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Stevenage Borough Council **Stevenage Employment & Economy Baseline Study**

Final Report

March 2013



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& Partners**
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**Stevenage Employment & Economy
Baseline Study**

Stevenage Borough Council

March 2013

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Prepared in association with:



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Executive Summary

This Employment & Economy Baseline Study has been prepared Nathaniel Lichfield & Partners (NLP) in association with The Mackinnon Partnership (TMP) on behalf of Stevenage Borough Council. It is intended to inform preparation of the new Local Plan up to 2031.

The study provides current information on the existing employment sites and premises, and assesses future space needs for B class employment uses (offices, industry and warehousing) under a range of different growth scenarios. It also considers the current and future balance of demand and supply for labour and skills, and potential policy interventions for education and training.

The key findings of the study are as follows:

1. Stevenage is a successful economy. It has recorded job growth in excess of the regional and national average over the past 15 years; a marginal decline in industrial jobs has been more than offset by service sector job growth. Output per worker is relatively high due in part to the Borough's strong representation of high value, knowledge-intensive industries. The Borough has historically performed well in terms of attracting inward investment, although feedback suggests this has declined in recent years with a generally weaker market perception and reduced awareness of Stevenage as an investment location.
2. The labour market in Stevenage operates as two distinct (but overlapping) markets: 1) the market in which firms in the Borough seek labour which is generally working well, and 2) the market in which residents seek work, which is working much less well. This reflects that the Borough's resident workforce is characterised by below average skill levels and educational attainment. The implication is that there is a sharp contrast between resident and workplace earnings (those who work in Stevenage earn an average of £60 per week more than those who live in the town) with higher paid jobs filled by in-commuters from elsewhere, taking advantage of Stevenage's excellent transport links. Because they can attract workers from elsewhere, local firms do not appear to be unduly constrained by the lack of skilled workers locally. However, the lack of strong ties means that there is no pressing labour market reason why any individual company should necessarily choose to locate, expand or remain in Stevenage.
3. The Borough's commercial property market is largely localised and industrial in character serving the key sectors of advanced manufacturing, pharmaceuticals, aerospace and, to a lesser extent, business services. The economic base is fairly typical of many New Towns, dominated by a small number of large multi-nationals (some with origins in post-war industries) but with small and medium-sized enterprises representing an increasingly significant share of the business

base. Stevenage mainly competes with nearby centres along the A1 corridor to the north such as Letchworth and Biggleswade which have greater availability of employment land. Although part of the wider London arc sub-region, the Borough has become less well positioned to compete for larger corporate relocations losing competitive advantage to centres that benefit from greater proximity to London and strategic access to routes such as the M25. Although it remains a significant commercial centre in Hertfordshire, with good connectivity and major businesses, it suffers from poor perception and profile due to its less favourable location, poorer quality town centre and perceived lack of good quality housing.

4. Reflecting the sectoral mix, Stevenage's current stock of employment space is dominated by industrial uses which represent 80% of all floorspace with office space about 20% of the stock. The stock of space is small compared to larger adjoining authorities. The Borough has seen limited levels of new employment development over the past decade, with more floorspace lost than gained, largely driven by significant losses of industrial space. This has placed increased pressure on the remaining stock to accommodate the Borough's economic activity, and means limited scope to respond to future demand.
5. About 80% of employment land in Stevenage is located within Gunnels Wood, one of the original New Town employment areas, and now the largest employment site in Hertfordshire. The remaining employment space is largely distributed between Pin Green, the town centre and the Old Town. An assessment of the Borough's employment sites undertaken as part of this study indicates that Stevenage has a reasonable range of employment sites of differing quality and type. The majority are characterised by B1a and B1c uses, with some specialist B1b and smaller B2/B8 sites also evident.
6. Five different scenarios of future employment space requirements have been considered for the period to 2031, based on a number of approaches which reflect economic growth, past development trends and potential housing supply factors. Four of these scenarios point to lower future economic growth in Stevenage than the Borough has achieved in the recent past, partly reflecting a more pessimistic post-recession economic outlook. The overall space requirements related to these different scenarios range from -3,200 sq.m to 217,200 sq.m for all types of employment space, implying in broad terms a need for -2.6 ha to 50.1 ha of employment land. However, the study concludes that the 'higher enterprise growth' scenario better reflects the Council's economic growth aspirations for the Borough, with annual job growth implied by this scenario lying closest to the long term trend. This scenario would require in the order of 22 ha of new employment land to be identified over the Plan period.

7. In terms of future industrial needs, a modest positive requirement has been identified which, based on the existing portfolio of sites, Stevenage would currently be unable to meet. Although a significant amount of industrial stock exists across the Borough, the majority of this is fully occupied, limiting the churn and ongoing upgrade work required to maintain market competitiveness and appeal. Recent evidence also points to some firms leaving Stevenage because growth needs cannot be met within its boundaries. There are a number of potential options for how additional supply might be provided, whilst the need to minimise the long term trend of loss of industrial space should also be recognised, taking account of the increasing pressures and constraints placed upon employment land in an under-bounded authority.
8. The picture is similar with regards to office needs, with the study identifying a quantitative shortfall of office land supply across the Borough as a whole to meet the modest requirement for additional space to 2031. Recent development of strategically located high quality office accommodation is meeting business needs effectively and soaking up limited demand for office space, leaving behind significant amounts of redundant older office stock which fails to meet current market requirements. This older existing stock is unlikely to be capable of viable adaptation to meet modern needs. Future policy must therefore focus on re-structuring Stevenage's portfolio of office sites and improving a range of qualitative site issues. This includes taking a more mixed-use approach to redeveloping poorer performing sites, and considering the allocation of a new strategic employment site to the west of the Borough to introduce a more coherent office product to the market, and demonstrate longer term confidence in Stevenage's future potential as a strategic office location.
9. Against the projections of future employment growth, it appears that local residents with relatively poor education and skills attainment are going to miss out on the better job opportunities available. While action is underway to try to address these issues in the Borough, key stakeholders expressed concern that current action alone would be insufficient. If Stevenage seeks to capture a greater proportion of higher value employment and business growth than is currently represented within its economy, this is likely to require increased growth within higher level occupations than is currently forecast and a considerable up-skilling of the local labour force to fill these jobs. In this context, SBC could consider a number of specific policy interventions to ensure more effective alignment between workforce skills and business needs in the future, including a parent-focused campaign to change attitudes and perceptions towards education and learning, and using its leadership role to encourage sustainable partnerships between businesses and schools, colleges and universities.

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Appendix 4	Overview of Site Assessments

1.0 Introduction

1.1 Stevenage Borough Council (SBC) commissioned Nathaniel Lichfield & Partners (NLP) and The Mackinnon Partnership (TMP) to prepare a review of the role and function of the local economy in Stevenage and the economic markets operating in and across the Borough's boundaries, and identify the quantitative and qualitative needs for land and floorspace in the period to 2031.

1.2 The Council's brief for the study defines the key stages as follows:

1 Economic baseline study

- i overview of recent economic trends;
- ii analysis of the structure and performance of the town's existing economic base;
- iii assessment of demand and supply for labour and skills;
- iv benchmarking local economy against other comparable locations; and
- v identifying the future nature and scale of employment provision in Stevenage, sensitivity tested against a range of scenarios.

2 Employment land review

- i a qualitative and quantitative evaluation of existing employment land provision;
- ii identification of (potentially) surplus employment land and premises; and
- iii identification of any future requirements for new or additional employment land, including preferred locations.

1.3 The Council is currently at the preliminary stages of preparing a new Local Plan for the Borough following the withdrawal of its draft Core Strategy in February 2012. This followed the Inspector's findings that the Council's proposed strategy, based on the requirements of the East of England Plan, could not be proved deliverable without the co-operation of neighbouring authorities.

Scope of Study

1.4 The focus of this report is on the employment space needs for the group of B-class sectors outlined below:

- **B1 Business** (offices, research & development, light industry);
- **B2 General Industrial**; and
- **B8 Storage or Distribution** (wholesale warehouses, distribution centres).

1.5 Demand for B-class employment land and floorspace is considered in this report, and references to "employment space" are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

- 1.6 Whilst the National Planning Policy Framework (NPPF) defines economic development as including a wider range of non B-class uses (including retail, leisure and community uses), an assessment of these uses is beyond the scope of this study.
- 1.7 The purpose of this study is to provide evidence to support development of the Local Plan. It is not a policy or strategy document per se, but instead provides an evidence base input to specific planning or economic development policies being developed by the Borough Council. An important consideration for any work of this type is that it is inevitably a point-in-time assessment that cannot entirely reflect very recent changes in circumstances. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources have not been checked or verified by NLP or TMP.
- 1.8 As part of the study, consultation was undertaken with a range of stakeholders including commercial agents, economic development and business organisations. A list of consultees is included at Appendix 1. A business consultation workshop comprising a presentation of interim findings and structured group discussion was held in Stevenage in November 2012. Notes of this event are contained in Appendix 2.

Structure of Report

- 1.9 The report is structured as follows:
- **Economic & Labour Market Baseline** (Section 2.0) – a review of current economic conditions and recent trends in the Borough and its economic strengths and weaknesses that may affect future needs for employment space and economic growth;
 - **Overview of Employment Space** (Section 3.0) – analysis of the current stock and trends of employment space in the Borough in terms of mix of uses, development rates, gains and losses, age of premises, and provision in adjoining local authority areas;
 - **Stevenage Commercial Property Market** (Section 4.0) – a review of the local commercial property market, including the supply of and demand for different types of employment space within the Borough and the needs of different market segments;
 - **Review of Current Employment Sites Portfolio** (Section 5.0) – assessment of the quality of current and potential employment land supply against defined criteria including its attractiveness to the market and its ability to meet future needs;
 - **Future Requirements for Employment Space** (Section 6.0) – estimates of future employment space requirements for B Class sectors in quantitative terms, drawing on employment forecasts and other factors;

- **Need for Additional Land** (Section 7.0) – assesses the gap between current land supply and future needs, in both quantitative and qualitative terms, by comparing forecast requirements with availability of existing sites;
- **Future Skills Requirements** (Section 8.0) – assesses future skills requirements in the context of any existing constraints and mismatches;
- **Policy & Delivery Implications** (Section 9.0) – considers relevant policy and other measures needed to support the existing site portfolio and maximise economic growth in Stevenage; and
- Overall **conclusions** are presented in Section 10.0.

2.0 Economic & Labour Market Baseline

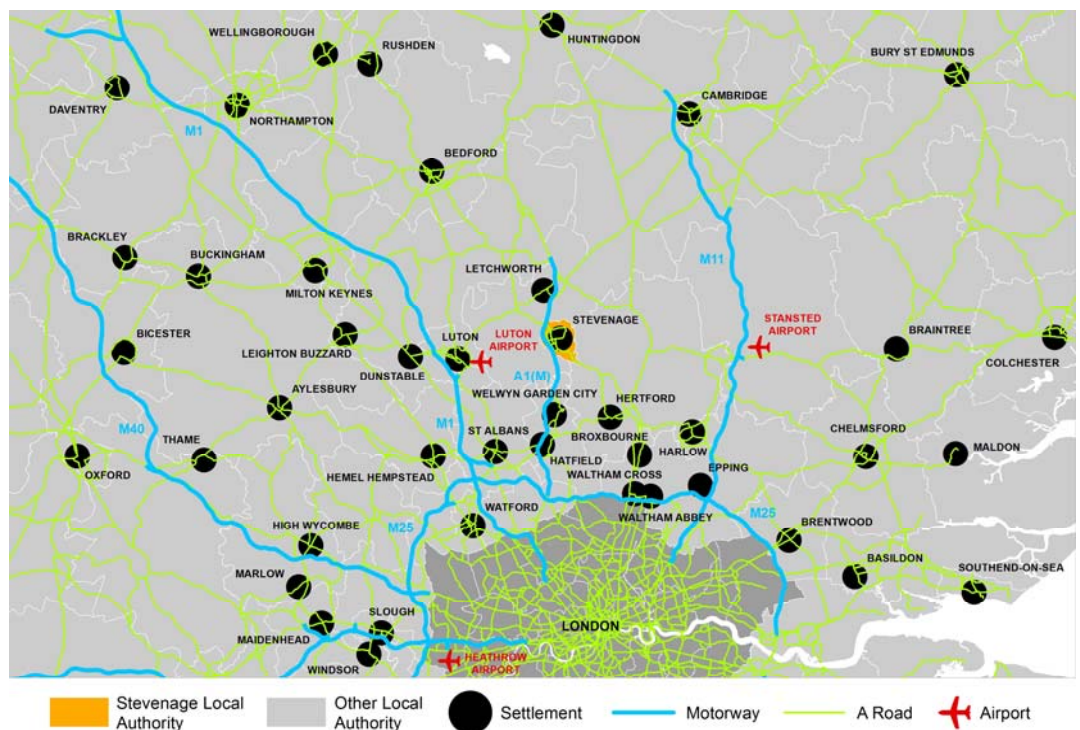
2.1 This section establishes the baseline for the study by reviewing recent economic conditions and trends within Stevenage, relative to the East of England region and the national economy. This is important in identifying the existing strengths and weaknesses of the local economy, and the factors likely to influence the nature and level of future demand for employment space.

Overview

2.2 Stevenage is one of the first generation New Towns which was designated in 1946. It is a small, tightly-bounded urban authority. In many places the urban area reaches up to the administrative boundary and, to the north-east, spreads across into the neighbouring North Hertfordshire District. The town is surrounded by Green Belt, placing pressure on the existing urban area to accommodate the town's future economic activity.

2.3 Firms have historically been attracted to Stevenage by its strategic position at the centre of motorway and mainline rail networks. The town lies 30 miles north of London and benefits from proximity to the A1, M25, East Coast mainline, Luton, Stansted and Heathrow airports.

Figure 2.1 Context of Stevenage



Source: NLP

Economic Conditions & Trends

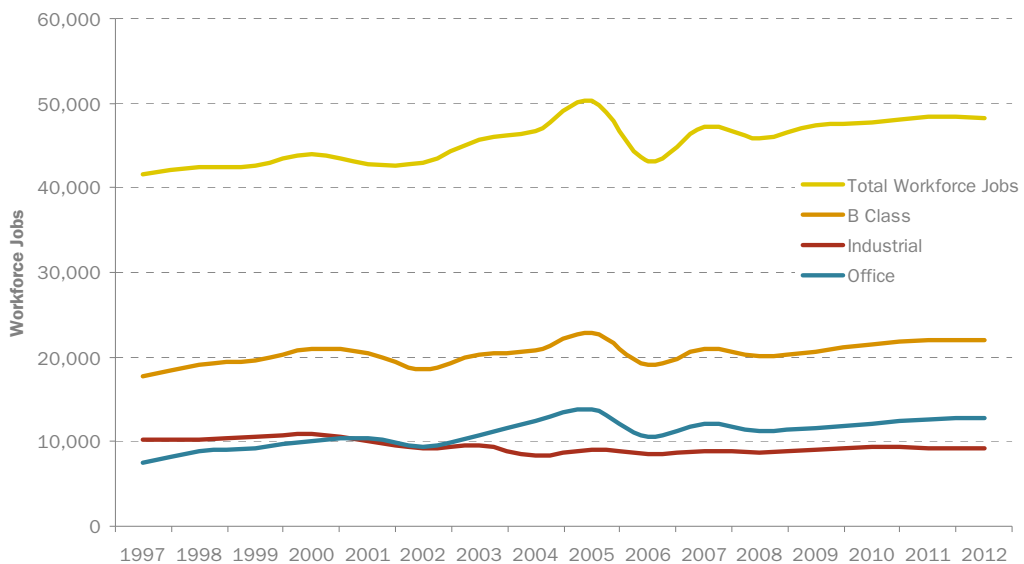
2.4 Current economic conditions and trends in Stevenage are summarised below, with comparisons made, where appropriate, with regional and national averages. Data is from published Office for National Statistics (ONS) sources via Nomis unless indicated otherwise.

Employment

2.5 The overall population of Stevenage, currently 84,200¹ grew by some 5.5% between 2001 and 2011, lower than both the East of England (8.6%) and national (7.0%) averages. The number of workforce jobs in the Borough was 48,300 in 2012 representing an increase of 15.9% from its 1997 level, outpacing growth in the wider East of England region (14.8%) and national employment growth over this period (9.1%). In terms of the recession, Stevenage recorded a slight increase of about 440 workplace jobs in overall terms during the period 2007-2010, and has since continued to register net job gains.

2.6 The proportion of B class jobs (i.e. offices, industrial and warehousing activities) in the Borough has remained relatively constant over the last 15 years, representing between 42% and 48% of all jobs in Stevenage. B class jobs peaked at 22,840 in 2005 and have since declined slightly, standing at approximately 21,980 in 2012. During this period, office jobs have gradually represented an increasing contribution of all B class jobs (Figure 2.2).

Figure 2.2 Total Workforce and B Class Jobs in Stevenage, 1997-2012



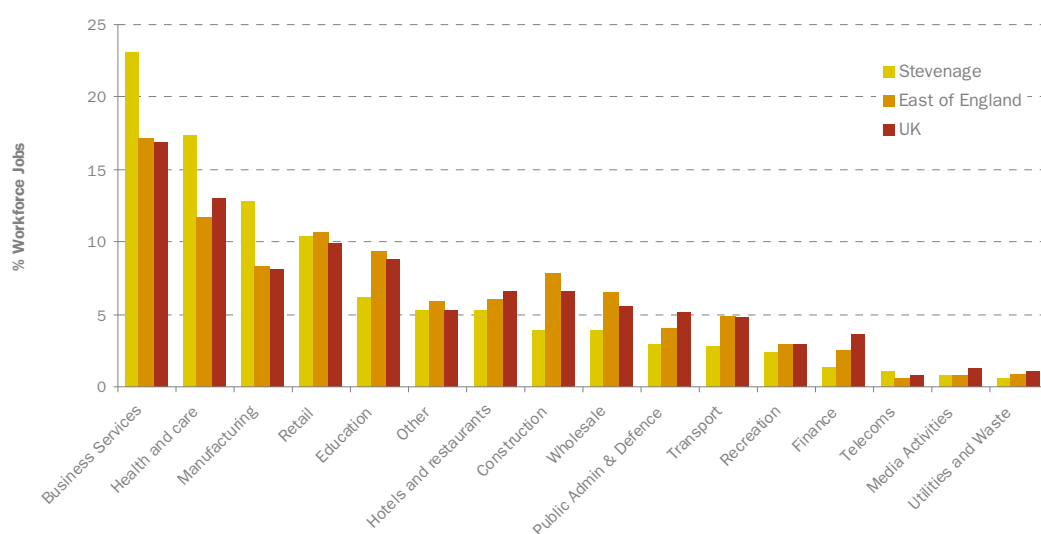
Source: EEFM / NLP analysis

¹ 2011 ONS mid-year population estimates

2.7 In employment terms, the Borough’s largest sectors in 2012 are business services (23%), health and care (17%), manufacturing (13%) and retail (10%) (Figure 2.3). The Borough has particular strengths in the aerospace and pharmaceutical industries, as well as advanced engineering, information technology and environmental industries.

2.8 Construction, education and transport sectors are under-represented in employment terms compared with the regional (East of England) average. Stevenage has a lower proportion of public sector jobs² than the regional and national average, suggesting that the Borough is less vulnerable than other centres to continuing public sector austerity measures.

Figure 2.3 Main Economic Sectors in Stevenage by share of employees, 2012

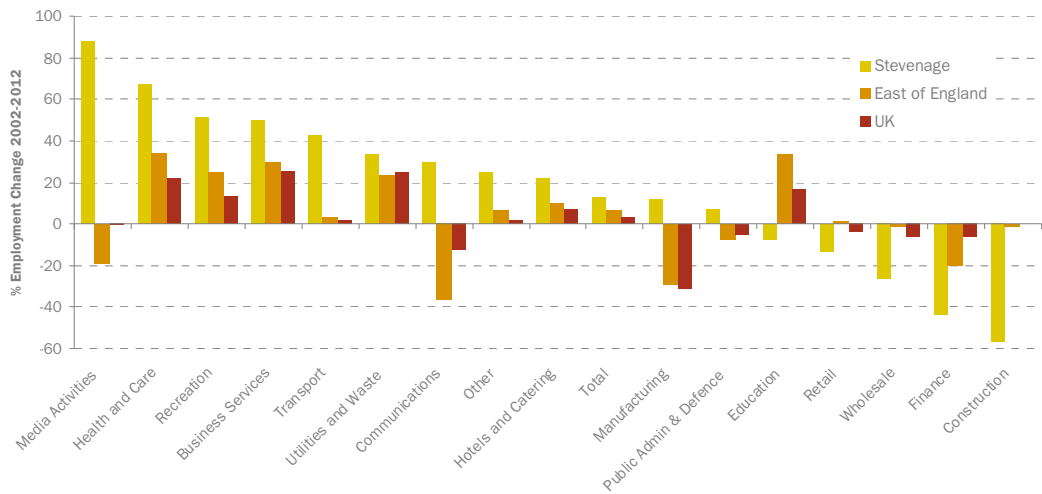


Source: EEFM / NLP analysis

2.9 Over the last decade, the largest contributors to job growth in the Borough have been media activities (88% - albeit from a very low starting point), health and care (67%), recreation (51%) and business services (50%), where Stevenage outperformed regional and national growth rates. Manufacturing – one of Stevenage’s key employment sectors – also recorded moderate job growth of over 12%. At the same time, the Borough saw significant job losses in construction, finance, wholesale and to a lesser extent retail (Figure 2.4).

