physical constraints and is reliant upon the private car in order to access larger settlements it is recognised that this site is currently in an established use as a care home.
- **The Goods Yard** (E35) (3.7ha under option) is located to the north east of Hexham town centre. The site is mainly used for warehousing and distribution by firms such as *Hadrian Farm Supplies* and *Matthew Charlton* and Sui Generis uses such as *Benfield Motors*. The site consists of good quality pre war buildings adjacent to the station with average quality units elsewhere. Much of the site is used for outdoor storage; however, fly tipping has become a serious issue towards the south east of the site. It is constrained by congested local roads, heritage, archaeological and flooding issues. The site is also owned by Network Rail, whose representatives, Rokeby Developments, have a retail option for the site which negates the sale of land for other uses. It may therefore be necessary for the site to be brought forward for a mix of uses to facilitate B-

Class uses at this location.

Mid Tyne

4.42

This Service Area Locality comprises a highly rural area north of Hadrian's Wall, including the small villages of Wall, Colwell, Chollerton and Wark. Four existing sites were appraised in this area, although no land is available for future employment land needs. Due to the remoteness of many of the sites and the generally highly specialised nature of the activities thereon, the sites tended to score relatively poorly in the analysis. For example:

- **Fourstones Papermill** (E13) remains in active use as a paper mill. The Mill dates back to before the Second World War and as such the buildings are of average quality. There are no vacancies within the site and there is no room for further expansion. Although the site is remote from nearby labour and services, this is a historic and established employment site within the local area.
- **Colwell** (E18) is a small site currently home to vacant agricultural buildings approximately 10km from the nearest key strategic junction on the A68 and accessed via narrow country roads with blind summits. This is a small, uneven site in an unsustainable location which also has pylons bisecting the site.

North Tyne & Redesdale

4.43

This area forms the western most part of the County and is highly rural and remote from the major settlements. Whilst the area contains a number of tourist attractions, containing much of the National Park and Kielder Water and Forest Park, as a B-class employment destination its offer is almost entirely to serve the local indigenous market. The two sites appraised are located in the settlement of Bellingham and scored poorly due to their remoteness, vacancy levels and constraints. In particular, **South of Demesne Farm, Bellingham** (E24) (0.16ha) comprises a small site consisting of unused and unmaintained pdl, part of which is used for informal storage. 70% of the site falls within Flood Zone 2 which would restrict future development of the site. The size and remoteness of this site suggests that this site is a less popular and less sustainable destination for employment uses in the future; however, it presents an opportunity to regenerate a poorly managed area within Bellingham should the demand arise.

Ponteland

4.44

Ponteland and the area immediately surrounding it along the Newcastle City boundary, has virtually no available employment space. Given its close proximity and high quality road access to Newcastle it effectively functions as part of the regional capital. This is particularly so in residential terms but also, potentially, in economic terms. There is only one employment site located within Ponteland itself, at **Meadowfield** (D5). This industrial estate contains a mix of uses including general industrial uses offices and healthcare uses. The

premises are in average condition with very low vacancy levels and very little additional land available for development. As the site is located amongst residential properties within Ponteland it would be difficult for Meadowfield to expand.

4.45 As regards the other two sites assessed:

- To the north west of Ponteland, **West End Farm, Berwick Hill** (D9) consists of a mix of retail units converted from agricultural units such as *The Fireplace* and agricultural uses. It is unlikely that this site would be attractive to B-class employment users should it become available.
- Located the immediate north of the conurbation at **Newcastle Airport** (D22) (25.6ha expansion land) an employment allocation is currently in use for car parking, whilst the remainder of the site consists of greenfield land currently in agricultural use. The site is held for expansion land to the immediate north of the airport is likely to restrict any development to B-class employment uses, and it is understood that the airport intends to use this area for additional car parking in future.

Prudhoe

4.46 As with Ponteland, the town of Prudhoe has very limited available employment land despite its proximity to the Tyne and Wear conurbation; a successful local industrial estate and relatively high levels of market demand. This is at least in part due to the constraints on land availability in the area, due to the proximity of the River Tyne, railway, topography and Green Belt designation. Like Ponteland it functions as part of the Tyneside conurbation as much as part of Northumberland.

4.47 The key industrial site in the area is located at **Low Prudhoe** (E12) (51.2ha gross, 6ha net). This site includes the whole employment area within the Tyne valley to the north of Prudhoe Town Centre. This site includes uses such as starter units, offices and warehousing for companies such as *Plumb Centre*. However, the majority of the site is used for manufacturing by firms such as SCA and *Salem Tubing*. As the age of the buildings on site varies, there is a mix of average and good employment units with vacancy levels standing at approximately 10%. Of the 6ha remaining on the estate, it is understood that two plots have firm interest to be taken up in the near future, whilst a 2ha site in the southern section of the estate requires significant remediation works which are likely to be sufficiently expensive to render the land undevelopable for most uses. This is an established and important employment site within Prudhoe, an area of high demand for similar development, with very little developable land likely to remain in the near future once the undevelopable land is excluded from the overall figure.

4.48 As regards the two other sites appraised, within the Prudhoe settlement boundary at **Eltringham** (E17) *Hammerite Ltd* currently operates a factory producing metallic paint. The factory is modern and in good condition. To the west of Prudhoe at **Mickley, the Tyne Valley Garden Centre** (E28) is a site

currently in use as a garden centre. The building associated with the garden centre is ageing and in poor condition and there is little or no room for further development.

- 4.49 In addition, the Prudhoe Hospital site is designated for mixed use in the Tynedale Local Plan (saved policy NE10) and a notional 7ha of land on this site was subsequently factored into the Tynedale Core Strategy allocation. The site, located within the Green Belt, is recognised as an important development site that could be developed as a strategic employment site for companies requiring industrial sites in non-estate locations (for example corporate office headquarters or business accommodation or class B1 or hi-tech development); or a mixed use development that could include an element of offices, light industry (Use Class B1) or a science park.

Conclusions

- 4.50 The study assessed 125 existing and committed employment sites in the three Service Areas within Northumberland, which together account for slightly over 350ha of nominally available land and a further 325ha of potential expansion land. In general, the quality and spatial distribution of the sites was found to be highly variable, although it is estimated that around 160ha of land rated as being high quality, and 75ha lower quality:
- The **North Key Service Area** had 48 sites, comprising some 108ha of available employment land, with a reasonable spread of good quality sites across the area in towns such as Alnwick and Berwick, and clear deliverability issues for sites in and around Morpeth in particular;
 - The **South East Key Service Area**, based largely around the former industrialised areas of Wansbeck and Blyth Valley, has a considerable legacy of industrial land and Port-related uses, hence this area has the bulk of the County's forward supply – some 227ha, including the County's only Strategic Site at West Hartford. In general, the sites scored highly in this area, particularly in and around Cramlington, due to sites' policy compliance, accessibility and reasonable levels of demand, although the increased costs involved in bringing forward many of these sites is likely to impact significantly upon the deliverability of the portfolio;
 - The **West Service Area** had just 37 sites totalling just over 18ha, reflecting the considerable under supply of land in most of the larger towns in this area, notably Hexham, Ponteland and Prudhoe. Much of the land that is notionally available in this area is heavily constrained, with the owners often pursuing alternative, higher value uses for the site.
- 4.51 It is important to note that when considering which, if any, sites to re-allocate for non-employment uses, some sites can perform poorly against the criteria used in this study because of low profile, poor appearance of units or isolation from strategic roads, which are not necessarily important for all firms, and does not mean that such sites are not meeting some local needs. This is a particularly important point for sites in the more remote rural areas of Northumberland, which perform important local roles and cannot necessarily be

compared on a 'like-for-like' basis with other sites in South East Northumberland, for example. Sites that meet specific economic needs or are well occupied would be strong candidates to be retained. Only when a site has a combination of serious adverse environmental impacts from its operation, is inherently unlikely to be able to perform an employment role or attract new employment development in future or has high and/or long term vacancy, should release to non-employment uses be considered.

4.52

On the basis of the above review, most of the sites offer reasonable provision for continuing employment generating uses in the short to medium term, and hence do not offer many opportunities for alternative forms of development. There are several notable exceptions, however, and clearly the level of employment land that is actually available to the market is well below the 350ha figure described above. Furthermore, it is difficult to see that many of the poorer quality, smaller, sites which proliferate in the more remote areas of Northumberland, will be redeveloped or upgraded to provide more modern employment premises. This is partly because sites under 1 ha are often more difficult to support viable development schemes and partly because of pressures for higher value uses that could deter new investment. Over time, many are likely to become less viable as employment premises unless some form of intervention is undertaken or strong encouragement given to providing more modern space.

Implications for the Study

- a Of the 125 existing or committed employment sites appraised, potentially 350ha could be available for employment use, with a further 325ha of expansion land.
- b Around 160ha of employment land was rated as being of higher quality, with around 75ha being of poorer quality.
- c The best quality sites tended to be concentrated in South East Northumberland, with the lower quality, constrained sites affecting the deliverability of economic objectives in West Northumberland.
- d There appears to be a particular under supply of unconstrained, available, employment sites in Hexham, Ponteland, Prudhoe and Morpeth.
- e Many small scattered sites appear unlikely to be redeveloped or upgraded for employment uses.

5.0 Economic Drivers and Non-B Class Sectors

- 5.1 This section considers the future economic growth potential of Northumberland and the likely impact of a variety of economic drivers. The scope for various economic sectors to grow in the period up to 2030 are assessed, grouped into those sectors which typically generate demand for B-class premises (i.e. offices, industry and warehousing), and other employment-generating uses which occupy non-B class premises.
- 5.2 It is important to recognise that the job and space requirements of non-B sectors are usually estimated and planned for quite differently from the B class uses. For example, schools are planned for based on demographic forecasts and capacity in existing provision; a new hospital or university is likely to have a quite specific operational land requirements not directly related to job numbers. Many retail or leisure uses will locate within mixed use schemes or in locations of the operator's choice rather than on specified allocated sites.
- 5.3 The analysis presented here draws upon the findings of the County's economic strengths, weaknesses and opportunities identified earlier in this report, recent economic and investment trends within it and the region, discussions with consultees and relevant economic and planning policies. It also takes account of aims contained in the Northumberland Economic Strategy¹⁶. The findings of this analysis input to Section 6.0 which assesses the requirements for B-class space (in terms of the sectors that will drive demand for office/industrial space).

Economic Potential and Drivers

- 5.4 Consideration of the future economic role of the County draws on the earlier analysis of its current strengths and limitations. Northumberland's competitive advantages and opportunities that could help shape its future economic role were seen as:
- Attractive market towns, rural areas and landscapes with quality of life advantages which could attract additional businesses and tourists;
 - Strong recent growth in the business base and a high proportion of small firms;
 - Generally low levels of unemployment (in the North and West but not in the South East);
 - Strong recent growth in knowledge-based activity (albeit from a low base);
 - NAREC offers the potential to drive growth in renewable energy and related sectors;
 - Low land and labour costs offer scope to develop the County's offer as a lower-priced alternative to Tyneside;

¹⁶ Northumberland Economic Strategy 2010-15 (August 2010)

- The natural and historic landscape value of the County and the benefits for attracting growth in tourism; and
- The pharmaceutical cluster (firms in the North East provide 35% of the UK's GDP in pharmaceutical manufacturing, Northumberland accounting for the majority¹⁷) and the potential for growth through cluster connectivity.

5.5

Weaknesses and potential threats include:

- Low representation and modest growth in office-based sectors;
- Small proportion of knowledge-based businesses at present;
- Low growth in employee jobs during a period of strong economic performance nationally;
- High levels of deprivation in the South East;
- Poor accessibility in parts of the North and West, giving rise to isolated rural communities and dispersed deprivation;
- Current lack of high-speed broadband access;
- Low level of workplace-based earnings;
- Competition for inward and domestic investment from nearby economic centres such as Tyneside;
- The high proportion of public sector employment (especially in the North) could leave the County vulnerable to Government spending cuts; and
- The South East's strength in manufacturing could be threatened in future by ongoing off-shoring, capital substitution of labour and the impact of the recession.

5.6

A key economic driver for many sectors will be the level of expected population growth. This can be derived either from the anticipated level of housing growth expected in the County or from the most recent ONS 2008-based sub-national population projections (Table 5.1), which are trend-based and do not take into account the projected level of housing growth. These indicate that there is likely to be a significant decline by approximately 8%) in the working-age population of the County, which could result in negative implications for Northumberland as a business location, albeit that this decline may be tempered by pension-age reform.

5.7

Over the period 2011-2021 the Regional Spatial Strategy (RSS) for the North East required some 1,745 homes (net) to be delivered in the County. Assuming an average of 2.4 people per household, and no change in existing household size, this would indicate a population increase of around 4,190, albeit only over a 10-year period. However, the RSS has been revoked by the coalition government and the housebuilding target could therefore be revised. The Coalition's "localism" agenda offers a real opportunity to increase housebuilding and population growth, capitalising upon the attractiveness of the County to live and work.

¹⁷ NCC: LEA - Northumberland's Economy (2009)

Table 5.1 ONS 2008-based population forecasts for Northumberland

	2010	2030	2010-30 Change	% change
Population	312,200	335,400	+ 23,200	+ 7%
Working-age population *	183,700	168,400	- 15,300	- 8%
Older population **	75,200	113,200	+ 38,000	+ 51%

Note: * men aged 16-64, women aged 16-59; ** categorised by the ONS as women aged 60 + and men aged 65 +

- 5.8 Aside from population and housing, there are other key drivers which are likely to impact on the County's economy and its need for workspace. In 2009 Futurist produced the Northumberland Drivers Report: Northumberland in 2020. The goal of the project was to use key stakeholders and desk based research to prioritise key drivers of change which would ultimately determine the future direction of the County. Of the 13 drivers identified, the significance of the globalisation driver is identified in the report as standing out most. In addition to globalisation, a number of the key driver linkages and interventions revolve around the development of the business base. The report notes that the local business stock will play a vital role in determining the future direction of the Northumberland economy. *'Given their importance it is inevitable that they should play a major role in determining long term policy in Northumberland. By encouraging business to take a long term view of the economy's development policy makers will be able to generate vivid views of the future based on the views and experiences of the companies, this can help to inform interventions and ensure that the level of risk associated with an action is minimised.'*
- 5.9 The report concludes that Northumberland appears best positioned to develop a presence in the environmental products and services sector. This assumption is based on the County's competencies in specialist engineering and its access to infrastructure and resources required to support such a sector.
- 5.10 Perhaps most importantly, broadband internet access is gradually becoming available throughout the County, and this will create new opportunities for businesses in the region. Broadband technology brings with it the opportunity to work remotely in many sectors so that employers don't necessarily have to attract workers to a specific location. This could make Northumberland and other geographically remote locations more economically competitive by allowing a greater number of people who live in the relatively remote northern and western areas of the County to work remotely without commuting to a central destination.
- 5.11 It should be noted that a government study¹⁸ which assessed next generation broadband access (NGA) risk in the UK (March 2010) concluded that whilst the

¹⁸ HM Government (March 2010): An assessment and practical guidance on next generation access (NGA) risk in the UK

UK is very well served in terms of current generation broadband coverage, competition, take-up and price, there are specific challenges facing specific parts of the country in terms of NGA roll out in the years ahead. The report indicates that even under a scenario whereby 95% of the UK is covered with Next Generation Broadband in 2017, the bulk of Northumberland is still showing as being at significant risk of digital exclusion. Furthermore, there is also market failure on first generation broadband for most areas of Northumberland beyond the South East Service Area, with only a handful of exchanges having been invested in beyond initial enablement by BT. These issues could have significant impact on the demand for workspace in the County over the years ahead, particularly in the more remote rural areas. This increases the importance of focussing growth policies on areas with the greatest prospects of guaranteeing next-generation internet access.

Future Potential

- 5.12 In order to identify the economic potential of Northumberland, it is important to consider which employment sectors are best placed to drive future growth. This is informed by an understanding of which sectors are under or over-represented in terms of local employment and their recent growth performance.
- 5.13 The graph below assesses the County's current sectoral strengths through the use of location quotients, which measure the concentration of employment in an industry at the local authority level relative to the regional average. In the graph, which is based upon 2008 Annual Business Inquiry (ABI) data, the location quotients are shown using blue hatched bars. A value above 1.0 denotes a higher local representation of a sector compared to the North East average and anything below 1.0 signifies an under-representation. The further the blue hatched bar is from 1.0, the greater the extent of any over or under-representation. In addition, the orange bars show the absolute level of employment within Northumberland accounted for by each sector.
- 5.14 The graph indicates that Northumberland has a strong representation of employment in a number of more traditional industries including: wood & wood products; oil and gas extraction; food, drink & tobacco; agriculture, forestry and fishing; and textiles & clothing, many of which would appear to be linked the rural nature of the local economy. It should be noted, however, that these industries typically support relatively low numbers of employment in absolute terms.
- 5.15 A more detailed analysis of the data indicates that the County's strength in chemicals and chemical products is underpinned by the area's strength in pharmaceuticals. Indeed, the sector accounts for 1,023 jobs across Northumberland, representing 1.0% of all jobs in the area. In comparison, the sector accounts for just 0.3% regionally. The relative strength of the sector in Northumberland is demonstrated by a location quotient of 3.3. Facilitating the future growth of this cluster is a key challenge for economic development and planning professionals.

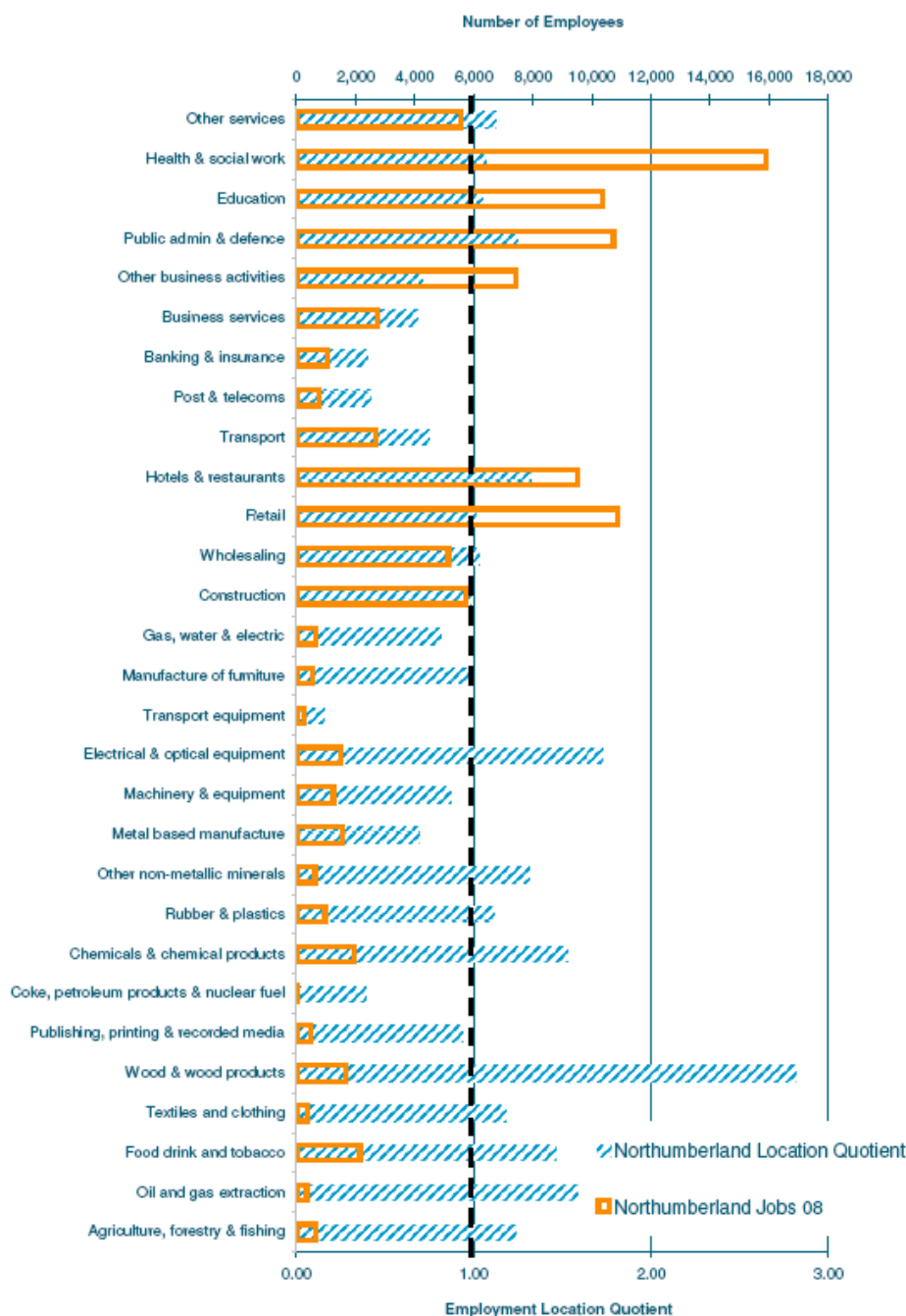


Figure 5.1 Northumberland Employment Location Quotient

Source: 2008 Annual Business Inquiry (ABI)¹⁹

5.16

The service sector supports the largest number of jobs in absolute terms. However, very few service-based industries appear to be strongly represented in the area and many of these appear to be driven by the public sector including: public administration & defence, education; and health & social work. One

¹⁹ Note; the pharmaceutical industry is part of 'Chemicals and chemical process industry', based on the 2-digit SIC level.

obvious exception to this is the hotels & restaurants sector, which has a location quotient of 1.33 and clearly reflects the County's tourism strengths.

5.17

In addition, it is useful to examine the recent growth performance of these sectors within Northumberland and to understand how this compares with the regional average. Taken together with the location quotient analysis discussed above, this can give an indication of those sectors which have a competitive advantage in the County and may therefore drive future growth. Table 5.2 below divides detailed economic sectors according to whether their current representation and growth in the past decade (1998-2008) is above or below that of the North of England²⁰. Those sectors at the top of the list in each quadrant are those which have recorded the highest nominal growth, whilst those with asterisks are those which have actually recorded a decline in jobs (e.g. a sector is categorised as 'high growth' even if it has recorded a decline in jobs, provided the rate of decline was less than that experienced regionally)²¹.

Table 5.2 Economic Sectors in Northumberland categorised by size and growth in employment

High Representation, High Growth	High Representation, Low Growth
Public Administration (+52% growth 98-08) Recreation, Culture & Sport (+52%) Manufacture of Machinery (+57%) Manufacture of Food & Beverages (+19%) Wood & Wood Products* (-0.3%) Medical, Precision & Optical Equipment (+58%) Sale & Repair of Motor Vehicles (+25%) Non-metallic mineral products (+164%) Paper Products* (-18%)	Hotels & Restaurants (+7%) Education (+8%) Chemicals & Chemical Products* (-46%) Health & Social Work (+2%) Construction* (-17%) Rubber & Plastic Products* (-40%) Other (mostly public) services (+11%) Electrical Machinery* (-42%)
Low Representation, High Growth	Low Representation, Low Growth
Wholesaling (+16%) Retail (+3%) Post & Telecoms (+15%) Transport Support Activities (+66%)	Publishing & Printing* (-28%) Banking and Insurance* (-25%) Real Estate Activities (+17%) Computers & Related Activities (+30%) Business Services (+19%) Land Transport* (-29%) Sewage & Refuse Disposal* (-33%) Manufacture of Furniture* (-36%) Manufacture of Metal Products* (-33%) Activities of membership organisations* (-48%)

Source: NLP/ABI Analysis (Note: Only contains sectors with at least 500 jobs in Northumberland)

5.18

This analysis can be interpreted as the County having some competitive advantage or attraction in these sectors in which it is currently strong. Northumberland's high representation and high growth sectors are

²⁰ Taken in this instance to the combined government office regions of the North East, North West and Yorkshire & Humber

²¹ It should be noted that the sectors chosen here are those which are easily defined in the Annual Business Inquiry. This dataset does not allow the definition of some important cross-cutting economic sectors such as 'Low Carbon' industries and 'knowledge-intensive' activities.

predominantly public or 'third' sector services (e.g. public admin and sport/recreation) as well as a number of manufacturing sub-sectors including machinery, food/drink and wood/paper products.

- 5.19 However, most of the typically higher growth services sectors such as financial and business services, real estate and ICT have low representation and relatively low growth. It seems that whilst skilled workers in the growth sectors often live in Northumberland, there are currently insufficient opportunities for them to work here as well. Spatially, this means facilitating new sites close to the conurbation.

Northumberland Economic Strategy 2010-15

- 5.20 Key objectives for economic development contained in this strategy include:
- a Develop an exemplary low carbon economy;
 - b Ensure that Northumberland is an excellent place to live, work and invest;
 - c Create and maintain a connected, sustainable, collaborative, efficient and integrated economy;
 - d Improve the long term competitiveness of the business base, across sectors, type and size, thereby enabling positive and flexible responses to current and future challenges;
 - e To take opportunities for sustainable low-carbon economic growth through sector-specific interventions which create growth and employment;
 - f Support residents through access to comprehensive employability support, enabling businesses to fully utilise the labour market;
 - g Ensure that residents and businesses have the high quality range and depth of skills needed to achieve economic and social well-being;
 - h Reduce poverty and increase equality of opportunity for residents to participate in the economy; and
 - i Achieve more enterprising individuals, businesses and communities than ever before.
- 5.21 The strategy identifies a number of business sectors which have potential for growth in Northumberland: particularly manufacturing of pharmaceuticals, food and drink, retail and tourism, which are existing strengths, and through emerging sectors identified through the Northumberland Economic Assessment – renewable energy, creative industries and health and life sciences.
- 5.22 Low carbon business activities/renewable energy sectors are also noted as having the possibility to contribute to both economic prosperity, as well as reducing emissions. The strategy believes that whilst there is intense competition within this key growth sector, Northumberland is well placed to attract growth, particularly because of the presence of NaREC (the national renewable energy centre) and the potential of land at Blyth to accommodate these uses.

B-class Sectors

5.23 Building on this initial analysis of policy aspirations and past trends, this chapter examines the economic potential of a number of sectors, drawing on recent research on the key drivers of business location for such sectors and the factors that make a location attractive to them.²² The sectors covered here are those which typically occupy B-class premises, and include:

- a Financial and business services;
- b Distribution;
- c Manufacturing;
- d ICT;
- e Environmental Technologies / Energy;
- f Healthcare Research / Biotechnology; and
- g Creative Industries / Media.

Financial and Business Services

5.24 This is a very broad sector which includes a range of specialist financial, insurance and general business service activities such as accountancy, legal, engineering, architecture and consultancy. Business location decisions in this sector reflect factors such as access to markets/suppliers (particularly large cities), access to a skilled and diverse workforce, and high quality transport and telecommunications infrastructure. Quality of life factors, including good housing and cultural facilities are also important because of their importance in attracting highly-skilled workers.

5.25 Northumberland currently has generally below average representation in these sectors and has seen below-average growth (business services), or even decline (financial services) in recent years, albeit that the business services sector has added nearly 2,000 employees in the last decade. Northumberland's quality of life factors and attractive rural environment means that the County is appealing as a residential location to a range of highly-skilled workers. As a result, it could have potential to increase its rate of start-ups in these sectors as well as potentially to attract some small-scale relocations. However, the lack of large centres, a relatively long travel time to large conurbations, more established centres such as Newcastle and Edinburgh nearby, and lack of large established financial/business service firms in the area means that the overall growth rate is unlikely to be very high. The St Chad's job forecasts²³ predict that financial services will continue to contract (losing 180 jobs or 21% by 2030) whereas business services will continue to grow (adding 5,070 or 44%) over the period. Overall, a continued rate of moderate growth is expected, with business services growing and financial services contracting. It seems possible that for parts of the County with good

²² Spatial requirements of key sectors in the South East, Atkins for SEERA, 2004

²³ Central forecast, job headcount figures

road, metro and rail access there seems to be some potential to allocate more land to push forward this predicted rate of growth.

Distribution

- 5.26 Northumberland is not regarded as a major distribution location and its various component sub-sectors (warehousing, storage and wholesaling) are all under-represented in the County. Key locational factors for distribution and logistics activities are the availability of warehousing, storage and distribution sites with access to the strategic road network and large centres of population, as well as an appropriately skilled workforce. Although a number of major roads pass through the County (e.g. the A1, A69) and there are potentially a number of large available sites close to these roads, the relative peripherality of the County and poor quality of these trunk routes do impact upon the County's attractiveness for these types of operations. These factors are likely to have been responsible for the below average growth in employment in this sector and warehousing floorspace in recent years.

Manufacturing

- 5.27 This broad sector covers a wide range of activities ranging from craft and traditional industries through to advanced, knowledge-intensive operations. Key locational factors for the more traditional sub-sectors will remain access to a supply of affordable sites and premises, good transport accessibility (especially to internal markets or export nodes such as ports) and a skilled local labour force. Higher-value manufacturing and engineering uses relying on greater technology and skill inputs also require proximity to the strategic road network, but are likely to place higher importance on the availability of high quality business park environments and access to highly skilled staff.
- 5.28 In general, the sector generally faces competition from lower cost locations abroad, although this is less acute for operations with higher skill and technology inputs. Northumberland has a good base of manufacturing businesses and taken as a whole the sector has representation above the regional average (Location Quotient of 1.11). The presence of some specialist manufacturing firms results in strong representation in some key sub-sectors including beverages, pharmaceuticals, and wood and paper.
- 5.29 The importance of pharmaceuticals to the local economy means that this sector's prospects are particularly key to the future growth trajectory of manufacturing in the County. Recently there has been substantial growth in intermediate pharmaceutical operations (which refers to the type of production between the base substance and the final product) and the actual manufacture and packaging of pharmaceutical products. There is considered to be further growth potential for innovation, research and development and manufacture in the pharmaceutical sector as well as the bio-science sector, albeit that any employment growth may be off-set by declines elsewhere in the sub-sector. Meanwhile, local food & drink manufacture has the potential to grow in tandem with tourism as this is a sector of high visitor spending.