² Public admin and defence

Figure 2.4 Employment Change in Stevenage by sector, 2002-2012



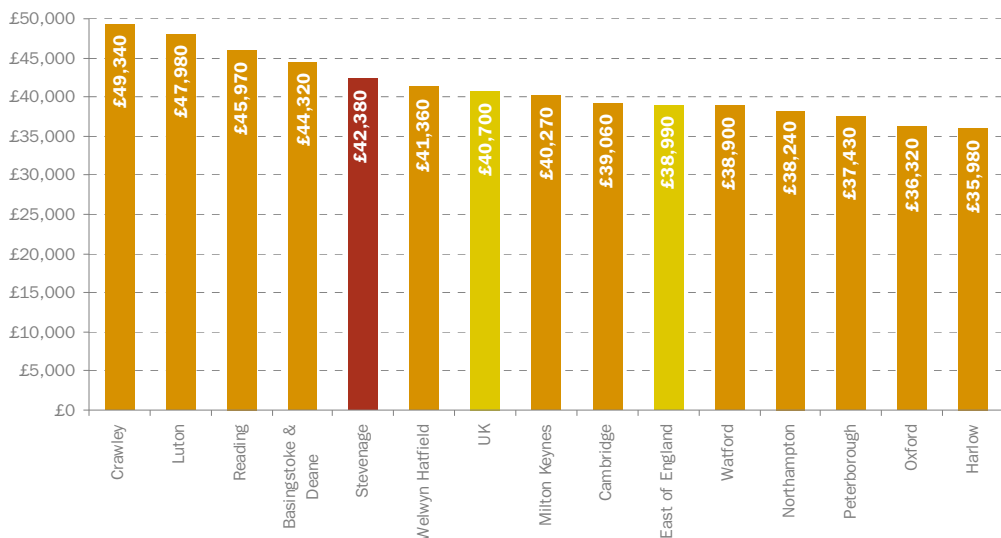
Source: EEFM / NLP analysis

Productivity

2.10 Productivity (measured by Gross Value Added (GVA) per worker) within Stevenage’s labour force is relatively high compared with regional and national averages due in part to the Borough’s strong representation of high value, knowledge intensive activity.

2.11 Whilst average GVA generated by workers in Stevenage (£42,380) is higher than other comparator economic centres such as Peterborough, Welwyn Hatfield and Milton Keynes, it falls below other centres within the South East including Luton (£47,980), Reading (£45,970) and Crawley (£49,340) (Figure 2.5) indicating some scope to enhance the Borough’s productivity levels and output in future.

Figure 2.5 Average GVA per worker

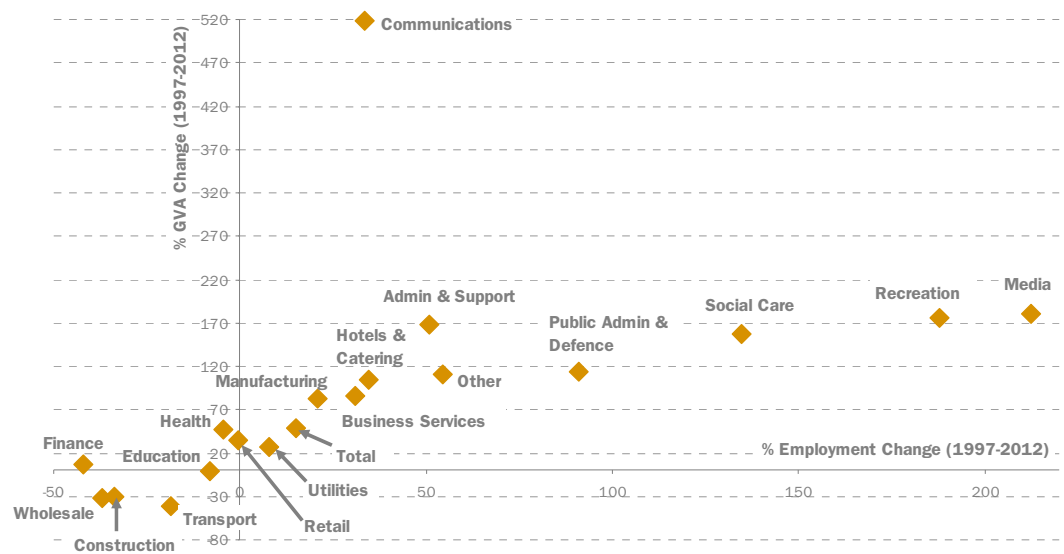


Source: Experian 2012 / NLP analysis

2.12

Figure 2.6 presents employment and GVA growth over the last 15 years (1997 – 2012) by sector in Stevenage. It shows that in terms of employment growth, media activities, recreation and to a lesser extent the social care and public administration sectors, have seen the most significant growth in the Borough’s economy in recent years (sometimes from a low base). Meanwhile, communications, media and recreation recorded highest GVA/output growth over the past 15 years, with admin & support and social care also making a significant contribution. At the same time, the wholesale, construction and transport sectors recorded simultaneous employment and GVA decline, reflecting its declining importance within Stevenage’s economy.

Figure 2.6 Employment and GVA Growth in Stevenage (1997-2012)



Source: Experian 2012 / NLP analysis

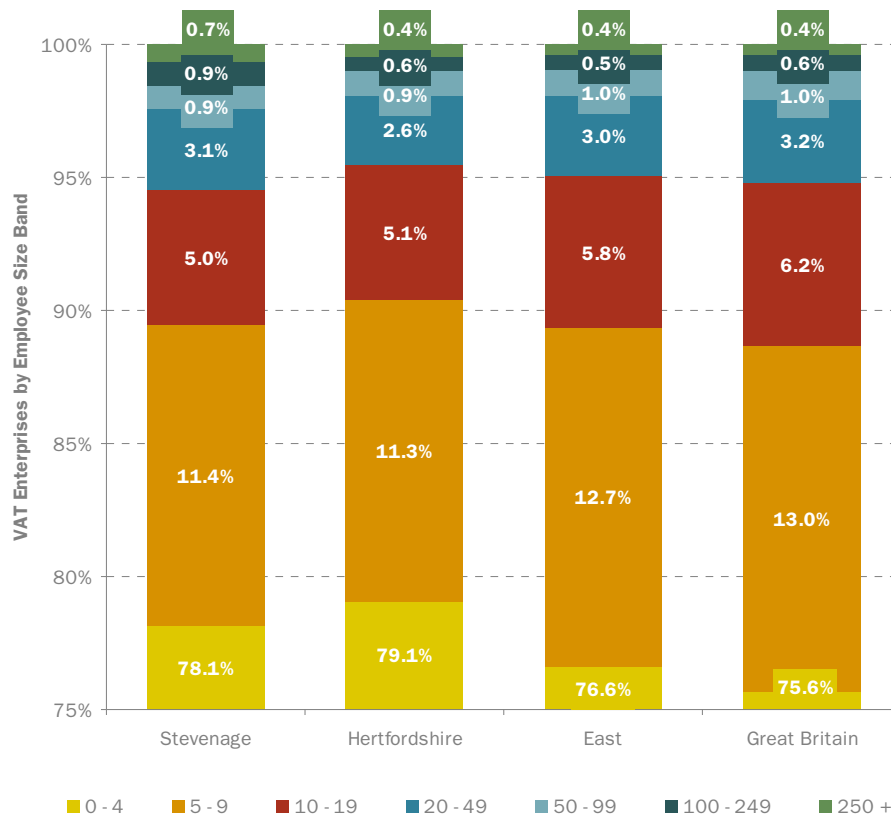
Business Demography

2.13

Looking at the size of businesses in Stevenage, the Borough has a similar proportion of small firms with 1-9 employees (89%) when compared to the regional and national averages. The business population tends to be polarised by firms at both ends of the size spectrum – SMEs and large multinational organisations – with a slightly lower than average proportion of medium sized enterprises. This is illustrated by Figure 2.7 which presents an overview of business size by number of employees in Stevenage compared with the wider Hertfordshire, regional and national average.³

³ The limitation of this data is that only includes businesses with turnover in excess of the VAT registration threshold (currently £77,000).

Figure 2.7 Registered VAT Enterprises by Number of Employees

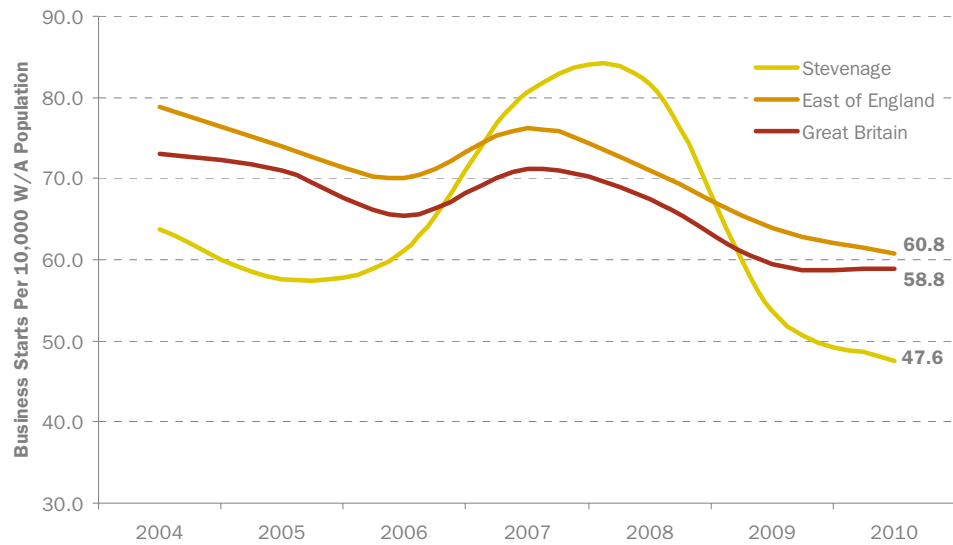


Source: ONS Business Demography, 2012

2.14 Between 2004 and 2010, the number of VAT-registered firms in the Borough grew by 13.5%, a rate more than double that of the regional (5.8%) and national (6.4%) averages. However, with 47.6 new VAT registrations per 10,000 working-age population in 2010, the Borough's rate of new business formation is significantly lower than regional (60.8) and national (58.8) averages.

2.15 This trend has varied significantly over recent years (Figure 2.8), with levels of business start ups peaking in 2008 (81.6 VAT registrations per 10,000 working-age population) and falling considerably since. Whilst this is likely to have been driven by the recession and associated difficulty in accessing start-up finance, the drop in registrations appears to have been particularly significant in Stevenage, perhaps suggesting that the Borough's entrepreneurial base has been more vulnerable than elsewhere to wider economic factors.

Figure 2.8 VAT Registrations per 10,000 Working Age Population



Source: ONS 2010

- 2.16 Stevenage has an average rate of self-employment, with 9.7% of the working-age population falling within this category compared with 10.4% in the East of England and 9.5% nationally in 2012. This suggests there may be some scope to improve entrepreneurial activity in the Borough, at least up to the regional average.

Inward Investment

- 2.17 Although very limited data on inward investment or inquiries is recorded and/or is available, Stevenage has historically performed well in attracting inward investment to the Borough and currently accommodates a number of large international firms (such as GSK, Fujitsu, Astrium). This trend can be attributed to a number of factors including proximity to London, location within the R&D ‘Golden Triangle’ of London, Oxford and Cambridge, strong road and rail connections and presence of a skilled workforce within daily travelling distance. It also reflects Stevenage’s New Town legacy, as large (mainly manufacturing) firms relocated to the town during its rapid expansion in the 1950’s and 1960’s.
- 2.18 However, in recent years the rate of inward investment to the Borough has stalled, with Stevenage no longer perceived to be a first choice location for employment growth and investment.⁴ The Council identifies a number of barriers to inward investment including negative perceptions/low awareness of the area, low business start-up/survival rates and a lack of local highly skilled labour to fill higher value/paid jobs. Furthermore, Stevenage continues to face

⁴ Stevenage Borough Council Business Growth Campaign

competition from more strategically located centres nearer to London such as Hemel Hempstead and Watford.

- 2.19 In order to address this, the Borough's Regeneration & Investment Strategy 2010-2015 seeks to attract inward investment from foreign, national and regional companies, particularly those in the life sciences, environmental and advanced engineering sectors. It sets a target to increase FDI and Regional Investment in Hertfordshire from eight firms per annum (2009-10 baseline) to ten by 2015. The Council also recognises that image and place marketing will be key to achieving this objective, setting out a range of measures to promote Stevenage as a place to do business including a marketing campaign, inward investment website and information packs.

Knowledge-based Industries

- 2.20 Knowledge-based industries are 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 an economy's competitiveness and future growth prospects.⁵
- 2.21 Approximately 25% of Stevenage's businesses were knowledge-based in 2008 – higher than both the East of England and national rate of 22%⁶. This reflects the Borough's strengths in knowledge intensive sectors such as advanced manufacturing, information technology and pharmaceuticals and suggests that Stevenage is well represented in the types of businesses that are more likely to generate future growth.

Functional Economic Area

- 2.22 Examining commuting flows can help in defining the functional economic market area of a particular local economy.⁷ In 2001, some 43% of Stevenage's working residents worked outside the Borough indicating a modest rate of out-commuting. In total, over 16,830 residents work elsewhere, predominantly in the adjoining areas of North Hertfordshire (20.2%), Welwyn Hatfield (20.1%) and East Hertfordshire (9.4%). The Borough has strong economic links with the capital, with a further 20.6% of Stevenage's out-commuters travelling to London for work.
- 2.23 At the same time, approximately 19,000 workers commuted into Stevenage, predominantly from the adjoining districts of North Hertfordshire (33.7%), Mid Bedfordshire (14.8%), East Hertfordshire (7.7%) and Welwyn Hatfield (6.0%). On

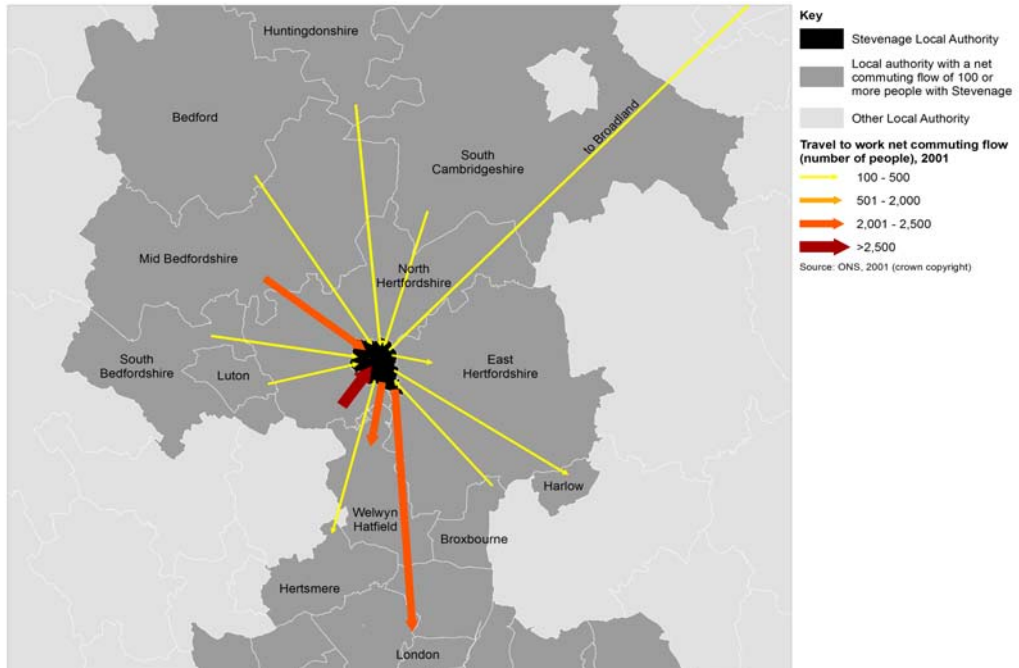
⁵ Based on definition adopted by the Organisation for Economic Co-operation and Development (OECD), includes high-technology manufacturing such as pharmaceuticals, computers and aerospace, and services such as telecommunications, financial intermediation, computing and research and development.

⁶ UK Competitiveness Index, 2010

⁷ Functional Economic Market Areas: An Economic Note, CLG 2010

this basis, Stevenage is a modest net importer of labour, with a net inflow in the order of 2,180 workers, some 5% of its workforce⁸ (Figure 2.9). Nevertheless, some 60% of Stevenage’s jobs are held by Borough residents.

Figure 2.9 Stevenage travel-to-work linkages, 2001



Source: Census 2001

2.24 More recent data from the Annual Population Survey (2008) points to a slightly higher overall proportion of Stevenage residents commuting out of the Borough for work.⁹ Self-containment has been gradually falling over recent decades, with more than 80% of Stevenage’s residents also working in the Borough in the 1960’s. In particular, a greater proportion of residents are out-commuting to the adjoining area of North Hertfordshire, while in-commuting has increased from neighbouring East Hertfordshire.

Benchmarking against Comparator Towns

2.25 It is instructive to benchmark the economic positioning and performance of Stevenage against a range of other settlements of similar size and locational characteristics (albeit skewed towards comparable Hertfordshire centres). A number of comparator towns have been selected based on their status as:

- New Towns (e.g. Harlow); and/or
- Settlements of comparable scale (e.g. Watford); and/or

⁸ Based on 2001 workforce jobs

⁹ Commuting information from the 2011 Census has not yet been released by ONS

- Locations within an hour's train journey from London (e.g. Peterborough); and/or
- Settlements that have seen significant growth over the past decade (e.g. Milton Keynes).

2.26 The analysis of Stevenage and its comparators is broadly structured around six key factors which recent research has identified as important to driving the economic performance and investment potential of cities.¹⁰ From this, it is clear that Stevenage is not currently strongly positioned for growth, based on assessing its competitive position against each of the six factors:

- 1 **Population growth** – limited population growth over the last ten years (although some growth has occurred through new development at Great Ashby which adjoins the Borough boundary within North Hertfordshire), particularly when compared to the regional and national average and comparator locations within the East/South East; could undermine longer term supply of labour to support growth;
- 2 **Employment growth** – reasonably strong job growth over the last decade, outpacing growth in the wider region and UK, and reflecting its role as a key sub-regional commercial centre; however net job creation falls below a number of other comparator towns that are better placed to drive employment growth;
- 3 **Gross Value Added** – Stevenage's economic output and labour force productivity is relatively competitive, but there remains scope for higher value growth;
- 4 **Industrial structure** – contains a blend of growth sectors, with particular representation in business services, advanced manufacturing and less reliance on public sector for employment; despite this, the Borough has a lower proportion of knowledge-based businesses than some comparator centres;
- 5 **Business growth** – good track record in new business formation and historically high levels of success in attracting inward investment, although business start-up rates have dropped in the last few years; and
- 6 **Skills base** – the labour force in Stevenage is characterised by below average skill levels, undermining the Borough's longer term ability to secure success in the knowledge economy; evidence also points to a growing mismatch between local resident skills and jobs in the area.

2.27 These factors also reflect the 'drivers of productivity' which have been identified by government for the purposes of measuring national economic competitiveness.¹¹

¹⁰ Investing in Growth Cities, Centre for Cities, December 2011

¹¹ Productivity and Competitiveness Indicators, BERR, 2008

2.28

Table 2.1 provides a ranking of Stevenage and the other comparator towns against this range of headline economic indicators. This suggests that while Stevenage performs reasonably across some measures, there is certainly scope for improvement notably in terms of enterprise/business start-ups and wider employment growth.

Table 2.1 Ranking of Stevenage with Comparator Towns

Rank	Population Growth	Employment Growth	GVA Per Worker	Knowledge Based Businesses	Business Growth	Skills Base (NVQ 4 + above)
1	Milton Keynes	Oxford	Crawley	Reading	Watford	Cambridge
2	Peterborough	Welwyn Hatfield	Luton	Basingstoke & Deane	Milton Keynes	Oxford
3	Welwyn Hatfield	Milton Keynes	Reading	Cambridge	Basingstoke & Deane	Reading
4	Watford	Basingstoke & Deane	Basingstoke & Deane	Milton Keynes	Reading	Watford
5	Cambridge	Peterborough	Stevenage	Welwyn Hatfield	Welwyn Hatfield	Basingstoke & Deane
6	Oxford	Luton	Welwyn Hatfield	Watford	Northampton	Welwyn Hatfield
7	Basingstoke & Deane	Northampton	Milton Keynes	Stevenage	Harlow	Milton Keynes
8	Luton	Stevenage	Cambridge	Oxford	Peterborough	Northampton
9	Northampton	Cambridge	Watford	Crawley	Crawley	Luton
10	Reading	Watford	Northampton	Peterborough	Luton	Stevenage
11	Crawley	Harlow	Peterborough	Northampton	Stevenage	Crawley
12	Stevenage	Crawley	Oxford	Luton	Cambridge	Peterborough
13	Harlow	Reading	Harlow	Harlow	Oxford	Harlow
Source	ONS 2011	Experian 2012	Experian 2012	UKCI 2010	ONS 2010	Census 2011

Source: NLP analysis

Labour Market & Skills

Economic activity

2.29

Stevenage's economic activity rate, the proportion of working age residents in or seeking employment, at 75.7%¹² is higher than both the East of England (71.6%) and national (69.7%) rate, indicating a relatively healthy local labour supply.

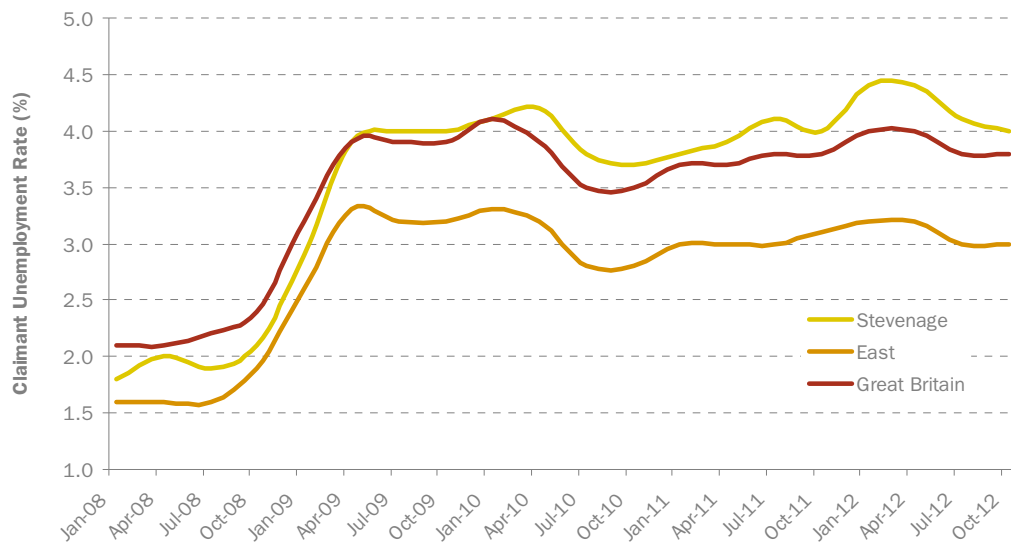
¹² Census 2011

Unemployment

2.30

Claimant unemployment has increased by more than 120% in Stevenage since the start of the recession in early 2008 to reach 4.0% in October 2012. The Borough's rate is significantly higher than the East of England average (3.0%) and slightly above the national average (3.8%), a pattern that has prevailed historically (Figure 2.10). On the wider Annual Population Survey measure¹³, the Borough's unemployment rate is higher at 7.9%, comparing favourably with the national average (8.1%) but remaining above the regional (6.7%) rate.

Figure 2.10 Claimant Unemployment January 2008 to October 2012



Source: Nomis 2012

2.31

In October 2012 there were 3.2 claimant unemployed workers for every unfilled jobcentre vacancy in Stevenage¹⁴. This was higher than the ratio for the East of England (2.9) but slightly lower than the equivalent ratio for Great Britain (3.7) indicating a less tight labour market locally than elsewhere in the region, and potential issues for some local residents to find suitable work. Interviews with Jobcentre Plus in the town confirmed that picture.

2.32

Both Jobcentre Plus and Manpower also noted that companies based in Stevenage generally have no difficulty recruiting the employees they need, a fact they both attributed in part to the town's excellent communications.

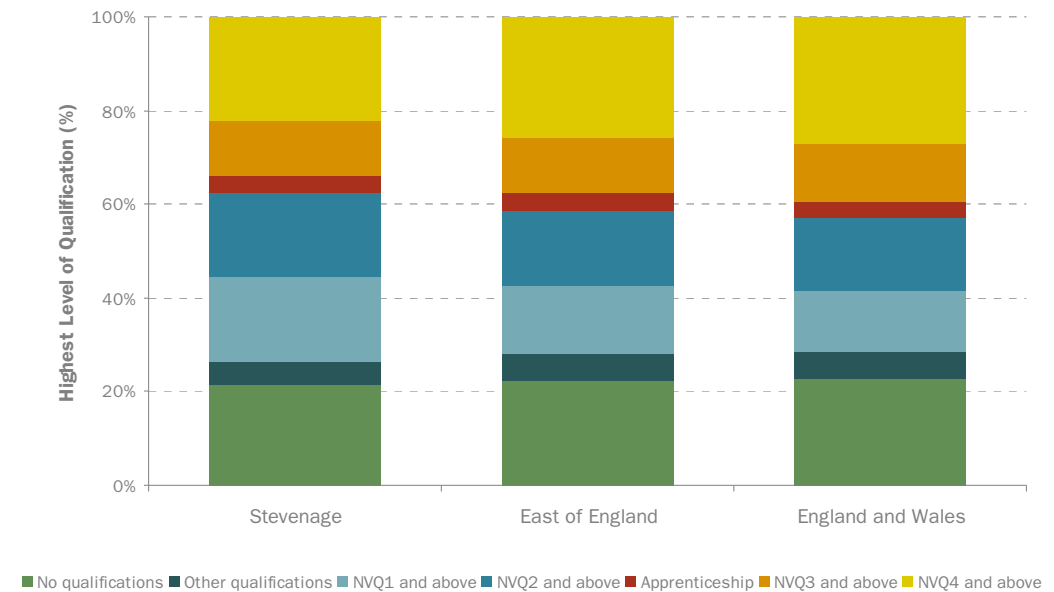
¹³ This measure records all those searching for work but who are currently unemployed regardless of whether they are claiming job-seekers allowance or not

¹⁴ Jobcentre Plus claims to handle 40% of all vacancies, but there is no reliable data on the nature of its market share

Workforce skills

- 2.33 According to the 2011 Census, Stevenage’s resident workforce has slightly lower than average levels of job skills¹⁵ when compared to the East of England region and England and Wales as a whole (Figure 2.11), with a below average proportion of residents employed in higher skilled, higher earning occupations.¹⁶

Figure 2.11 Breakdown of Qualification Levels



Source: Census 2011

- 2.34 Turning to the types of jobs required in the Borough, the most sought-after occupations amongst claimant unemployed workers are ‘Sales & Customer Service occupations’ (for example in the retail sector), followed by ‘elementary occupations’ (in sectors such as warehousing and logistics), and ‘Administrative and Secretarial Occupations’. In general there is a similar proportion of unemployed residents in Stevenage seeking higher-skilled managerial and professional jobs and lower-skilled jobs to the East of England and Great Britain as a whole.

Educational Attainment

- 2.35 A number of recent studies commissioned by the Council point to a trend of low levels of educational attainment in the Borough, with below average exam results, low progression into further or higher education and low aspirations

¹⁵ Defined as the proportion of residents holding an NVQ Level 4 and above

¹⁶ Defined as the proportion of residents working in SOC 2010 major groups 1-3

amongst residents. For example, the Stevenage Education Study¹⁷ identifies the following key issues faced by the Borough:

- Poor performance at Primary School level with all but four primary schools falling below East of England averages for Key Stage 2. More recent data¹⁸ indicates that KS2 performance across the Borough as a whole has gradually improved over the past four years, with the proportion of Stevenage primary school pupils achieving Level 4 or above in both KS2 English and Mathematics (82%) now higher than the England average (79%);
- Poor performance at Secondary School level, with just one school (John Henry Newman RC Secondary) performing above the Hertfordshire average across all stages (KS3, GCSE and Post-16). We understand that the school stands out as recruiting from a much wider geographical area than simply Stevenage;
- Poor progression rates to Further Education (FE), with the youth participation rate (YPR) varying significantly within the Borough;
- Potential capacity issues with some schools over-subscribed.

2.36 The study underlines the need for a major educational transformation initiative in Stevenage, making a number of recommendations including strengthening leadership and management, undertaking early years interventions, encouraging curriculum diversity and providing a collaborative approach to plan for future education provision. A number of local strategies also reflect the need to tackle these issues, including the Community Strategy¹⁹ which seeks to increase educational achievement and aspirations of Stevenage residents.

2.37 Since that report was published there have been a number of changes to secondary schools, in particular to promote more effective leadership and thereby better results. North Hertfordshire College opened Da Vinci Studio School in September 2012, and will sponsor the conversion of Thomas Alleyne School to Academy status from September 2013, in both cases investing in order to stimulate better secondary provision. Latest data released by the Department for Education underlines a gradual improvement in performance at KS4, with Stevenage's secondary schools now out-performing the English average²⁰. However this Borough-wide trend appears to be driven by disproportionately strong performance of just two secondary schools (The Heathcote School and The John Henry Newman Catholic School, both recording above English average attainment), with the remaining 5 secondary schools (71%) falling below the English average at KS4.

¹⁷ Stevenage Education Study, Stevenage Borough Council, March 2006

¹⁸ Department for Education, School and Local Statistics, 2012

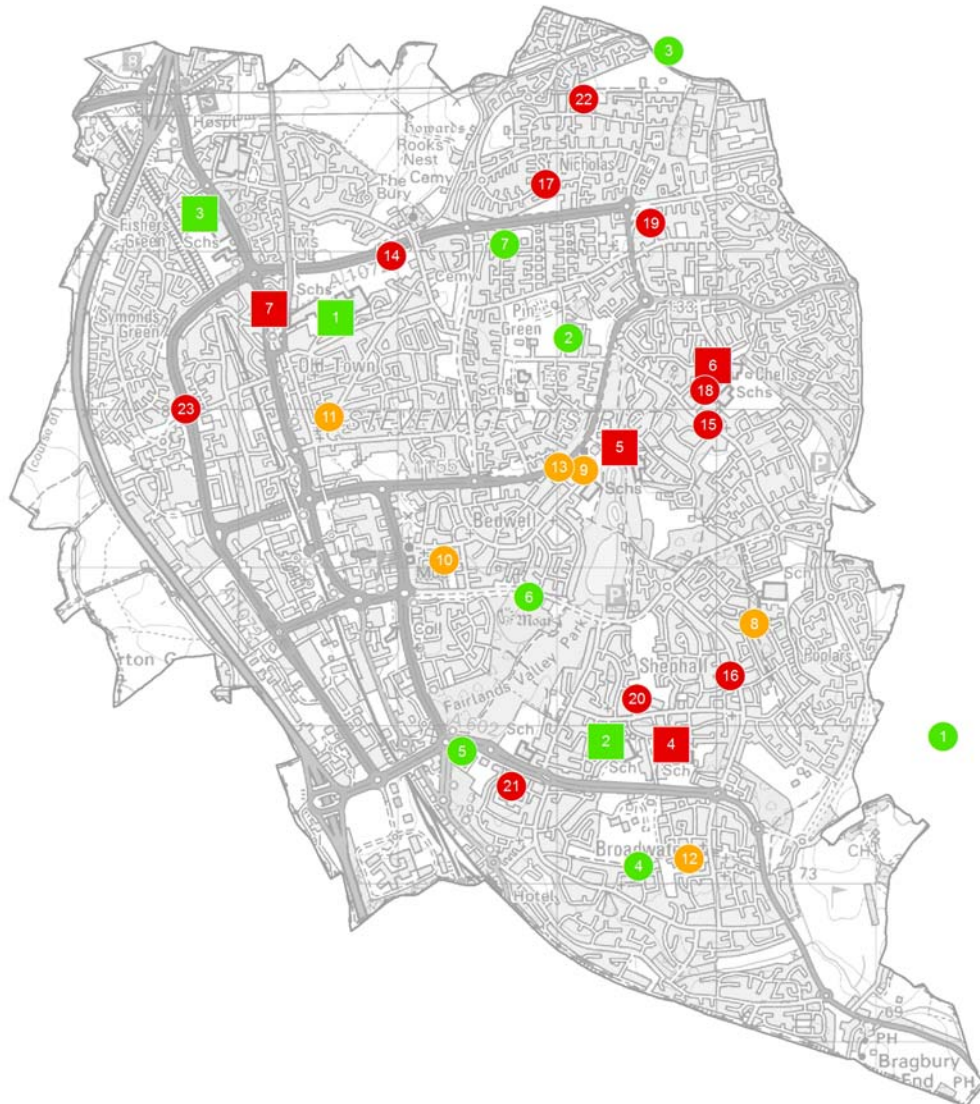
¹⁹ Stevenage 2021: Our town—our future, Stevenage Community Strategy 2007

²⁰ Measured as % of pupils achieving 5+ A*-C GCSEs (or equivalent) including English and maths GCSEs

- 2.38 At primary school level, average attainment at KS2 across Stevenage also outperforms the English average by 3%²¹. More than half (60%) of the Borough's primary schools recorded attainment at KS2 above the English average in 2012, with just 8% falling below the England benchmark.
- 2.39 Looking beyond the Borough average reveals significant variations in performance amongst Stevenage's primary and secondary schools. Figure 2.12 overleaf illustrates relative performance by school at Key Stages 2 and 4, compared with the Borough average, using latest information published by the Department for Education. Whilst there is no clear spatial pattern of performance across the Borough, less than a third (30%) of Stevenage's primary schools achieved above the Borough average in the core subjects of English and Maths at Key Stage 2 in 2012, while more than half of Stevenage's secondary schools fell below the Borough average at Key Stage 4 (measured by % of pupils achieving 5 or more GCSE's at A* to C grades or equivalent).
- 2.40 This suggests that, despite efforts to date, there is still some way to go before levels of educational attainment in Stevenage exceed national benchmarks in all schools in the Borough. Without a strong education foundation, the Borough's future workforce will face barriers to entering an increasingly competitive labour market.

²¹ Measured as % of pupils achieving Level 4 or above in both English and mathematics KS2

Figure 2.12 Primary and Secondary School Performance in Stevenage, 2012



Key

Primary Schools: % of pupils achieving KS2 Level 4 or above in English and Maths (2012)

- > Local Authority average
- Local Authority average
- <Local Authority average

- 1. Aston St Mary's Church of England Aided Primary School
- 2. Moss Bury Primary School and Nursery
- 3. Round Diamond Primary School
- 4. Shephalbury Park Primary School
- 5. St Margaret Clitherow Roman Catholic Primary School
- 6. St Nicholas CofE (VA) Primary School and Nursery
- 7. Trotts Hill Primary and Nursery School

- 8. Ashtree Primary School and Nursery
- 9. Bedwell Primary School
- 10. Broom Barns Community Primary School
- 11. Fairlands Primary School and Nursery
- 12. Longmeadow Primary School
- 13. Saint Vincent de Paul Catholic Primary School
- 14. Almond Hill Junior School
- 15. Camps Hill Community Primary School
- 16. Featherstone Wood Primary School
- 17. Giles Junior School
- 18. Lodge Farm Primary School
- 19. Martins Wood Primary School
- 20. Peartree Spring Junior School
- 21. Roebuck Primary School and Nursery
- 22. The Leys Primary and Nursery School
- 23. Woolenwick Junior School

Secondary Schools: % of pupils achieving 5+ A*-C GCSEs (or equivalent) (2011)

- > Local Authority average
- Local Authority average
- <Local Authority average

- 1. Barclay School
- 2. The Heathcote School
- 3. The John Henry Newman Catholic School
- 4. Barnwell School
- 5. Marriotts School
- 6. The Nobel School
- 7. The Thomas Alleyne School

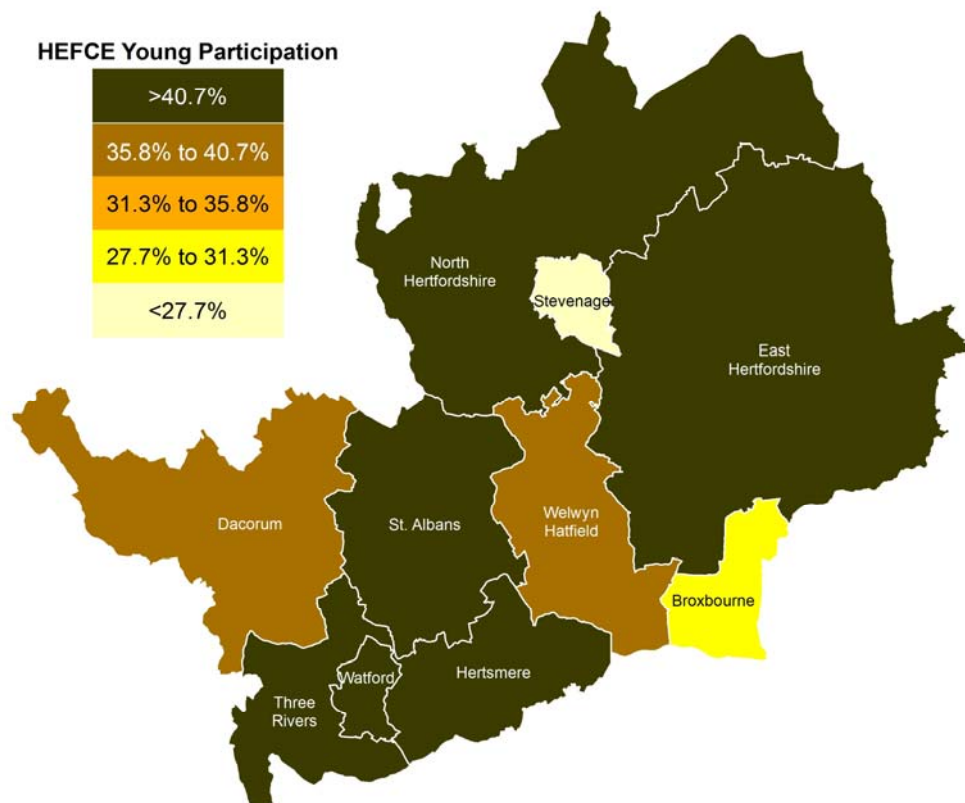
Source: Department for Education - School and Local Statistics 2012

Source: Department for Education – School and Local Statistics 2012

Participation in Higher/Further Education

- 2.41 Whilst there are a number of further and higher education institutions in or near Stevenage including North Hertfordshire College (with a main campus in Stevenage) and the Universities of Hertfordshire and Bedfordshire, participation in Higher Education amongst young people in the Borough is low, as illustrated in Figure 2.12.
- 2.42 The University of Hertfordshire runs an active programme in four Stevenage secondary schools to interest pupils in university (not necessarily in Hertfordshire University) and in apprenticeships. The university is considering extending the programme to the other schools, and other measures with similar ambitions, including a primary school programme.

Figure 2.13 Participation in Higher Education (15-19 years of age) by Local Authority



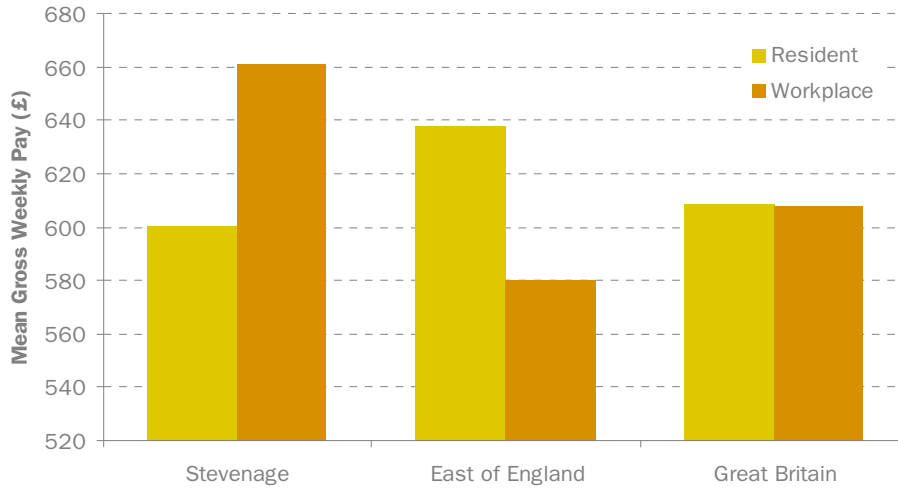
Source: Higher Education Funding Council for England, 2010

Earnings

- 2.43 As Figure 2.13 illustrates, wages for those living within the Borough (resident) are substantially lower than those for people who work in the Borough (workplace). This is likely to reflect the significant levels of in-commuting into Stevenage by workers undertaking higher paid jobs. Figure 2.13 also shows that resident wages in Stevenage (£600 per week) are low compared with the East of England (£637 per week) and Great Britain (£608 per week) as a whole.

2.44 The earnings gap indicates the economic impact of the lower than average education and skills levels of Stevenage residents. If those who live in Stevenage earned at the same average level as those who work in the town, each would earn an additional £3,000 p.a., equivalent to over £110m p.a. for the town as a whole.

Figure 2.14 Mean Gross Weekly Earnings



Source: Annual Survey of Hours and Earnings 2011

Deprivation

2.45 Despite performing relatively well across a range of economic indicators over the past decade, parts of Stevenage experience relatively high levels of deprivation. The Borough is ranked as the 158th most deprived local authority area out of 326 in England²², which places it just outside the top 50% most deprived areas and is the most deprived District in Hertfordshire. Long term unemployment and worklessness remain entrenched in pockets of deprivation around the Borough, for example in the areas of Bedwell, Pin Green and Shephall. A key priority of the Borough’s Community Strategy (2007-2021) is to focus on improving links between education and business, and develop an employment and training programme targeted at helping disadvantaged groups to (re)enter the labour market.

Conclusions

2.46 Drawing together the above analysis, the economic strengths and weaknesses of the area, together with potential opportunities and threats, which will influence demand for employment space in the future, are summarised in Table 2.2.

²² Indices of Multiple Deprivation 2010

Table 2.2 SWOT Analysis of the Stevenage Local Economy

Strengths	Weaknesses
<ul style="list-style-type: none"> • Good transport links, particularly to London, A1 and Luton Airport • Strong employment growth historically, out performing regional and national growth • Major sub regional employment/commercial centre • Reasonably strong GVA/output growth in recent years, particularly within the Borough's key sectors 	<ul style="list-style-type: none"> • Low population growth, undermining future labour supply • Low levels of business start-ups • Limited space to grow and accommodate business expansion • Limited university presence and participation • High unemployment and entrenched pockets of localised deprivation
Opportunities	Threats
<ul style="list-style-type: none"> • Strong representation in high growth and knowledge based sectors • Presence of high profile, multi national companies – opportunity to extend local supply network • Location within the 'Golden Triangle' of London, Cambridge and Oxford • Opportunity to grow and diversify Stevenage's SME base 	<ul style="list-style-type: none"> • Polarised business base (SMEs and large multinationals) – 'missing middle' • Less well placed than nearby centres to compete for inward investment • Disparity between resident and workplace earnings – indicating mismatch between skills and jobs • Poor perceptions (particularly of the town centre) and low awareness

- 2.47 The Borough has recorded significant job growth over the last 15 years (15.9%), outperforming both regional and national trends and has proved relatively resilient through the recession. The proportion of B class jobs have remained largely constant over this period, with marginal decline in industrial employment offset by office job growth.
- 2.48 Stevenage's key sectors of business services, healthcare and manufacturing have experienced employment growth over the last decade. At the same time, significant job losses were recorded in construction, finance and retail.
- 2.49 The Borough's business base is polarised by SME's and large multinational companies and characterised by falling business start-up rates. Due to its relatively strong representation of high value, knowledge intensive activity, productivity/GVA within Stevenage's labour force is above average. The Borough has historically performed well in attracting inward investment, although in recent years this trend has slowed as Stevenage loses its competitive advantage as a location for employment growth and investment.
- 2.50 Stevenage's residents hold below average workforce skills and occupations, and the Borough's labour market continues to face a number of challenges to maintain high economic activity and low unemployment. Significant levels of out-commuting results in a marked contrast between workplace and resident earnings, while deprivation remains entrenched in pockets of the Borough such as Bedwell and Shephall.

2.51

Analysis of Stevenage's recent economic performance against a number of comparable centres in the East and South East suggests that while the Borough performs reasonably well on some measures, there is scope for improvement across a number of indicators including enterprise/business start-ups. It also indicates that a step change is needed in order for Stevenage to achieve its full economic potential.