- 5.30 Future growth for all manufacturing sub-sectors will in part rely on encouraging more specialist, higher-value manufacturing or R&D activities that are potentially less sensitive to competition from elsewhere, although many other areas are already targeting these sectors and Northumberland has no particular advantages except for the presence of its existing firms and its relatively low land/labour costs. The existing business base could deliver some growth, although it will also depend on whether the County can deliver any high-quality business premises which is currently in short supply. The St Chad's central scenario job forecasts predicts an overall decline, based on large falls in process manufacturing (-1,230), food & drink (-300) and electrical (-380), albeit off-set by some growth in non-metallic mineral products (+510) and machinery (+370). If growth of this level in some sub-sectors were to occur, it is likely to primarily come from the growth of indigenous advanced manufacturing firms, possibly with some inward relocations although this would need to offset expected further job losses at process manufacturing firms. Overall, a low/medium rate of growth is expected for advanced manufacturing, but a low or negative rate for the low-technology end of the sector.
- 5.31 The South East of the County has a strong pedigree in lower-value manufacturing activity (textiles, consumer goods etc) although it has been hit hard by relocations to overseas. However, oil prices are set to increase dramatically over the next 20 years together with increasing wage inflation in China and India driven by spectacular GVA growth, which may indicate some modest return to indigenous lower value UK manufacturing (although it is recognised that the UK is still not able to compete in terms of production costs).

Information and Communications Technology (ICT)

- 5.32 Northumberland currently has only very limited representation in this sector with just 0.7% of jobs against 1.3% in the wider North of England, although some 180 jobs have been added in the last decade. Key factors for ICT can include the area having a high quality of life, skilled worker availability, broadband connectivity, proximity to major conurbations (especially London), and often the image of the location. Northumberland does have some advantages in terms of quality of life factors in the rural areas, although in some areas, it does not have particularly good access to London or other major conurbations, has relatively poor broadband accessibility, and some urban areas do not benefit from a particularly good image. Overall, Northumberland does not appear to have any particular advantages relative to other locations and encouragement of new start-ups by developing business incubation facilities appears the most likely way to generate some indigenous growth of this sector. There is also significant potential for indigenous development of small businesses in the rural part of the County, possibly through the provision of live/work units or other high quality workspace. There is expected to be continued reasonable levels of growth in the sector at a national level but within Northumberland, low growth of this sector appears likely. Parts of the County have good road, rail

and air access and good broadband coverage. These locations could offer more potential.

Environmental Technologies / Energy

- 5.33 This sector includes activities such as renewable energy technologies, recycling, water treatment, decontamination and other environmental consultancy. Key considerations in location decisions for this sector include proximity to renewable energy sources (e.g. wind farms) and transport nodes (e.g. docks), the availability of skilled labour resources, proximity to universities with relevant R&D facilities, access to customers/suppliers and available incubator/move-on facilities.
- 5.34 Northumberland currently has little employment in environmental/energy sectors. However, there are a number of factors which could change this. Foremost among these is the National Renewable Energy Centre (NaREC) at Blyth. This is designed to be a UK Centre of Excellence for Renewable Energy and is dedicated to the development, growth and commercialisation of new and renewable energy technologies. The centre is also explicitly aiming to developing closer working relations with local businesses through the NaREC innovation connector which includes business support for microrenewables and the community education connector which is currently being developed with the County Council.
- 5.35 The Blyth Estuary has been identified by a range of stakeholders as a potential location for manufacturing associated with the renewables sector (i.e. turbine production) given its proximity to NaRECs testing facilities, the trunk road network and crucially access to a deep water port (north and south side of the River Blyth). Blyth is also at an advantage in that it is well position to serve the major offshore wind farm locations (Dogger Bank)²⁴. Further to this, the 'Blyth Renewables Partnership' has been established which is intended to be a vehicle for collaborative working to maximise renewables related investment in the Blyth Estuary, with NCC and the Port of Blyth as key partners and the production of an investment prospectus for the Cambois area its priority.
- 5.36 The Northumberland Economic Development Strategy notes the sector's potential, albeit it is one that many other UK areas are also targeting. However, the presence of NaREC means that there is expected to generate a genuine competitive advantage in this sector for the County, and there is anticipated to be demand both in relation to energy generation and the manufacture and maintenance of the infrastructure to do this. The impact that NAREC is already having on inward investment levels can be demonstrated by the establishment of the Clipper Wind office at the site.
- 5.37 Overall, high growth of this sector is anticipated, although the precise scale and timing of employment and premises growth remains highly uncertain.

²⁴ As identified in Crown Estates 'Round 3 Programme' (2008)

Medical Research / Biotechnology

- 5.38 Access to relevant research and development is the primary driver, with many start-ups needing close university links, along with suitable graduate labour. Proximity to existing bioscience clusters can also be important, as well as good access to London and an attractive lifestyle location for skilled staff. Currently the County lacks its own medical research base, although Newcastle, Northumbria and Durham universities all have strong reputations for bioscience and lie within close proximity to the County. Northumberland's most significant firm operating in the medical research/bioscience sectors at present is the Covance (recently bought from Sanofi Aventis) dedicated medical research facility at Alnwick which employs approximately 170 people. Another firm operating in this sector is Prozomix in Haltwhistle, although it is relatively small and only employs 6 staff at present.
- 5.39 The sector could grow in the County through capturing and retaining spin-outs from these universities and building upon the success of existing companies. However, it is starting from a relatively low base and as a result, only low/moderate growth appears likely in these sectors.

Creative Industries / Media

- 5.40 This diverse sector includes activities such as publishing, graphics, software and web-design etc, which currently have generally below-average representation in Northumberland. The County has above-average representation in software publishing but this is an extremely small sector (20 jobs) and other sub-sectors have below-average representation (e.g. book publishing with just 280 jobs). Key locational factors for firms in this sector are similar to those for ICT and include access to broadband, areas with attractive lifestyle and sometimes the image of the location, while easy access to London or other large metropolitan centres with their large client base is also beneficial. Availability of skilled staff and affordable town centre premises with a good cultural image can also be important. A high proportion of freelance contractors typically work from home or within small offices, including in rural premises. Clearly, the County's poor broadband coverage in the more remote rural areas to the north and west is highly restrictive to the growth of such working practices.
- 5.41 Proximity to Newcastle may be an advantage for Northumberland in this sector and as with ICT there may be some potential in the rural area for start-ups and live/work units. However, the lack of accessibility of large parts of the County, poor broadband accessibility and absence of large centres of population is likely to limit the levels of growth that are possible. Overall, this appears a sector with low to moderate prospects for growth in the County and it mainly involves small firms meaning that its short/medium term space requirements are likely to be modest. Its growth could, however, help enhance the general image and perception of Northumberland as a business location.

Non-B Class Sectors

- 5.42 As defined by PPS4, the Non B uses considered in this section are those which generate employment, wealth or economic activity; uses that do not provide significant employment are therefore not considered here.
- 5.43 Also, a detailed review of every individual non-B class employment-generating sector is not possible as data on the growth prospects and land needs of individual uses is not readily available or necessarily reliable. As a result, non-B class uses have been broadly grouped into the following categories for the purposes of this section:
- a construction;
 - b retail;
 - c tourism, hotels & catering;
 - d health & social care facilities;
 - e education;
 - f waste/recycling;
 - g public administration;
 - h sports facilities; and
 - i commercial leisure.
- 5.44 Overall, non-B class uses accounted for around 62% of all jobs in the County in 2008. The job growth and space requirements estimated for these sectors are based on a number of different factors and sources depending on the sector. These include employment forecasts by sector from St Chad's College Durham, specific Council studies relating to a particular sector, business listings, and discussions with relevant providers such as the Local Education Authority, Northumbria Healthcare NHS Foundation Trust and the County Council as waste authority.

Construction

- 5.45 The construction sector generally does not follow specific locational criteria, with contractors and workforce tending to be fairly mobile, potentially setting up local offices for larger projects. Some construction firms/operations use B class premises such as offices and storage sites on industrial estates whilst others use non B-class land/premises in the form of depots and sui generis single-occupier construction sites.
- 5.46 Northumberland currently has slightly above average job representation in this sector, although the last decade has seen a decline of 1,150 jobs (-17%) against an increase in the north of England as a whole of 20%. The employment forecasts predict that this contraction will continue, with a fall of a further 80 jobs (1%) in the sector over the 2010-30 period under the central scenario.

- 5.47 The sector may benefit to some extent from major regeneration and construction projects in the Tyne & Wear conurbation, as well as local development projects. However, this sector has been significantly impacted by the national economic recession and it may take several years just to return to the levels of activity seen in the middle of the last decade, if indeed it ever does. Cuts in public sector expenditure, including the BSF programme and a subdued housing market will dampen future growth. In addition, construction jobs are often based at the site of new buildings/infrastructure and do not require permanent accommodation. As a result, the sector is unlikely to generate any significant overall job growth and its additional land requirements will be correspondingly low.

Retail

- 5.48 Depending on the definition used, retail currently accounts for around 10,900 jobs in Northumberland. Although lacking a major retail centre, and with significant expenditure leakage to Newcastle, there are a number of modest centres with the largest being Ashington, Berwick-upon-Tweed, Hexham, Cramlington, Blyth and Morpeth²⁵. Nonetheless, representation is only fractionally below the average for the North of England, and there has been an above average rate of growth in the past decade, albeit that this is only 3%. The St Chad's forecasts predict that retail and wholesale combined will grow by 3,040 jobs (19%) over the 2010-30 period under the central scenario.
- 5.49 A town centres study is currently underway for Northumberland and will give detailed recommendations on the amount of future spending and development capacity. Findings from a draft of this study include the following, taking into account existing planning commitments but not other proposals in the pipeline;
- a Scope for further convenience goods floorspace and capacity for additional comparison goods floorspace in Alnwick in the medium term;
 - b Qualitative scope for increased convenience offer within Ashington as well as a need (both quantitative and qualitative) for further comparison goods floorspace;
 - c Scope (particularly qualitative) for an additional main food store within Morpeth;
 - d Additional comparison good provision at Hexham in the longer term only but a qualitative improvement in the shorter term;
 - e Additional comparison goods floorspace by 2026 in Cramlington;
 - f Scope for further convenience goods floorspace by 2026 within Blyth although a significant new redevelopment is currently proposed that could account for much of this capacity;

²⁵ Based on MHE 2008 Retail Shopping Index

- g Qualitative need to improve the convenience goods offer in Amble in order to address the deficiency in main food shopping provision although this may be met by a current proposal;
- h A notable increase in the comparison goods offer in Prudhoe that may be forthcoming if a proposal is granted permission; and
- i A very modest expansion of comparison good floorspace in Rothbury.

5.50 However, given that both the retail study is currently unfinished and in draft form, and that the Core Strategy is also at a very early stage of production, there is significant uncertainty which sites these requirements will be met on. Many of the requirements are unlikely to require new land as they will be accommodated through redevelopment of existing shopping areas, store extensions and other intensifications of existing sites. However, it is likely that where new supermarkets and increased bulky goods provision are required there will be some additional land needs. It is also possible that some existing or undeveloped employment sites could be sought to meet part of this supermarket/retail warehousing requirement. Of particular relevance is the outline permission for a supermarket adjacent to Morpeth Town Centre, which would involve the loss of some allocated employment land at site D03 (taking up plots 9, 10 and 11, plus adjacent land). Although unlikely to require much additional land, there is also an identified need for a better retail offer for visitors, specifically for distinctive gifts, souvenirs and other specialist stores, which may require additional accommodation in destination towns and close to tourist attractions.

5.51 Despite consumer spending likely to be constrained in the medium term as a result of government fiscal austerity measures, it appears likely that there will be modest growth of the retail sector in Northumberland. Even without significant growth in employment, there are likely to be some land requirements, albeit very difficult to quantify at this stage.

Tourism, Hotels and Catering

5.52 Tourism and its related sectors are large employers in Northumberland, reflecting the County's status as a major tourism area including the Northumberland national park. Overall, tourism-related industries employ approximately 12,000 people, accounting for 11.6% of all jobs, compared with just 8.2% nationally. Its importance is indicated by these statistics:²⁶

- a 1.72 million overnight visits, spending 6.56 million nights in the area;
- b 7.80 million day visitors;
- c total contribution of tourism to the Northumberland economy in 2008 was £650 million;
- d 2,218 jobs supported indirectly through tourist spending;

²⁶ Northumberland Area Tourism Management Plan (ATMaP) 2010-2015

- 5.53 Within tourism there are a number of important sub-sectors, including 3,260 in accommodation (which has a location quotient of 2.4) and food and beverage service activities employ 6,240 (location quotient of 1.1).
- 5.54 Northumberland's key tourism assets are seen as its²⁷:
- a **Coast & Countryside:** including Northumberland National Park, Northumberland Coast AONB, Kielder Water and Forest Park, North Pennines AONB, and the major river valleys of the North Tyne, South Tyne, Coquet, Aln and Tweed;
 - b **History and Heritage:** Hadrian's Wall, several castles, Berwick's Elizabethan Town Walls, Flodden Battlefield Gardens, the Alnwick Garden and other gardens including Cragside, Wallington and Belsay;
 - c **Outdoor activities:** including walking, cycling, fishing, golf and wildlife watching; and
 - d **Local culture:** agricultural shows, festivals, food fairs, historic and attractive market towns and villages.
- 5.55 Demand for this sector comes from both domestic/international tourism (hotels and restaurants) as well as the spending of local residents (mostly restaurants/bars). Future growth will therefore heavily depend on visitor numbers in the County and business activity.
- 5.56 The Northumberland Area Tourism Management Plan emphasizes that despite its already high level of importance, there is significant scope for growth in tourism in the County. In spite of recent improvements, one of the biggest problems is that the Northumberland visitor economy remains highly seasonal, with the summer period (July to September) accounting for over a third of all tourist days. Reducing this seasonality by boosting visitor numbers at other times of the year is therefore a key priority, with efforts being made to increase the quality and quantity of low-season activities, services and facilities. Efforts are also being made to better market the natural/heritage attractions of the County, including Hadrian's Wall, Lindisfarne, Kielder Water and Forest Park and the Cheviot Hills, which could lead to increased visitor numbers and trips. Kielder is seen as being a particularly important asset and the 'Kielder Big Picture Project' aims to increase visitor numbers and facilities in the area.
- 5.57 Although tourism is not directly estimated by the St Chad's job forecasts, the number of jobs in the 'hotels, restaurants and recreation' sector are expected to be one of the major drivers of job growth in the County. Over the period 2010-2030, these are expected to grow by 4,450 or 32% under the central scenario. Overall, high levels of job growth can be expected over the plan period.

²⁷ *ibid*

- 5.58 The land needs associated with this growth are likely to be varied and are difficult to estimate. Of the sub-sectors included within this category, attractions and hotels are most likely to have significant new land needs, with most other bars and pubs occupying existing premises or mixed use, town centre schemes. In particular, the Economic Strategy recognises the perceived lack of larger capacity hotels.
- 5.59 Indeed, many new hotels and attractions are also likely to be conversions or extensions to existing buildings (both within town centres and rural areas), meaning that land allocations are unnecessary for these types of use. However, there are several sites where more comprehensive tourism development is proposed in the County, albeit that wider planning issues could alter or prevent development coming forward. These include;
- a Land adjacent to the A69 at Haltwhistle: The site was given outline planning permission in 2001 to develop the site for employment but is now proposed to be developed for tourism uses including petrol filling station, hotel, visitor centre and some small retail and B class uses in terms of small workspace/offices but these would be ancillary to the main tourism development of the site. The site remains a strategic priority for the Councils Tourism department and Northumberland Tourism;
 - b Various sites at Alnwick: Northumberland Estates have aspirations to develop a hotel, convention centre, coach centre and parking on land at Denwick Lane, Alnwick in order to better service the range of attractions in the town. Such proposals would be subject to wider planning issues and would require a rigorous market demand/viability assessment. Other sites have also been put forward for tourism uses in and around Alnwick; and
 - c NCC tourism and Northumberland Tourism view Kielder Water and Forest Park as a strategic priority, where tourism development could be encouraged.
- 5.60 Overall, tourism appears likely to generate a high level of job growth over the plan period, and will be possibly the key growth sector in the County. However, many new facilities are unlikely to have significant land needs as they will involve conversions/extensions of existing buildings and will potentially be located in town centres. Additionally, new tourist developments (including hotels) often have exacting site requirements which cannot be catered for by specific land designations, but instead demand assessment based on the merits of the proposal at that time of application, in accordance with criteria based policies. However, there are two areas in particular which have been proposed for more comprehensive tourism development at Haltwhistle and Alnwick which could have significant land requirements, including on land currently identified for employment use.

Health & Social Care Facilities

- 5.61 Health & Social Care is one of the largest sectors in Northumberland, accounting for approximately 15,900 jobs (15% of the total), although it has

grown very slowly in the past decade (+2%) against a national trend of rapid growth (+28%). However, there is significant variation in representation between the component sub-sectors. Residential care is the largest of these in terms of employment, accounting for a very high 3.9% (4,080 jobs) of total employment in Northumberland, against 2.7% in the North of England as a whole. This reflects the popularity of Northumberland as a retirement location and the consequently high number of care homes in the County, estimated to be around 140.²⁸ The retirement-age population²⁹ is currently around 24% of Northumberland's population, and is forecast to rise to 34% by 2030, representing a net increase of 38,000 people³⁰. If these forecasts are correct there is likely to be a significant increase in the need for care homes, albeit that this could be partly offset by programmes to improve the health of elderly residents and help them live independently for longer. Any growth could be achieved partly by expanding capacity on existing sites and also the conversion of existing hotels or large residential properties. However, given the scale of the elderly population increase, some new site provision appears to be likely, and some of this could seek employment land, particularly undeveloped allocations.

- 5.62 In terms of public sector health uses, hospitals are underrepresented (location quotient of 0.9) whereas there is over-representation in GPs/dentists (LQ of 1.4) and other human health activities (LQ of 1.7). This is despite the fact that there are two major hospitals in the County (Wansbeck and Hexham general hospitals) and 10 small-medium sized facilities (e.g. Alnwick Infirmary, Berwick Infirmary etc). The high representation in GPs/dentists is likely to be a reflection of the often dispersed rural population resulting in a high ratio of healthcare employees to population. Furthermore, non-residential social work is also strongly represented with 3.1% of employment against 2.8% in the North of England.
- 5.63 Following discussions with Northumbria Healthcare NHS Foundation Trust and their planning advisors, DTZ, it is understood that there are two major development opportunities likely to emerge in Northumberland over the medium term. The first, and most significant, is the planned Specialist Emergency Care Hospital, which is to be located to the south east of Cramlington. This new hospital will treat patients who need emergency care. It will save lives and improve recovery being among the first in the UK to have specialist A&E consultants working 24 hours a day, everyday and specialist doctors from all main condition areas present during the day and evening and on-call during the night. It will have an emergency care department (A&E), critical care unit, six wards and two assessment units, theatres, radiology facility, children's assessment area, consultant-led maternity unit and special care baby unit.

²⁸ There are 142 care homes as listed on carehome.co.uk

²⁹ Defined by the ONS as women aged 60 and over and men 65 and over

³⁰ ONS 2008-based sub-national population projections

- 5.64 In addition, the Trust are looking to rebuild Berwick Infirmary away from its existing constrained site, adjoining the Elizabethan Walls, to an alternative less sensitive site elsewhere in the Town. Whilst the future use of the existing site has yet to be confirmed, it is understood that this is likely to involve a substantial element of residential development, with an element of commercial use (which could potentially include office space).
- 5.65 The St Chad's forecasts predict that overall the health sector will lose 140 jobs in the 2010-2030 period (1%). In view of the overall public sector spending cuts currently proposed (albeit at present health is being protected from the worst of these), it is likely that the majority of this growth will come from private residential healthcare sectors in line with the County's ageing population and existing base in these type of activities. Growth of this type could be partly accommodated by expanding capacity on existing sites without necessarily a large land requirement. It appears unlikely that many care homes would seek to locate on established employment sites due to amenity considerations. However, portions of undeveloped sites could come under pressure for such uses. For the rest of the sector there are unlikely to be any significant land needs or growth in employment. Nevertheless, in planning for an increasingly elderly population, the LDF process will need to consider whether additional land needs to be allocated in the key settlements to help facilitate the development of this growth sector.

Education

- 5.66 The education sector includes commercial nurseries, primary and secondary schools, further education colleges and universities and currently accounts for approximately 10,400 jobs, a similar level of representation to that in the region. However, this masks the fact that primary and secondary education is strongly represented, whilst higher education is significantly under represented. This reflects the absence of a large university in the County.
- 5.67 In terms of school sites, consultation with the Local Education Authority (LEA) has revealed that the County does not have significantly expanding school roles and therefore there are no underlying demographic drivers to justify the development of new school buildings. As a consequence, and given the capital investment restrictions now in place, the LEA will prioritise the refurbishment or replacement of existing buildings on the same site in the short to medium term.
- 5.68 The only exception to this is likely to be at Alnwick, where the Duchess High School in the town centre has long been recognised as being in need of replacement as it comprises a small, split site with outdated buildings. It is understood that The Northumberland Estates are seeking to replace this school with a new Academy at Greensfield, an 11ha greenfield site to the south-east of the settlement off Weavers Way. This land is in the ownership of the Duke of Northumberland and it is understood that lack of funding has prevented development of the site to date; however, it is expected that the land will remain the preferred location for the replacement of the High School. The

existing site is in the ownership of NCC and it is understood that higher value uses would be sought for the site (i.e. residential rather than office use) and hence it is unlikely to be able to contribute to the employment land portfolio.

5.69 Elsewhere in the County if the LDF were to plan for increased population growth then the educational implications of this would need to be considered.

5.70 The St Chad's job forecasts are predicting that this sector will lose approximately 250 jobs between 2010 and 2030, representing a decline of 2%. Given likely public spending cut backs this appears reasonable, although it should be noted that at present the education service is exempt from budget cuts identified by Northumberland County Council.

Waste and Recycling

5.71 This sector includes waste management facilities and incorporates facilities for waste transfer, recycling, treatment and energy recovery. This sector currently accounts for around 280 jobs in Northumberland, and has a similar proportion of all jobs compared to the North of England average. However, as this sector comprises several component parts of different St Chad's sectors (i.e. both other manufacturing and other services), the forecasts do not give a specific indication of likely future growth.

5.72 Discussions with NCC indicate that there are unlikely to be any additional requirements for facilities to deal with municipal and household waste over the plan period as the facilities need to manage this waste stream until beyond the plan period have been constructed and are operational. Facilities include waste transfer facilities on employment sites at Alnwick, Berwick upon Tweed and Hexham, and an integrated recycling and transfer facility on an employment site at West Sleekburn. However, new or enhanced facilities to manage commercial and industrial waste may be required, although the scale and land requirements for these are currently very uncertain. Demand for such facilities will come in locations close to where the waste arises, (i.e. main population centres and commercial and industrial centres, and as a result, land in the south east of the County is where most pressure for such uses will occur, although there may be a need for smaller scale facilities arising across the County given its large geographic scale. Industrial land is the most likely location for such facilities and as a result some B-class land could be lost.

5.73 In overall terms, it appears that a low rate of jobs growth is likely. In terms of land needs, it seems reasonable to plan for some B-class land to be used for commercial and industrial waste uses over the plan period, although the land requirements to be planned for is currently unclear. As the Core Strategy is developed, the likely land requirements will become more precise.

Public Administration and Other Public Services

5.74 This sector includes local and central government activities, along with social services, job centres, the police, courts, fire and other emergency services.

Although the vast majority of such activity occurs within buildings classified as use class B1, only a very small actually occurs in commercially available offices. It is only this generally-available and non-purpose built space which matters for estimating B-class future requirements and as a result the remainder (and vast majority) is considered here under non-B class uses.

- 5.75 With approximately 10,700 workers, this sector is currently strongly represented in Northumberland in job terms compared with regional averages, with a location quotient of 1.7. Furthermore, there has been rapid growth of around 3,700 jobs (52%) in the past decade, well above the regional growth rate of 14%. However, given planned Government public sector expenditure cuts, it appears unlikely that there will be any significant job growth in this sector in the short/medium term, and possibly some decline. Furthermore, the St Chad's jobs forecasts predict that there will be a decline of around 1,100 jobs (-11%) over the plan period. Overall, no job growth can be expected in this sector and no requirement for additional land, with the potential for some site and premises releases resulting from budget cuts and service rationalisation.

Sports Facilities

- 5.76 Data from the Annual Business Inquiry (ABI) suggests indicates that approximately 1,750 people worked in 'Sports Activities' in the County in 2008. This equates to approximately 1.7% of the total number of jobs and is a higher proportion than that seen in the North of England as a whole (1.1%).
- 5.77 Jobs in these facilities fall within the very broad 'other services' sector in the St Chad's Forecasts (which forecast to decline by 860 jobs or 55% under the central scenario in the period 2010-2030) and is it therefore difficult to isolate growth estimate for this individual sub-sector. Furthermore, there is no indication of significant expansion or job growth planned for these facilities.
- 5.78 The main sports facilities within the County include:
- a Swan Leisure Centre, Berwick;
 - b Riverside Leisure Centre, Morpeth;
 - c Wentworth Leisure Centre, Hexham;
 - d Concordia Leisure Centre, Cramlington;
 - e Blyth Sports Centre;
 - f Willowburn Sports and Leisure Centre (Alnwick);
 - g Ashington Sports Centre;
 - h Ponteland Leisure Centre; and
 - i Haltwhistle Swimming and Leisure Centre.
- 5.79 Most sports centres are owned by local authorities, and capital available for investment in new facilities is likely to be constrained in coming years as a result of government spending cuts. There are no new facilities planned for

Northumberland at present, and this sub-sector is therefore not expected to see any future growth or land needs.

5.80 In terms of health clubs/gyms, there is modest representation across the County, although lacking representation from one of the leading operators. An increase in participation rates along with population growth could increase demand in future and there may, therefore, may be scope for further health and fitness provision in the future although national growth in this sector now appears to have levelled out with some facilities operating at less than capacity. The draft Northumberland retail study suggests that there is no clear evidence to suggest that there is an outstanding requirement for further indoor, sports or health and fitness activity facilities in the future. Any growth is therefore likely to be small and would require a relatively small amount of land (e.g. 0.1 ha in some cases). Although such facilities sometimes seek new sites on industrial estates, they can often utilise converted premises in centres or form parts of mixed use schemes, so that there is unlikely to be a need to allocated land for this purpose. A typical employment level for a health and fitness club is about 50 jobs, so that no large employment growth is likely from this sector.

5.81 Overall, levels of growth in sports facilities are expected to be low, and there are not expected to be any significant needs for new land.

Commercial Leisure

5.82 This sector includes other forms of commercial leisure such as cinemas, theatres, bingo, bowling, and nightclubs. These uses cut across a number of Annual Business Inquiry (ABI) and St Chad's forecasts economic sectors which make it difficult to obtain exact current employment and future growth. However, based on consideration of some broader ABI sectors and the number of facilities present in the County, employment levels appear to be around the regional average or slightly below in some sub-sectors.

5.83 As noted in the draft Retail study, commercial leisure provision within Northumberland is relatively limited. Existing cinema provision includes the Forum Cinema in Hexham, Alnwick Playhouse and the Maltings Theatre & Arts Centre in Berwick-upon-Tweed. Given the limited cinema offer, local residents tend to travel to facilities outside Northumberland in order to partake in these activities.

5.84 In terms of other leisure facilities, Northumberland does contain a number of bingo facilities, including the Gala Bingo in Cramlington and Ashington together with more informal bingo in local social clubs and leisure centres. Northumberland also contains a range of local pubs and restaurants, which contribute to the evening economy of existing centres. The lack of major commercial facilities is reflective of the rural nature of much of the catchment, the limited population of most of the main centres and the strength and proximity of competing provision. However, Northumberland does contain a

number of cultural facilities, including small theatres and art galleries, such as the Phoenix Theatre in Blyth and the Queens Hall Arts Centre in Hexham.

- 5.85 In terms of future growth, the retail study has identified a clear need for additional cinema provision, with 6 additional screens being required. However, it seems unlikely that it would be commercially viable to provide these in one location, and are more likely to be small extensions to existing provision. Also, the smoking ban that came into force in July 2007 has affected bingo participation rates. Consequently, it is unclear whether there is commercial demand for additional facilities of this sort within Northumberland.
- 5.86 Overall, a low rate of growth seems likely in this sector, and there are unlikely to be any significant land requirements arising.

Conclusions

- 5.87 Drawing on this review of potential growth sectors, it appears that Northumberland's future growth is likely to be characterised by a shift away from public sector activities into the private service sector, with employment in manufacturing remaining relatively constant (albeit characterised by movement into higher value sectors such as biotechnology and operations linked to renewable energy). The key growth sectors in terms of jobs are likely to be business services and tourism accompanied by some small scale growth in other service sectors although this will depend to a large extent on encouraging indigenous start-ups and providing some better quality premises in order to retain these firms and allow them to grow. The County is not seen as having a significant role as a location for strategic distribution operations with large units, but could focus more on smaller scale firms in this sector.
- 5.88 Table 5.3 summarises the economic growth potential of different economic sectors within Northumberland.
- 5.89 Overall it suggests that the B class sectors with the potential to experience high or transformational levels of growth are business services, advanced manufacturing (including the strong pharmaceuticals sector) and environmental technologies/energy. However, losses in other sectors such as financial services and process manufacturing mean that the potential for an overall economic 'step change' are relatively low. Amongst the non-B class sectors, tourism and its associated industries (e.g. restaurants, accommodation etc) stand out as the sector with the highest growth potential, driven by better marketing of the County's existing assets and upgraded facilities for visitors. Other sectors including construction, education, health and public administration are all expected to suffer from declines in employment levels to a lesser or greater extent. Overall, the employment forecasts suggest that there is unlikely to be much change in the employment levels of the Non B Uses over the plan period, but there could be significant growth in B class jobs.