3.0 Overview of Employment Space

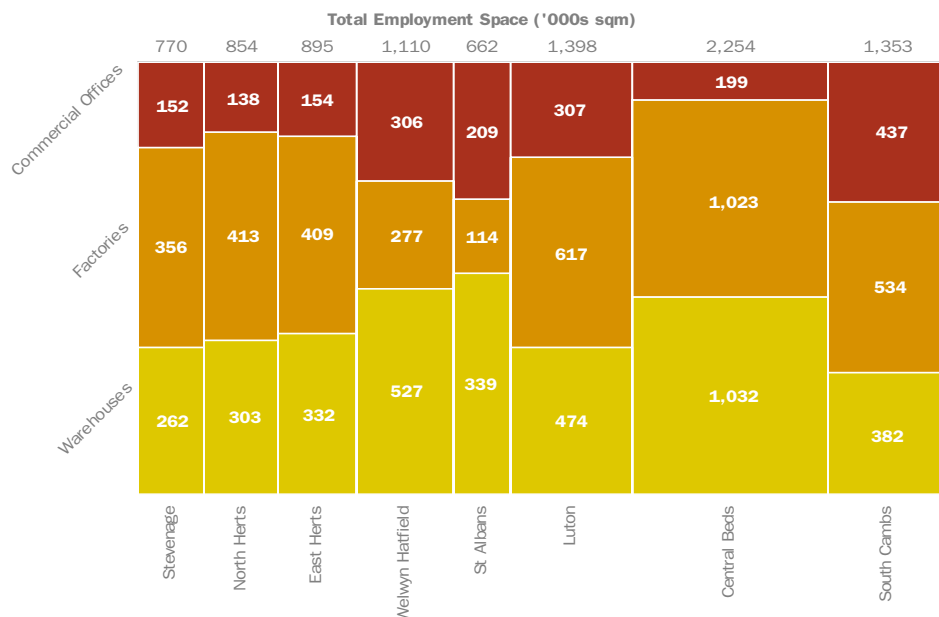
3.1 This section provides an overview of the current stock of employment space in Stevenage, and recent trends and changes to the supply of this space. Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses – i.e. offices (use class B1(a)), industrial (B1(c)/B2) and warehousing (B8). The analysis is based on the following sources:

- commercial floorspace data from the ONS/Valuation Office Agency (VOA);
- Stevenage Borough Council’s annual monitoring data on commercial space; and
- the EGi Property Link database and other commercial property sources.

Current Stock of Employment Space

3.2 In 2008, Stevenage contained some 770,000m² of B class floorspace. A breakdown of this space by main uses, and a comparison with employment space levels in nearby districts, is shown in Figure 3.1. This indicates that the majority of the supply of employment space in Stevenage (80%) is for industrial uses (factories and warehouses) with office uses only accounting for 20% of total stock. The only adjoining authority with less B class floorspace than Stevenage is St Albans with 662,000m², reflecting Stevenage’s comparable size and spatial constraints. The quantity of warehousing space in Stevenage is the smallest of all adjoining authorities and the only district with a lower quantity of office space is North Hertfordshire.

Figure 3.1 Employment Floorspace by Local Authority (m²)



Source: VOA 2008

3.3 Nearly 80% of the employment land in Stevenage is located within Gunnels Wood, originally designated for employment in the first masterplan for the New Town and now the largest employment area in the County. The remaining employment space is largely distributed between Pin Green, the Town Centre and the Old Town (Table 3.1).

Table 3.1 Policy Status of Employment Sites

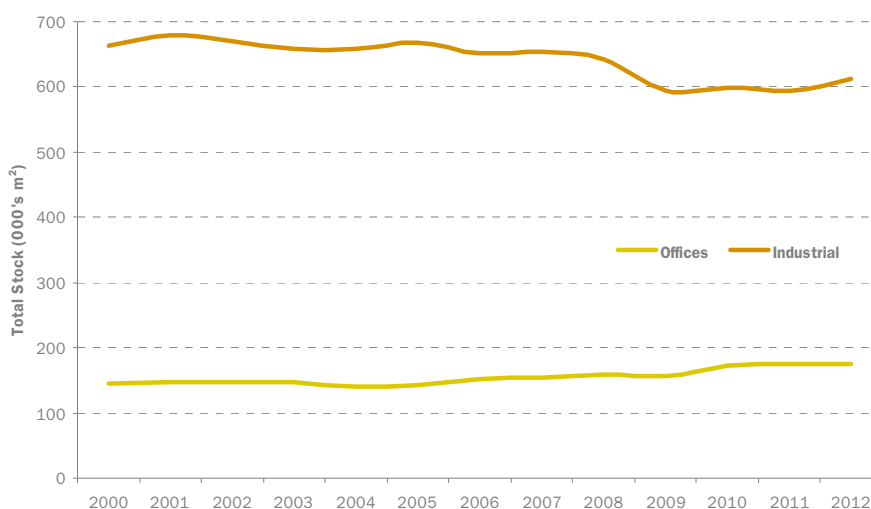
Policy Status		No of Sites/Areas	Total Site Area (ha)	%
Employment Area	Gunnels Wood	8	169.1	79%
	Pin Green	1	22.7	11%
Town Centre / Employment Area		1	11.1	5%
Undesignated*		3	11.0	5%
Total		13	213.9	100%

Source: Stevenage Borough Council

* Includes Chells Enterprise Village (Neighbourhood Centre), Old Town industrial units (Part Housing Allocation) and Old Town offices

3.4 Commercial office space in Stevenage increased by nearly 22% over the period 2000-2012 according to published VOA data (Figure 3.2), compared with 15% across the East as a whole. Total industrial space fell by 8% over the same period, compared with a slight increase of 4% across the East of England. At the same time, manufacturing employment in Stevenage increased by 12% over the past decade, so the reduction of industrial space may be more closely associated with the significant contraction in wholesale employment (by approximately 27% in Stevenage compared with a decline of just 1% across the wider East of England).

Figure 3.2 Change in Business Floorspace in Stevenage, 2000-2012

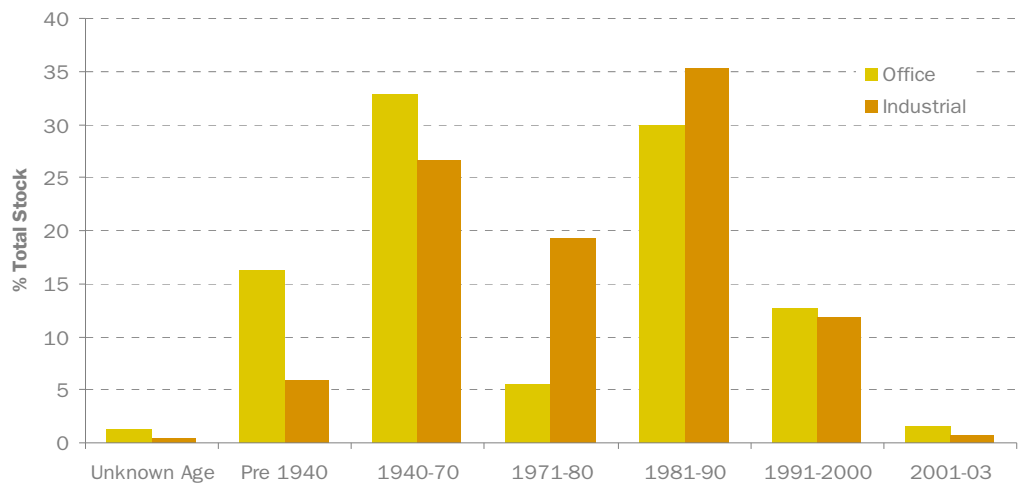


Source: VOA Business Floorspace Statistics / NLP analysis

Age of Premises

3.5 Although only covering the period up to 2003, ONS data on the age of premises can give a broad indication of the age of stock in Stevenage (Figure 3.3). Reflecting its New Town origins, the vast majority of the commercial space in Stevenage originates from post-1940. The office and industrial stock has a fairly similar age profile with the exception of a much larger concentration of industrial space from the 1970s. It also confirms the significant proportion of the Borough’s office floorspace which originates from the 1970s-80s. The proportion of post-1990 office (14%) and industrial (12%) premises in Stevenage is similar to the regional averages (14% for office premises and 11% for industrial), although this dataset excludes development completed after 2003.

Figure 3.3 Age of Premises in Stevenage



Source: ONS 2003

Vacancy Levels

3.6 In December 2012 there was approximately 34,950m² of industrial space available in Stevenage based on commercial property being marketed.²³ This was equivalent to a vacancy rate of around 6% when compared to the total stock of industrial space in the Borough recorded by the VOA in 2012. The available supply was located across a number of relatively small sites, largely within Gunnel Wood.

3.7 The equivalent figure for office space was 41,260m² or 24% of the total stock in 2012. However, as shown in Table 3.2, the majority of this available space is concentrated within a small number of relatively large, older office premises in the Borough. Some of these premises have remained vacant for a number of

²³ EGI Property Link (<http://www.estatesgazette.com/propertylink/>)

years and market feedback indicates no realistic prospect of these premises being occupied in the short to medium term. Examples include Six Hills House, Brickdale House and Southgate House, all of which are located in close proximity to the town centre and between them comprise just under half (45%) of total available office stock.

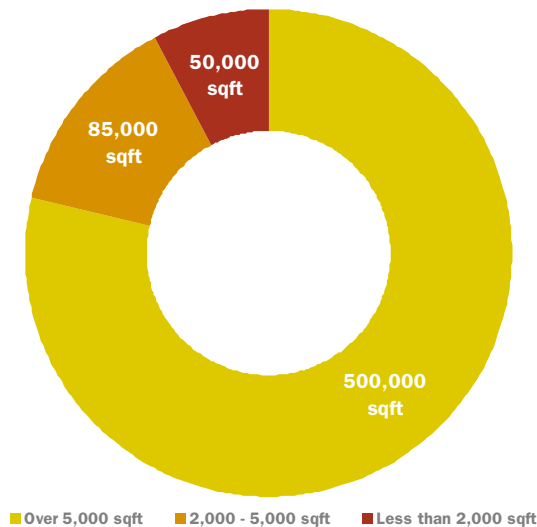
Table 3.2 Vacant Office Space by Premises

Office Premises	Available Floorspace	
	m ²	%
Six Hills House	6,800	16.5
Abel Smith House	5,250	12.7
Icon 2 & 3 Building	3,670	8.9
Cavendish Road	3,580	8.7
Brickdale House	10,560	25.6
Wedgwood Way	1,150	2.8
Meadway Court	1,140	2.8
Other Premises	9,110	22.1
Total (rounded)	41,260	100%

Source: EGI Property Link, December 2012

3.8 This is supported by latest commercial property market information shown in Figure 3.4, which indicates that the majority of available office floorspace is accommodated within larger premises (over 5,000 sq.ft/465m² in size), with vacancy much lower within smaller premises under 5,000 sq.ft.

Figure 3.4 Available Office Floorspace (sq.ft) (12 months to Jan 2012)



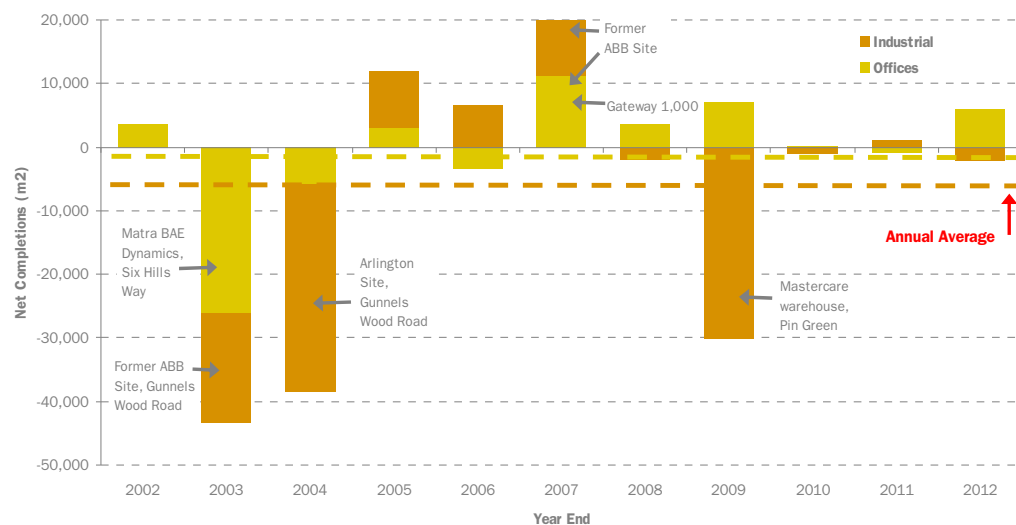
Source: Brown and Lee / NLP analysis

3.9 If these functionally obsolete office premises are excluded from the available supply, this reduces overall office vacancy to around 13% of total stock, only slightly above a normal market vacancy rate of around 8-10%. This may reflect the weak office market as well as the effect of recent new office developments such as Arlington Business Park/Gateway 1000 absorbing current demand and in some cases resulting in firms decanting from older office premises elsewhere in the Borough to these developments. Reducing current office vacancy to average market levels (i.e. 10%) would require the take-up of approximately 23,760m² of office space.

Development Rates

3.10 The net amount of floorspace developed for employment uses in Stevenage over the last 11 years is shown in Figure 3.5. This indicates that a net figure of -5,570 m² of B Class space was developed per annum across the Borough between 2002 and 2012, implying that more floorspace was lost to other non-B uses than was gained through new development. Industrial uses (predominately B2) represented the key driver behind this net loss, accounting for 97% of the average annual figure. Meanwhile, B1a/b offices uses accounted for around 3% of this annual net loss.

Figure 3.5 Net Development Rates 2002-2012



Source: Stevenage Borough Council

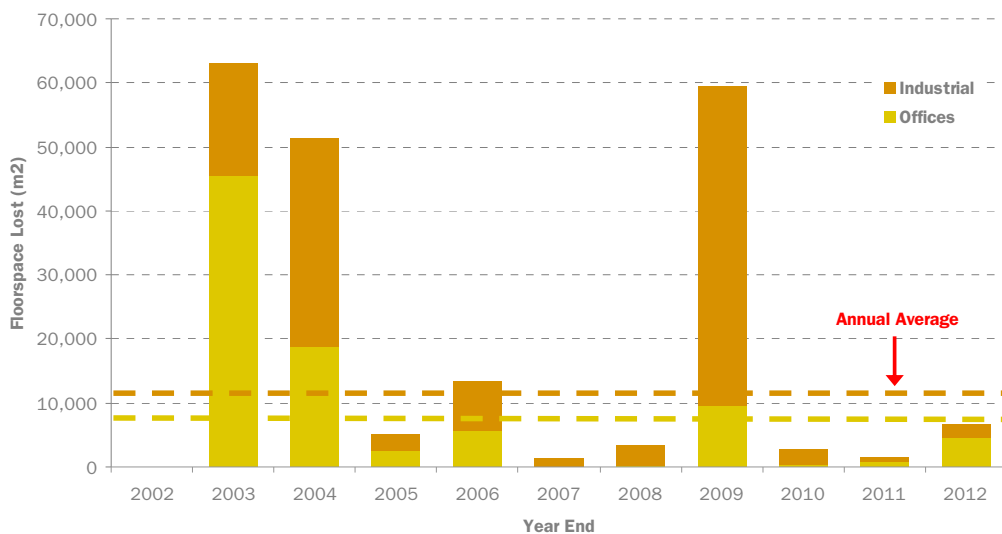
3.11 The level of development peaked in 2007 with the Borough recording net completions of 20,050m², significantly higher than the (negative) annual average of the last 11 years. It should be noted however that some 45% of the B1(a) office completions in that year related to Gateway 1000, with a further 34% relating to the former ABB site. Similarly, 43% of the B2/B8 industrial completions related to the former ABB site. Therefore completions elsewhere in the Borough were very modest by comparison.

3.12 Across the period as a whole the gross development rate was significantly higher, at 13,400m² per annum; however this does not factor in losses of B-class space through redevelopment of existing sites to other uses as detailed below.

Losses of Employment Space

3.13 Council monitoring data indicates that past losses of employment land to other uses have been significant and very variable by year and by B use class (Figure 3.6). In particular, 2004 and 2009 stand out as recording significant losses of industrial space while 2003 recorded the greatest loss of office space.

Figure 3.6 B Class Losses by year (2002-2012)



Source: Stevenage Borough Council

3.14 Stevenage recorded an annual average loss of 18,970 m² for the period 2002-2012, with most of these involving losses from B1 office (42%) and B8 warehousing space (32%). The majority of these losses were to residential, recycling/waste management and hotel uses, alongside stand alone demolition of existing large scale industrial premises (such as Matra BAE Dynamics and the Arlington Site).

Emerging Supply of Employment Space

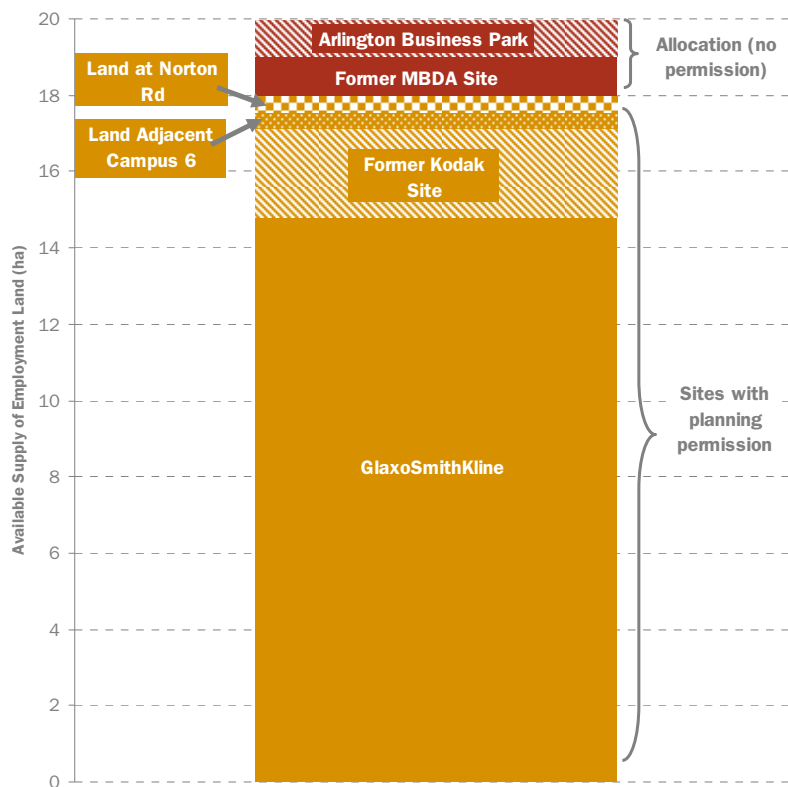
3.15 The supply of employment space in the development pipeline comes from sites currently allocated for employment development and from other sites with planning permission. Based on Council monitoring data at 31 Mar 2012, the Borough's employment land supply (sites >0.1 ha) totals 20.0 ha, broken down as follows in Table 3.3 and Figure 3.7.

Table 3.3 Stevenage Employment Land Supply at 31 March 2012 (Sites >0.1 ha)

Site Status	Total Site Area (ha)	Total Site Area (sq.m)
Allocation (no permission)	2.0	n/a
Sites with planning permission	18.0	67,090
Total	20.0	67,090

Source: Stevenage Borough Council

Figure 3.7 Emerging Supply of Employment Space



Source: Stevenage Borough Council

3.16 These sites have been identified as having potential capacity and opportunities for change and as such are either allocated, have a live planning consent or a development is underway. Based on standard plot ratio assumptions for employment space of this type, it is estimated that these sites have potential to accommodate just under 67,090m² of new employment floorspace, the majority of which is for B1 uses (84%).

Employment Space in Adjoining Areas

3.17 It is also important to understand the extent of available employment land in adjoining local authority areas and any major new economic developments coming forward which might compete with Stevenage for future demand. A brief

review has therefore been undertaken below of the current position in each area.

North Hertfordshire

- 3.18 The key employment activities in North Hertfordshire are manufacturing and light industry, storage and distribution, life sciences and green industries. Although life sciences and green industries may not necessarily be the largest employment activity in terms of employees or floorspace, they reflect a degree of local specialisation.
- 3.19 North Hertfordshire is currently without an up to date Local Plan. However, the Employment Land Allocations paper states that at 31st March 2007 it was estimated that 7-8 hectares of additional land should be allocated to provide for a 7,640 job target. The available land supply was calculated to be 34.0 hectares including proposed allocated sites at Baldock restraint area (6.2 ha), Letchworth power station, (1.56 ha), land North of York Way (11.76 ha) and the Transco Site where 50% (5.0 ha) has been reserved for employment use.
- 3.20 The more up to date 2011/12 Employment Monitoring Report states that at the 31st March 2010 there was an outstanding capacity of 15,479m² floorspace. But between 1st April 2011 and 31st March 2012 there was a net loss of approximately 4,280m² of employment floorspace as a result of completions of planning permissions, 40% of which were lost to housing, and approximately another 15% of existing sites were vacant.
- 3.21 Knebworth Innovation Park was identified in the Hertfordshire Strategic Employment Sites Study 2011 as a potential employment site.²⁴ However, this would require joint working between Stevenage Borough Council and North Hertfordshire District Council.

East Hertfordshire

- 3.22 East Hertfordshire is dominated by small and medium-sized enterprises but it largely plays a supporting role in relation to the adjacent urban centres and Stansted Airport. It has significant concentrations of employment in the business and finance sector as well as life sciences compared to national levels, but the latter is threatened by external factors such as the pull of the Cambridge life sciences sector. The rental values of employment floorspace in East Hertfordshire are substantially lower than in Cambridge and the Thames Valley. The Hertfordshire Strategic Employment Sites Study concluded that this is partly to do with the quality of the available stock for these companies to locate but also to do with the perception that Hertfordshire is congested.
- 3.23 The Adopted Local Plan 2007 for East Hertfordshire states the District has a long term requirement for additional office space and a shortfall in industrial

²⁴ Hertfordshire Strategic Employment Sites Study, Hertfordshire County Council & EEDA, April 2011

and warehouse provision in Bishop's Stortford. To accommodate these shortfalls the Local Plan proposes to safeguard existing employment areas and the Council believes that re-using and re-developing existing employment areas will meet the entire future need for office and industrial space.

- 3.24 The latest Annual Monitoring Report 2010/11 shows that 12,620 m² of gross completed B class floorspace was developed and that there are over 13 hectares of land available for employment in East Hertfordshire, the majority of which have permissions for B1 use.
- 3.25 As part of the evidence base for the Emerging East Hertfordshire District Plan the East Hertfordshire Employment Forecasts and Strategic Economic Development Advice (November 2012) was commissioned. It identifies Bishop's Stortford as the strongest area for employment growth within East Hertfordshire as it has a strong offer in terms of strategic accessibility and proximity to Stansted Airport. The report highlights development opportunities through potentially allocating new land for B1 uses on the A120 in close proximity to Junction 8 of the M11. The report indicates that the location of Bishop's Stortford in relation to the airport could satisfy demand for offices wanting to be close to the airport including B1a or B1b research and development units. Furthermore, it is suggested that as there is a significant presence of modern business parks in adjoining authorities a large strategic allocation for B1a uses is unlikely to be viable anywhere in East Hertfordshire due to limited demand, except at Bishop's Stortford.
- 3.26 Equally the Employment Forecasts and Strategic Economic Development Advice report states that Bishop's Stortford does not have the ability to capture as much job growth and economic development as competing areas outside of East Hertfordshire with better access to the motorway, most notably Harlow, where it is anticipated that the creation of an Enterprise Zone would provide work for East Hertfordshire residents. However, the proposal for major housing delivery and a business park to north Harlow is not considered realistic.

Welwyn Hatfield

- 3.27 Welwyn Hatfield has a New Town history and, as is typical, has large concentrations of employment uses which are removed from residential areas and in strategic locations. Despite this, Welwyn Hatfield has a large land supply outstanding, mainly in Hatfield Business Park. There has been a fair amount of development in recent years with a particularly strong presence from green industries, software and digital companies and pharmaceutical and the life sciences; this is highlighted by the recent location of Eisai's European Headquarters in Hatfield Business Park. The University of Hertfordshire has its two main campuses in Welwyn Hatfield as well as the Royal Veterinary College main campus. The University has strong research links to green industries which locate in the area.
- 3.28 The Council's Emerging Core Strategy 2012 notes relatively high levels of vacancy in the existing stock of industrial and office premises and states that

as a result; there is considerable scope for redevelopment of existing premises to meet future needs.

- 3.29 The Annual Monitoring Report 2010/11 confirms that there has been an overall loss in employment floorspace, largely due to the demolition of part of the Broadwater Road West site in Welwyn Garden City, which was counted for the first time in this year's monitoring data as the redevelopment had commenced.
- 3.30 Land at Shire Park and Hatfield Business Park were highlighted in the Hertfordshire Strategic Employment Sites Study, April 2011 as sites which will play a key role in the economic strategy for Hertfordshire as a whole. There are allocations for 7,800 sq m of new floorspace at Shire Park which is a high profile office location in Welwyn Hatfield. It has a planned environment in walking distance of the rail station and town centre and road communications on a par with the remainder of the town's main employment area. Additionally a 18,500 sq m data centre was constructed at Mundells East, another good quality site in the Welwyn Garden City Employment Area.
- 3.31 Suggestions were also made that Welwyn Hatfield could possibly host an out-of-town business park, located between Hatfield and St Albans city, so it both employs workers from Hatfield's proposed housing developments and benefits from St Albans' popularity as an office location.

Conclusions

- 3.32 Stevenage's employment space is dominated by industrial uses, representing 80% of all floorspace with office space representing just 20% of total stock. The Borough has the smallest supply of employment space of all neighbouring authorities with the exception of St Albans. It accommodates the second lowest quantity of commercial office space and the smallest amount of warehouse space, reflecting the competition the Borough faces from the surrounding area.
- 3.33 The Borough has seen limited levels of new development over the past decade, with more employment floorspace lost than gained. This has largely been driven by significant losses of industrial space, placing increasing pressure on remaining space to accommodate economic activity.
- 3.34 The stock of employment space is fairly ageing with a substantial proportion of premises built between the 1940-1970's and during the 1990's. Overall vacancy of office space is higher than average market levels, which highlights the inadequacy of some of the existing stock. In contrast, industrial vacancy is very low.
- 3.35 Stevenage's administrative/spatial constraints coupled with greater availability of industrial or office space in adjoining areas are likely to make it more difficult for the Borough to compete for new investment and relocations, or accommodate enquiries for employment space as they arise. There are some large employment developments underway or proposed in adjoining authorities. To varying degrees these may compete with Stevenage, but also may offer some potential for accommodating demand that cannot currently be met within

the boundaries of the Borough subject to any cross-boundary arrangements considered under the Duty to Cooperate.

4.0

Stevenage Commercial Property Market

4.1

This section describes current property market conditions in Stevenage and its relationship with surrounding areas, including recent trends in the demand for and supply of office and industrial premises. These findings are based on discussions with a number of commercial property agents and various economic development and business organisations active in the area.

Overview

4.2

The UK commercial property market is still recovering from the financial crisis of 2007-08 and the ensuing recession and property slump. Falls in the capital value and rental levels of office and industrial premises of up to 40% combined with stricter lending criteria from banks and the abolition of tax relief on empty property mean that property development is less profitable, finance is hard to obtain and the risks of developing space without an end-user identified are high. As a result, speculative development has become very rare in virtually all of the UK outside of prime London markets. This is particularly the case in more economically marginal locations, and those without a significant existing commercial property market, where lenders and developers are likely to be especially cautious.

4.3

There are differing views on how the market will evolve in the coming years. For example, competing forces such as a scaling back of public sector space requirements but a fall in employment land prices may play out in different ways in different locations. In any case, this study looks over the long term of the plan period up to 2031 and the inherent qualities of the Borough as a commercial location must therefore be considered.

Market Geography

4.4

Stevenage's commercial property market is largely localised and industrial in character serving the town's key sectors of advanced manufacturing, pharmaceuticals, aerospace and to a lesser extent business services. Its economic base is fairly typical of New Towns, dominated by a small number of large multi-national companies (some with origins in post-war industries) but with SMEs representing an increasingly significant share of the business base.

4.5

In market terms, Stevenage competes with nearby centres along the A1 corridor to the north such as Letchworth and Biggleswade which have greater availability of employment land. By contrast, there is generally limited market overlap with settlements along the M1 corridor to the west such as Luton and Milton Keynes. Stevenage falls within the London arc sub region with many firms historically choosing to relocate or open premises in the town due to its relative proximity to the capital.

4.6

However, in recent years Stevenage has become less well positioned to compete for larger corporate re-locations, losing its competitive advantage to

centres that benefit from greater proximity to London and access to strategic routes such as the M25 (for example Hemel Hempstead and Watford). Although Stevenage is the largest commercial centre in Hertfordshire, boasts good connectivity and accommodates a number of world class companies, it suffers from a poor perception and profile (partly due to its comparable location and poor quality town centre) as well as a lack of good quality housing and relatively poor performing schools.

- 4.7 As noted earlier, the town's stock of employment space is dominated by industrial uses and concentrated in the two key employment areas of Gunnels Wood (one of the largest employment sites in the region, located to the west of the town) and Pin Green (on the north eastern edge of town) with a limited range of office accommodation in the town centre and Old Town area. The main attractions for firms are competitive rents and property values (particularly compared to the capital and other centres to the south), the presence of internationally leading companies and good connectivity, for example to the A1, Luton Airport and mainline rail links to London.
- 4.8 Stevenage's commercial market has been affected by the economic downturn with the pace of development slowing considerably in recent years. Nonetheless, significant losses of employment space over the past decade, coupled with a constrained administrative boundary, places continued pressure on a limited supply of employment space to accommodate any future growth in the town.

Market Segments

Industrial

- 4.9 Demand for industrial premises in Stevenage is generally strong, reflecting the New Town legacy and historical strengths in industrial – particularly manufacturing – activity. In recent years the focus of demand has shifted from traditional high tech industries (such as aerospace) towards distribution and light industrial activity. The majority of enquiries received are for distribution property at both ends of the scale – small industrial nursery units and large sheds – from both local firms wanting to expand and larger firms wanting to (re)locate to the town.
- 4.10 The majority of industrial stock is located within Gunnels Wood which accommodates the town's largest sites and benefits from direct access to the A1 (via Junction 7). Although much smaller in scale and less well located in relation to strategic routes, Pin Green is seen to perform well as an industrial site and commands similar rental values to Gunnels Wood. It comprises the Stevenage Business and Industrial Park – a development of 10 modern industrial units (between 8,000 and 35,000 sq.ft) that for many years has been one of the town's most important industrial sites. However, there was some concern expressed that gradual residential encroachment in recent years into the southern part of the site (exemplified by the demolition of the former Mastercare warehouse in 2009 for residential uses) has undermined the longer

term industrial role of Pin Green and put into question the longer term viability of a number of currently vacant buildings (such as the DuPont office building).

- 4.11 In supply terms, Stevenage's industrial stock is rather mixed with some old space in need of refurbishment and some newer space built in the last few years. However, the main factor affecting supply of industrial space in the town is a shortage of available land to accommodate enquiries and build the type of space required by firms. While this is already constraining industrial activity in the town (with evidence of firms leaving the town as their growth needs cannot be accommodated), local agents are concerned that a continued lack of supply will severely impede Stevenage's future economic growth potential, in a sector that has proved more resilient during the recession and which offers the prospects of high value, knowledge driven growth that the town is striving to achieve. The town is currently unable to compete with nearby centres such as Letchworth and Biggleswade that have greater supply of development land available at competitive rates (Table 4.1).
- 4.12 Furthermore, vacancy levels amongst industrial premises have remained very low, preventing the churn, intensification and upgrading of existing sites that would be expected to take place within a normal market environment (i.e. one that faces fewer land constraints).
- 4.13 In recent years, gradual erosion of industrial space, fragmented site ownership and gradual replacement of industrial losses with higher value office uses has led to 'patchwork' development within Stevenage's key employment sites, particularly Gunnels Wood. In some cases, this has resulted in contrasting (and often less compatible) commercial uses operating side by side, no clear spatial distribution of industrial and office uses and a lack of coherent identity/appeal to potential occupiers.
- 4.14 The overwhelming view amongst local agents is that Stevenage needs at least one new industrial site to accommodate growth of indigenous firms and enable the churn and re-configuration of existing sites to better meet the needs/demands of firms. In terms of identifying suitable locations to meet this need, land west of the A1(M) may represent a good location for an industrial park, targeted specifically upon the distribution sector due to its proximity to the A1. However any future development on this site would be subject to highway improvements to the adjacent section of the A1 which already suffers heavy congestion at peak times. A distribution/B8 focus could place lower demands upon car parking and have less severe impacts upon rush hour traffic.

Table 4.1 Industrial and Office Rents in Stevenage and Comparator Locations

Location	Industrial (£ / sq.ft)	Offices (£ / sq.ft)
Stevenage	6 - 7.50	10 - 15
Biggleswade	5 - 7	7 - 8
Letchworth	5 - 7	7 - 13
Welwyn Hatfield	7 - 10	10 - 17
Hemel Hempstead	8 - 10	10 - 14
St Albans	6 - 10	20 - 25
Watford	8 - 12	12 - 17
Milton Keynes	6 - 9	12 - 20
Luton	4 - 7	10 - 20

Source: Survey of Commercial Agents / EGI Propertylink 2012

Offices

- 4.15 Stevenage is not viewed as a particularly strong office location but serves a role as a secondary commercial office centre in Hertfordshire, comparable to smaller centres such as Welwyn/Hatfield and Borehamwood to the south. Levels of demand for office premises remain low, particularly within the current economic downturn and against the backdrop of expected slow recovery.
- 4.16 In part due to its evolution as a new town, Stevenage's business base – and demand for office space – is polarised by large (for example multinational) and small firms at either end of the spectrum. As a result, the town has a limited medium-sized business base (the 'missing middle') such as professional services firms that are often the mainstay of local office markets. The office market is relatively localised, with the majority of enquiries coming from firms already based in Stevenage or from those located in close proximity. In recent years the town has accommodated very few major relocations, with the exceptions being German company Eppendorf relocating from London to the Gateway 1000 development and Betfair occupying the Icon Building (30,000 sq.ft).
- 4.17 The town's supply of office space is concentrated in three main commercial areas:

- **The town centre** comprises a moderate supply of office space, the majority of which was built in the 1960's/70's and has gradually become functionally obsolete/redundant to the market. This stock (which includes the former Land Registry building/Brickdale House, Six Hills House and a number of smaller office units above shops) is generally of poor quality and is perceived by local agents to be very unlikely to see demand/productive office use again even when the market recovers, if/when the stalled regeneration of the town centre goes ahead, and despite some landlords having spent money refurbishing properties in recent years (e.g. Southgate House).
- By contrast, the **Gunnels Wood** employment area provides more modern, good quality office accommodation at competitive rents, meeting demand from firms at the lower/smaller end of the market. An example of a recent development (completed earlier in 2012) is Gateway 1000 which provides small units located on a high profile site (Arlington Business Park) adjacent to Junction 7 of the A1. Feedback from agents suggests that about 80% of these units have either been let or sold. Newer developments such as this are taking what limited demand there is for office space away from older developments such as Meadway Court/Corporate Centre (to the north of Gunnels Wood) which tend to be more fragmented/open plan and are comparatively less attractive to occupiers.
- **The Old Town** (to the north of Stevenage's new town centre) provides a more attractive, traditional office location with relatively modern accommodation and represents the focus for the town's small base of professional services firms. However, limited land availability and the largely residential nature of the surrounding area are considered by local agents to constrain further office development here.

4.18 Whilst overall vacancy of Stevenage's office stock is reasonably high, this varies significantly by type, age and location. For example, vacancy is generally low within good quality, new accommodation whilst there is very limited demand for 'Grade B' premises. Office rents in Stevenage are competitive, particularly compared with nearby office centres such as Watford and St Albans (Table 4.1), although the pattern of recent development/take-up suggests that in many cases this cost advantage is insufficient to attract office occupiers to the town.

4.19 Agents expressed difficulty in estimating 'average' rental values for office space in Stevenage, citing downward pressure on rents and significant incentivised transactions as landlords seek to retain tenants in office premises to avoid paying business rates on empty property. Office rental values vary considerably within Stevenage, as shown below in Table 4.2, which indicates for example that approximate rental costs for the relatively new Gateway 1000 development are 50% higher than for Meadway Court, an office development which was built in the 1990's at the northern end of Gunnels Wood and is currently characterised by low occupancy.

Table 4.2 Example Industrial and Office Rents in Stevenage

Type of Premises		Rent Per Sqft (£)	Example Development
Industrial	Large	6.00	Vincent Court, Old Town
		7.50	SG1, Gunnels Wood Road
Industrial	Small	6.50	Wedgwood Gate, Pin Green
		7.00	Access - Gunnels Wood Road
Offices	Large	13.00	Icon 2 and 3, Lytton Way
		15.00	Abel Smith House, Gunnels Wood
	Small	10.00	Meadway Court, Meadway Technology Park
		15.00	Gateway 1000, Arlington Business Park

Source: Stevenage Borough Council (www.investinstevenage.co.uk)

- 4.20 Echoing the industrial trend outlined above, ownership of re-development sites has historically been fragmented and this has led to piecemeal office development, particularly within the larger Gunnels Wood employment area. This may in part explain why more coherent developments such as Gateway 1000 – concentrated on a strategic site to the south of Gunnels Wood – have been well received by the market.
- 4.21 Despite weak demand and low take up in recent years, local agents believe that Stevenage’s office economy still has a role to play, but that the future health of the office market relies upon a comprehensive restructuring of existing stock - losing older, functionally obsolete space, and ensuring the market can provide a range of accommodation sizes to maintain/achieve critical mass, whilst recognising the town’s strengths in demand for smaller lettings (below 3,000 sq.ft). There is also an important spatial element to this demand, with successful office development likely to be that benefiting from close proximity to either the train station or A1.
- 4.22 In terms of allocating additional land to meet demand for high quality, strategically located office space, agents viewed the land at Junction 7 (31.5 ha site in the Green Belt south western corner of the town) as providing the best prospect/opportunity to develop a strategic business park due to its proximity to the GSK site, recently completed developments such as Gateway 1000 and junction with the A1. The out of town location and poor existing public transport connections indicates that car parking would pose an issue to any new development, with current guideline car parking ratios potentially restricting commercially attractive development. It should be noted that the majority of this site is located within the adjoining district of North Hertfordshire.

Provision for small firms/start ups

- 4.23 The Council owned and funded Business and Technology Centre (BTC), located in the centre of Gunnels Wood, is a well established enterprise and innovation centre providing flexible facilities and business support to SMEs in the region. Managed by Wenta, the BTC focuses specifically upon supporting the start-up

and growth of knowledge-based firms, working closely with the University of Hertfordshire. The facility has recently been significantly extended with the Council reporting an 84% occupancy rate.

- 4.24 Whilst the BTC has proved to be a successful and well received facility for Stevenage's SME community, the concern amongst agents is that the town lacks the necessary, affordable space for these firms to move onto once they grow out of small managed workspace, and that lack of available space could constrain this type of development.

Conclusions

- 4.25 Stevenage's commercial property market is increasingly self-contained and localised, driven by the town's key industrial sectors and business services focused SMEs looking to expand and/or upgrade. The Borough mainly competes with nearby centres along the A1 corridor, although in recent years Stevenage has started to lose its competitive advantage to other locations that benefit from greater proximity to London and the M25 and a higher investor profile (such as Hemel Hempstead and Watford).
- 4.26 Demand for industrial space remains strong, particularly for distribution property at both ends of the market. While the quality of Stevenage's industrial stock is mixed, a lack of available land represents the key barrier to future industrial development in the Borough, with evidence of firms leaving the town as growth needs cannot be met. Vacancy within industrial premises remains low, while patchwork development in recent years across the Borough's key employment sites has led to a lack of coherent identity and appeal to potential industrial occupiers. Market feedback indicates that Stevenage requires more industrial space to accommodate indigenous growth and enable the necessary churn and upgrading/intensification of existing sites.
- 4.27 By comparison, Stevenage is not perceived as a particularly strong office location, characterised by weak demand in the current market and a polarised business base (i.e. SMEs and large multinationals). The historical trend of major office relocations to the Borough has declined in recent years, with enquiries typically coming from local SMEs. Whilst office vacancy remains relatively high, this varies significantly by type, age and location, with higher quality premises generally located within Gunnels Wood and the Old Town area.
- 4.28 Whilst the Borough has a good level of provision for start-up businesses – exemplified by the successful and recently extended btc – market feedback indicates that Stevenage lacks the necessary affordable 'move on' space for these firms to occupy once they grow out of incubator premises.

5.0 Review of Employment Sites Portfolio

- 5.1 This section assesses the characteristics and quality of existing and allocated employment sites in Stevenage and their suitability to meet future employment development needs.
- 5.2 A total of 21 existing (including sub-divisions of sites) and potential future employment sites were assessed amounting to about 304 hectares in total area. Each site was inspected and its suitability for employment use assessed against the criteria listed below, which reflect those in the ODPM Guidance on Employment Land Reviews:
- a strategic road access and local road access;
 - b accessibility to public transport and services;
 - c adjoining uses that might constrain employment uses;
 - d site size, characteristics and potential development constraints; and
 - e attractiveness to the market, including vacancy and marketing activity.
- 5.3 Other factors were also noted including the site's suitability for specific uses, any planning constraints, potential timescale for delivery and any barriers to the delivery of undeveloped sites for employment uses. Details of each assessed site, and how they rate against the assessment criteria are contained in Appendix 4, and site locations are shown on Plan 5.1.
- 5.4 The scope for intensification of some of these sites was assessed in the Employment Capacity Study (2006).²⁵ At the time of the study an assessment of the commercial property market indicated a desirable mix of 75% B1c and 25% B1a using a standard plot ratio of 42%. As part of the site assessments, the potential for more intensive development on these sites has been considered against the baseline position set out in the 2006 study; where this additional capacity is still considered relevant it has been noted in the text for each site below.
- 5.5 It should be noted, however, 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 particular business or sector needs can be important reasons for retaining a site even if it does not perform well against conventional site assessment criteria. A broader commentary is therefore provided on each site to supplement the formal scoring exercise.

²⁵ Stevenage Employment Capacity Study, DTZ, November 2006

Overview of Sites

- 5.6 The sites are divided into two types: existing sites and potential development sites. An overview of these sites is set out in Table 5.1, followed by a summary description and assessment of each site, with corresponding reference numbers shown in square brackets.