Table 5.3 Growth prospects and land requirements for key sectors

Sector	Current Representation	Future Growth	Job Forecast	Additional Floorspace Requirement	Likely to Require B class Land?
B Class Sectors					
Financial Services	Low	Low	- 225	See Chapter 7	
Business Services	Low	High	+ 3,830		
Distribution	Low	Low	n/a		
General/Process Manufacturing	High	Low	- 1,230		
Advanced Manufacturing ³¹	High	High	+ 1,230		
ICT & Computers	Low	Low	n/a		
Environmental Technologies / Energy	Medium	High			
Medical Research / Biotechnology	Low/Medium	Low/Medium			
Creative Industries / Media	Low/Medium	Low/Medium			
Non-B Class Sectors					
Construction	Medium/High	Low	- 80	Negligible	Negligible
Retail	Medium	Medium	n/a	Yes, quantum unclear	Potentially
Tourism, Hotels & Catering	High	High	4,450	Potentially, at Alnwick & Haltwhistle and key road junctions	Potentially
Health & Social Care	Medium/High	Low	- 140	TBC	TBC
Education	Medium	Low	- 250	TBC	TBC
Waste / Recycling	Medium	Low	n/a	Some, quantum unclear	Yes
Public Administration	High	Low	- 1,120	None	No
Sports Facilities	Medium/High	Low	n/a	Negligible	No
Commercial Leisure	Medium/Low	Low		Negligible	No

Source: NLP Analysis / St Chad's Employment Forecasts

5.90

Against this background, it is possible to speculate that the potential future economic role for Northumberland may be rather different from its current one given that the overall modest level of jobs growth expected masks the very rapid growth of some sectors whilst others are likely to decline rapidly. Overall, this envisages Northumberland's economy broadly retaining its existing level of manufacturing industry but with a much greater emphasis on higher value and environmental goods, aided by NaREC. The various public sectors upon which the County is currently heavily dependant are likely to lose jobs in the medium term and as a result, it is important that the business services sector becomes more developed and broader based than at present. This would rely on encouraging local start-ups and expansion by small indigenous firms by providing a range of suitable, small, flexibly managed units. Over time, this could create some demand for slightly larger office units and develop the small office market further as well as helping to improve the image of the County. While a strategy to attract some business relocations from outside the County

³¹ Note: the growth prospects and land requirements for the pharmaceuticals sector is included within Advanced Manufacturing

should be pursued, in particular by ensuring a better quality and choice of good employment sites is available, there should probably not be over-reliance on this given the competing effects of nearby centres and emphasis given to encouraging indigenous growth. Effort should also be given to realise the maximum economic benefits from the growing tourism and associated sectors.

- 5.91 Table 5.3 also considers land requirements for non-B class sectors, whilst the requirement for B class land is considered in the following chapter. In terms of future land needs for these sectors, the above analysis suggests that land requirements for most sectors are likely to be modest, partly because many will utilise land already held by the relevant provider or because the use can be incorporated within mixed use developments, often in town centres. In terms of requirements for facilities which have the potential to locate on B-class land, there could be a modest requirement for industrial waste uses, and potentially some requirements from new retail developments. Some of these requirements could make use of existing industrial land, particularly industrial waste facilities and retail warehousing.

6.0 Future B Class Employment Space Requirements

6.1 This section assesses the amounts of B class employment space likely to be needed in Northumberland up to 2030. The B class uses include the activities listed below:

B1a	Offices Commercial offices other than in a use with Class A2
B1b	R&D Research and development - laboratories and studios
B1c	Light Industry Light industry (unless in B2)
B2	General Industrial General industry (unless in B1)
B8	Storage or Distribution Storage or distribution centres - wholesale warehouses, distribution centres and repositories

6.2 It is important to emphasise that the assessment of future needs in this Section does not take into account existing commitments and as such does not represent the amount of additional space required.

6.3 To estimate the broad scale and type of further employment land required, a number of different indicators and factors have been considered. The principal approaches most commonly used when assessing future employment land needs are based on:

- a Forecasts of employment growth in the main B class sectors;
- b Projecting forward past take-up trends of employment land, with adjustments (if necessary) to reflect changing economic conditions;
- c Considering population forecasts and future growth of local labour supply and the amount of jobs and employment space that this can support.

6.4 All these approaches have some limitations and need to be considered together along with other indicators to give a robust view of future employment space needs. In addition, the economic growth potential and likely demand for employment space in Northumberland needs to be assessed under a range of different future scenarios.

Factors affecting Future Employment Space Needs

6.5 Given the differing pictures indicated by employment-based estimates and past-take-up trends, a range of other indicators have also been reviewed to inform a

judgement on where the best estimate of future needs should lie. Some of these factors pull in different directions and a balance has to be drawn between them.

- 6.6 **Trends in the national economy** will clearly be a significant factor affecting future demand for employment space. The UK is currently experiencing a major economic slowdown and financial credit shortage which culminated in a severe recession. Whilst the national economy has experienced consecutive periods of growth in 2010, and hence the recession is technically over, the economic recovery is very fragile and access to credit for businesses and householders alike remains a major issue. As yet, there is no agreement amongst economists as to how robust the recovery will be going into 2011 and whether the UK will experience a 'double-dip' recession, particularly given the coalition government's severe cuts to public services and the high levels of job losses forecast as a result in both the public and private sectors. While this study estimates employment space requirements over a 20 year period, over which short term fluctuations should even out, the past development rates assessed do not reflect this degree of slowdown and have been adjusted to reflect the future adverse outlook.
- 6.7 Levels of **new business start ups** provide an indication of the number of new firms starting-up or expanding in the County, and this will influence the amount and type of employment space required in future. Growth of VAT registered firms in Northumberland rose by 19% between 1997 and 2007, a rate broadly in line with the regional and national averages. This indicates that the County's economy benefits from a reasonable entrepreneurial culture and suggests that growth in demand for additional employment space as new firms start up and grow is important.
- 6.8 The need to **replace land or premises lost** (or released) to other uses to maintain the level of the current stock of employment space has been considered. Over the last five years, there has been an average annual loss of 13.828ha per annum of employment land to other uses. Much of this is in small sites and there is a need to ensure adequate space exists for relocation of displaced firms. Some replacement of space lost to housing or other uses may also be needed if the current level of stock is to be maintained, or if any further large sites are to be released to other uses, although use of net take-up rates would assume some losses anyway.
- 6.9 Looking at **commuting patterns**, the importance of Tyne and Wear as a source of employment opportunities is most keenly felt in the adjacent authorities, with 44,730 residents commuting beyond the County boundary for work; however, the inflow is estimated at just 16,280 resulting in a net outflow of 28,460 workers. There will therefore be a clear need to maintain the supply of good quality jobs available locally to reduce levels of out-commuting in future.
- 6.10 Other factors which could moderate future levels of employment space needed include the growing trend to **relocate certain business operations** to lower-cost

locations overseas, often referred to as “off-shoring”. The industries with the highest propensity for this have typically included communications, banking and finance, and some business services, in which Northumberland has a very modest representation. The County also has a lower representation of other important knowledge based industries. At the same time, industrial firms are tending to move manufacturing operations to lower cost countries while maintaining UK distribution functions. Over time, this factor could reduce employment space needs (and job numbers) in Northumberland, particularly given its high representation in manufacturing in the South-East of the County, although the likely scale remains unclear.

- 6.11 Another factor which would tend to reduce the amount of additional employment space needed in the future is the ability to achieve economic growth without corresponding increases in demand for employment space or labour, known as **‘smart’ or ‘landless’ growth**. This could reflect increased automation, increased floorspace densities/plot ratios, labour productivity improvements, hot-desking, working from home, or more overtime working by current staff. Again, it is difficult to quantify the extent of this effect, although given the remoteness of much of the County, the potential for future homeworking could be significant. Over the long term, a shift from industrial to higher density office based jobs should reduce land needs but this also implies a need for higher value jobs and skills.
- 6.12 An overall reduction in the manufacturing sector’s economic output has not been observed in the County, with future projections produced by St Chad’s indicating that the industrial sectors will grow at approximately 0.8% per annum 2010-30. However, industrial FTEs have been falling in recent years and may continue to do so. This apparent discrepancy can be explained in part due to increased automation, a process known as **capital substitution for labour**. This may mean that whilst employment declines, the amount of land required for industrial stays the same, or even increases. Thus any land requirements derived solely from employment change over time should be treated with particular caution in the case of B2 industrial uses.
- 6.13 **Competition** to economic growth in the County from surrounding districts and particularly Tyne and Wear could also constrain future demand and hence the scale of employment land provision. Major developments and land supply in adjoining areas e.g. Quorum in North Tyneside could compete for larger office or industrial relocations. This factor may moderate the levels of growth and industrial/office relocations that parts of Northumberland (particularly the areas surrounding the conurbation) could expect to attract.

Growth Scenarios

A. Job Forecasts Model

Methodology

- 6.14 St Chad's College / Durham University Business School were appointed by NCC to undertake long term sectoral and employment projections for Northumberland in spring 2010. The report produced had an accompanying annex which converted the employment land projections to perceived quantitative land need. Together, these reports provide an outlook for future land requirements to inform this study. The report³² and accompanying Land Review Annex were intended to provide land requirements to inform this ELR.
- 6.15 The methodology adopted was in accordance with that set out in the 'North East Business Accommodation Project' produced for One North East and the North East Assembly³³.
- 6.16 Three employment forecasts were produced, based upon the following assumptions:
- 'Baseline' scenario – with GVA growing by, on average, around 2% per annum.
 - 'Lower' alternative scenario (1) - a longer/deeper current recession with 'hysteresis'.
 - 'Higher' alternative scenario (2) - a shallower recession where the County's economy rebounds more sharply. In this scenario the number of jobs rises by 0.7% p.a. on average.
- 6.17 Translating the job forecasts into land requirements was estimated by St Chad's mapping the detailed 26 sector economic scenarios to the 27 land use classes (see Appendix 7 for St Chad's Employment Land Report and a diagrammatic summary of this mapping). This conversion respects the fact that many sectors require multiple types of land (e.g. Electronics includes both R&D space and light industry space).
- 6.18 St Chad's made several assumptions during this process; specifically, agriculture and extraction were excluded since they do not directly give rise to demand for employment land. Furthermore, for several industries only a proportion of employees were assumed to generate demand for employment land, specifically:
- Utilities. 30% of employment was assumed to be in office premises;
 - Construction. 33.33% of employment was assumed to be in fixed employment premises;

³² Andrew Hunt, Ian Stone and Jennie Hewitt, Policy Research Group St Chad's College/Durham University Business School (April 2010): 'Long Term Sectoral and Employment Projections for Northumberland'

³³ North East Business Accommodation Project: Baseline Report. GHK April 2009

- Education. 10% of employment was assumed to be in non-educational (mainly office) premises;
- Health and social work. 15% of employment was assumed to be in headquarters, back office and other office premises.

NLP Methodological Assumptions

- 6.19 Due to the very low land forecasts arising from the St Chad's approach (see below), NLP were asked by NCC to apply a sensitivity test to the findings. This involved applying NLP's standardised ELR demand forecasting approach, which differs in several key regards to the St Chad's model.
- 6.20 In order to translate the resultant job forecasts into estimates of potential employment space³⁴, NLP allocated the level of employment change forecast for office, industrial, and wholesale/distribution uses as follows:
- The office floorspace requirement is related to job growth/decline in the financial and business service sectors (i.e. Business Services, Banking and Insurance and Other Financial and Business Services);³⁵
 - The industrial floorspace requirement is related to job growth/decline in the manufacturing sectors; and
 - The wholesale/distribution floorspace requirement is related to job growth/decline in the three SIC sectors of wholesaling, transport and communications³⁶.
- 6.21 Vacancy rates of 8.2% for B1 and 8.8% for B2/B8 floorspace were subsequently applied to the resulting 2010 floorspace figures to provide an indication of the current situation in Northumberland. In order to calculate a future vacancy rate for the scenarios up to 2030, it was necessary to make certain assumptions regarding the 'ideal' future scenario Northumberland should be aspiring towards. There will always be a need for a proportion of vacant premises in order to allow for the smooth operation of the market. However, high vacancy rates are undesirable in the long term, raising the question of whether the County should be planning to provide new employment sites if there is already a substantial amount of premises that are lying under-utilised. Consequently, for the future employment scenarios, 'ideal' vacancy rates of 5% for office, and 10% for industrial and storage or distribution were

³⁴ NLP used the same 26 Standard Industrial Classifications as St Chad's

³⁵ It should be noted that in the absence of any detailed breakdown of the likely employment split between B1a, B1b and B1c, the total FTEs in the aforementioned SIC sectors were split equally between the three B1 use class categories. To ensure that this did not result in a distorted picture of B1 land requirements, a sensitivity test was subsequently applied which used a standard office employment density of 19sqm across the board (see discussion later on in Section 6.0).

³⁶ It should be noted that the three categories relating to warehouse/distribution issues include a wide number of activities which operate in different types of space that would not normally be defined within this category (e.g. SIC4 'taxi operators' are included within the general 'transport' SIC2 employment category, but clearly do not operate out of warehouse-type units). A detailed analysis of the most recent SIC 4 data from the ABI statistics database for 2008 indicates that across Northumberland, 19.7% and 59.8% of jobs in the wholesaling, transport & communications categories respectively, are considered to contribute to the need for warehouse/distribution employment land. On this basis, the data for these three industrial classifications were reduced, by approximately 73.5%, to remove non-'B8' (warehousing/distribution) based uses from the statistics. It was assumed that this proportion remains relatively constant over the study period.

deemed appropriate for the 'proper' functioning of the market, based on the findings of similar studies elsewhere in England and the study team's experience of the commercial market in the region.

- 6.22 In order to translate the resulting figures into employment land projections, employment densities (as recommended in the English Partnerships 2001 Guidance Note³⁷) and plot ratios by use class were then applied to the job change figures to translate these into employment land projections. It was assumed that:
- One B1a office job requires 19sqm of employment floorspace;
 - One B1b High Tech R&D job requires 29sqm of employment floorspace;
 - One B1c Light Industrial job requires 32sqm of employment floorspace;
 - One B2 general industrial job requires 34sqm of employment floorspace; and
 - One warehousing/distribution job requires 50sqm of employment space.
 - It has been assumed that a gross area of 1ha is required to develop 4,000sqm of out-of-centre office, industrial or warehousing/distribution space (equal to a plot ratio of 40%³⁸). Due to the rurality of much of the County, and the low density of development in many of the market towns therein, this plot ratio was applied to office floorspace and industrial units alike.

- 6.23 The demand projections generated via this employment forecasting method³⁹ represent a net future requirement for employment levels and do not take into account any future losses to non-employment uses. It is therefore necessary to adjust both NLP's and St Chad's figures in order to reconcile them against gross projections generated by analysing historic take up rates.

Employment Growth

- 6.24 Before presenting the job growth outcomes from the scenarios it is worth highlighting, in broad terms, limitations in how these outcomes were generated:
- 1 They are predominantly trend-based estimates projecting historic growth patterns into the future;
 - 2 Such forecasts tend to be most reliable at regional and national scales than at the local economy level, but can indicate the broad scale and direction of economic growth in different sectors and provide some guidance to assess future land requirements.

³⁷ English Partnerships (2001), *Employment Densities: A Full Guide*. It should be noted that whilst the original St Chad's work utilised similar density standards as NLP (i.e. 19sqm for B1a offices, 29sqm for B1b, 34sqm for B1c/B2 industrial and 50sqm for B8 warehousing), a variety of other densities were used by the University for uses such as C1, A2 and A3 (13sqm, 20sqm and 13sqm respectively) in accordance with the North East Business Accommodation Project Baseline Report (GHK April 2009). NLP have retained the broad density assumptions for the five broad B-class employment sectors.

³⁸ Based on plot ratio discussion detailed in the ODPM's *Employment Land Review Guidance Note* (December 2004)

³⁹ It should be noted that this study has incorporated data and other available evidence available at the time of drafting of the report. In particular, whilst the Annual Business Inquiry (ABI) annual employment estimates were used to inform the demand forecasts, from 08 December 2010, this dataset was superseded with the new Business Register Employment Survey, published by ONS.

- 3 It is important to recognise that there is not always a clear cut relationship between employment change and employment land needs. Additional employment space can be needed even if employment itself is falling, for example if a manufacturing firm requires more space to enable greater automation and achieve job reductions through productivity gains.
- 6.25 The 'business as usual' scenario is considered the most realistic scenario for the County as it emerges from the recession and indicates that:
- Northumberland's Gross Value Added (GVA) is projected to grow in real terms by an average of 2.0% per annum over the next two decades.
 - Over the five years to 2015, it is anticipated that Northumberland will experience slightly lower levels of FTE employment than in 2010. Beyond 2015 growth is expected to return to trend, resulting in a steady expansion of County level employment.
 - There will continue to be significant change in the level of economic activity at sector level. Employment in Agriculture, hunting, forestry and fishing is expected to remain broadly stable, as is employment in the Energy extraction and production sector. The Construction sector is projected to decline by 9% (653 FTEs), whilst employment in process manufacture is projected to decline by a third (equal to 1,448 FTEs). However, the projected contractions in the industrial sectors are more than compensated by a solid expansion of 6.6% in Services (4,700 FTE workers).
 - The County's long term economic path is heavily conditioned by its response to the current recession. If the national recession is longer & deeper than anticipated it could prevent the projected long-term increase in employment from occurring.
- 6.26 Table 6.1 and Figure 6.1 compare and contrast the three scenarios. It indicates that net job change is forecasts to range from -5,400 FTEs (deep recession, low growth) to +3,000 FTEs (shallow recession, high growth).
- 6.27 In terms of sectors, all decline by 8.2% from the baseline scenario (apart from the public sector which has been kept at a constant throughout all scenarios⁴⁰). This fall in FTE employment exerts its largest absolute impact on the Business Services sector, where 1,128 fewer FTE workers would be employed, followed by the Hotels, restaurant and recreation sector, where 922 fewer FTE workers would be employed within the sector compared with the 2030 central projection.
- 6.28 The third 'Higher growth' scenario, based on a shallower recession with unchanged long-term growth trend overall, causes the County's workforce to expand overall by 3,000 workers, equivalent to 3.2% above the result in the central 2030 projection. In terms of sectors, all expand by 4.6% from the baseline scenario (apart from the public sector which has been kept at a

⁴⁰ Note: public sector employment has been kept at a constant as the fall in numbers is devoid from market trends but is rather a function of government expenditure; under the fiscal austerity measures, any scenario would experience employee reductions. However, as the study does not currently know the severity of the government cuts, a reduction of 1,255 has been forecast for each scenario.

constant throughout all scenarios). The table indicates that Wholesale & retail, Hotels & catering, and Finance & business services experience a large increase in FTE employment, implying the need for more workers to enter these sectors (and associated changes in skills requirements needed if that future demand is to be met). Even in this 'higher' scenario, FTE employment in Manufacturing and Construction still declines, indicating a fall in demand for certain skills, although this impact is limited in scale.

Table 6.1 Projected Employment Change 2010-30, St Chad's Scenarios April 2010

Industrial Sector	BASELINE Total 2010-30 (% Change)	LOWER Total 2010-30 (% Change)	HIGHER Total 2010-30 (% Change)
1. Agriculture, forestry & fishing	-14 (98%)	-54 (90%)	6 (101%)
2. Energy extraction and production	-170 (0%)	-168 (0%)	-171 (0%)
3. Energy supply, Water, waste, recycling	-278 (47%)	-293 (43%)	-272 (48%)
4. Other Mining	-75 (28%)	-76 (26%)	-74 (29%)
5. Food & Drink manufacture	-437 (75%)	-525 (69%)	-395 (77%)
6. Process manufacture	-1448 (33%)	-1485 (31%)	-1437 (34%)
7. Automotive	163 (160%)	130 (148%)	180 (165%)
8. Defence & aircraft Manufacturing	0 (100%)	-1 (93%)	0 (104%)
9. Textiles	1 (100%)	-28 (93%)	16 (104%)
10. Wood, pulp and paper	142 (108%)	-2 (100%)	214 (112%)
11. Glass, ceramics, clay, cement, concrete and stone	487 (177%)	401 (164%)	532 (183%)
12. Iron, steel, metal products	6 (100%)	-126 (93%)	71 (104%)
13. Machinery	258 (124%)	159 (115%)	308 (128%)
14. Electrical	-402 (0%)	-398 (0%)	-406 (0%)
15. Misc. Manufacturing	186 (114%)	74 (105%)	243 (118%)
16. Printing and publishing etc	-98 (73%)	-116 (68%)	-90 (76%)
17. Construction	-653 (91%)	-1,108 (84%)	-432 (94%)
18. Wholesale and retail trade	1,277 (110%)	225 (102%)	1,803 (114%)
19. Hotel, restaurant and recreation	2,243 (122%)	1,321 (113%)	2,709 (126%)
20. Transport & communications	-4 (100%)	-293 (93%)	139 (103%)
21. Financial services	-183 (76%)	-223 (71%)	-163 (79%)
22. Business services	4,238 (139%)	3,110 (129%)	4,817 (144%)
23. Public administration, defence and	-1,255 (87%)	-1,255 (87%)	-1,255 (87%)

Industrial Sector	BASELINE Total 2010-30 (% Change)	LOWER Total 2010-30 (% Change)	HIGHER Total 2010-30 (% Change)
social security			
24. Education	-363 (95%)	-363 (95%)	-363 (95%)
25. Health	-524 (96%)	-524 (96%)	-524 (96%)
26. Other services	-761 (42%)	-794 (39%)	-749 (44%)
TOTAL	2,338 (103%)	-2,410 (97%)	4,706 (105%)

Key:

>10% Growth

>10% Decline

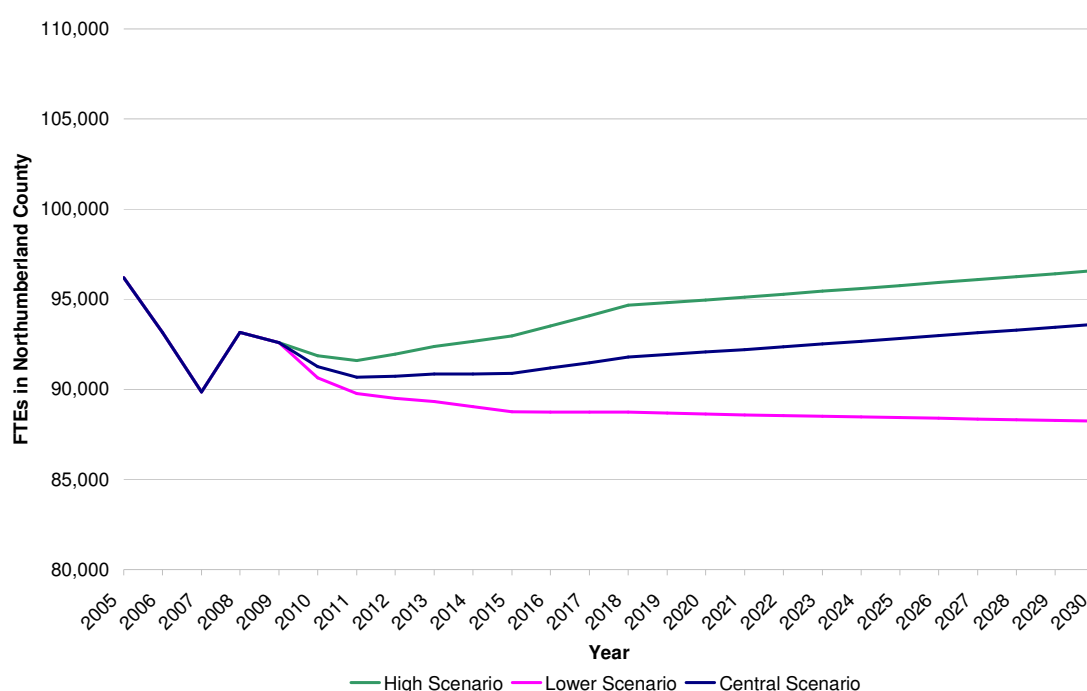


Figure 6.1 Total Employment Growth in Northumberland 2010-2030, Analysis of Three Scenarios

Source: St Chad's / NLP analysis

6.29

These job growth forecasts were subsequently translated by St Chad's into employment land requirements using the methodology set out earlier in this section and outlined in Appendix 7. A detailed breakdown of the net floorspace and land requirements, in five year intervals, for Northumberland County is provided in Appendix 8. This generates a **net employment land requirement of between 1.9 and 17.1ha for the period 2010-2030 as illustrated in the Table below.**

Table 6.2 St Chad's Net Employment Land Forecasts 2010-2030 (ha)

	Baseline	Lower Growth	Higher Growth
B1a Office Employment Growth	6.0	2.6	7.8
B1b R&D Employment Growth	0.1	0.0	0.2
B1c Light Industrial Employment Growth	-0.5	-0.6	-0.4
B2 General Industrial Employment Growth	1.1	-2.0	2.6
B8 Storage	5.2	1.9	6.9
TOTAL	11.9	1.9	17.1

NLP Employment Land Forecasts

6.30

NLP subsequently undertook a sensitivity test on the St Chad's figures, using standard assumptions on the relationship between the 26 SIC industrial sectors and their land requirements. Specifically, and as discussed above, this involved differing assumptions between the composition of jobs based on B1, B2 and B8 land. The results indicated in Table 6.3 suggest that the NLP sensitivity testing foresees greater growth in B1 office, R&D and light industrial development, with a greater decline in B2 industrial growth. B8 remains roughly the same for both the NLP and St Chad's forecasts.

Table 6.3 NLP Net Employment Land Forecasts 2010-2030 (ha)

	Baseline	Lower Growth	Higher Growth
B1a Office Employment Growth	5.1	3.2	6.1
B1b R&D Employment Growth	10.4	7.2	12.0
B1c Light Industrial Employment Growth	11.5	8.0	13.3
B2 General Industrial Employment Growth	-12.1	-21.6	-7.5
B8 Storage	4.4	-0.9	7.0
TOTAL	19.3	-4.1	30.9

Past Take-up Rates – Results

6.31

The take-up of commercial office/industrial space in Northumberland County has been obtained from NCC for the period 2004/05 to 2008/09. The situation is complicated by the fact that before the recent creation of the Unitary Authority, the six individual districts collected take up data in slightly different ways, over differing time periods. Consequently, whilst ideally the data would be assimilated over a longer time period, to ensure consistency, the

five year data source was used based primarily on the former districts' Annual Monitoring Reports (see Section 3.0). The data indicates that, between 2004/05 and 2008/09, 121.31ha of allocated/committed employment land had been taken up for development, which equates to approximately 24.26ha per year.

- 6.32 Of the land that was specifically developed for B1, B2, B8 use, this equated to 52.17ha, or **10.43ha per annum**, with an average of **13.828ha lost to non-employment uses per annum**.

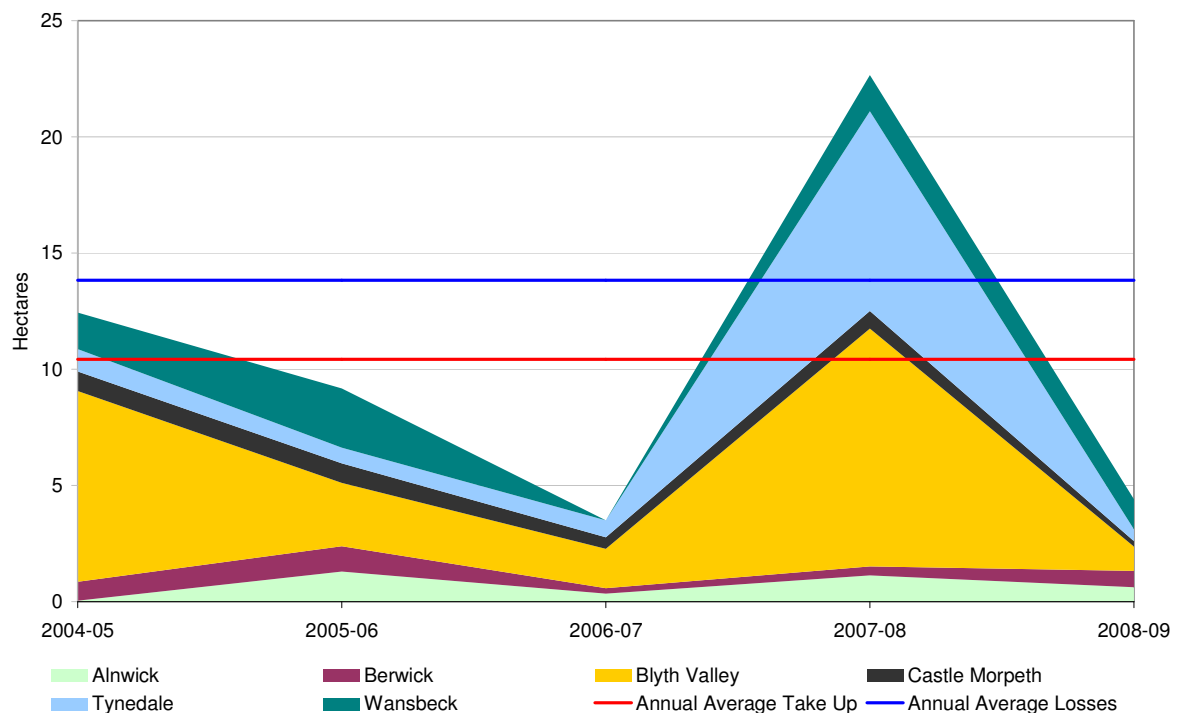


Figure 6.2 Take Up rates (ha) within Northumberland 2004/09

Source: Northumberland County AMRs 2005-2009

- 6.33 Figure 12 illustrates the peaks and troughs in development in the County in recent years. It demonstrates that take up peaked in 2007/08, at 22.65ha, predominantly related to the redevelopment of the Egger plant in Tynedale and developments in Cramlington. Otherwise, take up in the six former districts has been low, with the exception of Blyth Valley.
- 6.34 At a very basic level, projecting the employment land take up forward to 2030 could suggest a requirement for around **208.6ha** net of employment land. It is recognised that this presumption is based on a limited data source and does not factor in the likely impacts of a prolonged recession, which could reduce take-up significantly in the short to medium term.
- 6.35 It is considered that an argument could be made that the levels of take up that have been achieved over the last few years may not continue over the plan period for a combination of reasons including the move towards a more

Business Services-orientated economy, with significantly higher employment densities; the restructuring of the traditional manufacturing economy, with the potential for 'recycling' of older sites; the long term impacts of the recession and the likely significant reduction in public sector spending available to deliver difficult brownfield sites; and the need to consider alternative uses for existing B-class allocations (i.e. for waste and recycling).

6.36

However, given the fact that the take up rates have already factored in at least two years worth of recession-influenced activity, NLP's considered view is that a justification can be made for keeping the same level of take up in years to come, particularly as:

- Development has already started from a very low base, with just 10.4ha coming forward on average in recent years; given the size of the County and the aspirations for growth therein, this is a very modest target to achieve;
- There have been few large developments that have skewed the figures in recent years, hence it is likely that the figures represent a relatively constant stream of smaller developments that are likely to continue into the longer term;
- There is considerable potential for the development of land hungry sectors, specifically manufacturing, servicing, and storage facilities for the renewables sectors, particularly off shore wind. These have not generally been reflected in past take up rates in recent years;
- Whilst the amount of additional employment space needed in the future could be reduced by 'smart or landless growth', there is no evidence of this having taken place in Northumberland in the recent past and given the relatively low land values across most of the County (which would encourage low density development), it is considered that this will have a very limited impact on future land requirements. Furthermore, poor broadband service is limiting smart / landless growth in the rural parts of Northumberland by preventing home working;
- Due to the austerity measures introduced by the government, there is likely to be considerably less public capital expenditure available to invest in site preparation. Whilst this is likely to reduce public sector-funded development, there is a possibility some currently unviable sites could be cross-subsidised by higher value end uses, particularly where large scale infrastructure / remediation work is required. **However, any such approach would need to be comprehensively reviewed during the LDF process and weighted against wider sustainability and planning issues.** Hence on a number of allocated employment sites across the County, it is possible that they could be brought forward for a mix of uses, reducing the B-class element and necessitating other employment land provisions elsewhere;
- Analysis of the commercial office/industrial market indicates that whilst there is little appetite for speculative development until the property market and general economy improves, there is a relatively steady level of enquiries (notably for smaller units) in the County, particularly in areas with constrained supply.

6.37 Consequently, on balance, there are a number of factors which would support continuing demand for employment space in the County even through the scale of future space needs is likely to be tempered by slow recovery from national economic recession and some competition from both industrial and office development from the Tyne and Wear City Region.

6.38 Hence we have continued to use this forward projection as one of our scenarios, recognising that this estimate is likely to be towards the top end of the range of future requirements given the current pessimistic and uncertain economic outlook.

Gross Employment Space/Land Projections

6.39 It is necessary to adjust the net employment land projections in order to reconcile them against gross projections generated by analysing historic take up rates and losses for planning purposes.

6.40 In order to undertake this, data on recent losses of employment land has been made available by NCC and outlined above. Based on the long term data, this indicates that, over the last five years, some 64.384ha of B1/B2/B8 employment land has been lost to alternative uses, an annual average rate of **13.828ha** per annum. If this level of loss were to continue in future, some **276.56ha** would need to be provided over the 20 year plan period just to maintain the current employment land stock.

6.41 In determining whether this recent rate of losses is likely to be maintained in future, a number of factors were considered:

- The immediate and long term impacts of the current recession reducing development pressure for redevelopment of employment sites for alternative uses;
- Whether the remaining allocated employment sites have particular constraints likely to deter non-employment uses (i.e. contamination); and
- Exceptional developments in past losses data that are unlikely to be repeated in future.

6.42 As regards the latter point, the past losses are dominated by three substantial developments, specifically:

- **Blyth Valley Retail Park**, Cowpen Road, Blyth (Former B1/B2/B8 allocation, of which 8.5ha lost to retail uses);
- **Former Bates Colliery Site**, Cowpen Road Blyth (Former colliery site allocated for general B-class use, of which 9.9ha lost to make way for 337 residential dwellings); and
- **Former St Marys Hospital**, Stannington (Former Hospital site, allocated in Castle Morpeth Local Plan for mixed use, with housing to be ancillary to employment use. Permission (now commenced, CM/2008/0874) for residential development, associated community facilities, outdoors sports

facilities etc with some commercial development (52,000 sqft). The site represents a 33.6ha employment allocation that will now be redeveloped for primarily non-B-class employment uses, with only 0.444ha developed for B1 of the original 33.6ha employment allocation.

- 6.43 Other factors suggest that the rate of employment land lost to alternative uses may be maintained includes the fact that agents were of the view that although many of the 'vulnerable' employment sites situated in residential areas had been developed for alternative uses in the boom years, the remaining portfolio still included some relatively attractive industrial sites (from a house builder's perspective). These could include the Morpeth Town Centre sites; Blyth Bebside (C01), Woodhorn Road in Newbiggin (F20), Hadston (D01), Seghill (C15)⁴¹. It is also important to note that there maybe further unwelcomed retail pressures on designated employment land (such as Cowpen Road, Blyth) in the future.
- 6.44 In view of the above, it is therefore suggested that the past rate of losses, 13.828ha, remains a reasonable basis to go forward, although this should be monitored by NCC over the next few years and adjusted as necessary.
- 6.45 The vast majority of land lost was allocated for non-specific general B1/B2/B8 uses, hence it is difficult to directly translate future losses into B1/B2/B8. An assumption has necessarily been made that the losses and future take up of employment land would reflect the projected floorspace representation by 2030 for each Use Class using the NLP econometric model⁴².
- 6.46 There is also an argument that not all such losses of employment land should necessarily be replaced or reflected in an increased gross land requirement. This would be on the basis that Northumberland's stock of employment land contains some older or unsustainable sites less likely to meet future needs and is of a scale that reflects past industrial patterns, rather than the amounts of land needed in future. However, for the moment, it is assumed that all of the losses should be replaced to maintain the stock⁴³.
- 6.47 In summary, by factoring in the likely net losses of employment land to the job-forecast-based net projections presented above would generate a **gross employment land requirement of 485.2ha for the period 2010-2030.**

⁴¹ This is not an endorsement that these sites are suitable for residential development in planning terms. The Northumberland SHLAA will be identifying suitable housing sites for the LDF

⁴² Example: 39.1% of the total forecast commercial/industrial floorspace in Northumberland by 2030 is forecast to comprise B2 general industrial space under the NLP Central Scenario; this proportion was then applied the appropriate take up/losses figure and added to the net B2 requirement.

⁴³ To identify the amount of employment space that should actually be allocated, the SEEPB guidance indicates that net floorspace requirements should be converted to an estimate of gross needs by adding an allowance for replacement of future losses of employment space to other uses. Without doing this, the stock of employment space would gradually be eroded. The guidance is unclear as to whether this allowance should be applied to job forecast based estimates but taking a cautious approach, this allowance has been added to all demand estimates in this study.

Adjusting the Margin of Choice

- 6.48 Even where the identified demand for employment land is likely to decrease, it is considered that there should always be some new development coming forward to reduce risk of stagnation and further decline in the market. Consequently, it is desirable to allocate more land than is likely to be used, as some land may not come forward for development in the short to medium term (if at all). This is particularly the case for those sites which have been carried over from past plan periods and those with significant constraints to overcome.
- 6.49 It is standard practice to allow for a degree of flexibility, or '**margin of choice**', in the allocations by applying a stated factor in the demand calculations. This reflects the need for a fairly generous additional allowance on top of the initial estimate of employment space needs for a number of reasons, including:
- As a margin for error given the uncertainties in the forecasting process;
 - To allow developers and occupiers a reasonable choice of sites;
 - To give some flexibility and decanting space while older premises are redeveloped and new premises are coming forward; and
 - To cope with factors such as some allocated sites not coming forward and some redundant industrial sites not being suited for new employment uses.
- 6.50 The SEEPB guidance suggests that an appropriate margin for each use class should be based purely on how long it takes a site to move from being a commitment to completion, but gives no guidance on what these timescales typically are or how the floorspace allowance to reflect this margin should be estimated. Typically, however, an amount equivalent to 1-2 years of past completions rates has been used, depending on local market conditions. Given the weak commercial market at present and the increasing timelag between the grant of planning permission and the implementation of the scheme, a conservative margin of choice equal to 2 years worth of past take up is recommended. This is considered to be an appropriate and relatively modest margin of choice on the basis that this allows for flexibility for developers whilst reducing the risk of oversupply of employment land in the County.
- 6.51 **Consequently, by adding on an allowance for replacement of losses and factoring in two years of take up (based on long term trends) to allow a margin for choice, this results in a gross total requirement of 506.09ha between 2010 and 2030.**
- 6.52 The same steps described above to convert the net take up projections from net to gross (with a 2 year margin of choice) have been applied to the net econometric modelling figures (for both the St Chad's and NLP approaches) described earlier in this section for consistency:



Figure 6.3 Methodology for Defining Gross Requirement

Source: NLP

6.53

The full breakdown is illustrated in Table 21 and Figure 6.4 below.

Table 6.4 Gross Employment Land Comparisons 2010-2030

Scenario	Net/Gross	B1a	B1b	B1c	B2	B8	TOTAL
St Chad's Central Scenario	2010-2030 (net)	6.0	0.1	-0.5	1.1	5.2	11.9
	2010-2030 (gross)	30.9	40.2	43.8	109.2	64.3	288.5
	+ Flexibility factor*	32.79	43.27	47.13	117.34	68.79	309.33
St Chad's Lower Scenario	2010-2030 (net)	2.6	0.0	-0.6	-2.0	1.9	1.9
	2010-2030 (gross)	27.7	40.4	44.0	105.5	60.7	278.5
	+ Flexibility factor*	29.60	43.50	47.40	113.66	65.17	299.33
St Chad's Higher Scenario	2010-2030 (net)	7.8	0.2	-0.4	2.6	6.9	17.1
	2010-2030 (gross)	32.6	40.2	43.7	111.0	66.2	293.7
	+ Flexibility factor*	34.49	43.21	47.06	119.13	70.64	314.53
NLP Central Scenario	2010-2030 (net)	5.1	10.4	11.5	-12.1	4.4	19.3
	2010-2030 (gross)	30.0	50.5	55.8	96.0	63.5	295.8
	+ Flexibility factor*	31.91	53.58	59.12	104.12	67.96	316.7

Scenario	Net/Gross	B1a	B1b	B1c	B2	B8	TOTAL
NLP Lower Scenario	2010-2030 (net)	3.2	7.2	8.0	-21.6	-0.9	-4.1
	2010-2030 (gross)	28.3	47.7	52.6	86.0	57.9	272.4
	+ Flexibility factor*	30.16	50.74	55.99	94.08	62.35	293.3
NLP Higher Scenario	2010-2030 (net)	6.1	12.0	13.3	-7.5	7.0	30.9
	2010-2030 (gross)	30.9	52.0	57.4	100.8	66.3	307.5
	+ Flexibility factor*	32.80	55.04	60.73	109.01	70.75	328.3
Past Take Up	2010-2030 (net)	18.8	30.3	33.4	81.6	44.6	208.7
	2010-2030 (gross)	43.7	70.4	77.7	189.6	103.7	485.2
	+ Flexibility factor*	45.59	73.46	81.05	197.80	108.20	506.09

*Note: two years past take up figure of 20.87ha apportioned across the B-use classes on the basis of econometric floorspace growth projections by sector

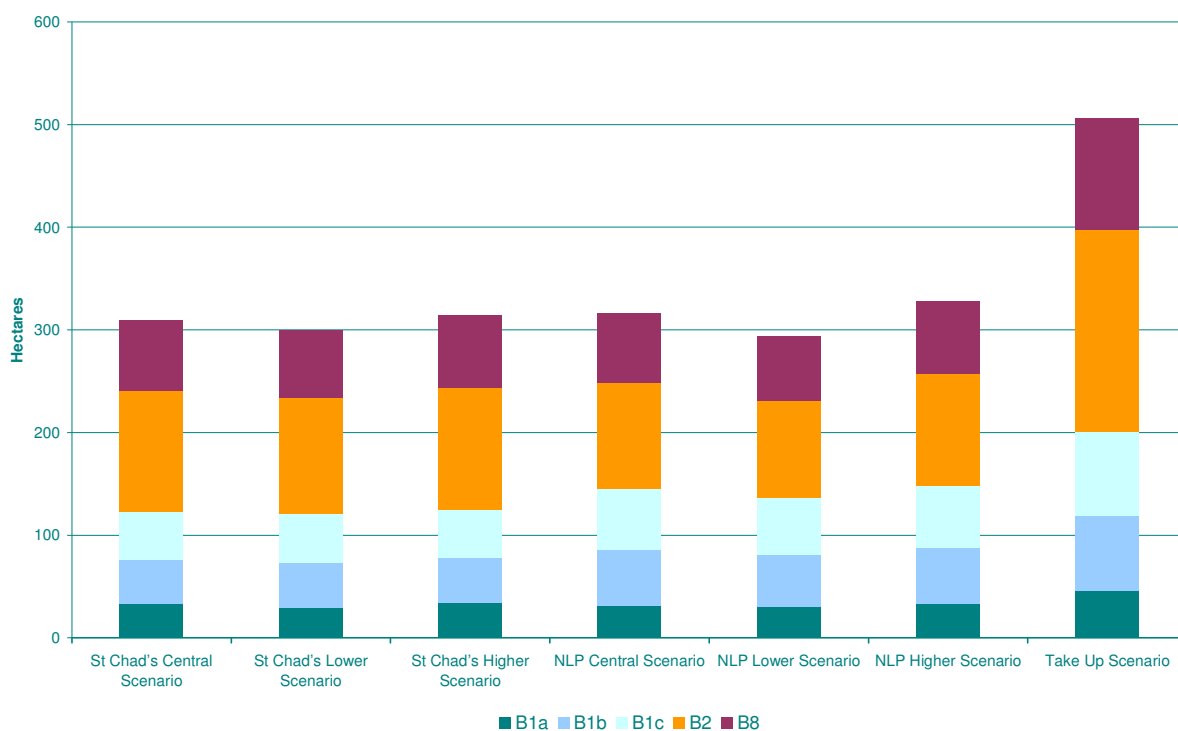


Figure 6.4 Gross Employment Land Projections 2010-2030 (ha)

6.54 In summary, the range of indicative total gross land requirements to 2030, factoring in a 2-year margin of choice, results in the following range of demand projections:

- St Chad's Central Scenario: 309ha
- St Chad's Lower Scenario: 299ha
- St Chad's Higher Scenario: 315ha
- NLP Central Scenario: 317ha
- NLP Lower Scenario: 293ha
- NLP Higher Scenario: 328ha
- Take Up Scenario: 506ha.

Reality Check

6.55 Given the differences between these forecasts, it is important to test how reasonable each appears against other factors and how sensitive these estimates are to various assumptions.

6.56 Clearly the level of future demand for B-use class land projected by the St Chad's/NLP employment-based projections differs substantially from the figures suggested by an application of past take up rates. The projections are largely trend-based; in particular, the St Chad's/NLP 2010 central (or baseline) and lower scenarios reflect the position at the 'bottom' of the market. The past take up rates have clearly been recorded during an unprecedented boom in the commercial market nationally, and reflect the 'predict and provide' approach formerly used to inform ELRs. In reality, it is likely that the actual performance of Northumberland's economy and commercial property market will lie somewhere between the econometric projections and past take up. In order to provide a clearer steer as to what level of growth the County should be planning for, it is important to apply a series of reality checks.

6.57 The St Chad's central projection, and the other five econometric model scenarios, estimate a minimal net employment land requirement, ranging from -4ha to 31ha. Given that as at April 2010, the NCC Employment Sites Schedule estimated that there was 353ha of committed employment land recorded as being available in Northumberland, this would necessitate unprecedented de-allocations.

6.58 The estimates of land requirements are clearly highly sensitive to the various assumptions used. The job/floorspace ratios and plot ratios adopted by NLP reflected those in ODPM guidance⁴⁴. At present, it is assumed that the plot ratio⁴⁵ of 40% is generally applied to all office space, industrial space and warehousing. If, however, a higher rate of 200% was applied across B1a

⁴⁴ Employment Land Reviews Guidance Note, ODPM (2004)

⁴⁵ A plot ratio is the total building square footage (building area) divided by the site size square meterage (area of the plot). Therefore, a plot ratio of 150% would indicate that the total floor area of a building is 1.5 times the gross area of the plot on which it is constructed. For practical purposes, this would equate to a 3 storey building with fifty percent plot coverage, the remaining plot area being occupied, for example, by access roads, parking and landscaping.

sectors to reflect the generally increasing densities of office developments in recent years across the country, this would make only a small reduction for most of the econometric scenarios (of between 2.5 to 4.9 ha, based on the NLP scenarios). However, given the weak office market in Northumberland generally and the minimal probability of high-rise office developments occurring in the rural market towns in particular, despite the edicts of PPS4 it is considered reasonable to assume that the majority of future B1a development in the County will be in-centre at reasonably low plot densities.

- 6.59 As noted earlier in this section, in the absence of any detailed breakdown of the likely employment split between B1a, B1b and B1c, the total FTEs in the aforementioned SIC sectors were split equally between the three B1 use class categories. To ensure that this did not result in a distorted picture of B1 land requirements, a sensitivity test was subsequently applied which used a standard office employment density of 19sqm for all three B1 sub-categories. This resulted in a slight reduction in the overall land requirements for the three NLP scenarios, of around 8ha for the Central Scenario; 6ha for the Lower Scenario and 9ha for the Higher Scenario. Given that even under the Higher Scenario this would only represent a reduction in land requirements of less than 3%, it is considered that this falls within any margin for error and would have a very minor impact on the overall employment land portfolio.
- 6.60 For purposes of comparison, the level of **labour supply** projected for Northumberland has also been considered, since this could impact upon the County's ability to attract businesses and future job growth. The ONS 2008-based Sub-National Population Projections (SNPP), published in 2010, forecast that the working age population of Northumberland will decrease by approximately 15,300 residents by 2030⁴⁶ (a decrease of about 8%). If it is assumed that economic activity rates remain at 64.6% (2001), this would result in approximately 9,900 fewer residents being available for work.
- 6.61 Typically (based on national research⁴⁷), only about 45% of these workers will work in B class jobs and this would mean about 4,450 fewer 'B class' workers. However, based on current out-commuting patterns, some 33% of these workers might be expected to seek jobs outside of Northumberland, leaving approximately 2,990 fewer people needing local jobs (although it should be noted that some of these jobs would be filled by in-commuters). This could very broadly equate to a net loss of around 137.6ha of employment land required, based on general B1 office densities and plot ratios. This figure represents a stark contrast to the 209ha net projection based on past take up and the 31ha net NLP higher projection, hence the labour supply demand forecasting approach could support the need for a broad range of employment land requirements based on the lower end (i.e. NLP Lower Scenario, -4ha).

⁴⁶ SNPP Labour supply projections are not available up to 2037

⁴⁷ GVA Grimley (2009): *Planning for Prosperous Economies: Maximising the Role of the Non-B Class Use Sector*

- 6.62 Another more significant assumption in terms of sensitivity is the 2-year safety margin added. A 2-year margin of choice may ordinarily be seen as being reasonable, particularly in the light of the recent recession and the need to provide market ready sites to prevent occupiers from moving beyond the County when searching for appropriate sites. In addition, whilst subsequent Sections of this ELR will make recommendations concerning the removal of less viable sites, there are nevertheless a number of potentially good quality employment areas that are not in a position to be developed without infrastructure coming forward over the medium to long term, hence an increased margin of choice would help to provide a balanced portfolio.
- 6.63 Overall, the range of forecasts of employment space requirements, with the safety margins incorporated, is considered to provide an appropriate basis to inform future planning decisions taking account of the various uncertainties involved.

Conclusions

- 6.64 Based on consideration of various factors, seven different estimates of future employment space requirements have been prepared, using different approaches. The overall space requirements related to these different futures range from 293ha to 506ha gross between 2010 and 2030.
- 6.65 All of the demand estimates produce a level of job generation which is well above the number of workers generated by natural growth, in-migration and demographic change in the County, which may well have a bearing on the level of employment land required in future. Planning for population growth is an option for the LDF to consider.
- 6.66 This section has appraised the range of employment land projections for Northumberland using a variety of methodologies. It is important to identify an appropriate level of need that achieves a balance between market realism and economic and planning policy objectives. A range of qualitative and quantitative factors have been considered within this report that can help to inform a judgment on the appropriate level of need, with the key issues set out below:
- Northumberland County has many advantages as an office, industrial and distribution location, with reasonable north/south strategic road accessibility, particularly if the A1 were to be continuously duelled through to Scotland (although substantial areas are physically remote); the proximity to the East Coast Mainline, competitive business costs, access to a significant skilled labour force; discrete economic markets (given the size of the County); and emerging strengths in key growth sectors, such as renewables and tourism;
 - Future job growth projections for Northumberland are reasonable in the medium to long term (for the central/higher scenarios at least);
 - However, the County has an above average proportion of residents employed in the public sector, which is facing severe cuts in the short to

medium term;

- There is a general consensus amongst stakeholders that a number of the more successful employment areas, particularly Morpeth, Prudhoe and Hexham, are reaching full capacity and in urgent need of new employment sites and units to be provided;
- The County has an opportunity to focus on Business Services, with clear requirements for B1a space in particular;
- Take up rates in the County in recent years have been low, at 10.43ha per annum, although 13.828ha has been lost annually to non-employment uses.

6.67 Consequently, on the basis of these considerations, a range of between **293ha and 317ha (gross)** of employment land may be considered appropriate. This is equal to the NLP Lower Scenario model run at the lower end, and the NLP Central projection at the top end. Both figures include a margin of choice. The range accommodates Northumberland's potential for job growth in land hungry sectors such as renewables, whilst factoring in the uncertainty of the recent recession and the negative growth in residents of working age forecast for the County over the coming years.

6.68 The necessary balance between the supply of and demand for employment sites is discussed in detail in Section 7.

Implications for the Study

- a Future requirements for B class employment space in Northumberland up to 2030 were estimated using employment forecasts, past development rates and labour supply growth.
- b The different gross demand estimates vary from 293ha B class space needed to 506ha by 2030.
- c An uncertain economic outlook makes it difficult to select the most likely outcome within this range but a range of 293-317ha would appear to be a reasonable basis for future planning.

7.0 The Demand / Supply Balance

- 7.1 This section draws together the earlier forecasts of future employment space needs for both B and Non B uses and the estimates of available development land and committed supply identified in Sections 3, 4 and 5 in order to identify the balance of demand and supply of employment space. This analysis will enable the need for any further provision of employment space, or the removal of any surpluses, to be identified in both quantitative and qualitative terms.

Quantitative Balance

- 7.2 Looking first at B Class employment space, Section 6.0 indicated that more general industrial floorspace would be needed in Northumberland in future (between 94-104ha more) and significantly more B1 floorspace (between 137-145ha more).

- 7.3 Land supply comes from the following sources:

- a Employment space with extant planning permission;
- b Allocated employment development land without planning permission; and
- c Undeveloped plots within industrial estates without planning permission. These other sources of possible supply include windfall sites, underused sites and intensification of existing employment premises, but the amount of this is not clear or sufficiently certain to come forward for it to be quantified as part of the demand/supply balance.

Pipeline Supply

- 7.4 Taking committed employment space first, Table 7.1 indicates that the gross amount of potential new B-class floorspace with extant permission at June 2010 stood at 46.65ha. This is relatively high in the Northumberland context, and includes:

- Erection of 24 office units and 6 industrial units, Ramparts Business Park, North Road Industrial Estate, Berwick-upon-Tweed: 23.87ha; and
- Development of chipboard processing facility for the Egger Plant at Hexham: 6.8ha.

- 7.5 Of this figure, 39.62ha relates to current employment allocations/expansion land, hence 7.03ha relates to potential windfall employment sites in the County.

Table 7.1 B-class employment space with extant planning permission, June 2010

	B1a	B1b	B1c	B2	B8	General B Uses	TOTAL
Land (ha)	23.49	2.43	2.32	14.13	2.22	2.06	46.65

Source: NCC Planning Applications Database as at June 2010

- 7.6 However, there are also a number of applications in the pipeline that could ultimately result in the loss of existing/allocated employment land in the County. As of June 2010, it was estimated that this figure equated to 45.8ha, primarily due to the outline application for the remediation of 9.87ha at the former Bates Colliery in Blyth, followed by construction of 327 dwellings with associated road infrastructure, engineering works, car parking and landscaping; and the loss of 33.16ha of the 33.6ha allocation of employment land at St Mary's hospital, Stannington, for a residential-led mixed use development.
- 7.7 In addition, there is currently a live application (CM/20090157) for a section of unallocated brownfield land close to Lynemouth for a predominantly residential mixed use scheme with an element of B1/B8 employment land (originally quantified as 10.9ha, which we understand may be reduced) and sui generis uses.
- 7.8 Excluding the currently undetermined Lynemouth application, the net amount of employment land in the pipeline is estimated to be largely neutral (i.e. 46.65ha is estimated to have extant planning permission for employment uses, whilst 45.8ha is estimated to be lost from the portfolio). A view could be taken that employment land with planning permission for non B-Class uses may be more likely to be developed out than planning permissions for industrial/employment uses. If this proves accurate then the future trend may be one of net loss of B Class land rather than neutrality, requiring the provision of replacement employment land going forward.
- 7.9 By removing the amount of allocated employment land to be lost (specifically Bates Colliery and St Mary's) and factoring in the amount of windfall employment land likely to come forward in its place (plus 6.8ha of former expansion land at Egger), it is calculated that Northumberland County has a total committed employment land supply of **324.20ha**.

Potential for Release of Sites

- 7.10 Notionally then, it is estimated that the County requires in the region of between 293 and 316ha of employment land for the period 2010-30, and yet as of June 2010, had around 324ha excluding expansion land. A proportion of this supply is of a poor quality, in the wrong locations, and does not meet market requirements. Furthermore, it is clear that the market evidence points to release of good quality new sites in areas such as Ponteland, Hexham, Morpeth and Prudhoe, which will add to the quantitative over supply of land if

measures are not taken to refine the portfolio and encourage more suitable uses on many of the less sustainable/commercially attractive sites.

- 7.11 Given the modest oversupply of space it is also necessary to look at whether committed employment sites can be de-allocated. PPS4 Policy EC2 notes that *“If there is no reasonable prospect of a site being used for the allocated economic use, the allocation should not be retained, and wider economic uses or alternative uses should be considered”*.
- 7.12 The forecast modest oversupply of employment land in quantitative terms relative to future needs also raises the question of whether the County could consider reallocating some industrial sites for office development, or release some lower quality existing employment sites to other uses, should opportunities arise (based upon the St Chad’s and NLP econometric projections). It also raises the question as to whether over-supply would be harmful. In a “localism” policy environment where the County has greater freedom to define its own requirements, this is clearly a material question.
- 7.13 It is considered that even though there appears to be a substantial mismatch between supply and demand, a cautious approach should be taken to release of employment sites, even when assessed as lower performers in the site assessment process. Such sites can perform poorly because of a rural location or isolation from strategic roads, which is not necessary for all firms, and does not mean that such sites do not have the potential to meet some local needs. This is particularly important in the Northumberland context, where the sheer size of the County means that very localised markets apply that are not inter-changeable.
- 7.14 Sites that potentially meet specific economic needs or are well occupied should generally be retained. Only when a site has a combination of lack of developer interest, high vacancy, serious adverse environmental impacts from its operation or is otherwise unlikely to be able to perform an employment role in future should release to non-employment uses be considered.
- 7.15 Against that background, the assessment of existing sites in Section 4.0 identified a considerable number of sites that were clearly unsuited to continued employment use at some level. The detailed reasoning behind the potential releases/modifications is provided on a site-by-site basis in Appendix 5. Drawing on the detailed assessments in Appendix 5 and the accompanying database (Appendix 9), the following recommendations are made concerning the release of certain sites or the need to introduce an element of mixed use to help facilitate employment development:

North Service Area

Table 7.2 Potential Release of Employment Sites in the North Service Area

Site No	Site Name	Site Status	Recommendation	Adjusted Net Developable Area	Adjusted Area av. for expansion	Unavailable / Recommended for de-allocation
Alnwick						
A01	Alnwick Station	Existing	Remove existing employment protection	0	0	0
A07	Alnwick - St Thomas Units	Existing	Remove existing employment protection	0	0	0
A16	Alnwick - Hotspur Park	Existing	Remove existing employment protection	0	0	0
Berwick & Islandshire						
B09	Norham	Allocated	De-allocate	0	0	0.469
B13	Berwick - NW of A698 Ord	Allocated	De-allocate	0	0	8.435
B14	Berwick - Spittal Point	Allocated	De-allocate	0	0	3.886
Hartburn and Rural West						
D16	Longhorsley - East Road	Allocated	De-allocate	0	0	0.4
D18	Scots Gap - Auction Mart	Allocated	De-allocate	0	0	0.44
Morpeth						
D14	Morpeth - Railway Yards	Allocated	De-allocate	0	0	1.8
D17	Extension to land at Fairmoor	Allocated	De-allocate	0	0	5.6
D19	St Marys Hospital - Stannington	Allocated	Amend site boundary to reflect reduced employment allocation	0.444	0	33.156
TOTAL For North Service Area		11 sites		0.444	0	54.186

7.16

Table 7.2 indicates that 11 sites, comprising over 54ha, could be de-allocated from the employment land portfolio in North Northumberland. It must be recognised that deallocation does not unequivocally rule out economic development on these sites. Rather it means that the LDF should not rely on their development for such uses when defining the employment land portfolio. If applications come forward they will need to be considered on their merit. The sites proposed for de-allocation are:

- **Alnwick:** the existing employment policy protection afforded to three existing sites (A01 Alnwick Station, A07 St Thomas' Units and A16 Hotspur Park) should be removed as the employment offer on two of the sites has been considerably diluted by non-employment uses, whilst A07 has fallen into disrepair and has lain vacant since 2005;
- **Amble:** Coquet Enterprise Park (A08) has seen very little take up in recent years and yet there remains well over 8ha of land available. Given the

limited commercial market in Amble and the proximity of much of the site to residential areas, the de-allocation / re-designation of some of the site could be an option for the LDF to consider further, although for the time being it is considered that as the site addresses indigenous, local demand in Amble, the land should be retained in its entirety for employment use;

- **Berwick & Islandshire:** 3 sites (B09 - Norham, B13 - NW of A698 Ord and B14 - Spittal Point) could be de-allocated from the portfolio, removing 12.8ha. These three sites scored poorly in the site analysis due to a variety of constraints and weak demand. Site B09 in particular is located in an unsustainable location and has no clear market demand. It is considered that should these sites be released in the LDF, there will be a need to develop a criteria-based policy to deal with any future large-scale inward investment proposals (in particular the need for significant expansion land beyond the Tweedside Industrial Estate should the remediation of the Pringle site prove prohibitive for certain industrial uses). This is addressed in Section 9.0.
- **Morpeth:** The bulk of available land relates to three sites, all at Fairmoor (Northgate), along with the former St Mary's Hospital site at Stannington which is currently under construction for a mixed use development. On the basis that the current road infrastructure difficulties can be viably overcome, the most constrained of the three Fairmoor sites, D17, could be de-allocated. In summary, revisions to the portfolio (including the de-allocation of D14) would result in the removal of just over 40ha from the town's portfolio.
- **Elsewhere in North Northumberland:** Three sites are identified for de-allocation as a consequence of their remoteness and weak market demand (D16 – Longhorsley East Road and D18 – Scots Gap Auction Mart). This would reduce the amount of available land by 0.84ha.