Table 5.1 Employment Sites by Type

Type of site	Number of sites	Total site area (Ha)	% of total site area
Existing Sites	15	213.9	70.5
Potential Development Sites	6	89.7*	29.5
Total	21	303.6	100.0

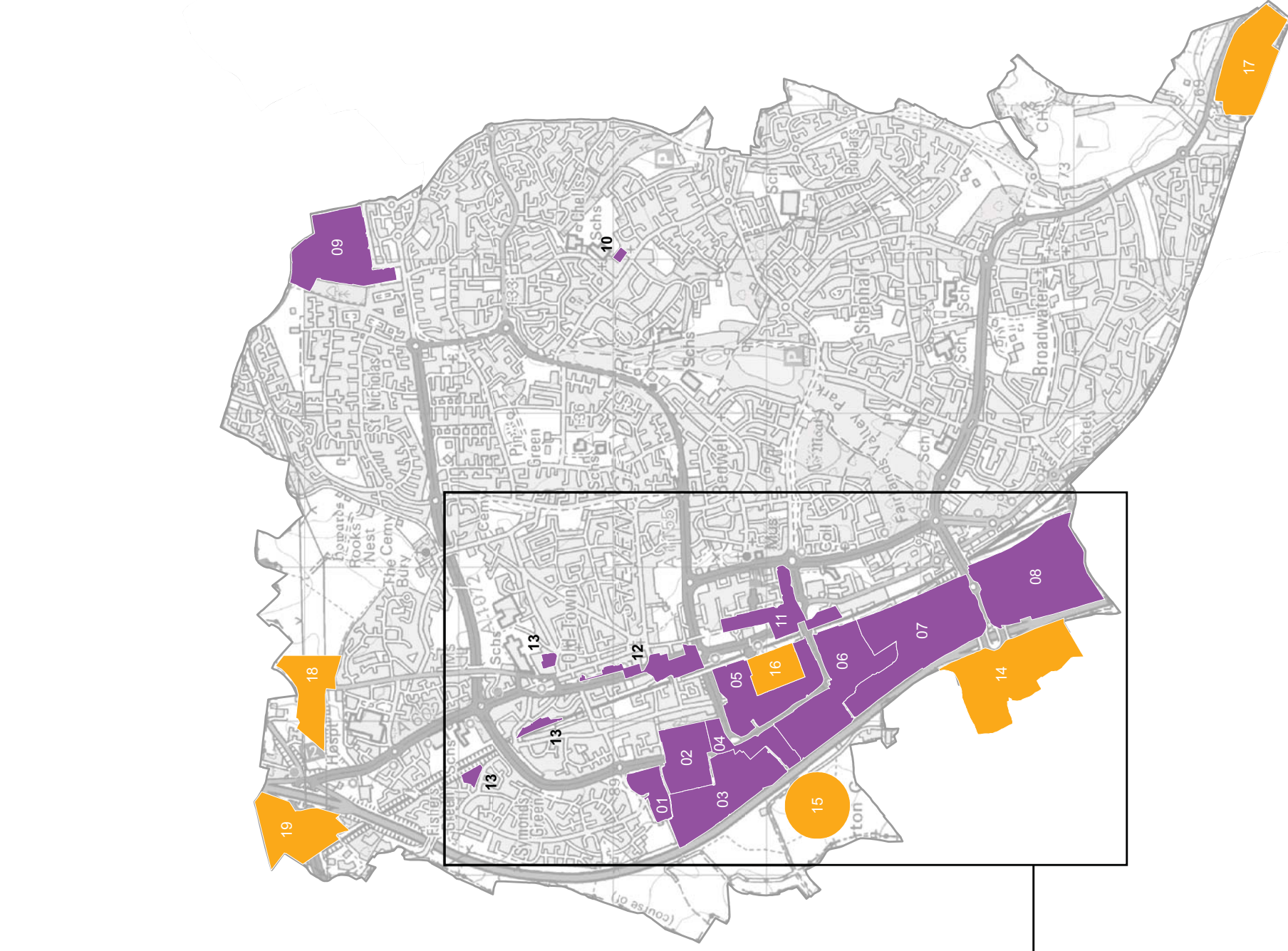
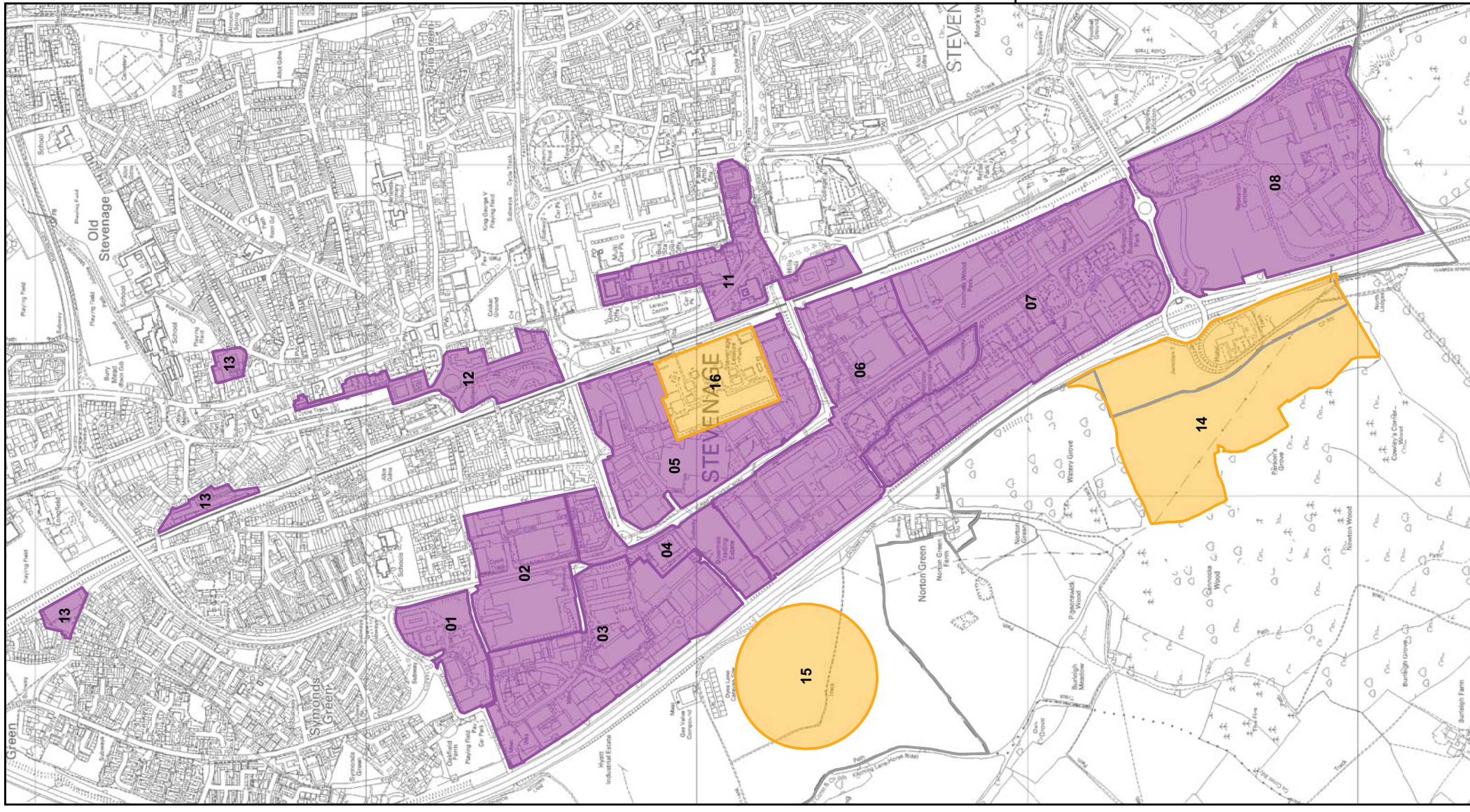
Source: NLP analysis Note: site areas measured by NLP from GIS site boundaries supplied by SBC
 * excludes Land West of A1(M) for which no site boundary or area is currently defined

Existing Sites

- 5.7 These sites are currently operating as industrial estates, business and office parks for B1, B2 and B8 uses within Stevenage. The focus of the assessment for these sites is how they are currently performing along with their character and groupings, and the extent to which these sites can be upgraded and renewed in future to meet business requirements.

Gunnels Wood

- 5.8 Gunnels Wood functions as the largest employment area in Stevenage. For the purposes of the assessment, it has been sub-divided into a number of component areas which broadly follow the Council's consultation draft Area Action Plan published in 2010.
- 5.9 **Rutherford Close [1]** comprises a series of modern office developments of 1990's construction located on a site totalling 5.8 hectares, including Meadway Court and Elopak House. The site has good access to the A1 as it is located on one of Stevenage's main roundabouts and subsequently has its own entrance on a smaller roundabout leading to good internal roads and turning areas. There is a bus stop at the entrance to the site and although off-street parking is provided there is also a reasonable amount of on-street parking. Being at the northern end of Gunnels Wood, the site is a reasonable distance from the town centre or any other services. The site is compatible with its adjoining uses of open land and other employment areas with some housing separated by the adjoining road. Largely the units are in good condition, although current vacancy levels on the site as a whole are high. There is a single undeveloped plot to the south east of the site which is a protected Flood Storage Reservoir and has a minor environmental constraint as it adjoins an Ancient Lane and Hedgerow. Overall, despite the offices being in a fairly good condition and location for



Key

Existing Site



- 01. Rutherford Close
- 02. Cockerell Close
- 03. Cavendish Road
- 04. Bessemer Drive / Maxwell Road
- 05. Gumnels Wood Road (E)
- 06. Six Hills Way
- 07. Gumnels Wood Road (S)
- 08. GlaxoSmithKline
- 09. Pin Green
- 10. Chells Enterprise Village
- 11. Town centre office blocks
- 12. Old Town offices
- 13. Old Town industrial units

Site/area to be assessed for future potential



- 14. Land at Junction 7
- 15. Land west of A1(M)
- 16. Stevenage Leisure Park
- 17. Land south of A602
- 18. Land at North Road
- 19. Land west of J8



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Planning, Design, Economics.

Project Stevenage ELR

Title Context - Employment Sites

Client Stevenage Borough Council

Date 03.12.2012

Scale -

Drawn by MAR

Drw. No GIS13258-01



access to the A1, road network and public transport, this site is in a lower profile location within the Gunnels Wood site and is currently experiencing high levels of vacancy. In overall terms, it rates as an average quality employment site.

- 5.10 **Cockerell Close [2]** is comprised of two sections to the east and west of Gunnels Wood Road totalling 12.6 hectares. To the west is the former John Lewis distribution centre which has a Grade II Listed roof and comprises of 27,500 m² of warehousing floor space which is currently subject to short term leases. To the east is a fairly modern industrial estate in good condition largely including warehouse and distribution operators. There are excellent internal roads arrangements wide enough for HGV's, but despite significant parking provision there was some spill over parking onto the internal roads. The site is located on Gunnels Wood Road dual carriageway and has fairly good access to the A1 and the wider road network. These two parts of the site are characterised by the predominant stand alone operation of warehousing/storage and distribution uses. There are no vacant plots for development on the site and as it is tightly bound by both employment areas and residential, it is unlikely the site could extend beyond its boundaries or have scope for intensification. The site is not within walking distance of the town centre or other local services; also it appears there are some vacancies on the site. In summary, the part of the site to the east of Gunnels Wood Road performs well against the assessment criteria and is recognised as a good employment site. The western part of the site with the Listed Building has significant physical constraints to redevelopment, and therefore this part of the site is significantly less attractive to the market. Market feedback has indicated that the current warehousing accommodation is unlikely to be suitable for the majority of occupier requirements due to the relatively low eaves heights. Overall, however, this is an average to good employment site.
- 5.11 **Cavendish Road [3]** includes land to the west of Gunnels Wood Road and a mix of small industrial units, some small and one landmark office premises and larger industrial/warehouse units on a site totalling 22.9 hectares. The entrance to this site is dominated by the Fujitsu secure data facility, a very modern office building in a high profile location on Gunnels Wood Road. Babbage Road has some small scale office premises at the north of the road and the Motorway Estate to the south which hosts five larger industrial/warehouse units, one of which is vacant. These units are in reasonable condition. Crompton Road to the north of the site comprises a variety of smaller, older industrial units and a few car rental businesses. This grouping lacks a coherent identity, however all parts of the site share an entrance onto Gunnels Wood Road and dual carriageway access to the wider road network. The site is bounded by the A1 and neighbouring employment areas so there is no scope for expansion, however the site seems to be functioning well and vacancy is low. The Employment Capacity Study (2006) identifies a potential increase in floorspace of 1,343m² if the north west area of the site were to be intensified to 75% B1c and 25% B1a uses. The site is not within walking distance of the town centre or other local services meaning it is

fairly isolated. In summary, this site performs well against the set assessment criteria.

5.12

Bessemer Drive / Maxwell Road [4] totals 7.7ha and has a mix of uses including the new Business and Technology Centre office development, some older 1970's offices and the vacant former Kodak site. The newly built Business and Technology Centre is located to the west of the dual carriageway as are the two offices to the north of Caxton Way, to the east of the dual carriageway the offices are in reasonable condition despite being much older. The former Kodak site takes up a large proportion of the site and is currently used for open parking. These two parts of the site are characterised by office uses, with the exception of the former Kodak site. All the sites have plentiful off road parking and due to the entrance of the site being on the Gunnels Wood Road dual carriageway the access to the wider road network from this site is good. The site is compatible with its adjoining uses including employment areas and the A1. Parts of the site may be within walking distance of the town centre by using the subways, hence gaining access to local services meaning it is less isolated than some other parts of Gunnels Wood. The vacant Kodak site has failed to come forward for a number of years, and this position is considered unlikely to change in the short-medium term (see Section 8.0). The remainder of the site has limited potential for intensification and is more likely to require full scale redevelopment in order to accommodate increased floorspace. There is an Area of Archaeological Significance within the site, but this is to the east of the dual carriageway. In summary, this site performs well against the assessment criteria.

5.13

Gunnels Wood Road (E) [5] is the area of land surrounding the Stevenage Leisure Park and directly adjoins the railway line with a site area totalling 18.9 hectares. The site largely contains offices with occupiers including Aeroflex and North Hertfordshire College, located on Argyle Way Trading Estate, along with Astrium EADS. There are also some light industrial occupiers and sui generis users including Kwik Fit and the Hire Shop. The site has a fairly good strategic access to the A1 and it is located within walking distance of both the town centre, train station and bus station. As such it is also in close proximity to local services and is not as isolated as some of the other employment sites on Gunnels Wood Road. The internal roads are good, they are wide and have fair junctions into the sites but there is an undersupply of car parking with some spill over parking on the roads. The site is compatible with its adjoining uses which include the Stevenage Leisure Park and other employment areas. There are several vacancies of larger premises on site including production/storage units. As the site is tightly bound by the dual carriageway, railway line and the Stevenage Leisure Park and there are no vacant plots on site, there is limited room for intensification. The Employment Capacity Study (2006) identifies a potential increase in floorspace to the northern part of this site of 3,703m² with a mix of 75% B1c and 25% B1a uses. However the northern corner of this site adjoining the railway line is currently used as a car park and there is no evidence this land will come forward for development. In summary the range and types of units, and proximity of this site to the public transport hubs and services means it scores well against the assessment criteria.

- 5.14 **Six Hills Way [6]** spans to the east and west of Gunnels Wood Road and the site area totals 27.4 hectares. Fronting the dual carriageway from the east of Gunnels Woods Road and nearest to the town centre is general industrial and warehousing, Caxton Way has a mix of old industrial units, some redundant, with some modern redevelopments but mainly of very small scale. The MBDA office has a prominent location on the corner of a roundabout fronting Gunnels Wood Road leading into the Horizon Technology Park. The site has excellent strategic access onto the A1 from the main entrance to the south of Stevenage at a high profile gateway location into the town. The internal roads and junctions both sides of Gunnels Wood Road are acceptable but Caxton Way in particular has considerable on-street parking. Horizon Technology Park has a private access road controlled by security. The site is compatible with its adjoining uses including other employment areas. There is a 1.2 hectare vacant plot in the south of the site adjoining the largely occupied Horizon Technology Park with no obvious barriers to development. There is however significant vacancy of premises on Caxton Way which has a much lower profile and older units. The amalgamation of the two parts of the site either side of the dual carriageway which encompass both light industrial, storage and office uses means the site as a whole lacks a coherent identity. In summary, this is an average site against the assessment criteria.
- 5.15 **Gunnels Wood Road (S) [7]** has excellent strategic access onto the A1 from the main entrance to the south of Stevenage at a high profile gateway location into the town. The site totals 36.4 hectares and comprises the new Arlington Business Park to the west of the dual carriageway as well as half of the Horizon Technology Park to the north of the site. To the east of Gunnels Wood Road are smaller, older industrial units which are in fairly good condition and are largely occupied, highlighting their importance for smaller businesses. The internal roads and junctions both sides of Gunnels Wood Road are largely excellent with plentiful on site parking. Horizon Technology Park has a private access road controlled by security. Arlington Business Park is a modern, landscape site containing a variety of uses including brand new offices premises, two car showrooms and large storage/distribution units. There is a 1.2 hectare vacant plot in the south eastern corner with no obvious barriers to development. The combination of Arlington Business Park and part of the Horizon Technology Park means the site is characterised by new, modern mixed use developments, although there are also some older industrial units to the east of the dual carriageway. The Employment Capacity Study (2006) identifies a potential increase in floorspace of 9,520m² if this land to the east of the dual carriageway were to be intensified to 75% B1c and 25% B1a uses. Some of the new office units are currently vacant, but this is probably more a reflection of current market conditions. In summary, the site scores well against the assessment criteria.
- 5.16 **GlaxoSmithKline [8]** has its own dedicated site totalling 37.4 hectares on the A1 Junction 7 roundabout at a high profile site at the gateway to Stevenage. As well as this excellent strategic access to the wider road network the site has its own entrance from the roundabout and internal road structure and parking facilities. The site is self contained and secure, with provision of its on-site

facilities for staff including café and gym. The site is bounded by the A1 and the railway line with open land to the south. There is a large vacant plot on the north-western part of the site totalling 9.7 hectares where planning permission exists for Phase 2 of the recently completed Bioscience Catalyst which means that it is effectively not available to the open market. In summary, this is a good employment site when considered against assessment criteria.

Other Locations

- 5.17 **Pin Green [9]** is the second largest employment area in Stevenage after Gunnels Wood. The site totals 22.7 hectares and is of a fairly low density with a mix of uses including small warehousing, light industrial and some offices. There is also a mix of the age of buildings, with some requiring upgrading. Although the strategic access to the A1 is not as easy as some of the sites on the western edge of the town, access is still reasonable via main roads. The internal roads are also good with plentiful on site parking, wide roads and turning loops, there are however some tight bends into the site. The site has good access to labour as it is in close proximity to residential areas, but there are relatively few local services in this location. The site is largely self-contained, but new housing has recently been completed on the southern part of the site that is immediately opposite existing employment uses (e.g. bakery) and limits any potential for expansion of the site. There are some limited vacancies on site, mainly from the smaller industrial units, but more notably the Du Pont office building at the entrance to the site. Overall, this site performs reasonably well against the assessment criteria.
- 5.18 **Chells Enterprise Village [10]** is a small, Council-managed employment area of 0.5 hectares located within a designated Neighbourhood Centre. The courtyard arrangement is tightly bound by retail units to the south west and north west at ground floor level with blocks of flats above overlooking the site. The site is isolated from the town's other main employment areas and the strategic access to the wider road network and A1 is poor. Additionally the entrance to the site is tight from a slow moving road with traffic calming measures in place. Despite the allocation of on site parking there is significant parking on the internal roads. The terrace of units to the north east of the site has a constrained access which can only accommodate one vehicle and have limited parking in front of the units. The units themselves are of 1990's construction and in good condition; they host a variety of industrial uses and of the twenty one units only three appear to be vacant. There is no development potential on site, the units are of high density and the site is tightly bound. In summary, the site appears to be functioning well as a location for small scale businesses who require cheaper, smaller units and with less requirement for strategic accessibility.
- 5.19 **Town centre office blocks [11]** are a cluster of office buildings located in the town centre of Stevenage comprising 11.1 hectares. This site is characterised by the presence of several multi storey, flat roofed, pre-fabricated concrete office buildings of approximately 1970's construction which dominate the entrance to the town centre. The site has good internal roads and plentiful parking provision along with good public transport links as part of the site

directly abuts the train and bus station. There is also good strategic access on a main roundabout to the A1, yet there are significant vacancies in this area. Offices are occupied on site by HSBC and Stevenage Borough Council and other types of buildings within the site include a Police Station, Mecca Bingo, the Magistrates Court and some retail. The scale of office vacancy in this area highlights a lack of demand for such premises of this age and size within Stevenage. Overall, despite the excellent location and transport links the site has limited market attractiveness and a significant proportion of vacancy in the older, larger offices. Refurbishment and/or redevelopment of some buildings may be required to improve the market attractiveness of this location.

- 5.20 **Old Town offices [12]** are a dispersed cluster of office units on a site totalling 7.1 hectares located in the Old Town in very close proximity to the town centre. Access to this site is gained via main roads and the subway by foot, the strategic access to the A1 is also fairly good as it can be accessed via main roads. Inside the site there is plentiful parking on site. The site contains units of varying age, including larger more modern glass structures in a prominent location on the roundabout and smaller terraces of development alongside the main road. As this site does not comprise an entire area, but strips of land either side of a dual carriageway, there is limited potential for intensification or full scale redevelopment. Several vacant units were noted at the time of the site assessment. Overall, as a result of the good local and strategic access to the site, the site functions well for small scale office units as an average to good quality employment site.
- 5.21 **Old Town industrial units (Walkern Road) [13a]** are a small cluster of employment units on a site totalling 0.9 hectares located in the Old Town in very close proximity to the high street. Access to this site is gained via a one-way street making it slightly awkward to access by vehicles, the strategic access to the A1 is also constrained by the requirement to travel via busy town centre roads. Within the site the entrance and the internal road layout is tight and although there is parking available on site, there is limited scope for larger vehicles. The site contains a mix of old industrial units, 1970's office buildings and also a gym. There are no obviously vacant units but there is a vacant plot to the front of the site of 0.1 hectares. Although there are no obvious constraints to developing this plot, within the site there is an electrical sub station which could have implications for development and additionally, the site adjoins the Old Town Conservation Area, an Area of Archaeological Significance and is currently identified by the Council for New Housing Allocation. Overall, despite the constrained local and strategic access to the site, the site functions well for small scale industrial businesses and some larger offices as an average to good quality employment site.
- 5.22 **Old Town industrial units (Orchard Street) [13b]** are a linear arrangement of industrial buildings with the whole site comprising 1.4 hectares. Largely the site encompasses Stevenage Enterprise Centre which is a managed estate, the site has two parallel strips of development, the first of which is largely not included in the Enterprise Centre and has much poorer quality units. The site has a very tight access and although there is parking provision on site, parking does spill

over onto the internal roads. Additionally the strategic access to the A1 is also constrained by the requirement to travel via busy town centre roads within the Old Town. The site is tightly bound by housing and the railway line to the west and as such there is no scope to develop beyond these boundaries. There are some vacant units within the site, perhaps highlighting the low quality of some of the premises. Overall the site provides premises for businesses that require these smaller, cheaper units, but there is a particular opportunity for parts of the site to be upgraded or refurbished to meet modern standards.

- 5.23 **Old Town industrial units (Vincent Court) [13c]** are a collection of four units on a site totalling 1.1 hectares. The site is currently vacant and being advertised as 11,544 – 67,689 sq.ft of production/warehouse units, the units have high loading bays and a large parking and turning area appropriate for the warehouse function. This site is surrounded by housing and as such is accessed via residential roads, which have traffic calming measures in place. To gain access to the wider road network and the A1 vehicles would be required to either pass underneath the A1 which may be constrained for some larger vehicles, or via winding residential roads, particularly Stevenage Road. The site is located within a residential area but it is not within walking distance of the town centre and is not close to any other local services. The site is fully developed with no scope for additional employment development, but it is flat and of a regular shape. The site is identified as a part housing allocation, and it is less clear to what extent a long-term employment role can be maintained on the site given the other constraints.

Potential Development Sites

- 5.24 The Council has identified a number of sites for consideration in terms of future development potential. The focus of the assessment of these sites is to consider the potential of the sites to accommodate employment uses. With the exception of Stevenage Leisure Park, the sites all comprise Greenfield locations on the edge of Stevenage.
- 5.25 **Land at Junction 7 [14]** has an excellent strategic access as it has its own spur onto the A1 roundabout at Junction 7. The site is large totalling 31.5 hectares and has a high profile location as it fronts the A1(M) and is in close proximity to the core employment areas which scored higher against the criteria. It was assessed as part of the Hertfordshire Strategic Employment Sites Study in 2011 and was identified as of “*potential strategic significance because of the opportunity to deliver a high quality site to meet the needs of key sectors*”. The site is located within the Green Belt and currently contains a Novotel and associated car park to the eastern edge of the site and to the west is woodland which is a designated SSSI. The site extends beyond the boundary of Stevenage into North Hertfordshire but the site is a large regular shape and flat. Overall, this development area probably has the strongest strategic location and if it can overcome the identified development constraints, could deliver employment development in a good edge of town location offering excellent strategic access.