South East Service Area

Table 7.3 Potential Release of Employment Sites in the South East Service Area

Site No	Site Name	Site Status	Recommendation	Adjusted Net Developable Area	Adjusted Area av. for expansion	Unavailable / Recommended for de-allocation
Blyth						
C01	Blyth Bebside	Existing	Remove existing employment protection	0	0	0
C05	Crofton Mill	Allocated but housing permission	De-allocate	0	0	1.43
C16	Blyth Bates	Allocated	Amend site boundary to reflect reduced employment allocation	6.705	0	16.575
Cramlington						
C23	South West Sector off Fisher Lane	Allocated	De-allocate	0	0	22.314
C22	Cramlington South Nelson	Allocated	Amend site boundary to reflect reduced employment allocation	1.328	0	1.29
East Bedlington						
F06	Bedlington Station	Existing	Remove existing employment protection from northern half of the site	0	0	0
F07	Cambois - Zone of Economic Opportunity	Allocated	Amend site boundary to reflect reduced employment allocation	1.7	0	7.2 (plus removal of 182.2ha expansion land)
Ellington, Lynemouth & Linton						
D15	Linton Lane	Allocated	De-allocate	0	0	3.612
D20	Ellington Colliery	Allocated	Amend site boundary to reflect reduced employment allocation	1.0	0	19.5
Newbiggin						
F20	Newbiggin - Woodhorn Road	Allocated	De-allocate	0	0	0.3
Seaton Valley						
C15	Seghill	Allocated	De-allocate	0	0	3.47
	TOTAL For South East Service Area	11 sites		10.733	0	75.691 (plus 182.2ha expansion land)

7.17

Table 7.3 indicates that 11 sites, comprising over 75ha, could be removed from the employment land portfolio in South East Northumberland, plus a further 182.2ha of expansion land, which relates to the re-designation of part of the land at Cambois ZEO (F07):

- **Ashington:** There are few obvious candidates for de-allocation in and around the town, hence none are recommended at this time.
- **Blyth:** There are a number of employment sites which have been carried over from previous plan periods and which would appear to be surplus to requirements. These include: C05 Crofton Mill, C01 Blyth Bebside and C16 Blyth Bates. As regards the latter site (which is partly being developed for housing), given its strategic deep water access and current aspirations on the part of the site's owners and the local authority, it is considered that part of the site should be retained as part of a wider strategic allocation; it is recognised that the area has the potential to cater for the key sectors of renewables and off-shore wind in particular, hence the c.6.7ha site that remains under the control of the Port of Blyth should retain its employment allocation.
- **Cramlington:** The Strategic Site at C24 West Hartford provides a particularly large, high quality plot of land for a limited number of high quality large development sites for modern industry, that is intended to fulfil a key role in attracting strategic investment. It is our view that this remains probably the most deliverable large site in the County and still represents the area's prime opportunity for large scale employment development for the foreseeable future. However, given the size of the site, it may be appropriate for NCC to consider sub-dividing a proportion of the site for general employment use to accommodate overspill from the existing sites to the south. However, a large single user site should be retained for potential inward investment. A section of site C22, South Nelson Industrial Estate, could be de-allocated due to significant access issues. It is also considered that the poorly performing C23 South West Sector site (22ha) could also be de-allocated given its physical constraints and demonstrable lack of market interest since its allocation in the Blyth Valley Local Plan in the late 1990s.
- **East Bedlington:** F07 Cambois ZEO provides a substantial area of previously industrialised employment land for the County. Much of the site is owned by RWE NPower who has long term plans to redevelop the site as a 'clean' coal-fired power station. This area of land has long been a challenge to attract investment to, given substantial constraints, hence it is unlikely that it will be available for any other use except for the power station. As regards the wider site, a substantial area of land (18.37ha) exists to the west of the Four Rivers Biodiesel site, in the northern section of the ZEO; discussions with the site owners indicates that this land will not be required for their expansion purposes as there is sufficient available land within their own boundary fence for any future expansion. Hence it is considered that this area could also be re-designated.
- The ZEO could perform a useful regional function due to its size; however, due to its relative isolation, uses on this site would have to comprise

destinations in their own right, such as the aforementioned energy proposals. A detailed analysis of the nature, timing and viability of uses on this wider site is beyond the scope of this ELR and would need to be subject to a further viability study; however, in the absence of such a report, it is recommended that the 182ha currently held as expansion land should be re-designated, with the land under RWE ownership identified specifically for '*energy generation uses*'. The remaining land would not necessarily require a specific allocation.

- As regards the remaining land within the ZEO that is specifically allocated for employment use (8.9ha), some 7.2ha relates to a site to the north of the rail line (beyond the RWE site), the former Vald Birn land, which is now subject to an application for residential development. It is suggested that this part of the ZEO is in an area of very weak market demand and the site would require substantial remediation work to bring it back into employment use. Therefore it may be possible to de-allocate this section of the ZEO.
- The role of the LDF is to make realistic spatial judgements on where employment development is expected to take place. The approach described is considered to represent a pragmatic realistic approach to considering the economic potential of the ZEO.
- **Bedlington Station:** The northern half of site F06 is currently vacant and comprises unused buildings of poor quality, whilst the southern half is in use as an electronics factory by Welwyn Electronics and is in average condition. Given the likelihood of viability issues resulting from demolishing/refurbishing the existing vacant units, it is considered that employment site protection could be removed from the northern half of the site but retained for the Welwyn Electronics area to the south.
- **Seaton Valley:** Much of the C15 Seghill site is being developed for a new first school, whilst the remaining vacant land is considered unattractive to the market; hence it is identified for de-allocation.
- **Remainder of South East Northumberland:** D20 Ellington Colliery (20.5ha) is unlikely to be viable in its entirety due to significant constraints (specifically infrastructure and remediation costs alongside weak market demand indicate that the site may struggle to be viable without public sector investment). The de-allocation of most of the site from the portfolio (with a small 1ha area remaining relating to a current application for residential-led development featuring some small office starter units), plus the de-allocation of D15 Linton Lane (3.6ha) and F20 Newbiggin Woodhorn Road (0.3ha) would remove 23.3ha.

West Service Area

Table 7.4 Potential Release of Employment Sites in the West Service Area

Site No	Site Name	Site Status	Recommendation	Adjusted Net Developable Area	Adjusted Area av. for expansion	Unavailable / Recommended for de-allocation
East Tynedale						
E32	Newlands - Marley Tile Co.	Existing	Remove existing employment protection	0	0	0
Haltwhistle & West Tyne						
E22	Haltwhistle - West of Park Road	Allocated	De-allocate	0	0	4.876
Hexham & Hexhamshire						
E20	Hexham - Former Bunker	Allocated	Amend site boundary to reflect reduced employment allocation	0.6965	0	0.6965
E34	Riding Mill - Wentworth Garage	Existing	Remove existing employment protection	0	0	0
E35	Hexham - The Goods Yard	Expansion Land	Amend site boundary to reflect reduced employment expansion land area	0	1.8475	(1.8475)
Mid Tyne						
E18	Colwell	Existing	Remove existing employment protection	0	0	0
North Tyne & Redesdale						
E24	Bellingham - South of Demense Farm	Allocated	De-allocate	0	0	0.157
Ponteland						
D09	Berwick Hill - West End	Existing	Remove existing employment protection	0	0	0
D22	Newcastle Airport	Expansion Land	Redesignate Expansion Land	0	0	(25.578)
Prudhoe						
E12	Low Prudhoe	Allocated	Amend site boundary to reflect reduced employment allocation	4.032	0.768	2.005
E28	Mickley - Tyne Valley Garden	Existing	Remove existing employment protection	0	0	0
	TOTAL For West Service Area	11 sites		4.7285	2.6155	7.7345 (plus 27.4255ha expansion land)

7.18

Table 7.4 indicates that 11 sites, comprising almost 8ha of allocated employment land, plus a further 27.4ha of expansion land, could be removed from the employment land portfolio in West Northumberland.

- **Hexham** The Former Bunker (E20) and the Goods Yard (E35) have

problematic ownership issues, with developers seeking highly value uses on the sites. As a consequence, it is recommended that the sites are only likely to come forward for a mix of uses to facilitate office/industrial for the foreseeable future; this would reduce the available employment allocation by 0.7ha, and the amount of expansion land by 1.85ha.

- **Ponteland:** Whilst there is 25ha of expansion land available at Newcastle Airport (D22) to the south of Ponteland, this is likely to be used as overspill car parking for the Airport in future years and is hence it is unlikely to contribute to the employment land portfolio other than in an ancillary capacity.
- **Prudhoe:** The substantial and successful industrial estate at Low Prudhoe (E12), still has 6ha of land available for B-Class use. However, it is understood that two plots have firm interest to be taken up in the near future, whilst a 2ha site in the southern section of the estate requires significant remediation works which are likely to be sufficiently expensive to render the land undevelopable for most uses.
- **Remainder of West Northumberland:** Haltwhistle – West of Park Road (4.9ha E22) is a constrained site (in terms of access, adjoining uses, topography and the presence of pylons within the site) currently in use for grazing. The removal of this site, plus the small site South of Demense Farm at Bellingham (E24, 0.16ha), a poor quality site in a remote area, would remove a further 5ha.

- 7.19 It should be noted that sites E32, E34 and E28 were originally designated under Annex C of PPG2 ‘major developed sites in the greenbelt’. It was not the intention of the PPG to have large areas of housing when the original use was something else in the past. Hence whilst it is recommended that employment protection should be removed from the sites, where appropriate, employment could still be positively promoted on the sites, within the confines of PPG policy.
- 7.20 The three tables suggest that a total of 34 sites could either be de-allocated or subject to a less prescriptive planning policy. This would equate to the removal of 137.6ha of committed employment land from the employment land portfolio, plus the re-designation of a further 210ha of current expansion land
- 7.21 **This would leave a total forward supply of 222.585ha of employment land (including 6.8ha of former expansion land at Egger now with extant planning permission for industrial use), plus 7.03ha of windfall sites with extant planning permission, thus equating to a forward supply of 229.615ha, with a further 107ha of expansion land/sites under option. In general terms, this suggests that given the level of demand, there would be a quantitative need for around 64-87ha of new employment land in the County to 2030.**
- 7.22 This situation should be monitored regularly and the status of sites reviewed in the light of the future balance of demand/supply or if a strong need emerges to release lower quality employment land for housing/other facilitating uses. If the Council wished to release some employment sites in future for other reasons, this would need to be carefully considered in light of market

conditions in the area. Factors to be considered in choosing potential de-allocation sites would include:

- a An allocated site has failed to attract development interest after active promotion over a period of 10 years;
- b The overall quality of the site as an employment location, drawing on the rankings in this study;
- c Levels of occupation/vacancy by employment uses on the site;
- d Any adverse impacts on adjoining area from employment operations on the site;
- e The scope to relocate existing uses on the site;
- f Whether using the site for alternative uses would achieve important planning benefits;
- g The role of the site in relation to changing patterns of economic/sectoral activity.

- 7.23 We would reiterate again that de-allocating a site does not mean that a future planning application for employment uses **MUST** be refused. Rather, that its development for employment purposes should not be planned for or relied upon when drawing up the LDF. Every application will be treated on its merits.

Intensification Opportunities

- 7.24 There may also be further opportunities for the redevelopment of existing employment premises in order to provide additional space which was not identified in the site assessment process of this study. This could particularly apply to town centre office developments which could be intensified by increasing their height, predominantly in South East Northumberland. There are examples of such redevelopments occurring in recent years in Tyne and Wear, specifically Newcastle City Centre and the Baltic Business Quarter in Gateshead, although such schemes are likely to be few and far between in Northumberland where lower density lower rise development has been, and is, the norm.

- 7.25 It is also possible that some of the likely shortfall of office supply could be met by redeveloping any surplus industrial land on existing sites. However, from the consultant's experience elsewhere, it is not always possible to redevelop parts of industrial estates to provide offices that are attractive to the market, given the different types of environments and surroundings the former often have. In addition, many of the industrial areas in Northumberland are some distance from major public transport nodes which is one of the important factors for office occupiers (and would raise concerns regarding PPS4 compliance). Some are also being sought for waste management uses, recycling and/or renewables. In situations where this approach to creating new office space might work, a carefully master-planned approach would be needed with distinct areas for offices separated from industrial uses and towards the frontages of sites. Even so, such schemes can be difficult to deliver in areas of more marginal demand.

Site Availability and a Five Year Supply

- 7.26 The supply of employment land for development is highly dependent upon availability; private landowners simply may not wish to release land for development. This could be because their handling of the land is restricted by title issues or trusts, or because they have alternative aspirations for the site, often for higher value uses such as residential. A robust evidence base underpinning the LDF is therefore important in providing the conditions necessary to support, protect and bring forward valued employment sites for development.
- 7.27 Notwithstanding ownership and planning policy constraints, the financial viability of a site plays a crucial role in determining whether it comes forward for development. Development costs (particularly site remediation), anticipated demand and rental levels are all fundamental components of a scheme's viability and if these are considered to be unfavourable at a particular site then landowners are unlikely to put the land forward, and developers will not invest in the site's development.
- 7.28 In such instances, public sector intervention may be required in the form of subsidy, grant or gap funding to make a site stack-up financially. Alternatively, (in increasingly in austere times) a site could be brought forward as a mixed-use scheme to enable higher value uses to cross-subsidise the provision of new employment land / premises. Public sector investment should focus upon facilitating parcels of ready-made, serviced, development land. It is acknowledged, however, that through the anticipated plan period, and certainly in the short term, such funding will be limited, hence the importance of mixed use schemes will increase.
- 7.29 Whilst applying specifically to the south east region, the SEEPB guidance on ELRs is seen as a guide for undertaking ELRs across the country and is expected to be rolled out across other regions in the foreseeable future. The guide emphasises the need to ensure a rolling 5 year supply of employment land, similar to the 5-year housing land requirement which is required by PPS3.
- 7.30 If demand for B class employment space were to be spread equally over the 20 year study period (2010-30), then clearly 25% of the requirements for space would fall in the first five years. **This means that based on the low end of the range of demand forecasting identified in Section 6.0 (i.e. 293ha 2010-30), this would require an additional 34.2ha of B1 office/R&D/Light industry within the 2010-2015 period, 23.5ha of B2 general industrial land and 15.5ha of B8 warehousing land⁴⁸.**
- 7.31 An attempt has been made to provide an indication of the availability of the portfolio of sites identified above to meet this 5-year target. To ensure that the County is able to maintain a variety and choice of sites throughout the plan

⁴⁸ Future allocations need to be flexible with regard to the proportion of each B-class provided as it would be counter-productive to specifically allocate sites for one B-use class

period we have considered the development constraints of each site within the portfolio and categorised them as follows. Some correlation can be expected between the complexity and costs of redevelopment and the time it takes to deliver a site. The categories below are broadly ordered according to ease of delivery.

- **Immediately available (years 0-5):** Cleared sites with an established access that would incur little or no abnormal costs of site preparation or servicing.
- **Minor constraints:** Cleared sites that from our knowledge of them would require modest costs of site servicing or remediation (years 6-10).
- **Major constraints:** Cleared sites requiring substantial costs of site servicing or remediation prior to redevelopment including mitigation of flood risk / congestion / significant ownership constraints (over 10 years). This includes sites that would require significant site assembly to bring forward.
- **Expansion land / under option:** Sites where areas of land are allocated for employment, but which are tied to particular occupiers and hence are not considered to be readily available to the commercial/industrial market (unavailable).

- 7.32 It should be stressed that notwithstanding the nature of the constraints identified all the sites have been considered in the market assessment and deemed viable and likely to come forward in the plan period.
- 7.33 Our assessment of the portfolio of sites at Appendix 9, summarised in Table 7.5, identifies 30 immediately available sites totalling 74.5 ha, plus a further 7.03ha of windfall sites with extant planning permission for employment use. Measured against the estimated 5-year requirement of 73.3ha, **this equates to a modest oversupply in the five years' land supply of general employment land of around 8ha.** There are a further 26 sites totalling 121.2ha with only minor constraints to delivery (a further five years supply, years 5-10).
- 7.34 As regards land specifically available for B1 office over the next five years (as required by PPS4) it is estimated that there is 28ha immediately available, compared to a requirement of around 7.5ha, indicating an over supply for the first five years.
- 7.35 Most of the more populous Service Area localities have at least some employment land available, although it is clear that Hexham & Hexhamshire has less than 1ha of available land (excluding the Egger expansion site), whilst Ponteland and Prudhoe also have very little.
- 7.36 This indicative delivery strategy is largely an academic exercise that ignores the state of the economy and development cycles. It would be a mistake to be excessively reliant upon these timescales. In the real world the market plays

an important role in determining when sites will be brought forward. It is recommended that NCC monitors the availability of employment sites on an annual basis with a view to maintaining a five year supply of immediately available development sites.

Table 7.5 Indicative Delivery Strategy

Service Area Locality	Immediately Available (0-5 years)	Minor Constraints (6-10 years)	(Over 10 years)	TOTAL
Alnwick	3.9	4.4	0.0	8.3
Amble	8.9	0.0	0.0	8.9
Berwick & Islandshire	4.8	3.4	3.7	11.8
Coquetdale	0.0	0.0	0.0	0.0
Glendale	2.1	0.0	0.0	2.1
Hartburn & Rural West	0.0	0.0	0.0	0.0
Morpeth	1.6	11.2	9.2	22.0
Seahouses & Belford	1.6	2.0	0.0	3.6
Widdrington & Cresswell	1.2	0.0	0.0	1.2
North Service Area Total	24.1	21.0	12.9	57.9
Blyth	6.9	10.1	0.0	17.0
Choppington Stakeford & Guidepost	0.1	0.0	0.0	0.1
Cramlington	14.3	63.0	0.0	77.3
East Ashington	14.5	14.5	11.6	40.6
East Bedlington	0.0	7.8	1.7	9.5
Ellington, Lynemouth & Linton	1.0	0.0	0.0	1.0
Newbiggin	0.0	0.0	0.0	0.0
Seaton Valley	0.3	0.3	0.0	0.6
West Ashington	5.4	0.0	0.0	5.4
West Bedlington	0.0	0.0	0.0	0.0
South East Service Area Total	42.5	95.7	13.3	151.5
Allendale	3.0	0.9	0.0	4.0
East Tynedale	6.8	1.6	0.0	8.4
Haltwhistle & West Tyne	0.1	1.6	0.0	1.7

Service Area Locality	Immediately Available (0-5 years)	Minor Constraints (6-10 years)	(Over 10 years)	TOTAL
Hexham & Hexhamshire	0.8	0.1	0.7	1.6
Mid Tyne	0.0	0.0	0.0	0.0
North Tyne & Redesdale	0.2	0.4	0.0	0.6
Ponteland	0.0	0.0	0.0	0.0
Prudhoe	4.0	0.0	0.0	4.0
West Service Area Total	14.9	4.6	0.7	20.2
NORTHUMBERLAND TOTAL	81.5	121.2	26.8	229.6

Qualitative Factors

7.37 Even where there is no quantitative shortfall of space, in some circumstances additional land may be needed for qualitative reasons, for example to provide a better choice of provision for occupiers, to meet gaps in the supply of particular types of premises, sites which cater for specific sectoral requirements or to improve or modernise the quality of current provision and so help attract more occupiers. Qualitative needs are considered for each broad property type/area individually.

Offices

7.38 Northumberland's office market is relatively limited in its size and quality of offer, although both have improved considerably over the last decade with the new developments mentioned earlier in this report. The office market is a reflection of a number of factors including the modest size of most of the towns and settlements, the poor road network in many parts of the County and the strong competition from the well established high quality schemes on Tyneside (some of which have the added fiscal incentives provided by their former Enterprise Zone status). As seen in the evidence base there are very low levels of vacancy in modern office developments.

North Service Area locality

7.39 **Alnwick** has just over 50% of the new self contained offices at Cawledge Business Park still available as well as a handful of small suites in older buildings in the town centre letting off relatively cheap rents. Enquiries of the letting agent for Cawledge have confirmed that demand is currently for small units of around 1,000 sq ft and is mainly locally driven. Anecdotal evidence suggests that currently there may be some reluctance for businesses to move across the A1 from the town centre but we would expect Cawledge to become more attractive to occupiers with the provision of other complimentary uses, such as a hotel and pub/restaurant and as the remainder of the business park matures.

- 7.40 **Berwick and Islandshire** would need to demonstrate a clear demand for additional offices. Gladman have planning permission for around 70,000 sq ft (24 buildings) at Ramparts Business Park, of which less than half of the 6 units currently completed have been occupied. Enquiries of Gladman have revealed that demand is weak and they have experienced difficulty in moving businesses out of Berwick Town Centre to new, more modern (and more expensive) accommodation.
- 7.41 **Morpeth** is considered by agents and developers to have potential for future office growth given its ability to attract directors and owners of businesses to live in and around the town and its good road communications via the A1 to Tyneside. The new space at Sanderson Arcade has provided small to medium sized suites in the town centre although there appears to be very limited other town centre options. Telford Court remains popular (again given its proximity to the A1) but the older space at Longhirst Hall is likely to prove more difficult to let. There is likely to be future demand for new good quality offices but given current trends, this is likely to be for sizes of no more than 5,000 sq ft in terms of speculative development. The area around Fairmoor would appear to have the greatest potential of the existing committed employment sites.
- 7.42 **Other settlements within the North Service Area locality:** There appears to be no significantly-sized office market within any of the other settlements within the North Service Area. Any demand which there is, is likely to be small scale and very localised and it is therefore difficult to justify future office provision other than where there is specific, proven, demand.
- South East Service Area locality**
- 7.43 **Cramlington:** Northumberland Business Park provides a range of accommodation on a good quality business park. There appears to be adequate development land on the park to meet future needs which, based on analysis of past take up and discussions with the main developer Gladman, would appear to be primarily for smaller sized accommodation from one or two manned serviced offices to 2,000 – 5,000 sq ft units. Above this size threshold, there would need to be proven demand to attract a developer to provide larger offices, particularly given the nearby competition from Newcastle and North Tyneside.
- 7.44 **East/West Ashington** has proved relatively weak in demand terms for offices. For example the small self contained offices at Wansbeck Business Park have proved difficult to let.
- 7.45 Our experience of **Blyth** suggests that previously there has not been an established office market although there have been requirements for small suites like those developed near the port. Although we do not have any specific evidence it is likely that with the growth of the renewable energy sector around Blyth there may be increased demand from related industries for offices in this area.

West Service Area locality

- 7.46 **Hexham and Hexhamshire** is also seen as potentially a good office location by agents and developers. The wider steering group felt that Hexham possibly ‘missed the boat’ during the property boom of the last decade as there were not the sites or premises available to take advantage of the good market conditions. Apart from a few older town centre suites the main scheme currently available is phase 2 Beaufront Business Park but discussions with the letting agent have revealed that this could be taken up by a single enquiry. The letting agent for Beaufront Park has confirmed that there is evidence of requirements for 500 – 2,000 sq ft suites and one or two larger requirements for up to 10,000 sq ft. Once Beaufront Park is taken up there would be nothing in Hexham to cater for these requirements. Approximately 3 years ago Gladman were looking at a site at Bridge End to develop small to medium sized offices 2,000 – 10,000 sq ft but discussions faltered due to the market falling away and there were also concerns about land costs.
- 7.47 The above suggests that in the future, there is likely to be demand for an office Business Park to cater for **Hexham**, Corbridge and the surrounding **East Tynedale** area. This could be a stand-alone office park or a specific area planned for B1a, as office occupiers (particularly prestige and national businesses) generally do not like to share sites with industrial occupiers.
- 7.48 **Ponteland** is currently served by Prestwick Park which provides high quality small units within a business park environment. There are examples at Prestwick Park of demand for smaller offices from directors and wealth creators who live locally and have been attracted by Ponteland’s good quality housing and other local amenities. Although there are examples of small businesses moving out of Newcastle to Ponteland, Ponteland could suffer from competition from Newcastle Great Park (NGP), Newcastle City and North Tyneside for larger offices. In particular, at NGP, completed offices include the 400,000 sqft Sage Plc development and Esh Plaza – two buildings comprising 36,000 sq ft let to the PCT in its entirety, and 30,000 sq ft of which 6,000 sq ft is let to Persimmon (the owners of NGP). The remaining 24,000 sq ft is currently vacant, whilst Esh have an option to develop out two further buildings totalling 60,000 sq ft. It is considered that they are unlikely to take this up until the current vacant space is let or the market improves.
- 7.49 Consequently, it is clear that there is some overlap between the office market at Ponteland and north Newcastle (and specifically NGP); hence, the current relatively high level of vacancies in NGP is likely to dampen demand for standard office space in Ponteland itself. However, even allowing for this, it is considered that demand for further office accommodation in Ponteland remains strong, particularly for high quality units providing a different offer from that which is currently available at NGP. Furthermore, as Prestwick Park fills up and businesses look for move on accommodation there could be future requirements for further office provision within the village.

Industrial

- 7.50 In the last 10 years, larger speculative industrial property development (i.e. units in excess of 10,000 sq ft) has largely been restricted to the south east service area. Beyond this area, Northumberland's industrial market is generally localised in nature although there have been one or two other large industrial development areas (for example Prudhoe).
- 7.51 In the current market there is limited appetite from developers for speculative industrial development and this is likely to continue for at least the next 2-3 years unless there is some incentive or support to make development profitable. Otherwise, developers will continue to look to pre-let or sell accommodation prior to committing to a development in order to reduce the risks involved.
- 7.52 Regarding the main industrial locations in the County:

North Service Area locality

- 7.53 **Alnwick** currently has a supply of workshop accommodation ranging from 1,000 – 3,000 sq ft. Discussions with local agents George F White have confirmed that currently demand is generally from local companies looking for 1,500 – 2,000 sq ft. It is, however, likely that future provision will be required for small workshops and potentially grow on accommodation of units up to 10,000 sq ft. Discussions with Whittle Jones revealed that, from their experience in Alnwick, they would look to provide further units of this sort of size once the market improves. However, they have said that they would prefer to be nearer the town and to the west of the A1. As Lionheart becomes more established this is likely to become the main area for new industrial development in Alnwick.
- 7.54 **Berwick and Berwickshire:** modern industrial supply is primarily limited to the Ramparts Business Park, where there are units from 2,500 – 4,500 sq ft currently. Discussions with Edwin Thompson have revealed that current demand is mainly from local companies for small units of up to 1,000 sq ft. Their experience in the locality leads them to believe that future speculative provision will need to be small and affordable to local companies. There may be some demand from local occupiers for some larger specific requirements but again such provision will need to be affordable in terms of land and build costs.
- 7.55 **Morpeth:** currently there is a range of small to medium sized units available at Coopies Lane and Pegswood. Experience suggests that there is a reasonable demand from both local companies and some nationals requiring representation in the town. Coopies Lane is somewhat congested and some properties appear to have been built on a piecemeal basis. Demand is likely to be for small units, from start up space through to move on accommodation up to 5,000 sq ft. Above 5,000 sq ft will probably require specific demand from particular occupiers. Given the above comments regarding Coopies Lane, it is likely that new development will take place on a new site. Provided the land

around Fairmoor can be adequately accessed, this would appear to be a good location for future development.

South East Service Area locality

- 7.56 **East/West Ashington** appears to have a reasonable supply of available industrial units up to 10,000 sq ft. Discussions with agents currently active in Ashington has revealed that recent demand has generally been for smaller units in the 1,500 – 4,000 sq ft range which is where any future speculative development is likely to be pitched.
- 7.57 **Blyth's** current available supply ranges from workshops of 1,000 sq ft upwards which has accounted for most of the letting activity on the industrial estates in the last few years. There is some limited larger older space available but this is only really been useful for cheap storage and does not really meet the needs of modern occupiers. There is likely to remain a steady local demand for smaller units at sensible rents and incentives. The main future demand is likely to be driven by the renewable energy sector which will require larger bespoke buildings to meet particular needs as well as future warehousing associated with potential increased port activity.
- 7.58 **Cramlington** has in the past few years been the main focus for new industrial development particularly Nelson Park West and North Nelson. There is currently a range of sizes, ages and specifications of space available from workshops through to large factory units. There continues to be a relatively healthy demand with enquiries across a range of sizes and its success as a location is recorded in the large number of deals done in the last 3 years. Developers are currently reluctant to develop speculatively unless backed by pre-lets or pre-sales but there is likely to be continued demand in the future for medium to large sized units (5,000 – 50,000 sq ft) based on previous activity.
- 7.59 Future demand will inevitably put pressure on what land is still available on the main established industrial estates and it is likely for larger units (either bespoke for a particular company or larger scale speculative developments) that developers will look towards the strategic site at West Hartford to help fulfil future needs. West Hartford also remains the main industrial site in the County for future potential large inward investment projects.