- 5.26 **Land west of A1(M) [15]** is identified as a broad location for employment development and is currently allocated by Stevenage Borough Council an a housing allocation. Accordingly, no specific boundary or site area is currently identified. The only current access to the site is a single track and therefore new road infrastructure would be required to support any future development in this location. The parcel of land itself is slightly raised and contains established trees and vegetation. An existing Gypsy and Traveller site is located to the north of the site. Overall, the site could offer potential for employment development subject to extensive new access and infrastructure provision, potentially as part of a wider masterplanning approach for other uses such as residential.
- 5.27 **Stevenage Leisure Park [16]** is currently a retail and leisure park that appears to be fully occupied, although was originally identified as an office park in the New Town plan and was previously an industrial estate until the 1980s. The site totals 7.8 hectares which includes large areas of surface car parking. It has a fairly good strategic access to the A1 and it is located within walking distance of both the town centre, train station and bus station. The perimeter of the site is tightly bound by the train line to the east and employment uses in all other directions. The main accesses into the site run through this employment area. Overall, the location of the site is attractive in terms of an employment use as it has good transport links in a central location and it is already surrounded by employment uses. In the Area Action Plan that was previously being progressed by SBC, the site was proposed for mixed-use redevelopment to include new office development, as part of the wider 'Silkin Park' proposals. However, any future development would be subject to the relocation of the existing occupiers, although it may be possible to promote a mixed use scheme which enables more efficient use of the site and would allow improved linkages with the town centre and other employment areas in Gunnels Wood.
- 5.28 **Land south of A602 [17]** is a 20 hectare site located in the Green Belt on the southern edge of Stevenage. It is located to the south of the busy A602 and would require an access from this road should it be developed. The railway abuts the site to the south but beyond that is open countryside. The site is very isolated from any established employment areas and as the strategic access for this site is not as good as other sites closer to the A1 it has a low profile. There are limited local services with two public houses located to the east and west of the site and there is some housing to the west. The site is of a large, regular shape but is undulating which could have implications for future development. Overall, this is a large site that subject to provision of new infrastructure and servicing could accommodate new employment development. However, this location is remote from existing employment sites, further from strategic routes and untested in market terms.
- 5.29 **Land at North Road [18]** is a 13.3 hectare piece of land on the edge of Stevenage Borough which spans either side of the B197. The parcel of land to the east is designated Greenbelt and the land to the west is a designated Local Rural Area. Any future development would be required to address access arrangements to the site from the B197 as well as provide significant new infrastructure. The location of the site means it is of low profile as it is

somewhat isolated from services or a District Centre and although it is close to the A1 Junction 8, there is not a direct road link. Adjoining the site to the south is a sport and leisure centre, a garden centre to the north along with some housing and a hospital to the west. Open countryside bounds the site to the east of the B197. The site is relatively isolated from any established employment areas, and has no frontage onto main routes. The site has some physical constraints to development, although it is large and of a regular shape the site slopes from east to west and is traversed by electricity pylons. Overall, this site could offer some potential for employment uses but is a lower profile location and unproven location in market terms.

- 5.30 **Land west of Junction 8 [19]** is a large (17.1 hectare) site located close to the A1 providing excellent strategic access. This site is currently split into three areas by the A602 and Stevenage Road which could constrain development potential. The north of the site has the access to the A1 and has potential for development, however the south of the site has no access from the A602 and would require significant new infrastructure and an access to be viable. The site also contains some steep sections so the topography of the site would constrain future development. However, development of this site would represent a prominent, high profile location at the 'gateway' to Stevenage on the A1, however it is somewhat remote from other employment areas and services and is surrounded by open countryside. Overall, the site offers good potential for strategic employment development in an edge-of-town location subject to provision of new infrastructure and servicing.

Conclusions

- 5.31 Overall, the assessments of existing sites indicate that the Borough contains a reasonable range of employment sites of differing quality and type, totalling about 214 ha. The majority of sites assessed were predominantly within B1a and B1c uses with some B2 and smaller B8 uses also evident.
- 5.32 The assessment process has identified two high scoring good quality sites accounting for 35% of total supply, 16 (60% of supply) average quality sites and two sites of poorer quality (5% of supply). A summary of site scorings is provided in Table 5.2. It should be noted that the broad 'good', 'average' and 'poor' groupings are purely indicative to provide an estimation of the quality of supply of sites.
- 5.33 The potential additional floorspace which could be achieved as a result of intensification at Gunnels Wood totals 14,566m². However, the majority of the sites which were highlighted for intensification are currently occupied and there is no evidence to suggest that they will necessarily come forward for redevelopment.

Table 5.2 Summary of Site Assessments (Existing Sites)

Site Name [Ref]	Status	Size (Ha)	Potential Uses	Score (/ 30)	Rank
GlaxoSmithKline [8]	Employment Area	37.4	B1a, B1b	25	Good
Gunnels Wood Road (S) [7]	Employment Area	36.4	B1a, B1c, B2	24	
Cavendish Road [3]	Employment Area	22.9	B1a, B1c, B2	23	Average
Bessemer Drive / Maxwell Road [4]	Employment Area	7.7	B1a, B1c, B2	22	
Cockerell Close [2]	Employment Area	12.6	B1a, B1c, B2, B8	22	
Gunnels Wood Road (E) [5]	Employment Area	18.9	B1a, B1b, B1c, B2	22	
Old Town industrial units (Walkern Road) [13a]	Part Housing Allocation	0.9	B1a, B1c, B2,	21	
Old Town offices [12]		7.1	B1a	21	
Pin Green [9]	Employment Area	22.7	B1a, B1c, B2, B8	21	
Old Town industrial units (Orchard Close) [13b]	Part Housing Allocation	1.4	B1c, B2	20	
Rutherford Close [1]	Employment Area	5.8	B1a	20	
Old Town industrial units (Vincent Court) [13c]	Part Housing Allocation	1.1	B1a, B1c, B2	19	
Six Hills Way [6]	Employment Area	27.4	B1a, B1c	19	
Town centre office blocks [11]	Town Centre/Employment Area	11.1	B1a	17	Poor
Chells Enterprise Village [10]	Large Neighbourhood Centre	0.5	B1c, B2	16	
Total		213.9			

Source: NLP analysis

5.34

In addition, six potential development sites have also been assessed as shown in Table 5.3. In total, these sites amount to 89.7 ha, although in reality the potential land area is greater than this as there is additional land contained within Site 18 for which a specific boundary and site area has not yet been defined. The highest scoring site is Land at Junction 7, but all of the other sites score as reasonably high average sites.

Table 5.3 Summary of Site Assessments (Potential Development Sites)

Site Name [Ref]	Status	Size (Ha)	Potential Uses	Score (/ 30)	Rank
Land at Junction 7 [14]	Green Belt	31.5	B1,B2, B8	24	Good
Land west of Junction 8 [19]	Green Belt	17.1	B1,B2, B8	21	Average
Stevenage Leisure Park [16]	Leisure Park	7.8	B1a, B1c, B2	21	
Land at North Road [18]	Local Rural Area/Green Belt	13.3	B1,B2, B8	20	
Land south of A602 [17]	Green Belt	20.0	B1,B2, B8	19	
Land west of A1(M) [15]	Strategic Housing Allocation	N/A	B1,B2, B8	18	
Total		89.7			

Source: NLP analysis

6.0 Future Requirements for Employment Space

- 6.1 This section assessed B-class employment space requirements in Stevenage in period to 2031 using several different approaches as follows:
- a Projections of employment growth in the main B class sectors (i.e. **labour demand**) derived from economic forecasts produced by the East of England Forecasting Model (EEFM) as supplied by SBC;
 - b Consideration of **past trends in completions of employment space** in Stevenage based on monitoring data supplied by SBC, and how these might change in the future;
 - c Estimating future growth of local **labour supply** broadly related to Government Household Projections (300 dwellings per annum) and the amount of jobs and employment space this can support.
- 6.2 In addition, a ‘policy on’ scenario has also been considered to reflect a situation in which policy interventions help support a higher level of new business start-up activity in the Borough than has occurred in the past. The underlying assumptions for this scenario is explained in more detail below.
- 6.3 All these approaches have some limitations and careful thought needs to be given as to how appropriate each is to circumstances in Stevenage and as a basis for future planning purposes. However, it is important that the economic growth and likely demand for employment space in Stevenage is assessed under different scenarios to reflect lower or higher economic growth conditions arising in the future. It should also be noted that the assessment is not purely quantitative, and that there may be qualitative factors that influence the future employment space requirements that need to be planned for.

a. EEFM Forecasts of Job Growth

- 6.4 Latest forecasts of job growth for Stevenage for the period up to 2031 were sourced from the East of England Forecasting Model (EEFM), developed to project economic, demographic and housing trends in a consistent fashion across the East of England region and sub-regions.

Scenario 1: Baseline Job Growth

- 6.5 The forecasts of job growth by sector used here reflect recent trends and are based on projections at regional level, and how economic sectors in Stevenage have fared relative to the region’s growth in the past. These forecasts also reflect the current post-recession economic climate, and should be viewed in the context of the significant uncertainty surrounding future economic growth.
- 6.6 The overall employment change in Stevenage resulting from these forecasts is shown in Table 6.1 along with expected job growth in the main B class sectors. This includes an allowance for jobs in other non B class sectors that typically utilise industrial or office space, such as some construction uses, vehicle

repair, courier services, road transport and cargo handling and some public administration activities (see Appendix 3). These indicate relatively low overall net job gains (960 jobs) in the B-use classes in Stevenage over the period to 2031, with strong growth in office-based activities and minor gains in distribution jobs offset by a moderate decline in manufacturing employment. This is within the context of overall job growth of 3,440 jobs predicted for the Borough over the period, which outside the B Class sectors will mainly be in the health, retail and recreation sectors.

Table 6.1 Forecast Employment Change in Stevenage 2011-2031

	No. of Jobs		Change
	2011	2031	2011-2031
Manufacturing (B1c/B2)*	6,920	4,790	-2,130
Distribution (B8)**	2,360	2,510	150
Offices (B1a/b)***	12,670	15,610	2,940
Total B-class Jobs	21,950	22,910	960
Jobs in All Sectors	48,380	51,820	3,440

Source: EEFM / NLP analysis, 2012 - total jobs including self-employed

Totals rounded

* includes vehicle repair and some construction activities ** includes parts of transport & communications sectors that use industrial land *** includes publishing and a proportion of government offices

6.7 These job forecasts can then be converted to future employment space requirements assuming typical ratios of jobs to floorspace for the different B uses. To estimate space needs, the following average ratios have been applied:

- offices: 1 job per 10.5 m²
- industry: 1 job per 43 m²
- warehousing: 1 job per 65 m²

6.8 These assumptions are based on the latest HCA/Offpat guidance on employment densities published in 2010.²⁶ This guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot desking. This has resulted in a decrease in the amount of floorspace per office worker that is assumed compared to earlier guidance.

6.9 An allowance of 10% is added to all floorspace requirements to reflect a normal level of market vacancy in employment space. Where a reduction in jobs is

²⁶ Based on HCA/Offpat Employment Densities Guide, 2010

forecast, the associated negative floorspace was halved, to reflect the fact that not all of this employment space is likely to be lost.

Table 6.2 EEFM Job Growth based Employment Space Requirements in Stevenage, 2011-2031

	Floorspace (m ²)
Manufacturing (B1c/B2)	-45,920
Distribution (B8)	10,980
Offices (B1a/b)	33,900
Total	-1,040

Source: NLP analysis

- 6.10 This forecast net increase of 960 B Class jobs over a 20-year period (to 2031) which underpins this estimate of future employment space needs, is equivalent to an average of 48 additional jobs respectively each year. This is significantly lower than the long term job growth achieved in Stevenage over the period 1991-2011 when EEFM data indicates that B class jobs in the Borough increased by approximately 135 jobs per annum. On the basis of past performance, the above employment space forecasts could be regarded as a less optimistic estimate.

Scenario 2: Higher Enterprise Job Growth

- 6.11 Given the relatively low levels of business start-up activity in Stevenage, particularly when compared with the regional and national averages, and current work by the Council, North Hertfordshire College, and others to stimulate activity, it was considered appropriate to also consider an alternative 'policy on' higher enterprise job growth scenario. This was predicated on an increase in enterprise and entrepreneurial activity occurring within Stevenage over the Plan period which would not have been reflected in the EEFM forecasts.
- 6.12 Based on an assessment of the existing representation of start up businesses in Stevenage (including current occupational profile of the BTC), and recognition of future enterprise focused initiatives/strategies for the Borough, a number of EEFM sectors have been identified where it is considered that future expansion of start-up growth might reasonably be focused:
- Publishing and broadcasting
 - Computer related activity
 - Finance
 - Real estate
 - Professional services
 - Business services
 - Employment activities
 - R&D

- 6.13 This scenario therefore allows for some uplift in growth in these sectors, creating new employment opportunities and supporting higher job growth in these sectors. As such, the higher enterprise job growth scenario assumes that, compared with the EEFM baseline job forecasts, absolute employment growth in these eight sectors would be 5% higher over the period to 2031, while employment growth in all other sectors would remain the same.
- 6.14 Within the context of Stevenage’s economy, growth in R&D is likely to reflect the potential role of the Bioscience Catalyst at GSK²⁷, while the remaining sectors are more likely to be associated with BTC-style office premises, which offer incubator and specific business support for small start-up firms.
- 6.15 This approach effectively adds a further 650 B class jobs onto the baseline employment forecast to 2031, expected to be largely accommodated within office accommodation typical of the BTC. Average employment density ratios (as outlined in scenario 1 above) have been assumed, resulting in the higher floorspace demand estimates indicated in Table 6.3 (including an allowance for 10% vacancy).

Table 6.3 Higher Enterprise Job Growth based Employment Space Requirements in Stevenage, 2011-2031

	Floorspace (m ²)
Manufacturing (B1c/B2)	-45,920
Distribution (B8)	10,980
Offices (B1a/b)	41,430
Total	6,490

Source: NLP analysis

- 6.16 Given the predicted decline in Stevenage’s industrial sectors along with the general sense that take-up of these types of units where they already exist in the town (e.g. Chells Enterprise Village) is driven by ‘churn’ rather than entrepreneurship, industrial-focused sectors have not been included within this scenario.

b. Past Development Rates

- 6.17 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not reflect past trends and some adjustments may be needed.

²⁷ The Bioscience Catalyst opened in 2012 within the GSK site and aims to foster the development of new companies in this high growth sector

Scenario 3: Past Development Rates (baseline)

6.18 Data on past completions by B class sector was provided by Stevenage Borough Council. Completions in the period 2002-2012 have been analysed, since this is a reasonably long period that reflects a full business cycle. Over this period, average annual net completions for B Class uses amounted to some -5,570m², broken down as shown in Table 6.4. The majority (97%) of this negative net figure related to industrial space, with the remaining 3% accounting for offices. Gross completions were significantly higher, at an average of 13,400m² annually, but this masks significant losses of employment space over the last 11 years.

Table 6.4 Annual Net Completion Rates in Stevenage, 2002-2012

Sector (Use Class)	Net annual completion (m ²)	Gross annual completion (m ²)
Industrial (B1c/B2/B8)	-5,430	5,520
Office space (B1a/b)	-140	7,880
All	-5,570	13,400

Source: Stevenage Borough Council

6.19 One view of future growth in Stevenage could simply assume that future development rates carry on at the long term average achieved in the past. If it were assumed that the past (negative) net completion rates noted above continued in the 20 years between 2011-2031, it would equate to the need for a reduction of 2,800m² of office space, and a reduction of 108,600m² of industrial space. In total, this would indicate a reduction of approximately 111,400m² of employment space by 2031, a figure more than one hundred times the reduction estimated using job forecasts (Table 6.5).

Table 6.5 Employment Space Requirement based on Past Trends Continuing, 2011-2031

Sector (Use Class)	Assumed annual completion rate (m ²)	Floorspace Required (m ²) *
Industrial (B1c/B2/B8)	-5,430	-108,600
Office space (B1a/b)	-140	-2,800
All	-5,570	-111,400

Source: NLP analysis * totals rounded

6.20 This approach assumes that past trends of office development in both a relatively buoyant as well as recessionary economic period would continue unchanged, and may not fully reflect the impacts of the current economic downturn or longer term workplace trends that could reduce future demand for office space. Conversely, it may underestimate future demand if the supply was constrained in the past, for example because of poor sites available or

infrastructure/funding factors. If this approach is used, some adjustments to past completion rates are needed to reflect such factors.

Scenario 4: Past Development Rates (high)

6.21 As Figure 3.6 indicates, take-up rates for both offices and industrial uses have been very variable over recent years with no clear trend other than a general reduction in annual take up over the last 11 years or so. Three years in particular (2003, 2004 and 2009) stand out as recording significant losses (mainly industrial space), which in turn lowers the past 11-year annual average take-up significantly to the point that it becomes negative (-5,570 m²).

6.22 An alternative growth scenario was therefore considered based on a higher rate of take-up than experienced over the past 11 years. It reflects past take-up trends in the Borough over an 11-year period, excluding the years 2003, 2004 and 2009 which saw significant losses of industrial and office space across a small number of key sites and could therefore be viewed as atypical.²⁸ The effect of this adjustment is to convert both office and industrial losses to a moderate net gain. The floorspace requirements based on these factors are shown in Table 6.6.

Table 6.6 Employment Space Requirement based on Past Trends Continuing (High), 2011-2031

Sector (Use Class)	Assumed annual completion rate (m ²)	Floorspace Required (m ²) *
Industrial (B1c/B2/B8)	2,540	50,800
Office space (B1a/b)	2,910	58,200
All	5,450	109,000

Source: NLP analysis * totals rounded

c. Future Labour Supply

6.23 It is also important to consider how many jobs, and hence how much employment space, would be needed to broadly match forecast growth of the Borough's resident workforce. In contrast to the two preceding approaches, this forecasts the supply of labour rather than labour demand. It then indicates the amount of new jobs needed to take-up this future supply of workers and minimise local unemployment, and how much employment space would be needed to accommodate these jobs.

²⁸ Largely comprising loss of B2 floorspace at the former ABB site, loss of B2/B8 space at the Arlington Site, loss of B8 space at the former Mastercare warehouse and loss of B1 office space at Matra BAE Dynamics (Six Hills Way)

Scenario 5: Labour Supply (300 dw.p.a.)

- 6.24 In the absence of an adopted Core Strategy and based on most recent household projections, Stevenage Borough Council anticipate that a NPPF-compliant housing target for the Borough will be in the order of 6,000 new homes over the period 2011-31, which implies 300 dwellings per annum (dw.p.a.). The labour supply implications of these additional dwellings have been modelled by NLP to take account of economic activity rates and future pension age changes outlined in current national policy.
- 6.25 A 2001 Census²⁹ workplace ratio was applied to these projections to convert the resident labour supply to a workplace-based equivalent. This provides an approximation of the number of people likely to be seeking work within Stevenage as it allows for a proportion of the resident population commuting to jobs elsewhere and for some in-commuting. Overall, Stevenage was a net importer of labour in 2001, with a workplace ratio (the ratio of resident workers to workplace workers) of 0.95. This means that a greater number of workers commute into Stevenage for work than commute out, with imports of labour exceeding exports by 5% (based on 2001 Census data).
- 6.26 The workplace labour supply forecasts indicate an increase of 2,900 workers in the Borough by 2031 (Table 6.7). From these forecasts, the number of B Class jobs required was estimated assuming one additional job would be required for each additional worker forecast and based on the forecast proportion of B Class jobs within total jobs in Stevenage in 2031.³⁰

Table 6.7 Scenario 4: Forecast Labour Supply/Job Requirement in Stevenage to 2031

	Average per year (2011-2031)	Change 2011-2031
Dwellings	300	6,000
Resident labour supply ³¹	340	6,830
Workplace labour supply ³²	145	2,900
B-class job requirement	64	1,280

Source: Stevenage Borough Council / NLP analysis

- 6.27 The resulting job numbers were then translated into estimated requirements for B class employment floorspace by applying the same standard employment densities used in the job growth based approach and adding a 10% vacancy allowance. The floorspace estimates for manufacturing and warehousing space

²⁹ Commuting information from the 2011 Census has not yet been released by ONS

³⁰ Source: EEFM employment forecasts, 2012

³¹ Estimated by applying average household size, working age population and economic activity rate for Stevenage

³² Estimated by applying net out-commuting rate from 2001 Census

were combined since these two sectors typically occupy the same types of sites at similar development densities.

- 6.28 Overall, future employment space requirements based on meeting the job needs of local residents would mean approximately 32,980m² B-class employment space being required by 2031 (Table 6.8).

Table 6.8 B Class Floorspace Required from Labour Supply Growth

Use	Floorspace (m ²) 2011-2031
Industrial (B1c/B2/B8)	22,880
Offices (B1a/b)	10,100
Total	32,980

Source: NLP analysis

- 6.29 This labour supply based estimate provides a useful benchmark for comparison with labour demand approaches. Based on 300 net additional dwellings p.a., this forecast produces the second highest floorspace requirement of all the scenarios considered.
- 6.30 One potential drawback of this approach is that no change is assumed over time in the proportion of future jobs made up by office-based employment, which might be expected to increase in future. This might underestimate future office space requirements and overestimate industrial space needs. Furthermore, by extrapolating the 2031 breakdown of B class jobs to a workplace labour supply, this approach will usually imply positive floorspace requirements for both industrial and office uses, as opposed to other scenarios which are based on projections and past trends.

Net Employment Space Requirements

- 6.31 Drawing together the results from these different approaches and growth scenarios, Table 6.9 summarises the net floorspace requirement up to 2031 arising from each.

Table 6.9 Net Floorspace Requirement to 2031 for Different Growth Scenarios

Scenario Use	Labour Demand		Past Development Rates		Labour Supply
	1. Baseline Job Growth	2. Higher Enterprise Job Growth	3. Past Take-up (baseline)	4. Past Take-up (high)	5. Labour Supply (300 dw.p.a)
Industrial (B1c/B2/B8)	-34,940	-34,940	-108,600	50,800	22,880
Offices (B1a/b)	33,900	41,430	-2,800	58,200	10,100
All B uses	-1,040	6,490	-111,400	109,000	32,980

Source: NLP analysis

6.32 These forecasts reflect a fairly wide range of potential space requirements. For industrial space, this would be between -108,600m² (based on baseline past take-up) and 50,800m² (higher past take-up) up to 2031. For office space, the range is narrower, between -2,800 m² (based on baseline past take-up) and 58,200m² (higher past take-up).