West Service Area locality

- 7.60 At **Haltwhistle and West Tyne** there is limited industrial accommodation currently available within Haltwhistle but the majority of the local demand appears to be satisfied between two main industrial estates.
- 7.61 **Hexham and Hexhamshire** currently has almost no available industrial units. Its size, location and current lack of available units suggest that there should be demand for industrial units with potential demand for a range of sizes up to 10,000 sq ft which would substantially improve the quality of Hexham's offer. There does, however, seem to be a recognition from agents and developers

that there is currently a lack of good quality land available for industrial development at prices which, when the market improves, will allow speculative development to take place.

7.62 **Prudhoe** currently has a very low level of available industrial space. Both NCC and Whittle Jones have reported steady enquiry levels particularly for small to medium sized units. There does, however, appear to be a lack of good available sites for development which is likely to be required in the future once the property market improves.

7.63 **Rural Locations elsewhere in the West Service Area** again may have very local demand for start up accommodation to encourage local businesses but this needs to be assessed on a more individual settlement basis. Overall in these areas it is difficult to identify any specific requirements to meet anything other than small, indigenous needs.

7.64 It is a common theme throughout the north east that speculative industrial development is marginal (at best) in terms of profit and there is a need to consider how, when the market improves, developers are assisted and encouraged to bring forward new industrial properties on new sites. One possibility could involve using some higher-value enabling development to help cross subsidise lower value uses.

Start up Premises

7.65 In general the County appears to have a reasonable supply of business starter units spread throughout its area. In the main, these are industrial workshops which exist on the main industrial estates. There are, however, examples of small office premises e.g. Ridley's Yard, Catton, Ellington Business Centre and some small office suites which have been constructed and which could also perform a start up function for local companies.

7.66 It is interesting to note that Gladman, in a joint venture with United Business Centres, have converted one of their larger buildings at Northumberland Business Park to provide serviced offices which appear to have been successful with 50–60% occupation rates.

7.67 There are areas (such as Low Prudhoe and Hexham) where there are currently very low vacancy rates and there will be a need to ensure that there is a ready supply of start up accommodation as well as move-on accommodation for business activities.

Conclusions

7.68 A detailed assessment of the committed employment sites in the County suggests that some 137.6ha could be de-allocated from the portfolio, relating to 21 sites.

- 7.69 This would leave a total forward supply of 215.79ha of employment land, plus 7.03ha of windfall sites with extant planning permission, 6.8ha of former expansion land at Egger now with extant planning permission for industrial use, thus equating to a forward supply of 229.62ha, with a further 107ha of expansion land/sites under option⁴⁹. In general terms, this suggests that given the level of demand (293-317ha), there would be a quantitative need for around 64-87ha of new employment land in the County to 2030. The balance between supply and demand is summarised below for each locality:

North Service Area

Alnwick

Alnwick currently has 11 industrial estates in the town, including Willowburn, Lionheart Enterprise Park and Hotspur Park. However, only **6.4ha remains available**, primarily at West Cawledge (A17), Lionheart Enterprise Park Phase 2 (A18) and Greensfield Moor (A19). It is recommended that these sites should be retained and protected for employment use along with the other smaller allocations in and around the town; however, the existing employment policy protection afforded to three existing sites (A01 Alnwick Station, A07 St Thomas' Units and A16 Hotspur Park) should be removed as the employment offer on two of the sites has been considerably diluted by non-employment uses, whilst A07 has fallen into disrepair and has lain vacant since 2005.

Regarding the need for future additional requirements, there is perceived to be a general lack of demand for industrial units other than from indigenous occupiers looking for small-medium sized units of no more than 10,000 sq ft. It is considered that once sites A17, A18 and A19 have been built out, there would be a need for a allocation of perhaps **10ha for industrial uses in the longer term if demand is proven**. As regards office demand, there has been some concern regarding the high levels of vacancies at Cawledge Business Park and in the current economic climate it is unlikely that further speculative out-of-centre office development would be viable given the weak market demand and the presence of cheaper accommodation in the town centre, hence no further B1 office allocation is considered necessary.

In addition, in order to support the successful Alnwick Castle and Gardens, it is understood that there are aspirations on behalf of local developers to develop a hotel and associated facilities in and around Alnwick. Rather than make a specific site allocation, it is considered that a flexible criterion-based policy for hotel and tourism development would be appropriate and allow the market to come forward with proposals to meet the identified need.

Berwick & Islandshire

The town of Berwick upon Tweed had just under 23.5ha of available employment land in 2009, with a further 1.3ha held for expansion at Tweedside. The town has seen relatively low levels of take up in recent years, with just 35,760sqm taken up since 1991. The site assessment work has concluded that three sites (B09 - Norham, B13 - NW of A698 Ord and B14 - Spittal Point) could be de-allocated from the portfolio, **resulting in a revised forward supply of 10.7ha** (11.8ha including sites with extant permission for employment use). These three sites scored poorly in the site analysis due to a variety of constraints, with weak demand and (in relation to B09) unsustainable locations being particular issues.

⁴⁹ The 107ha of expansion/option land is apportioned on sites throughout the County, with the larger sites comprising 18ha is located at Cramlington Bassington (C07), 34ha at Cramlington Windmill (C11), 9ha at Blyth North Harbour (F08) and 7ha at Morpeth Whalton Road (D04).

In terms of future requirements, the town has several established industrial estates that have available land, most notably B12 Ramparts Business Park, which has almost 10ha of land still available despite the recent construction of four units. It is understood that there are no plans to build Phase 2 until a pre-let or sale is arranged. It is considered that **no further allocations are required** for Berwick & Islandshire, as existing allocations have sufficient availability; demand remains uneven and highly localised for both industrial and office space; and from a sustainability and planning policy perspective, efforts should be concentrated on recycling/regenerating existing employment areas such as the former Pringle factory.

Morpeth

The town of Morpeth and surrounding area has around 61.5ha of employment land, with a further 7.6ha held for expansion. However, the bulk of available land relates to three sites, all at Fairmoor (Northgate), along with the former St Mary's Hospital site at Stanington which is currently under construction for a mixed use development which would remove 33ha from the portfolio. On the basis that the current road infrastructure difficulties can be viably overcome, two of the three Fairmoor sites are recommended for retention, whilst the most constrained of the three sites, D17, could be de-allocated. Higher value uses could be considered on land immediately to the south of D21 to help facilitate the wider development. Further revisions to the portfolio (namely the de-allocation of D14 – Morpeth Railway Yards) would result in the removal of just over 40ha from the town's portfolio, leaving **21.0ha** (22.0ha including sites with extant permission).

In terms of future requirements, it is considered that Morpeth as a commercial location has considerable potential for strong employment growth due to its attractive surroundings and proximity to Tyne and Wear and the A1. There is however a perceived lack of good quality reasonable sized industrial space to cater for future development anticipated demand. Recent years have also seen a dearth of good quality offices although this has, for the time being, been addressed by the newly available town centre offices at Sanderson Arcade. However, there appear to be limited alternative town centre options. Depending upon the revised Fairmoor allocation coming forward as planned, **it is anticipated that Morpeth could require further office and industrial provision in future years of around 5ha**, with good sites needed for prestigious office provision either town centre or on the edge of town in the medium term. Fairmoor is the key location but its prospects continue to be held back due to poor access to the adjacent A1. A mixed use scheme could potentially provide funding to open up the site.

Elsewhere in the North Service Area

Beyond the larger market towns in this northern area of the County, in the Key Service localities of Amble, Coquetdale, Glendale, Seahouses & Belford, Hartburn & Rural West, and Widdrington & Cresswell, there are 12 existing/committed sites totalling 16.6ha. These sites generally performed poorly in the site analysis due to their remoteness, weak market demand and small size, with three sites identified for de-allocation as a consequence (D16 – Longhorsley East Road and D18 – Scots Gap Auction Mart). This would reduce the amount of **available land to 15.8**, of which well over half (8.9ha) relates to the sizeable Coquet Enterprise Park in Amble.

In general, the small settlements and highly rural nature of northern Northumberland beyond Alnwick, Berwick and Morpeth have very localised demand for industrial units and which generally lack any established office market other than rural micro-businesses. Take up in these areas has been very weak in recent years, and whilst it will be important to support those companies that do have a presence in towns such as Wooler and Amble, given the amount of land available, **it is not considered that any new B-class allocations should be provided, with rural needs being met through conversions of redundant rural buildings** and other smaller scale developments.

South East Service Area

East/West Ashington

Ashington's former industrial legacy has been progressively diluted, with a substantial amount of new 'white collar' jobs being provided in recent years. However, a number of large industrial estates remain, with some **46ha available** across six sites, including 35ha at F12 Ashwood Business Park. It is still generally viewed by the market as a centre for B2 industrial use despite the new B1 jobs, and the town competes on an unequal footing with many of the large, traditional, manufacturing sites in Tyneside. There are few obvious candidates for de-allocation in and around the town, hence none are recommended at this time.

In terms of Ashington's future requirements, whilst a substantial amount of floorspace has been built since 1991 (almost 56,000 sqm, primarily at Wansbeck Business Park and North Seaton), demand over recent years has been patchy. It is considered that given the quality of existing estates such as the F10 Wansbeck Business Park, the provision of good quality secondary space at locations such as F01 Jubilee Industrial Estate and the substantial amount of land that remains available at the recently established F12 Ashwood Business Park adjacent to the A189 spine road, no further allocation is necessary.

Blyth

Blyth has around 35ha of employment land remaining for development (and a further 3.6ha for expansion land). There are a number of employment sites which have been carried over from previous plan periods and which would appear to be surplus to requirements. These include: C05 Crofton Mill (extant planning permission for housing), C01 Blyth Bebside and C16 Blyth Bates, which has the potential to cater for the key sectors of renewables and off-shore wind in particular. It is estimated that **around 17ha would remain available** for B-class employment allowing for the proposed de-allocations, of which less than 4ha is estimated to be available in the short term, with the remainder subject to a variety of constraints including flood risk, contaminated land and the presence of HSE consultation zones.

In terms of future requirements, there remains a concern that the removal of much of the Blyth Bates site would result in an insufficient allocation of sites south of the river, particularly given potential future demand from the land-hungry renewables sector which is likely to require good quality manufacturing space as well as future warehousing associated with potential increased port activity. As such, it is considered that there could be **further scope for an allocation of around 10ha in the vicinity of the town**, with good road access and in close proximity to the Port.

Cramlington

Cramlington has absorbed significant overspill development from Tyneside and has been relatively successful, in large part due to its close proximity to the trunk roads A19 and A1. This area has the largest amount of land available in Northumberland – 101ha, with a further 60.8ha available for expansion. Within this allocation, the Strategic site at C24 West Hartford provides a particularly large, high quality plot of land that is intended to fulfil a key role in attracting strategic investment. Given the size of the site, it may be appropriate for NCC to consider sub-dividing a proportion of the site for general employment use to accommodate overspill from the existing sites to the south without detriment to the site's key strategic purpose – **a sizeable single user site must be retained for inward investment opportunities**. It is also considered that the poorly performing C23 South West Sector site (22ha) could also be de-allocated given its physical constraints whilst site C22 South Nelson Industrial Estate could be revised in size as 1.29ha cannot be accessed as it would require a route to be taken through a designated sports field. Other sites in the town performed very well in the analysis, however, and their retention and the modifications to C24 would result in an available portfolio totalling some **77ha** (of which just 13ha is

considered to be available in the short term).

In terms of future demand, it is considered that the town provides employment land that performs a sub-regional function, with very high levels of take up in recent years, particularly Nelson Industrial Estate and C07 Bassington Industrial Estate. Demand remains for industrial and warehouse units of a range of sizes but particularly medium to large sized units of good quality. There appears to be adequate B1 development land on C10 Northumberland Business Park to meet future needs, with demand focused on the smaller 2-5,000 sqft units for office space. It is considered that with the retention of C24 West Hartford as a Strategic Site, and given the available land at C07 and the Nelson Park sites, there is **no requirement for additional allocations** to 2030.

East Bedlington

Whilst the towns of Bedlington and Bedlington Station currently have no available employment land, sites at Barrington, Barrington Brickworks, Cambois, Blyth North Harbour, West Sleekburn and Earth Balance saw development totalling over 38,000sqft of floorspace for B1, B2 or B8 uses since 1991. The area to the north of the River Blyth at West Sleekburn and the F07 Cambois ZEO provides a substantial area of heavily industrialised employment land for the County, comprising 16.7ha of available employment land, and a further 182ha held for expansion at the Cambois ZEO.

The Cambois former power station site expansion land and the wider Blyth Estuary Growth Area has considerable potential to accommodate new, land hungry, renewable energy industries. Much of F07 is owned by RWE NPower who has long term plans to redevelop the site as a 'clean' coal-fired power station, and hence it is unlikely that it will be available for any other use except for the power station. As landowners of other areas of the site, specifically Four Rivers bio-diesel, have no plans to expand their operations beyond their own boundary fences, it is recommended that the employment protection currently afforded to the 182ha of 'expansion land' should be revoked, with the land under RWE ownership redesignated, specifically for '**energy generation uses**'. Part of the remaining allocated employment land is now subject to an application for residential development and given the constraints and weak market attractiveness of the site, it could be de-allocated. This would leave an **allocation of 9.5ha** for specific B-class uses.

The vacant northern half of Bedlington Station (F06) is unappealing to the market in its current state and is likely to have substantial viability issues for re-development. Therefore, employment protection could be removed from this part of the site.

Seaton Valley

Seaton Delaval, and the adjoining settlement of Seghill in South East Northumberland, had around 4ha of available employment land in 2009, with a further 4.7ha of expansion land. The five committed/existing sites in this area vary widely in quality, with the 3.5ha allocation in Seghill performing particularly poorly. As much of the site is being developed for a new first school, whilst the remaining vacant land is considered unattractive to the market, it is identified for de-allocation. This would leave a portfolio of **less than 1ha**; however, demand in this area is generally limited to localised industrial uses, and given the proximity of alternative employment sites in nearby settlements it is **not considered that any further allocations in this general area are necessary**.

Remainder of South East Northumberland

For the remaining urban settlements in South East Northumberland, comprising Choppington, Stakeford & Guidepost; Ellington, Lynmouth & Linton; and Newbiggin, there is a substantial amount of available land, totalling 24.547ha, with a further 3.9ha available for expansion. The vast majority of this available land relates to D20

Ellington Colliery (20.5ha), which is unlikely to be viable in its entirety due to significant constraints. The removal of most of the site from the portfolio, plus the de-allocation of sites D15 Linton Lane (3.6ha) and F20 Newbiggin Woodhorn Road (0.3ha) would result in the wider area having a forward supply of 1.2ha. Given the weak market demand in this area, and the proximity of substantial amounts of available land within the South Eastern Northumberland economic market area, **it is not considered necessary to provide any new allocations in this wider area.**

West Service Area

East Tynedale

This area contains 8 existing/committed sites totalling 1.6ha, plus a further 8.8ha of expansion land. It includes vacant land beside the Egger plant in Hexham, 8ha of vacant land that was safeguarded for future release in the Development Plan, but which has since received planning permission for a 6.8ha chipboard processing facility. Factoring this site commitment into the total for the area suggests that East Tynedale could have around **8.4ha of available employment land**, although clearly much of this is identified for a specific business and as such is not readily available to the commercial market.

In terms of how much further land is required, whilst the needs of Hexham Town are considered below, the area also includes the small town of Corbridge which at present has no available employment land. Whilst consideration has been given to the need for a new allocation in this area, on balance it is considered that the significant constraints that would need to be overcome in this area (not least the need for a substantial Green Belt release) would be out of proportion for an area that has in the past been identified in policy terms as a secondary residential settlement reliant on small employers in mixed use/town centre sites. In addition, the area is in relatively close proximity to the larger settlements of Hexham, Ponteland and Prudhoe which arguably have greater potential for employment land provision. Consequently, **no further allocations are recommended.**

Hexham and Hexhamshire

The town of Hexham has very low levels of supply, with just 1.6ha currently available, alongside the 4ha identified as being under option at Hexham Goods Yard (E35). In general, Hexham is considered to be a popular location with a number of existing industrial estates on the northern edge with a range of ages and sizes of buildings. However, stakeholders generally considered that there is virtually no suitable land available in the town, and that whilst Hexham has considerable potential for office development, it may have missed the boom years due to a lack of suitable sites. Sites that are notionally available, such as the Former Bunker (E20) and the Goods Yard, have problematic ownership issues, with developers seeking higher value uses on the sites. As a consequence, it is recommended that the sites are only likely to come forward for a mix of uses to facilitate office/industrial for the foreseeable future; this would **reduce the available allocation to just 0.9ha (rising to 1.6ha including sites with extant planning permission for B class uses).**

In terms of future demand, it is clear that good quality office/industrial sites are in short supply and developers have not had the product available during the boom years to demonstrate true levels of demand. Hexham would appear to have potential for some smaller to mid-scale industrial development once the market returns to a more reasonable level, with further demand for small offices to satisfy local demand. **It is considered that there is potential for a further 10-15ha of new employment space.** However, it is noted that identifying sites of this size in Hexham will be difficult due to significant physical (River Tyne, topography) and policy (Green Belt, heritage) constraints.

Ponteland

Ponteland appears to be well served locally by the Meadowfield Industrial Estate (D05); however, following the estate's completion, there is a **complete absence of available employment land**, despite reasonable levels of market demand. Whilst there is a significant 25ha area of expansion land available at Newcastle Airport to the south of Ponteland, this is likely to be used as overspill car parking for the Airport in future years and is hence it is unlikely to contribute to the employment land portfolio other than in an ancillary capacity. Stakeholders were of the view that given the town's excellent access to the trunk road network, the wider Tyneside market and the Airport, there is substantial scope to develop a new office/light industrial complex in or on the edge of the town. Ponteland's proximity to Tyneside (indeed it operates within the Newcastle, Gateshead and north of the Tyne Functional Economic Area) means that should there be demand for industrial/commercial space, Ponteland sites would need to compete with others in the City Centre and on the northern side of the conurbation, particularly NGP. Whilst the relatively high level of vacancies at NGP is likely to dampen demand for general office space in the vicinity, it is considered that demand for further office accommodation in Ponteland remains strong, particularly for high quality units providing a different offer from that which is currently available at NGP. This demand is considered sufficiently robust for NCC to consider the possibility of **5ha of mixed use land that would include an element of B1 employment land** to meet unmet local needs and the potential spin offs arising from Newcastle Airport. The success of the Prestwick Park office scheme, in a remote location away from support services, provides evidence of this. This may require a Green Belt review.

Prudhoe

Prudhoe's proximity to Tyne and Wear (and specifically its location within the Newcastle, Gateshead and north of the Tyne Functional Economic Area), sets it apart from the other towns in west Northumberland, and the substantial and successful industrial estate at Low Prudhoe (E12), which has seen almost 36,500 sqm of floorspace developed since 1991, still has 6ha of land available for B-Class use. However, it is understood that two plots have firm interest to be taken up in the near future, whilst a 2ha site in the southern section of the estate requires significant remediation works which are likely to be sufficiently expensive to render the land undevelopable for most uses. Hence **Prudhoe's portfolio of available land could be reduced to just 4.0ha**, with much of this likely to be taken up imminently.

It should be noted that the Prudhoe Hospital site is designated for mixed use and a notional 7ha of land was subsequently factored into the Tynedale Core Strategy allocation. The site, located within the Green Belt, is recognised as an important development site that could be developed as a strategic employment site for companies requiring industrial sites in non-estate locations (for example corporate office headquarters or business accommodation or class B1 or hi-tech development); or a mixed use development that could include an element of offices, light industry (Use Class B1) or a science park.

Given the very low vacancy rates in this area, strong levels of take up and enquiry levels for small to medium sized industrial units in particular and the fact that the successful existing industrial estate is nearing completion, clearly a strong case can be made for an additional employment land allocation. Whilst there has been a reluctance by developers to build speculatively in the area, which would tend to indicate that demand is sporadic, this is likely to change once demand recovers in forthcoming years to coincide with the effective completion of Low Prudhoe Industrial Estate, hence it is considered that **there is a need for a further 10-15ha allocation over the course of the plan period.**

Elsewhere in West Northumberland

For the remaining, highly rural area of West Northumberland, take up has been very low, whilst the amount of employment land currently available is reasonable, at 9.1ha. However, much of this relates to Haltwhistle – specifically West of Park Road (4.9ha E22), a constrained site currently in use for grazing. The removal of this site, plus the small site South of Demense Farm at Bellingham (E24, 0.16ha), a poor quality site in a remote area, **would result in a forward supply of just 6.2ha (including 2.2ha of sites with extant planning permission for employment use).**

In terms of future requirements, stakeholders were of the view that the area has been starved of good quality employment land in the past. There are very distinct markets across the smaller economic geographies, hence it will be important to ensure that provision is made throughout the area. A particular need was identified for small industrial units in the far west of the County, whilst the success of some smaller conversions such as Stocksfield Hall (E29) demonstrates that there needs to be a careful and sensitive approach to new indigenous rural schemes. It is considered that due to the small scale of requirements (primarily smaller workshops of up to 5,000sqft), it would **not be appropriate to provide any further new allocations in this wider area**; however, a flexible approach should be taken to encouraging smaller incubator industrial units in existing smaller settlements, perhaps as part of s.106 agreements with developers as part of mixed use schemes, whilst conversions of redundant rural buildings and other smaller scale developments should be viewed positively.

It is further considered that there is potential to support the burgeoning tourist industry at Hadrian's Wall World Heritage site, and Kielder Water and Forest Park. Given the landscape quality and policy restrictions on new development in these areas, the development of new facilities in these locations would need to be subject to a positive criteria-based policy that would allow the assessment of these developments on their own merits. Consideration of such an approach is provided in Section 9.0.

8.0 Potential New Employment Sites

8.1 This section identifies and assesses potential new employment sites to meet the estimated additional requirements for employment space in the County as indicated in the previous section.

8.2 In keeping with the approach taken by NCC, Northumberland has been broadly grouped into the three Service Areas (North, South East and West) and, where appropriate, the 27 Service Area localities.

8.3 As noted in the previous section, allowing for substantial de-allocations, there is a potential need for between 64 and 87ha of new employment land. At the very least, this could equate to further provisions in the order of:

- 10ha of further industrial land in Alnwick if demand is proven in the longer term;
- 5ha of office and industrial land in and around Morpeth (presuming the proposed Fairmoor development proceeds);
- 10ha of industrial land south of the River in Blyth;
- 10-15ha of further office and industrial land in Hexham;
- 5ha of mixed use land which would include an element of office space in Ponteland;
- 10-15ha of office and industrial land in Prudhoe.

8.4 Section 2.0 explored the functional economic areas of Northumberland, and reported that on the basis of the NERIP work undertaken to date, four distinct market geographies exist, i.e. the area around Berwick upon Tweed; the area around Alnwick, Morpeth and West Northumberland; South East Northumberland; and Newcastle, Gateshead and the area north of the Tyne (including the urban fringe extending as far west as Prudhoe and Ponteland). In this regard, it is considered that the market for, office space in Ponteland is very different from the B1a market in parts of South East Northumberland which, although relatively close by, has a very different commercial market profile.

8.5 Hence the land requirements identified above have been determined on the basis of the specific needs of each of these four broad economic geographies. Whilst an oversupply in Cramlington could feasibly address the absence of employment land in West Bedlington and obviate the need for a specific allocation there, it is considered that the market for commercial floorspace in Ponteland relates to a separate economic geography, and therefore the latter's land requirements are considered distinct. Ponteland clearly has strong ties with the Tyne and Wear City Region and the development of office space at Newcastle Great Park (NGP) is likely to address much of the latent demand. However, it is considered that to further the sustainable development of the town going forward over the plan period, a sustainable urban extension of 5ha in the village incorporating higher value uses with a minor component of high

quality B1a office space (perhaps in the order of 30,000 sqft) would not compete unduly with NGP and would address primarily local demand.

- 8.6 In terms of identifying potential locations for new office development, Government guidance in PPS4 indicates that town centre sites, followed by edge of centre sites, should be the first choice.
- 8.7 Against this background, 32 potential employment sites were considered in this stage of the assessment, identified through:
- a Submission of representations by landowners/developers to the Council's 'Call for Sites', which took place in Spring 2010; and
 - b Identification of potential sites by NCC planning officers.⁵⁰
- 8.8 Of the 32 sites submitted, only 9 were from developers / landowners wishing to develop B-Class uses alone. 10 sites proposed mixed use schemes incorporating an element of B-class uses within them, whilst a further 12 sites were submitted with a view to leisure and tourism development. Additionally, 1 site was submitted proposing a retirement village with associated A1 and A3 uses.
- 8.9 As the 'Call for Sites' process was intended to identify sites which would be suitable for B-class uses, sites were generally analysed on the basis of their suitability for such employment uses, using the same approach used to assess the existing employment sites in Section 4.0 to ensure consistency. Ownership factors have also been taken into account and, where known, their likely deliverability. Any sites which are deemed to be suitable to meet any existing demand for alternative uses (such as tourism) have been identified within the commentary. Individual site assessment sheets for these sites are found in Appendix 10 and their locations in Appendix 11.
- 8.10 The relative quality and likely timescales for delivery of all the potential employment sites assessed are shown in the tables below.

Table 8.1 Potential Site Review: North Service Area

North Service Area localities	Gross Size (ha)	Proposed Uses (estimated % of site available for B class)	Sequential Status	Timescale (Year)	Score	Deliverability of proposed uses.	Rank
Alnwick							
Hotel Site at Cawledge Phase I (ELR2)	1.24	C1, A3, Sui Generis (road services), B1a (25%)	Out of Centre	1-5 yrs	27	High	

⁵⁰ It should be noted that a number of sites were put forward that represented existing allocations; these were not assessed again as they had already been reviewed as part of the Stage 1 analysis. However, Sites ELR 2 in Alnwick and ELR30 in Cambois were assessed as they represented extensions or changes to the boundaries of existing allocations even though there was a degree of overlap with the current allocation.

North Service Area localities		Proposed Uses (estimated % of site available for B class)				Deliverability of proposed uses.	
	Gross Size (ha)		Sequential Status	Timescale (Year)	Score		
Hotel Site at Cawledge Phase II (ELR11)	8.99	C1, A3, Sui Generis (road services), B1a (50%)	Out of Centre	5-10 yrs	26	Medium	Good Quality
Land South of Weavers Way (ELR3)	23.37	D1, D2	Out of Town *	1-5 yrs	25	Low	
Lionheart Phase 4 (ELR 12)	10.69	B2 (100%)	Out of Centre	1-5 yrs	24	Medium	
Land South of Denwick Lane (ELR 10)	25.58	C1, D2	Out of Town	1-5 yrs	21	Medium	
Greensfield Farm Stead (ELR 14)	11.29	C1, D2	Out of Town	1-5 yrs	21	Low	
RAF Boulmer Admin (ELR 19)	3.49	C3 (tourism)	Out of Town	1-5 yrs	20	Low	Average Quality
Land West of Longhoughton (ELR 18)	10.19	D1, D2, C3, B1 (10%)	Out of Town	5-10 yrs	19	Medium (with small scale B1)	
Whittle Colliery (ELR 4)	22.5	B1,2,8 (60%)	Out of Town	1-5 yrs	18	Medium (with small scale B1)	
Land South of Grange Road, Shilbottle (ELR 24)	11.14	C3, D2, A1, B1 (20%)	Out of Town	1-5 yrs	15	Medium	Poor Quality
Land East of Thirston House (ELR 17)	11.65	C3 (tourism)	Out of Town	5-10 yrs	12	Low	
Coquetdale							
Land East of Lordenshaw Drive, Rothbury (ELR 23)	2.98	C3 (tourism)	Out of Town	1-5 yrs	12	Low	
Land South of Whitton Bank Road, Rothbury (ELR 22)	2.1	C3 (tourism)	Out of Town	1-5 yrs	11	Low	
Hartburn and Rural West							
Land North of Longhorsley (ELR 25)	4.76	C3 (residential), B1,2,8 (50%)	Out of Town	1-5 yrs	16	Low (employment) Medium (residential)	
Morpeth							
Netherton Park (ELR 27)	57.95	B1,2,8 (80%)	Out of Town	1-5 yrs	22	Medium	
Butterwell (ELR1)	41.28	B1,2,8 (100%)	Out of Town	5-10 yrs	17	Low	
Seahouses and Belford							
Benthall Farm (ELR 13)	45.39	C3, Sui Generis (holiday complex)	Out of Town	1-5yrs	13	Low (employment) High (tourism)	
Lucker Hall Farm (ELR 20)	7.32	C3 (tourism)	Out of Town	1-5 yrs	9	Low (employment) Medium (tourism)	
Widdrington and Cresswell							

North Service Area localities	Gross Size (ha)	Proposed Uses (estimated % of site available for B class)	Sequential Status	Timescale (Year)	Score	Deliverability of proposed uses.	Rank
Blue Sky Initiative (ELR8)	1824	D2, C1, B1, B2 (25%)	Out of Town	5-10 yrs	18	Low (employment) Medium (tourism)	
* Out of Town - Regarded as a site which is located outside a main urban settlement.							

Table 8.2 Potential Site Review: South East Service Area

South East Service Area localities	Size (ha)		Sequential Status	Timescale (Year)	Score	Deliverability	Rank
East Bedlington							
Former Arizona Chemicals (ELR 30)	7.16	B1, B2, B8 (60%)	Out of Town	1-5 yrs	21	Medium	
Land at East Sleekburn (ELR 29)	35.6	B1,2,8 (100%)	Out of Town	1-5 yrs	17	Medium	
West Bedlington							
Hall Farm and Quarry House (ELR 7)	0.64	C3 (residential), A1, A3	Out of Town	10+ yrs**	21	Low (employment) Medium (residential)	
* ** No information provided, NLP estimate.							

Table 8.3 Potential Site Review: West Service Area

West Service Area localities	Size (ha)		Sequential Status	Timescale (Year)	Score	Deliverability	Rank
East Tynedale							
Howden Dene, Corbridge (ELR 16)	19.47	D2, C1, C3 (tourism and residential)	Out of Centre	5-10 yrs	20	Low	
Land to the North of Wylam (ELR 28)	10.98	C1, Sui Generis (road services)	Out of Town	1-5 yrs	17	Medium	
Haltwhistle and West Tyne							
Wrytree Colliery (ELR 5)	0.74	B1,2,8 (60%)	Out of Settlement	10+ yrs**	13	Low	
Hexham and Hexhamshire							
The Hermitage (ELR 6)	5.11	C1, D1	Out of Town	10+ yrs**	21	Medium	
Riding Farmyard (ELR 9)	0.24	B1,2,8 (100%)	Out of Town	1-5 yr	18	Low	
North Tyne and Redesdale							
Fair Stead, Bellingham (ELR 15)	1.24	C3, (tourism), D2	Out of Town	5-10 yrs	12	Low (employment) Medium (Tourism)	
Prudhoe							
Front Street, Prudhoe (ELR 21)	4.59	A1, C3, B1a (25%)	Edge of Centre	1-5 yrs	19	High	
Ponteland							

West Service Area localities	Size (ha)		Sequential Status	Timescale (Year)	Score	Deliverability	Rank
Clickemin Farm (ELR 26)	24.18	C3 (residential), B1, B2 (50%)	Out of Centre	5-10 yrs	20	High	
Horton Grange, Seaton Burn (ELR 32)	0.55	B1a, C1 (50%)	Out of Town	1-5yrs	19	High	
Extension to the Milkhope Centre (ELR 31)	0.21	B1 b (100%)	Out of Town	1-5 yrs	16	Medium	
* * No information provided, NLP estimate.							

The North Service Area Localities

Alnwick

- 8.11 There is potentially a need of 10ha of industrial land in Alnwick in the longer term if demand is proven. In total, 11 potential sites were put forward within this Service Area Locality, six of which scored highly. With the exception of ELR 10, all other high scoring sites are located to the south of Alnwick – specifically sites ELR2, ELR3, ELR11 ELR12 and ELR14. ELR2, ELR11, ELR12 are east of the A1. All of these sites would be considered ‘out of centre’ for the purposes of PPS4. Whilst the six sites could potentially provide in the order of 81ha of employment land, three of the sites (ELR3, ELR10 and ELR14) were proposed for C1/D1/D2 uses rather than B-class employment land by the landowner/developer. Site ELR3 in particular is likely to come forward for educational use, with the landowner understood to be seeking a new Academy on the site to replace the existing Duchess High School in Alnwick Town Centre (see Section 5.0).
- 8.12 Sites ELR2 and ELR11, sites at Cawledge phases I and II, were put forward for hotel use alongside A3 retail, Sui Generis uses, roadside services and a significant element of B1a office (25% for ELR2, and 50% for ELR11). Both sites are considered to be well located in relation to the strategic road network and are highly visible given their prominent frontages to the A1. They are also well related beside the existing Cawledge Park industrial estate. Although the sites are out of centre, no sequentially preferable sites have come forward in Alnwick Town Centre, and the sites are considered to be available and deliverable. There is also an identified requirement for a hotel in the vicinity of Alnwick to complement the leisure and tourism facilities at Alnwick Castle and Gardens, as well as the town and surrounding countryside, which these sites could address. However, as noted in Section 7.0, a specific allocation would be unnecessarily prescriptive, and it is considered that a flexible criterion-based policy which leaves open the possibility of a hotel may be appropriate.
- 8.13 Whilst ELR2 relates to an existing employment allocation (site A19 Greensfield Moor) identified for retention in Section 4.0, it is considered that ELR11 represents a natural extension to the existing estate and has the potential to provide additional employment land identified for Alnwick to 2030, if demand is proven to 2020. The provision of a hotel on either this site or the adjoining ELR2 could also be appropriate, but would clearly be subject to operator

demand and the satisfactory compliance with any future relevant criteria based policy. It is suggested that such development would assist in providing employment and support existing tourism attractions. Clearly the appropriateness of A3 retail on the site would need to satisfy the PPS4 impact and sequential tests, and is subject to the findings of the Northumberland Retail Study and the eventual LDF approach to retail planning.

- 8.14 As regards the remaining high quality site put forward for B-Class employment use in and around Alnwick, Lionheart Phase 4 (ELR12) would comprise the final phase of the existing Estate to the south-east of Alnwick. As with the proposed extensions to Cawledge, the site benefits from excellent access to the strategic road network, is well related to key services and complementary industrial uses, and is considered by the landowner/developer to be readily available for development. It should be noted that pylons pass through the site to the south east which may ultimately prevent the whole 10.7ha from being viable for development.
- 8.15 In practical terms however, it is considered that given the availability of land on much of the remainder of Lionheart Enterprise Park and the cool and relatively localised demand for space in Alnwick generally, the site is unlikely to be required for B2 industrial use in the short to medium term. As such, it is recommended that ELR12 should be allocated as a 'reserve', or top-up, employment site, should demand be proven and the current available sites be developed at an early stage in the Plan period. As with the recommended ELR11 allocation this would ensure that any future development remains within the existing employment area should demand arise for additional B2 uses.

Coquetdale

- 8.16 Two sites were proposed for Rothbury, in the Service Area Locality of Rothbury (ELR22 and ELR23). Both sites, proposed for C3 tourism-accommodation, were put forward by The Northumberland Estates. There is no currently identified need for further B-Class employment land in Rothbury, and it is considered that whilst these sites could potentially provide a small element of local employment should they come forward as proposed, they should not be taken forward any further in this ELR. The feasibility of the sites for tourist accommodation is something which the LDF can consider.

Hartburn and Rural West

- 8.17 One site was put forward for development north of Longhorsley (ELR25). The site rated as being of average quality in the site assessment, and was put forward by the landowner for a mix of residential and B1/B2/B8 development (potentially comprising half of the 4.8ha site). It is considered that poor access and relative remoteness from major settlements act against this site from being identified for employment use at this time. There is no identified requirement for additional employment allocations in this locality.

Morpeth

- 8.18 As a commercial location, Morpeth is considered to have considerable potential for strong employment growth due to its accessibility to the Tyne and Wear conurbation and its attractive surroundings. As stated within the Northumberland Local Investment Plan (2010-2020), additional economic growth within the County will be driven by the ability of towns such as Morpeth to provide homes and a quality of life to meet the aspirations of people working in higher paid jobs.
- 8.19 Section 7.0 identified a potential forward supply of 22ha of employment land. However, this is predicated on the development of the two remaining Fairmoor sites (D13 and D21, which together comprise 10ha) for B1 uses as part of a possible mixed use development which can act as a catalyst for further employment development within this area and cross subsidise the necessary road infrastructure requirements needed to deliver the existing allocations. If these two sites were to come forward for employment use as proposed, then Morpeth would retain a requirement for an additional 5ha of B1 employment land (or 15ha should Fairmoor not deliver).
- 8.20 No sites were put forward as part of the 'Call for Sites' process in Morpeth town itself, with the only two employment sites proposed being located significantly beyond the town's boundaries, at Butterwell Colliery (ELR 1) and Netherton Park (ELR 27). However, both sites are considered to be unsuitable for employment uses. As a former colliery, Butterwell is remote from both the strategic road network and labour and services and is also likely to require a substantial amount of remediation work to facilitate development. Whilst Netherton Park scored higher, in part due to its proximity to the A1, it is also considered to be remote from services with more attractive employment locations elsewhere.
- 8.21 Given the shortage of sites, NLP undertook a broad review of locations in and around Morpeth. On the basis of this work, it is suggested that the potential for redeveloping vacant land for B1 uses around County Hall be explored further. Phasing should be determined cognisant of progress with Fairmoor to avoid a situation whereby there is an oversupply of office units in the town. If the Fairmoor development does not proceed, this could be taken forward instead.

Seahouses and Belford

- 8.22 Within Seahouses and Belford, there is no identified need for further B-Class employment land in this general area. However, two sites came forward in the general area, both for tourism uses, at Benthall Farm (ELR13) and Lucker Hall Farm (ELR20). As regards the latter site, the developer proposes that within 3 years a mixed use development of tourist facilities, tourist accommodation, leisure and affordable housing could be delivered on a site immediately to the south of Beadnell on the coast and we are aware that a live planning application for the site is due to be determined imminently.

- 8.23 As regards ELR20, this is a much smaller site proposed for tourism development on the edge of the small village of Lucker. This site scored very poorly in terms of access and the site's remoteness from key services; it falls within both Flood Zones 2 (20%) and 3 (20%); contains a site of archaeological interest and a small proportion of the site is understood to comprise contaminated land. Hence it is not recommended to be taken forward for tourism development at this time.

Widdrington and Cresswell

- 8.24 There is currently no identified demand for additional employment land within Widdrington and Cresswell. However, one site was proposed on former coalfield land near Widdrington, termed the 'Blue Sky Initiative' (ELR8) for a substantial mixed use development comprising commercial leisure & tourism, sports & recreation, events facilities, renewable energy, and an element of employment uses. Whilst there are numerous constraints across the site including 31 areas of archaeological interest, a designated area for habitat protection, areas of flood risk, and one listed building, due to the size of the site there is still a significant amount of land which is relatively unconstrained. In general it is considered unlikely to be attractive to the market at the present time as it is poorly located strategically, with high development costs in an area of weak demand.

The South East Service Area Localities

Blyth and East Bedlington

- 8.25 Although no potential sites were put forward for Blyth following the 'Call for Sites' process, Section 7.0 identified an outstanding demand for a further 10ha of general industrial land, given the modifications (and suggested de-allocations) to the portfolio. From a broad search of sites in and around the town, it is considered that there are few obvious areas of vacant land that would be suitable for B-use that is not already allocated for such a purpose. However, the two large existing sites south of the River that comprise the Blyth Riverside Park (C02 and C03), whilst successful, have a number of large vacant units and outdated facilities that could be comprehensively redeveloped. Whilst the viability of this would have to be tested further, **it is considered that much of the additional 10ha requirement could therefore be derived from the intensification of brownfield land already used for employment at C02 and C03.**
- 8.26 The Blyth estuary has been identified by a range of stakeholders and strategies to be a key location for manufacturing associated with the renewables sector (specifically wind turbines), as well as renewable energy generation. Two sites were put forward in this general area with the potential to provide new land specifically for this purpose, ELR30 (Former Arizona Chemicals) and ELR29 (Land at East Sleekburn). Whilst the former site is already included within the very large Cambois ZEO (F07 – see Section 4.0), ELR29 was put forward by NCC and comprises greenfield land adjacent to the former Power Station which

is specifically proposed for employment uses relating to the manufacture/generation of renewables.

- 8.27 Whilst the site scored relatively modestly in the site assessment, it has benefits relating to its proximity to NaREC's testing facilities, the trunk road network and the deep water port of Blyth. As such, it is considered that this site could be taken forward as a niche B1/B2/B8 allocation, albeit permitted development could be restricted to uses pertaining to the manufacture/generation of renewables through a series of criteria in NCC's LDF. A site of this size will allow the area to maximize the amount of renewables related investment in the Blyth Estuary. This could result in a further 35.6ha allocation but would not be added to the general supply of B Class land as it is unlikely that proposals will come forward to develop the site for general employment purposes. However should this happen such proposals should be resisted.
- 8.28 Additionally, it is noted that RWE N Power are understood to be advancing plans for a clean coal fired power station north of the Estuary. Given the specific nature of the emerging proposals (and former use of the site), which is not available for alternative uses, this land is not considered to form part of the employment land supply. Rather, should it be considered necessary, any future allocations DPD, could confirm the site's use for power generation.
- 8.29 In Blyth the possibility exists that the existing industrial estates fail to attract additional investment yet the renewables sector takes off as hoped. In this context additional employment land may need to be identified in Blyth. NLP only identified two potential sites although both are significantly constrained as described below:
- 1 **Blyth Bebside extension:** the current site is located immediately to the west of the A19 junction and hence benefits from excellent strategic access⁵¹. There are substantial tracts of vacant land to the south and west of the existing small industrial estate, which has limited vacancies at the site currently. However, as noted in the earlier site assessment, the site is approximately 3.5km from Blyth Town Centre with limited public transport; traffic is required to pass through residential areas and the site would be in close proximity to existing residential developments, hence it was originally recommended that the site not be protected for B-class uses should alternative uses come forward. The potential extension comprises former colliery land now used for grazing and informal recreation, it is likely that there would be remediation required for the site, which would further reduce the market attractiveness and viability of the site.
 - 2 **Land to the west of Blyth Golf Course:** this large tract of land, positioned between the Golf Course and the A19, comprises predominantly arable land. Whilst the site appears to be relatively flat and would require little

⁵¹ It should be noted that the perceived traffic congestion on the Bebside junction onto the A189 is a barrier to development (albeit not insurmountable as this is predominantly traffic travelling to and from Blyth Town Centre along Cowpen Road).

remediation, there would need to be a new access to connect to the A19 at the Horton roundabout, which would be prohibitively expensive for an industrial development at the present time. This opportunity is only likely to be viable if it were brought forward as part of a larger masterplan for the area, including a mix of other higher value uses, particularly residential.

- 8.30 There appears no strong case for additional land allocation in Blyth at the current time,

West Bedlington

- 8.31 Although one potential employment site was submitted for assessment (ELR 7 Hall Farm and Quarry House), this was primarily for C3 (residential, A1 and A3 retail). Given that there is no identified requirement for any additional employment land within West Bedlington, it would not be appropriate to include this site in the ELR.

The West Service Area Localities

East Tynedale

- 8.32 Two sites were put forward in this Service Area Locality; ELR16 Howden Dene, Corbridge and ELR28, Land to the North of Wylam.
- 8.33 The site at Corbridge was proposed by Northumberland Estates for a mixed used development for leisure, tourist facilities, tourist accommodation and affordable housing. There is no strong need for employment land in Corbridge, given the size and secondary role of the settlement. There may be an opportunity to enhance the tourism offer in this area and this will need to be considered as part of the LDF site allocations process.

Haltwhistle and West Tyne

- 8.34 One employment site was proposed at Wrytree Colliery, between Haltwhistle and Greenhead. This small site, a former mine, is currently used for agricultural storage, and was proposed for 'various' uses including B-class employment. The site is rated poorly, given its remoteness from services, and as there is no identified further requirement for employment land in this area it is not suggested that the site should be taken forward.
- 8.35 Moving away from B-class employment land, Hadrian's Wall and the surrounding countryside in the Tyne Valley are considered key tourism assets for Northumberland in the County's Area Tourism Management Plan. Whilst no potential sites were put forward as part of the Call for Sites process, we are aware of a site on land adjacent to the A69 at Haltwhistle. As noted in Section 5.0, this site is proposed to be developed for tourism uses including a petrol filling station, hotel, visitor centre and some small retail and B class uses in the form of workshops. It is understood that this site comprises a strategic priority for Northumberland Tourism. Given its accessibility and proximity to Hadrian's Wall, it clearly has considerable potential to support the area's

burgeoning tourism industry and this needs to be considered as part of LDF allocations process. At this stage it appears to perform well against the policy, subject to compliance with defined Policy criteria for the development of tourism/leisure sites in Northumberland.

Hexham and Hexhamshire

- 8.36 As noted in the preceding section, Hexham has a clear shortage of available employment land, with virtually nothing likely to be available on the open market for the years ahead. This is despite reasonably strong demand for industrial/office uses in the town. The study concludes that there is a pressing need for between 10 and 15 hectares of new employment land sites to be provided. However, given the scale and significance of physical and planning policy constraints, it is very difficult to identify deliverable new sites that will not require substantial investment and/or a strategic Green Belt review. For example, land to the east of Egger was considered, but this can be largely discounted due to access issues (via the existing estate); the Flood Zone 3 designation covering the whole site; and its location adjacent to the Egger plant and the effect this might have on the marketability of sites immediately adjacent to it.
- 8.37 Given the pressing need for additional land and the scale of the issues involved, it is considered that a bespoke 'Hexham Employment Land Viability Assessment' may be appropriate, undertaken or commissioned by NCC, to identify suitable sites to meet the identified demand cognisant of availability and suitability, landscape and visual impact, together with accessibility. Whilst such a detailed analysis would be beyond the scope of this study, we have looked at two broad options that could inform any future study into the issue:
- 1 **Expansion of the Hermitage:** Site ELR6 (the Hermitage) was put forward for a range of uses such as a hotel, conference centre, or caravan park. Whilst at present this does not include any element of B-class employment, it is considered that the site could potentially be expanded eastwards along the A69 to Rotary Way, thus providing potentially 10ha gross of employment land as part of a wider mixed use development. Given the constraints of the site, this would entail a significant Green Belt release. Masterplanning of the site would need to pay full regard to the historical and landscape sensitivity of the site. However, should these constraints be overcome it has the potential to provide a deliverable B1 site, given its visibility, accessibility to the trunk road network and proximity to the town centre.
 - 2 **Settlement extension west of Shaws Lane and south of the Golf Course:** Although this site was not put forward as part of the Call for Sites process (indeed ELR6 and the small Riding Farmyard site at ELR9⁵² were the only sites proposed), it is considered that this land could have the potential to provide a sustainable settlement extension as it is accessible via the

⁵² Riding Farmyard (ELR 9) was deemed unsuitable as a site as it is physically constrained due to its undulating nature and difficult to access via extremely narrow local roads. At 0.24ha this site was also deemed to be too small to provide a significant amount of employment space.

B6531 and benefits from its close proximity to both the A69 and Hexham Town Centre. The site would require very careful masterplanning. A 10ha element of B1 could be developed to the west, north of the existing woodland, possibly as part of a mixed use development. Whilst Option 1 at the Hermitage may be the most suitable option, should this fail to come forward, this settlement extension could potentially provide a viable alternative (although it should of course be noted that this would also involve a Green Belt incursion).

- 8.38 Both sites require Green Belt release. The Hermitage appears most suitable although given its site constraints it seems appropriate to also consider other potential sites in greater detail. At this stage the Study Team do not consider there to be any fundamental or overriding reasons which should preclude the further consideration of employment land releases to serve the Hexham market.

North Tyne and Redesdale

- 8.39 There is currently no identified requirement for additional B-class employment land within North Tyne and Redesdale. One site was put forward (ELR15 – Fair Stead, Bellingham) for tourism and leisure uses. This is a small, remote, site within the settlement boundary of Bellingham. Whilst it may have a role to play in meeting very localised tourism requirements, and may perhaps provide ancillary facilities to the Golf Club immediately adjacent to it, it is not considered a priority for the ELR at this time.

Prudhoe

- 8.40 There is a possible need for between 10 and 15ha of additional office/industrial land at Prudhoe. The industrial provision for the town itself is dominated by the large Low Prudhoe Industrial Estate to the north, which is nearing capacity and has very few available employment sites. As with Hexham, the town faces a variety of constraints including Green Belt, the River Tyne and topography. As a result, there are few obvious sites to provide the level of employment land required. Perhaps as a consequence, only one site was proposed during the Call for Sites process – a 4.6ha site at Front Street, Prudhoe (ELR21). This scheme proposed a mixed use development of retail, housing, community uses and offices. Given that the majority of this site is likely to be used for non-B-class uses, it is clear that additional sites will need to be allocated in order to meet the demand.
- 8.41 Two possibilities have been identified for consideration during the LDF process:
- 1 **Prudhoe Hospital Site:** A Green Belt site which is regarded as being suitable for employment uses is the 7ha of land within the redundant Prudhoe Hospital site. This is currently subject to an ongoing mixed use masterplan by agents in association with the HCA. This is seen as a strategic priority site by NCC and has considerable potential for a residential-led mixed use development. However, it is considered that the location of the site and the mix of uses proposed would render it

inappropriate for B2/B8 industrial uses, particularly due to the unsuitable access to the site; the compatibility of such development with the housing and replacement hospital development on the site; and the distance separating the site from Low Prudhoe. Consequently, whilst this allocation is nevertheless recommended, a further site for industrial use is required.

- 2 **Area adjacent to Hammerite site:** Site E17 to the west of Prudhoe comprises an existing factory site currently operated by Hammerite Ltd producing metallic paint. The factory is modern and in good condition and was recommended for retention and protection elsewhere in this report. However, land adjacent to the site could possibly provide some of the employment allocation required for Prudhoe. Whilst this would require a Green Belt review, the site benefits from existing industrial uses nearby, relatively few identified physical constraints (although access to any suitable site would be on a significant incline) and close proximity to the main road network for the area.

- 8.42 In summary, and as with the town of Hexham, there is a clear need for the LDF process to undertake a comprehensive review of possible employment sites in the Prudhoe area.

Ponteland

- 8.43 The market evidence and stakeholder feedback points to the potential for a small scale B1 development at Ponteland, perhaps as part of a mixed use scheme. A site of around 5ha was suggested. It is possible that this could be part of a mixed use extension, although clearly any such proposal will have to be carefully considered during the LDF process. Following the completion of Meadowfields, the area has no available employment land, despite relatively strong levels of demand for light industrial/office uses. The planning policy constraints of the Green Belt have precluded any new allocations recently; however, given the possible need, and findings of, the call for sites, a Green Belt review could be considered.
- 8.44 Clickemin Farm (ELR26) was put forward by Banks Developments for a mixed use development consisting of residential uses along with B1 and B2 employment uses. This large site comprises of over 24ha, separated into four sections either side of Ponteland Road to the south-east of the settlement. ELR26d would perhaps form the least controversial allocation, comprising the only part of the wider site that would not form an incursion into the Green Belt and would continue the existing residential frontage along the road; however, this site is compromised by constraints, notably flood risk, which restricts the net developable land.
- 8.45 ELR26c forms the largest portion of the site, immediately behind the residential properties on the western side of Ponteland Road. This site would lack a suitable access without at least part of ELR26d coming forward, and is also considered visually prominent. On balance, it is considered that the eastern elements of the site, ELR26a and b could constitute a possible option for development. Whilst these would both result in a Green Belt review, unlike

ELR26c, they would both benefit from a good road frontage and visibility, whilst they appear to have few physical constraints to development.

- 8.46 A further option not tendered during the Call for Sites process could involve the allocation of land to the north and east of Dobbies Garden Centre, to the south-east of Ponteland along the A696. As with ELR26, this would necessitate a Green Belt review. Whilst the necessary road infrastructure is in place, it is considered that it may form a less attractive alternative to ELR26a/b due to the increased distance away from the village centre and services within and the nature of the adjoining use. However, during the stakeholder discussions it was apparent that this site could be more attractive to the market, although there would be less opportunity for cross-subsidisation to bring forward an element of office space. It will be for the LDF to assess the suitability of these sites for future employment use.
- 8.47 The exact amount of employment land required in future will depend greatly upon the future role of Ponteland as a settlement, which will be defined as part of the LDF process.

Conclusions

- 8.48 Over 32 sites put forward for employment uses were assessed, as well as broad possible locations for future sites around the more constrained settlements. Of the sites proposed, and following a separate review by NLP on broad areas of search in areas of unmet demand, the following recommendations are made:
- **Alnwick:** A reserve 10ha B2 allocation could be provided at ELR11 if demand is proven in the longer term to 2020, with ELR12 (Lionheart Phase 4) providing a further high quality alternative. A hotel may be suitable on ELR2 given that it has planning permission for such a use.
 - **Morpeth:** On the presumption that the two allocations at Fairmoor can be brought forward as part of a wider mixed use scheme a 5ha B1 allocation in the vicinity of County Hall could also be appropriate.
 - **Blyth:** The two large existing sites that comprise Blyth Riverside Park (C02 and C03) could be intensively redeveloped to provide the additional 10ha industrial land requirement. Further site investigation may be required in the longer term to identify a potential alternative development opportunity should site intensification prove unfeasible.
 - **Blyth Estuary/East Bedlington:** ELR29 (land at East Sleekburn) to be put forward as a niche employment land development specifically protected for renewables investment. This could provide an additional 35.6ha. It should not be regarded as forming part of the general employment land supply.
 - **Haltwhistle and West Tyne:** land adjacent to the A69 at Haltwhistle has the potential to accommodate tourism uses related to Hadrian's Wall and the surrounding countryside, subject to compliance with given policy criteria.
 - **Hexham and Hexhamshire:** Given the strength of demand and constraints to development in Hexham, it is recommended that a bespoke employment

land viability assessment should be taken forward for the town. Ahead of this study, it is considered that site ELR6 (The Hermitage) could perhaps be considered for a mixed use allocation and sensitively extended towards the A69 roundabout to the east, although this site is heavily constrained. This could provide 10ha of B1 employment use. If this proposal is not considered suitable/viable, alternatives could involve east of the Egger plant or land to the west of Shaws Lane (south of the Golf Course), potentially comprising a mixed use development with a 10ha B1 allocation. All suggestions are broad areas within the Green Belt.

- **Prudhoe:** It is considered that the proposed Prudhoe Hospital mixed use site would represent an appropriate 7ha B1 allocation for local requirements. A further allocation may also be required and the potential for an additional 5ha B-class allocation adjacent to site E17 (the Hammerite site) may be viable. Again, the possible areas of search would require a Green Belt review.
- **Ponteland:** It is considered that there is demand for a small, high quality, B1 development in Ponteland. A possible future site is to the south east of Ponteland relating to the eastern portion of site ELR26 (Clickemin Farm, specifically areas a and b), with land available to extend this as a further possible option. It is possible that this site may need to be mixed use to be deliverable. A further option could involve the allocation of land to the north and east of Dobbies Garden Centre, to the south-east of Ponteland along the A696. It will be for the LDF to assess the suitability of these sites for future employment use.

9.0 Managing & Delivering Employment Space

- 9.1 This section considers other measures which may be required to support Northumberland's economic growth objectives. These relate to qualitative employment land issues such as how to renew and upgrade existing sites or how to encourage modern employment development within the constraints of a limited supply of potential new sites.

Context

- 9.2 The previous section indicated that it may be difficult to find sufficient, suitable new development sites to meet the estimated demand for office/light industrial space in Northumberland up to 2030. This raises the question of whether new facilities can be delivered in other ways, or in different locations.
- 9.3 It also indicated a need for some better quality industrial premises and a requirement for more industrial space overall. Pressures for Non B Class uses were also identified particularly in Hexham and Morpeth, which may exceed the amount of surplus industrial land that can be released to other uses. This indicates a need to maximise use of existing industrial sites and to find ways to upgrade the quality of space in a difficult development market.
- 9.4 In the next few years, the delivery of new employment space is going to be increasingly difficult. The previous model of public sector investment delivering units in areas with marginal viability, where the market on its own would not ordinarily take the risk, is likely to be less reliable. Due to the severe restrictions on public sector capital funding likely to be available over the coming years, NCC faces a real choice – either to target areas of greatest opportunity, facilitating private sector investment in areas with the strongest market demand, or to concentrate that limited available expenditure in areas of greatest employment need. In these areas, the commercial market would not take the risk of speculative investment.
- 9.5 Discussions with stakeholders from the private sector suggested that the former course of action should be followed – that the County should focus more on bringing forward development in areas with the greatest economic opportunities, i.e. Hexham, Morpeth and Ponteland. In contrast, other stakeholders stressed the importance of protecting and empowering local communities in relatively deprived areas of South East Northumberland by providing employment opportunities and investment, and by seeking to remove disparities across the County. The difficulties of this will increase over the next few years.
- 9.6 Clearly, there is no easy answer but absence of development activity in the last two years has demonstrated that the market on its own is not delivering the employment space necessary to assist the recovery. In the period up to 2015 it is recommended that the LDF adopts a positive approach to the identification and release of land throughout the County. This should include sites in good

market locations and a shortage of employment land, including Hexham, Prudhoe and Ponteland. It should also include a new emphasis on providing land to address the opportunities from the offshore and renewables sector in South East Northumberland.

- 9.7 Below is an example of a possible policy to protect existing employment sites, but this should be read as illustrative only.

Policy E1: Protection of Allocated Employment Areas

In the employment areas identified in the Proposals Map, there will be a presumption in favour of B1, B2 and B8 development as defined in the Use Class Order 1987 (as amended). Planning permission will be refused for all other uses within these areas unless it can be satisfactorily demonstrated that:

- The land or building is no longer physically suitable for B-uses including alternative office, warehousing and industrial activities, both for immediate needs and there is no realistic prospect of re-use or redevelopment for such uses in the longer-term;
- There is documented evidence of unsuccessful active marketing for B class uses with at least one recognised commercial agent at local market rent levels, over a continuous period of at least 18 months;
- The redevelopment or re-use would provide alternative job opportunities consistent with the Council's strategy to secure higher-skilled employment or affordable modern business premises for local companies;
- The non B class uses cannot be accommodated on alternative sites elsewhere in the County;
- The proposed development would assist in bringing forward an element of B1, B2 or B8 development that would not otherwise take place;
- The non B class uses will not prejudice the existing employment function or further employment development in terms of the scale or nature of its use;
- The non B class uses would not constitute the majority activity in terms of proportion of overall site area; and
- The non B class uses represent a complementary non-residential use which can directly support the functioning of the site for employment purposes.

Upgrading / Intensification of Existing Industrial Sites

- 9.8 As noted in Chapter 5, a significant proportion of Northumberland's existing employment sites comprise industrial areas, many with older premises outdated for modern needs or in poor condition, but some have potential for renewal or intensification.
- 9.9 Barriers to the redevelopment of industrial premises in Northumberland generally include the low rents (and the rental difference between newer and older space being relatively small), and difficulties in securing financing for

small developments (which are almost always built speculatively). Additionally, the complex multiple ownerships of sites in some cases which can make it difficult to secure a plot of sufficient size to justify redevelopment (small unit scheme developers often require a site size of at least 1 ha). Institutional land owners can also often be unwilling to sell off small parcels of land to developers so that there are few opportunities for developers to purchase land in the main industrial areas.

- 9.10 Opportunities among the scattered sites are also relatively rare, primarily as a result of what is perhaps the largest barrier to redevelopment – the residential or retail ‘hope value’ of many industrial sites. This occurs when developers or investors purchase sites at a price level which assumes they may be able to develop at least some of the site for housing, and this price is significantly higher than the site is worth to a commercial developer. As a result they are priced out of the market, even though such sites are usually protected for industrial use in planning policy.
- 9.11 Such pressures from housing and other higher value uses are generally (although not always as in the case of Morpeth and Hexham) much less intense on the larger industrial areas, and as a result these are likely to have the highest potential for delivering new space over the plan period. Better utilisation of the stock on these estates could be achieved either through gradual redevelopment of individual plots (e.g. replacing a large older unit with development of modern small units for which there is good demand) or the sub-division of larger units. Based on experience elsewhere, qualitative improvements on the larger estates could also include the stripping and repainting of older industrial units, and making environmental, security and traffic management improvements through a Business Improvement District (BID) mechanism. Similar processes of gradual upgrading should be encouraged to allow for other sites to make a positive contribution to meeting some of Northumberland’s future growth requirements.
- 9.12 Priority areas where this could be achieved focus around Blyth, which could support the emerging offshore/renewables sector, specifically **Riverside Park Cowley Road (C02) and Coniston Road (C03)**. Subject to a viability assessment, there may even be an opportunity to demolish some of the older units on these two adjoining sites and to redevelop them more intensively for modern industrial needs. The proximity of the A189 spine road and potential trickle down from nearby developments at NaREC and from the proposed energy generation and associated manufacturing operations will assist this.
- 9.13 As noted earlier, the market alone is unlikely to deliver these improvements. Encouragement for owners/developers may be necessary, and could be aided by a range of planning and economic development interventions including:
- a An LDF policy encouraging such forms of upgrading, although this will only work in combination with other actions;
 - b Continued and stronger LDF policy protection for certain industrial sites (reducing the potential for residential ‘hope value’ pricing out development);

- c NCC involvement in instigating more BID schemes in other suitable areas;⁵³
- d Local initiatives to publicise to local firms case studies of successful upgrading of business premises, including costs, local contractors involved and rental or other benefits achieved;
- e The continuation of funds such as the Private Sector Projects fund, which supports such activities by developers or occupiers in the County;
- f Encouragement of mixed use developments to help facilitate and cross-subsidise the creation of B class premises; and
- g NCC economic development officers engaging with owners on upgrading of premises.

9.14 There may also be the potential to explore different funding sources (e.g. Tax Increment Financing⁵⁴) and potential sources of grant aid to enable small/medium firms to upgrade premises or develop new premises if the market does not deliver these improvements. This could include a number of forms of direct Council financial support such as a Business Improvement Grant, direct lending to small firms and/or mortgage support, as well as grants to install renewable energy equipment. It is recognised that such measures will be harder to fund in the current economic climate and rolling back of public expenditure but appear worthwhile as future actions.

Upgrading / Delivering New Office Premises

- 9.15 The upgrading and redevelopment of the County's office stock (particularly of older space) is also important in contributing to a number of planning and economic development objectives. Firstly, a net increase in the quantum of office space can often be generated by redeveloping plots to a higher density. As noted earlier, very limited potential to gain office space in this way is identified in Northumberland due to the rural nature of much of the area and the general absence of an established office market in much of the more urbanised areas of South East Northumberland.
- 9.16 Nevertheless where feasible, such redevelopments can provide higher quality and more modern space than existed previously. Even if no extra space is provided this can effectively increase office supply, by increasing market attractiveness and reducing vacancy. Such qualitative improvements could also be assisted by the refurbishment or re-cladding of existing buildings.
- 9.17 It would be beneficial for NCC to engage with the relevant landowners / developers to understand the prospects, timescales and amounts of office space that might emerge from these sites and what would help deliver it.

⁵³ It is recognised that points c and d are both resource-hungry activities and that NCC may not have the resources to undertake them effectively. BIDs in particular would require support from legal and electoral services.

⁵⁴ TIF - a mechanism by which Councils would be given the freedom to raise funds for infrastructure projects to be paid for through extra taxes generated by the property development it would enable or rates rises that would ensue as a result of the improvements

- 9.18 With regard to Service Area localities elsewhere in the County, **priority areas to target office improvement initiatives** should focus upon areas of existing strength in the short term, such as Hexham and Morpeth, or areas where there are advanced strategic masterplans such as Berwick. It may be possible to improve their attractiveness to office occupiers and developers by encouraging mixed use development schemes, improving the range of services and facilities and general public realm improvements. It may then be possible to gradually develop an improved office market, starting with small and medium sized units and public sector office space.
- 9.19 In particular, it is recognised that the **Prudhoe Hospital site** is seen as a Strategic Priority for NCC which has the potential to contribute at least 7ha of employment development as part of a wider masterplan. It is understood that a masterplan for the site is currently being produced with the HCA, which will provide further clarity as to the likely nature and quantum of development of the site. At this stage and ahead of any detailed market testing, it seems likely that the site would be appropriate for a mix of uses with an element of B1 office. A criteria-based policy similar to Saved Policy NE10 in the Tynedale Core Strategy seeking to ensure either development for a strategic employment site or for a mixed use development with an element of office/light industry/Science Park would appear to be appropriate.
- 9.20 Other potential areas for the LDF to consider could include the **Hermitage in Hexham (ELR6)** and **Clickemin Farm (ELR26) (or, alternatively, the land around Dobbies Garden Centre near Ponteland)**. Here, mixed use developments could play a role in delivering high quality employment space in accessible locations. Without NCC planning policy support, it is likely such sites would not come forward and key areas of strength would continue to underperform. Plans could be developed for these areas and also the aforementioned sites at Fairmoor, Morpeth, and Berwick, which should include proposals for estate signage and landscaping.

Renewables / Non B Uses

- 9.21 The development needs of economic sectors other than the B use classes were also considered. These are likely to be modest relative to the land requirements of offices for business and industrial uses. These other sectors will compete for employment land to a certain extent, but the extent and nature does not appear likely to cause particular pressures on land supply.
- 9.22 Consideration has also been given to whether the growth of some sectors could be accommodated in existing employment areas in a way that improves sustainability and enhances the attractiveness of the site as an employment location. This may have some scope, subject to strict controls, to avoid adverse pressures on landowners from higher value uses thereby reducing the potential for lower value B Class development.
- 9.23 Much of the vast F07 – Cambois ZOE site is unlikely to be available for any other use except for a ‘clean coal’ power station. This study has recommended

that the majority of the site should be redesignated as an 'expansion site' and replaced with a new designation, specifically for 'energy generation uses' for which a specific set of policy criteria could be designed. It should not be regarded as part of the general employment land supply.

- 9.24 NCC has a key growth aspiration concerning both renewable energy generation and associated manufacturing operations (specifically through wind turbine production), with the County's recent Economic Strategy specifically highlighting the objective '*to seek low carbon economic investment in Blyth Estuary, building on assets which include NaREC*'. Furthermore, the Strategy seeks to '*design local planning policies to support the move towards a low carbon economy and develop a local planning approach which supports and does not unreasonably restrict renewable and low carbon energy developments and associated infrastructure*'.
- 9.25 As such, Section 8.0 has identified the potential for the land adjacent to the Power Station site (ELR29) to accommodate manufacturing for the renewables sector (and, specifically, turbine manufacture, and servicing and storage facilities for offshore wind). The size of the site, its proximity to NaREC's testing facilities and its accessibility to the deep water port (on the northside of the River Blyth) would suggest that the site could make an ideal strategic site specifically for the renewables sector. As such, the importance of preserving the site's integrity for significant levels of inward investment in wind turbine production, and facilities for servicing and storage for the off shore wind sector, would set it apart from the rest of the employment land portfolio. Key criteria could be set in the LDF to the effect that any development which would preclude, adversely affect, or would lead to restrictions on the ability of the site to be developed in its entirety for specialised manufacture in the renewables sector would not be permitted.

Rural Areas

- 9.26 With the rural areas outside South East Northumberland and the larger market towns to the North and West, the low level of demand for both office and industrial space does not justify specific allocations, which are unlikely to be taken up. Rural requirements can probably be met instead through conversions of redundant rural buildings or small-scale developments that should be assessed on a case-by-case basis. This has had some reasonable levels of success in recent years with conversions such as the modern office units developed at Stocksfield Hall (E29) proving popular. Accordingly, a criteria-based policy approach which encourages some conversion of appropriate redundant rural buildings and other small scale development to encourage home working and micro-industries appears appropriate.

Delivery Mechanisms

- 9.27 There are a number of other delivery mechanisms which have the potential to contribute to the delivery of more and better quality workspace and which could be investigated further by the Council.
- 9.28 Firstly, **Section 106 agreements and/or Community Infrastructure Levy (CIL)** from larger developments could potentially be used, either directly or indirectly, to deliver workspace. This would be subject to the regulations governing these mechanisms. This particularly applies to schemes which involve a mixed-use redevelopment of existing employment land. Provision could be either on-site or in some cases at an alternative location. It should be noted that the ability for projects to generate sufficient profit to enable such levies may be limited in all but the most buoyant markets. Any scheme involving the use of CIL to cross fund employment development from residential or retail uses will need to be underpinned by strong evidence justifying the need and viability of such an approach.
- 9.29 Whilst this approach offers the prospect of new office space, there are some potential problems in ensuring such provision is attractive to the market. The layout of the site and uses, particularly for mixed-use schemes, can make a significant difference to their commercial appeal, with most office occupiers wanting a relatively high profile location towards the front of a site and without any potential for amenity conflicts. In addition, there may be issues about matching the type of space delivered to demand in that area – e.g. medium/large corporate workspace is unlikely to be attractive in most parts of the County.
- 9.30 Where the development lies within an area of low industrial and office demand, subject to the legal provisions governing such approaches, funding from sources such as CIL/S106 contributions could be pooled and used to develop workspace space on other sites, perhaps including those in Council ownership, and loans or grants to firms to support upgrading of premises. This could also potentially be used to fund further enterprise or incubation workspace.
- 9.31 If there are areas where large-scale change may be required in order to deliver workspace, an **Area Action Plan, Supplementary Planning Document, Planning Brief or Development Brief** could be considered as a tool for identifying how new development should come forward. This could potentially apply to Blyth Riverside Business Park, where significant new industrial space is only likely to be delivered as part of a comprehensive redevelopment of the site.
- 9.32 **Local Development Orders (LDO)** is another potential mechanism that could be considered in some appropriate situations. These allow Councils to identify specific areas/sites where express planning permission is not required for certain types of development. Examples applying to industrial estates, for example, could include alterations or certain levels of extensions to premises, construction of new employment premises within specified limits, and some types of change of use. In some situations, this approach could provide benefits to occupiers/developers through greater flexibility, speed, certainty of

outcome and reduced cost. Some of the weaker industrial estates in the South East of the County should be considered for LDO.

- 9.33 **Mixed use schemes** can also be a way forward in delivering some new office or industrial space (i.e. Morton Park). This is more likely to be effective on larger schemes. As stated earlier the study team consider there is potential for mixed use schemes to provide the funding for new employment space in Hexham, Morpeth, Ponteland and Prudhoe.

Conclusions

- 9.34 Previous sections of this report have highlighted the need for a quantitative increase in the office and industrial stock and a qualitative improvement in the industrial and office stock. However, barriers to the redevelopment / improvement of industrial sites in particular are acute, primarily as a result of low commercial values and competing higher value uses. A number of planning and economic development interventions could significantly improve the level of development and premises renewal activity including continued policy protection for B-class land, use of BID schemes, and engaging with land owners. In certain locations cross subsidy of new employment facilities from residential development offers potential.
- 9.35 A number of mechanisms can be used to facilitate the delivery of workspace. These include using mixed use developments, S106 agreements and/or Community Infrastructure Levy to pay for workspace either on-site or off-site. However, any new provision should ensure that the layout, location and type of space is attractive to the market rather than purely focusing on the quantum of space delivered.

Implications for the Study

- a There are significant barriers to upgrading or renewing older industrial premises in the County;
- b A range of mechanisms could be considered to encourage or support such upgrading;
- c Where new office space is provided as part of a mixed use scheme, careful site layout and a focus on quality rather than quantity of space is important;
- d NCC should explore constraints, timescales and amounts of office / industrial space that could be delivered on the few potential sites identified in Morpeth (particularly Fairmoor), Ponteland, Prudhoe and Hexham;
- e Bringing about significant new office development will involve improving their attractiveness through a combination of regeneration, mixed use schemes, improved services and facilities and public realm improvements;
- f Pooling of funds from S106/CIL sources could be used to support upgrading of older premises and provision of new employment premises, including incubation space;
- g Area Action Plans or other types of Supplementary Planning Documents may be appropriate to guide and bring forward new employment space on larger sites.

10.0 Overall Conclusions

10.1 The following conclusions can be drawn from this study on the adequacy of current employment land supply in Northumberland and the future requirements for employment space in the period up to 2030, both for B and Non B class uses.

1: Northumberland has a reasonably robust, but highly localised economy that has seen slow growth in recent years but which has held up reasonably well in the face of the recession. It faces particular challenges from forthcoming public sector cuts

10.2 The number of employee jobs in Northumberland, which stood at 103,400 in 2008, has risen by a modest 1.7% over the past 10 years – a period of strong economic growth nationally. This indicates that Northumberland has underperformed in employment terms over the past decade. Analysis of data at the sub-area level reveals that all three Service Areas have observed low levels of growth. Performance was weakest in the South East, where the employment base actually contracted by 1.0% over the period. The key sectoral drivers of job growth over the period 1998-2008 at County level have been banking, finance & insurance; public administration & health; and other services. However, for all of these sectors growth across Northumberland was lower than the national average. However, Northumberland also experienced an 18% uplift in tourism-related jobs over the period. A smaller increase in employment was observed with respect to distribution, hotels & restaurants, although this was broadly in line with national and regional growth.

10.3 The legacy of the recession and public sector cuts will undoubtedly place significant strains on the local economy over the short to medium term, with Northumberland likely to be particularly vulnerable to any public sector job cuts. There are, however, a number of opportunity sectors that will dictate the need for employment land in the County, specifically growth in knowledge intensive sectors and micro-businesses; the expanding tourism and leisure sector and, potentially, renewable energy.

2: Northumberland remains a popular place to do business, with company loyalties remaining strong

10.4 Business perceptions of Northumberland are excellent, although the commercial property market in particular is considered to be small-scale and relatively localised at present. The investment decisions of firms locating in Northumberland are primarily influenced by the availability of premises; the relatively low cost and good quality of premises; proximity to home and the road network. This indicates that where a company's MD or owner lives has an impact on a large number of investment decisions, which could have implications for demand in affluent areas of the County. Whilst over two-thirds of businesses expressed a strong desire to stay in the County, there were perceived to be a number of obstacles to expansion including market

conditions, a lack of suitable premises, development costs and skills shortages.

3: The County has a very high level of committed employment land

- 10.5 In basic quantitative terms, the County appears to have a substantial amount of employment land, comprising some 360ha of allocated employment sites in 2009 (including the expansion land at Egger), plus a further 7ha of windfall sites. A further 316ha comprises land which is held for expansion, of which 175ha relates to the Cambois Zone of Economic Opportunity. However, there is a clear spatial imbalance in its distribution.
- 10.6 The North Key Service Area has 48 sites, comprising some 108ha of available employment land, with a reasonable spread of good quality sites across the area in towns such as Alnwick and Berwick, and clear deliverability issues for sites in and around Morpeth in particular.
- 10.7 The South East Key Service Area, based largely around the former industrialised areas of Wansbeck and Blyth Valley, has a considerable legacy of industrial land and Port-related uses, hence this area has the bulk of the County's forward supply – some 227ha, including the County's only Strategic Site at West Hartford. Much of this space, and, West Hartford in particular, has the potential to address employment land needs beyond local requirements, and could serve a sub-regional market. In general, the sites scored highly in this area, particularly in and around Cramlington, due to sites' policy compliance, accessibility and reasonable levels of demand, although the increased costs involved in bring forward many of these sites is likely to impact significantly upon deliverability.
- 10.8 The West Service Area had just 37 sites totalling around 25ha, reflecting the considerable under supply of land in most of the larger towns in this area, notably Hexham, Ponteland and Prudhoe. Much of the land that is notionally available in this area is heavily constrained, with the owners often pursuing alternative, higher value uses for the site. Industrial/commercial space in the Northern and Western areas of Northumberland generally (although not exclusively – regionally significant companies Kilfrost, IHC Engineering and Egger are also located in this area) address local, indigenous needs in contrast to parts of South East Northumberland, which has greater access and linkages to the City Region market.
- 10.9 In summary, and on the basis of the 125 existing or committed employment sites appraised, potentially 367ha could be available for employment use, with a further 317ha of expansion land. Around 160ha of employment land was rated as being of high quality, with around 75ha being of poorer quality.
- 10.10 The best quality sites tended to be concentrated in South East Northumberland, with the lower quality, constrained sites affecting the deliverability of economic objectives in West Northumberland.

- 10.11 There appears to be a particular under supply of unconstrained, available, employment sites in Hexham, Ponteland, Prudhoe and Morpeth.

4: In contrast, past take up of land has been relatively low, particularly compared to losses in recent years

- 10.12 Past take up of employment land in Northumberland has been relatively low. The data indicates that, between 2004/05 and 2008/09, 121.31ha of allocated/committed employment land had been taken up for development, which equates to approximately 24.26ha per year.

- 10.13 Of the land that was specifically developed for B1, B2, B8 use, this equated to 52.17ha, or 10.43ha per annum, with an average of 13.83ha lost to non-employment uses per annum.

- 10.14 In simplistic terms, this would suggest that the County as a whole could have enough employment land to last around 15 years, although given the spatial disparities in the amount and quality of available employment land, forward supply is highly variable with West Northumberland in particular having a substantial undersupply especially for B1 development.

5: Northumberland's future growth is likely to be characterised by indigenous demand for both industrial and office space

- 10.15 Northumberland's future growth is likely to be characterised by growing demand for warehousing and office space, whilst manufacturing will still have a strong role to play in South-East Northumberland, an area that is well positioned to benefit from the drive towards renewable energy generation and associated manufacturing operations. The potential for office-based sectors to drive future growth would depend on the provision of good quality units in areas of stronger demand, such as Morpeth and Hexham.

- 10.16 The size and type of units required in the future will vary across the County depending upon patterns of demand. There may be occasions when bespoke properties will be required for specific businesses but these are likely to be provided on the basis of a pre-let or pre-sale for a specific company. Generally in Northumberland the majority of businesses occupy speculatively-built premises which are readily available at the time a decision is taken to move. Although this removes a great deal of time and risk for the occupier it increases the risk for the developer who will only build product for which they can reasonably predict demand and a reasonable return on their expenditure. Therefore the higher yields, increased costs and funding issues of the last 2 years have restricted new speculative development in Northumberland to almost nothing.

6: This growth is likely to be driven by non-traditional employment sectors, such as leisure, tourism and particularly renewable energy and waste

10.17 Northumberland has an opportunity to target a number of key growth sectors including waste and recycling, renewable energy (both through the manufacture of turbines and through energy generation), creative industries and business services. There is particular scope to target renewable energy in the Blyth Estuary through the South East Northumberland New Growth Point and Blyth Estuary Growth Area. This would build upon existing assets such as the research expertise focussed at NaREC.

10.18 The main demand for industrial property is likely to remain in the south of the County where there are good road communications and proximity to the Newcastle City Region and the North East ports. Particularly in the South East of the County there is likely to remain demand for small to medium-sized modern industrial/warehouse units; this is likely to remain the main area for larger scale industrial development, with Cramlington continuing its role as the primary employment area in the County.

7: The County requires between 293ha and 316ha (gross) to meet employment land needs up to 2030

10.19 Based on projecting forward past trends and allowing for the re-provision of likely losses to non-B-class uses, it is suggested that Northumberland could require in the order of 506ha gross 2010-30. However, this stands in contrast to the demand forecasts based on the St Chad's econometric model. This would indicate a requirement for 2-17ha net over the same time period, with a bias towards B1a office and B8 warehousing. Allowing for losses and a margin of choice would indicate a need of between 299ha and 314ha gross. A sensitivity test undertaken by NLP on the St Chad's forecasts indicated a need of between 293-and 328ha to 2030.

10.20 On the basis of a number of considerations, a range of between **293ha and 316ha (gross)** of employment land is considered appropriate. This is equal to the NLP Lower Scenario model run at the lower end, and the NLP Central projection at the top end. Both figures include a margin of choice. The range accommodates Northumberland's potential for job growth in land hungry sectors such as renewables, whilst factoring in the uncertainty of the ongoing recession and the strongly negative growth in residents of working age forecast for the County over the coming years.

8: Following a detailed review of the existing, committed and potential employment sites in Northumberland County, it is recommended that the County's portfolio should comprise 53 employment sites, totalling 223ha, plus a further 7ha of windfall sites. To this should be added between 64-87ha of additional employment land, focussed in and around Morpeth, Alnwick, Hexham, Blyth, Prudhoe and Ponteland.

- 10.21 The characteristics and quality of provision of 354ha of existing and committed employment sites in the County were analysed, alongside 32 sites that came forward as part of the call for sites exercise.
- 10.22 Comparison of estimated demand against identified supply indicates sufficient industrial land to meet future needs, and a significant surplus of industrial land under some demand estimates.
- 10.23 A detailed assessment of the committed employment sites in the County suggests that some 137.6ha could be de-allocated from the portfolio, relating to 21 sites.
- 10.24 With certain exceptions discussed below, the future space needs of the Non B uses are likely to be met by redevelopments; conversions; within mixed use and other schemes within town centres; or on surplus industrial land. It is not considered necessary to allocate specific sites for these uses.
- 10.25 This would leave a total forward supply of 215.8ha of employment land, plus 7.03ha of windfall sites with extant planning permission, 6.8ha of former expansion land at the Egger Plant in Hexham with extant permission for industrial use; and a further 107ha of expansion land/sites under option. In general terms, this suggests that given the level of demand (293-317ha), there would be a quantitative need for around 64-87ha of new employment land in the County to 2030. Of this potential need, opportunities have been identified for the following new allocations:
- **Alnwick** could require a reserve 10ha B2 allocation at ELR11 if demand is proven in the longer term to 2020, with ELR12 (Lionheart Phase 4) providing a further high quality alternative.
 - 5ha of office and industrial land in and around **Morpeth** (presuming the proposed Fairmoor development proceeds), potentially located close to County Hall;
 - 10ha of industrial land south of the River in **Blyth**, resulting from the intensive redevelopment of two large existing sites that comprise Blyth Riverside Park (C02 and C03);
 - Land at **East Sleekburn** to be identified as niche employment land specifically protected for renewables investment. This could provide an additional 35.6ha (*note - this should not be regarded as forming part of the general employment land supply*).
 - 10ha employment extension to site ELR6 (The Hermitage) in **Hexham**. If this proposal is not considered suitable/viable, an alternative would involve

land east of Egger or another Green Belt release to the west of Shaws Lane, south of the Golf Course, comprising a mixed use development (with a 10ha B1 allocation). The town would benefit from a bespoke employment land viability study to analyse options in further detail.

- Land adjacent to the A69 at **Haltwhistle** for tourism uses related to Hadrian's Wall and the surrounding countryside (subject to compliance with a set of detailed Policy criteria).
- A 7ha B1 allocation in the proposed **Prudhoe** Hospital mixed use site, and an additional 5ha B-class allocation adjacent to site E17 (the Hammerite site), subject to a Green Belt review.
- A 5ha allocation with an element of B1 office could be necessary for land to the south-east of **Ponteland**. This could relate either to the eastern portion of site ELR26 (Clickemin Farm), or land to the north and east of Dobbies Garden Centre, to the south-east. It will be for the LDF to assess the possible scale of any allocation (based on the future role of the settlement) and to establish the suitability of these sites for future employment use.

10.26 Submitted sites and broad site locations suggested by NLP should be viewed as suggestive at this stage. A comprehensive survey exercise should be undertaken as part of the LDF, in relation to the Plans settlement and spatial strategy, as it emerges.

10.27 This would increase the current portfolio of available land by around 88ha, recognising that around 36ha of this would be restricted for the use of renewables. In summary, and excluding the East Sleekburn site, a total of around 280ha of employment land could comprise Northumberland's future employment land portfolio if the recommendations of this report are taken forward.

10.28 The list of sites that would make up the County's revised employment land portfolio on the basis of NLP's recommendations is provided in Appendix 12. This list includes only the revised allocated sites; to this should be included the potential sites identified in the bullets above, and the 7ha of windfall employment sites with extant planning permission currently in the pipeline.

9: NCC will need to plan carefully for the growth of non-B uses, given that they are likely to be a key generator of employment in future years.

10.29 Planning for non-B class economic uses is a key issue for Northumberland, given that much of the forecast job growth is likely to be derived in these categories. In particular, tourism and its related sectors are major employers in Northumberland. Demand for this sector comes from both domestic/international tourism (hotels and restaurants) as well as the spending of local residents (mostly restaurants and other catering), with the sector accounting for almost 12% of employment in the County. It is difficult to estimate the land requirements of this sector, but new hotels can place significant pressure on undeveloped employment land in particular. On this basis, it seems sensible to include a flexible criteria-based policy in the Core

Strategy to facilitate suitable hotel development in the County. An opportunity is identified at Haltwhistle for tourism-related uses, whilst the Kielder Water and Forest Park could remain a strategic priority for the focus of tourism/leisure related uses.

10: In identifying investment priorities NCC should acknowledge market realities.

10.30 In locations such as Hexham, Ponteland and Morpeth, where values are potentially sufficient to enable limited speculative development, the market will determine when sites will be brought forward for development. In South-East Northumberland and particularly the smaller settlements in the more remote rural areas, demand is less reliable and sites may (and do) lie undeveloped for considerable periods. Here a strategy to facilitate bespoke development will be appropriate and public sector investment should focus on reducing abnormal costs of development, but remain cognisant that sites may be taken up for external storage or for other non-B-Class development. In settlements such as Blyth where the viability of private sector development is more marginal, and where the age and quality of infrastructure needs improvement, the public sector has a greater role in the delivery of employment sites.

10.31 On appropriate sites and where a clear need is demonstrated, this may require allowing a limited amount of higher value “enabling development” to help fund infrastructure and support provision of speculative employment premises. Mixed-use development may provide one way of enabling the private sector to provide such enabling investment forward for new employment space. As well as retaining significant employment land in any redevelopments of redundant employment sites, there may also be some scope for developers to provide small business units in mainly residential schemes, perhaps secured through s.106 agreements and with delivery linked to the timing of other development. The precise location and layout of such space should be carefully assessed to ensure that it will be attractive to the market, for example, B1 space should typically be located at the front of sites to ensure market visibility.

11: Alongside making new allocations, the Council should adopt a proactive approach to managing and improving the existing portfolio of employment sites to facilitate future growth.

10.32 Alongside making new allocations, NCC should adopt a proactive approach to managing and improving the existing portfolio of employment sites to facilitate future growth. Renewal and intensification on older sites with available land (particularly in locations such as Blyth Riverside Business Park) should be encouraged to ensure that they contribute positively to meeting some of the County’s employment land requirements, taking account of the particular constraints that apply on individual sites. In assembling a new portfolio of sites, a cautious approach is required to manage the competing pressures on potential employment sites within Northumberland, balancing the aspirations for mixed-use development on some sites with the need to encourage renewal and intensification of the older industrial estates, particularly in South-East

Northumberland. Where mixed-use development or potential release of an employment site to other uses is contemplated, this should have regard to the availability of alternative sites to accommodate the relocation of firms.

12: Meeting the economic needs of rural areas is key to the long term sustainability of Northumberland's market towns and outlying settlements

10.33 The importance of micro-industries to the rural Northumberland economy has been clearly demonstrated in this ELR. Vacancy levels are typically low on most sites suggesting that the units are meeting the needs of occupiers attracted to these locations. The smaller scale of premises needed and lower level of demand for office and industrial space probably does not justify specific land allocations, where low rents may not justify new development and which may therefore not be taken up. It could be that rural needs could be met instead through conversions of redundant rural buildings and other smaller scale developments, without the need for specific allocations. New provision could be encouraged through policy support for rural building conversions to business uses and for other smaller scale industrial developments within settlements.

13: Manage and Monitor

10.34 NCC will need to monitor the findings, particularly the extent to which the sites identified as contributing to the five year forward supply of deliverable employment land are actually coming forward for their intended use. Furthermore, an effective monitoring system should be put into place and maintained to inform the future analysis of the employment land situation, to include:

- Employment land and premises database;
- Employment permissions granted and implemented by type and source (i.e. allocation/windfall);
- Permissions and development of sites and premises previously in employment use for non-employment uses;
- Employment land and premises available and recent transactions;
- Employment premises enquiries; and
- Employer requirements and aspirations (to be gauged via periodic surveys or forum and focus group events).

10.35 It is further suggested that NCC's monitoring of 5-year supply of land should review the losses of employment land to other uses and the impact this has on qualitative supply. NCC would be advised to commission regular joint annual market trends reports from a commercial property agent.

Appendix 1 Organisations Consulted

Appendix 2 Business Survey

Appendix 3 Site Plans

Appendix 4 Site Appraisals

Appendix 5 Site Summary Appraisals

Appendix 6 Site Pro-Formas

Appendix 7

St Chad's Long term Sectoral and Employment Projections for Northumberland – Land Review Annex

Appendix 8 St Chad's Net Employment Land 5-Year Forecast

Appendix 9 Existing / Committed Sites Assessment Database

Appendix 10 Potential Sites Assessments Pro-Formas

Appendix 11 Potential Site Plans

Appendix 12 Recommended Employment Land Portfolio

Appendix 13 Economic Statistics



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