Safety Margin

6.33 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.

6.34 In a location like Stevenage with constrained land supply and significant development pressure from other uses, there is a need to ensure a reasonable but not over-generous additional allowance that provides for some flexibility but avoids over-provision of scarce land. However, it also needs to reflect that there may be potential delays in some of the Borough's larger development sites coming forward for development (such as the former Kodak site).

6.35 The SEEPB guidance on employment land assessments recommends an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For Stevenage, the margins set out in Table 6.10 were added for B Class use based on one year of average gross take-up³³. This appears an appropriate level relative to the estimated scale of the original requirement.

³³ Average gross take up data is used to provide a realistic safety margin as net take up data results in negative average annual take up of both industrial and office space

Table 6.10 Safety Margin Allowances

Use	Average Annual Gross Take-up (m ²)	Safety Margin Added (m ²)
Offices (B1a/b)	7,880	7,880
Industrial (B1c/B2/B8)	5,520	5,520

Source: NLP analysis

Convert to Gross Floorspace Requirements

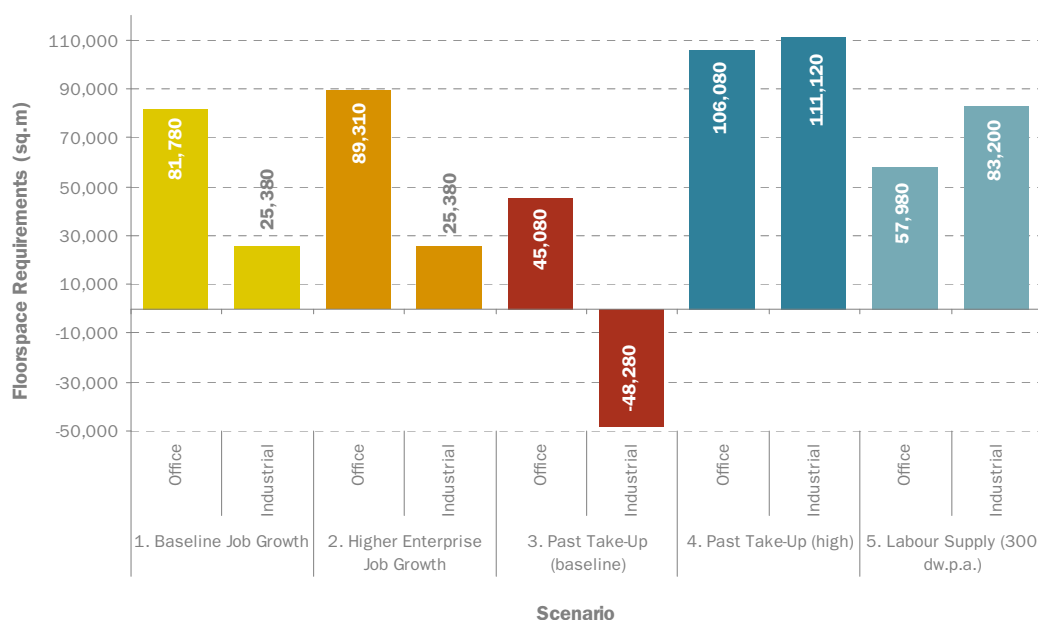
- 6.36 To convert the net requirement of employment space into a gross requirement (the amount of employment space or land to be allocated), an allowance is also typically made for some replacement of losses of existing employment space that may be developed for other, non B Class uses.
- 6.37 Judgements were made on the suitability and degree of the allowance for future losses which it would be appropriate to apply here based on analysis of supply-side deliverability factors and current trends in the market. Not all losses need to be replaced as some will reflect restructuring in the local economy as less manufacturing space is needed in future and changing occupier requirements. In the past, loss of employment space in Stevenage has been driven by the gradual shift from larger single industrial occupiers (often early New Town occupiers) to more diverse and smaller firms, while manufacturing employment is forecast to decline in the Borough over the next 20 years (Table 6.1). Wider land availability constraints provide a continued challenge for the Borough with regards to loss replacement. Nonetheless, market demand for industrial space in Stevenage has remained high, although the Borough tends to be better suited to small scale industrial activities.
- 6.38 Therefore, it is considered less realistic for the Borough to replace all losses of industrial space going forward and it has been assumed that 25% of industrial losses will be replaced each year, equating to 2,740m². For offices, an allowance of 2,000m² p.a. was applied, also based on 25% of the average annual loss of office space over the last 11 years (2002-2012). These relatively low proportions of industrial and office losses have been replaced given that historically loss of employment space has largely involved loss of older, redundant space, whilst also recognising the difficulty of continuing to replace losses due to the Borough's physical constraints and lack of readily available land for development.
- 6.39 The resultant gross floorspace requirements incorporating these allowances are set out in Table 6.11 and Figure 6.1.

Table 6.11 Gross Floorspace Requirement by Scenario to 2031 (m2)

Scenario Use	Labour Demand		Past Development Rates		5. Labour Supply (300 dw.p.a)
	1. Baseline Job Growth	2. Higher Enterprise Job Growth	3. Past Take-up (baseline)	4. Past Take-up (high)	
Industrial (B1c/B2/B8)	25,380	25,380	-48,280	111,120	83,200
Offices (B1a/b)	81,780	89,310	45,080	106,080	57,980
All B uses	107,160	114,690	-3,200	217,200	141,180

Source: NLP analysis

Figure 6.1 Gross Floorspace Requirements by Scenario (sq.m)



Source: NLP analysis

Estimate Land Requirement

6.40

The final step, for all scenarios, was to translate floorspace into land requirements for both office and industrial uses. This has been calculated by applying appropriate plot ratio assumptions to the floorspace estimates using the following assumptions and local adjustment factors to reflect the pattern of development in the Borough:

- **Industrial** – a plot ratio of 0.4 was applied so that a 1 ha site would be needed to accommodate 4,000 m² of employment floorspace; and

- **Offices** – it was assumed that 80% of new floorspace would be in lower density developments with a plot ratio of 0.4, with 20% in higher density urban/town centre locations at a plot ratio of 2.0. This reflects the recent pattern of office development (particularly within the Gunnels Wood area) and assumes that the new town centre will play a limited role within office (re)development in net terms over the plan period.

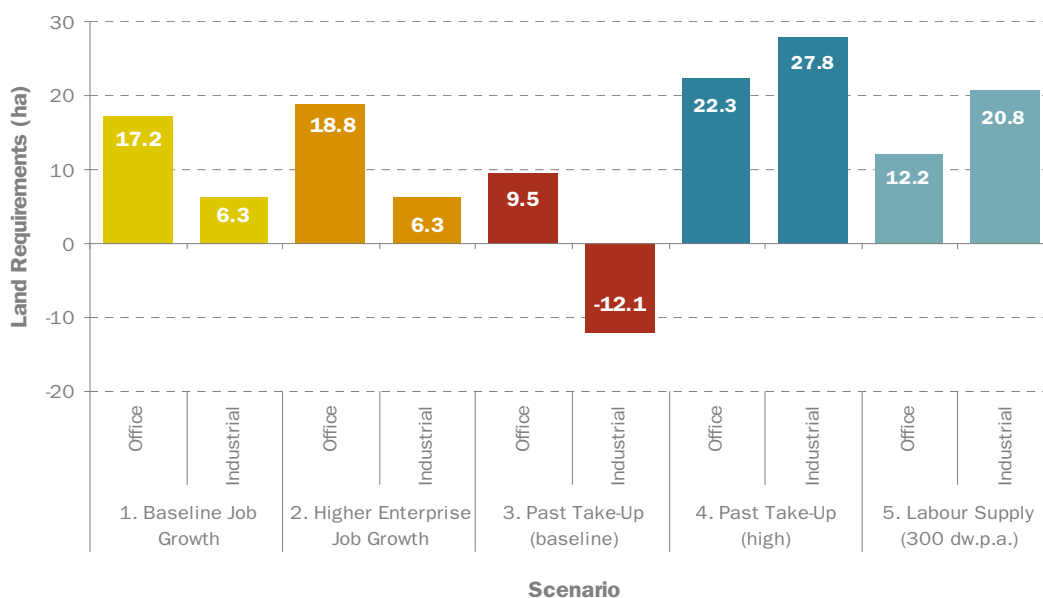
6.41 The resulting land requirements are set out in Table 6.12 and Figure 6.2.

Table 6.12 Gross Land Requirement by Scenario to 2031 (ha)

Scenario Use	Labour Demand		Past Development Rates		5. Labour Supply (300 dw.p.a)
	1. Baseline Job Growth	2. Higher Enterprise Job Growth	3. Past Take-up (baseline)	4. Past Take-up (high)	
Industrial (B1c/B2/B8)	6.3	6.3	-12.1	27.8	20.8
Offices (B1a/b)	17.2	18.8	9.5	22.3	12.2
All B uses	23.5	25.1	-2.6	50.1	33.0

Source: NLP analysis

Figure 6.2 Gross Land Requirement by Scenario (ha)



Source: NLP analysis

6.42 The range of land requirements for office development land is fairly narrow – between 9.5 and 22.3 ha to 2031, depending on the approach used. For industrial land, the range is wider, between -12.1 and 27.8 ha to 2031. Overall,

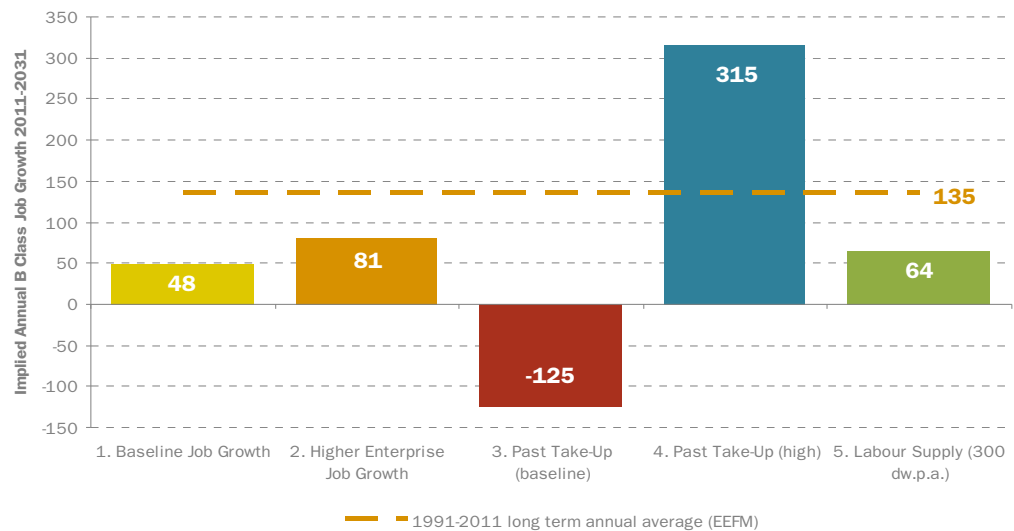
this requirement is relatively modest; to provide some context, these requirements amount to between 11 – 23% of the total stock of employment space in Stevenage³⁴, to be delivered over a 20-year period.

Sensitivity Tests

6.43 Given the range of potential requirements implied by these different estimates of future requirements, it is important to test how reasonable each appears against other factors and how sensitive they are to different assumptions.

6.44 It is useful to first compare the employment growth implied by these amounts of land with employment growth actually achieved in Stevenage in recent years (Figure 6.3). The lowest past take up (baseline) based estimate implies a loss of 125 B class jobs annually over the next 20 years, mostly industrial jobs. The highest growth estimate based on higher past take up (i.e. excluding three years where the Borough recorded significant losses) implies some 315 more B class jobs annually, mostly office jobs. These figures compare with an average growth of 135 B class jobs in Stevenage per year between 1991 and 2011 (i.e. the long term trend implied by EEFM data). The higher enterprise job growth and higher past take-up scenarios lie closest to this past employment growth trend.

Figure 6.3 Annual B Class Job Growth Implied by Scenarios



Source: NLP / EEFM analysis

Note: Estimated job levels for each scenario do not take account of additional floorspace allowance in the safety margin, which is identified for planning purposes and may not actually be developed

6.45 This indicates that the higher past take-up based estimate could generate a significantly higher level of job creation than has been achieved in the Borough in the last 20 years. As that period was one of relatively strong economic growth

³⁴ Defined as the 214 ha of existing sites appraised as part of the site assessments

(followed by a severe recession with an outlook of fragile recovery) this estimate would appear optimistic, but not inconsistent with the Council's vision for a strong and prosperous Borough by 2031.

- 6.46 Meanwhile, the remaining four scenarios imply lower annual B class job growth than the long term Borough trend, particularly the past take-up (baseline) based estimate which would entail a substantial deviation from the long-term average rate of employment growth recorded in Stevenage over the past 20 years. The two job growth scenarios reflect a more pessimistic, post-recessionary outlook and therefore sit below the long-term average rate of job growth achieved in Stevenage, while the labour supply scenario is constrained by indigenous population growth and housing delivery. The Council should therefore plan to achieve employment growth associated with these four scenarios as a minimum, while a more aspirational approach would seek to match or exceed the long term average, particularly within the context of a pro-growth NPPF and the wider challenges faced by Stevenage to maintain its economic competitiveness.
- 6.47 Other assumptions which can make a significant difference to the forecasts of future requirements include the allowance for replacement of future losses. With no allowance for future losses, the highest estimate of future industrial space needs (high past take up) would nearly halve, reducing by 54,800m². Two of the lowest estimates (based on job growth) rely upon the replacement of losses to maintain a positive requirement; not allowing for future losses would result in a negative requirement for industrial space of -29,420m².
- 6.48 Past trends suggest that loss of employment space has been relatively high in Stevenage over the past 11 years, partly due to concentrations of industrial and office stock that is old and in poor condition, and increasing pressures on employment land from other, higher value uses (such as residential). Given the Borough's geographical/boundary constraints, it is likely that this trend will continue over the plan period, and it would therefore appear sensible to plan for some replacement of future losses.

Conclusions

- 6.49 Five different scenarios of future employment space requirements have been considered, based on a number of approaches which reflect economic growth, development trends and potential housing supply factors. Four of these reflect assumptions of lower future economic growth in Stevenage than the Borough has achieved in the recent past.
- 6.50 The overall space requirements related to these different scenarios range from -3,200m² to 217,200m² of all types of employment space up to 2031, implying in broad terms a need for between -2.6 ha and 50.1 ha of employment land.
- 6.51 Given an uncertain economic outlook, it is difficult to select the most likely option from these alternative growth pictures and all five scenarios have been tested against the Borough's supply position (Section 8.0). However, the baseline job growth scenario reflects a relatively weak economic outlook, and by

projecting forward past levels of employment growth (which in Stevenage has been below average), is likely to present a more pessimistic estimate of future spatial requirements.

- 6.52 Negative job growth implied by the baseline past take-up scenario deviates considerably from the long term trend, suggesting that this approach could significantly under estimate the employment space required to accommodate future economic activity in the Borough. The overall negative requirement associated with this scenario is driven by a number of significant losses of industrial space over the last 10 years which, given current land capacity constraints, is unlikely to occur again to the same degree over the plan period.
- 6.53 Given that the labour supply scenario is constrained by housing delivery (which faces increasing pressure due to limited land availability in the Borough), the higher enterprise job growth scenario appears to better reflect the Council's economic vision for the Borough, with annual job growth implied by this scenario lying closest to the long term trend. It is therefore recommended that the Council should plan to at least accommodate the employment space requirements entailed by this scenario, but also consider planning for higher growth associated with the higher past take-up based scenario, which reflects more buoyant commercial market conditions, but in practice may be undermined by land availability constraints.

7.0 Need for Additional Employment Land

7.1 This section draws together the forecasts of future employment land needs in Section 6.0 and the estimates of available land supply from Section 3.0 to identify the overall demand/supply balance of employment space in Stevenage, and consequently the need for any additional provision in future.

Quantitative Balance

7.2 Section 6.0 identified a need for between -3,200m² and 217,200m² of employment space up to 2031, including a modest safety margin largely to allow for delays in sites coming forward for development. The land requirements associated with these amounts of employment floorspace were estimated at between -2.6 and 50.1 ha.

Pipeline Supply

7.3 As detailed in Section 3.0, the pipeline supply of employment space comprises extant planning permissions identified in the Council's annual monitoring data, permissions where development is in progress and sites allocated in the (former) District Plan that do not yet have planning permission.

7.4 From these sources, the employment space available to help meet future needs in Stevenage is estimated to comprise around 20 ha or 67,090m² in net terms, with an estimated breakdown by main use shown in Table 7.1.

Table 7.1 Stevenage Employment Land Supply at 31 March 2012 (Sites >0.1 ha)

Site Status	Site Area (ha)			Floorspace (m2)		
	Industrial	Offices	Total	Industrial	Offices	Total
Allocation (no permission)	1.0	1.0	2.0	n/a		
Sites with planning permission	2.4	15.6	18.0	10,500	56,590	67,090
Total	3.4	16.6	20.0	10,500	56,590	67,090

Source: Stevenage Borough Council

Note: Site area (ha) split by industrial/office use for allocated sites with no permission has been estimated by NLP based on a 50:50 split

7.5 The majority (84%) of identified supply relates to office and R&D (B1a/b) space, with just 16% accounting for industrial (B1c/B2/B8) floorspace. Whilst these figures cover Stevenage as a whole, the majority of extant planning permissions (74%) are concentrated within one site (GSK) at the southern end of Gunnels Wood, with very little remaining supply spread across other sites and areas of the Borough.

- 7.6 Drawing together extant planning permissions and existing allocations, there appears, based on the above data, to be current capacity to provide for some 56,590m² of new office space and 10,500m² of new industrial space, or 67,090m² in total.
- 7.7 A broad comparison of estimated demand for B Class space against all currently identified supply, as shown in Table 7.2, implies that Stevenage would only have enough employment space in quantitative terms up to 2031 to accommodate the lowest (negative) future employment space requirement based on baseline past take-up. Under job growth, higher past take-up and labour supply scenarios, the Borough would have a shortfall of between 3.5 and 30.1ha of employment space to 2031.

Table 7.2 Demand/Supply of B Class employment space in Stevenage

	1. Baseline Job Growth	2. Higher Enterprise Job Growth	3. Past Take-up (baseline)	4. Past Take-up (high)	5. Labour Supply (300 dw.p.a)
Requirement for B Class space (ha)	23.5	25.1	-2.6	50.1	33.0
Available employment space (ha)	20.0				
Surplus (+)/Shortfall -(ha)	-3.5	-5.1	22.6	-30.1	-13

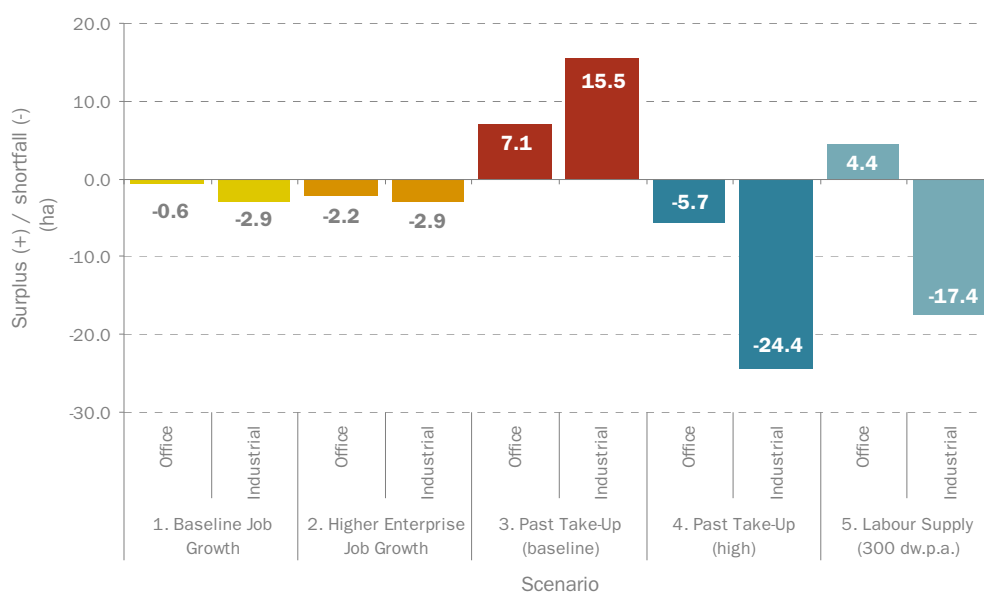
Needs of Different Employment Uses

- 7.8 Ensuring an adequate choice of types of sites is also important even if there is adequate supply in quantitative terms. This is necessary to meet needs of different employment sectors and the aims for diversity of employment opportunities at different skill levels. Potential supply of employment space for both industrial and office uses was therefore compared with estimated requirements for these uses.
- 7.9 Table 7.3 and Figure 7.1 compare the demand and supply situations for industrial and offices uses separately. This indicates that there would be a shortfall of industrial space, in quantitative terms, to meet forecasted needs arising under all but one demand estimate (baseline past take-up). The situation is similar for office space, with three of the five demand estimates implying a shortfall of office space to 2031, with the deficit varying between 0.6 and 5.7ha depending on the scenario.

Table 7.3 Demand/Supply for office and industrial space to 2031 (ha)

	1. Baseline Job Growth	2. Higher Enterprise Job Growth	3. Past Take-up (baseline)	4. Past Take-up (high)	5. Labour Supply (300 dw.p.a)
Industrial					
Industrial space requirement	6.3	6.3	-12.1	27.8	20.8
Potential supply of industrial space	3.4				
Surplus (+)/Shortfall (-)	-2.9	-2.9	15.5	-24.4	-17.4
Offices					
Office space requirement	17.2	18.8	9.5	22.3	12.2
Potential supply of office space	16.6				
Surplus (+)/Shortfall (-)	-0.6	-2.2	7.1	-5.7	4.4

Figure 7.1 Forecast surplus of office and industrial space to 2031 by scenario



Source: NLP analysis

Alternative Supply Position

7.10

Whilst Council monitoring data identifies approximately 20ha or 67,090m² of available employment space on existing employment sites suitable for (re)development over the plan period, the majority of this space is located on a small number of sites that are not readily available to the open commercial

market. For example, nearly three quarters (74% or 14.8ha) of the total 20ha is concentrated on two sites within the GSK campus which have planning consent for sector specific development (linked to the existing Bioscience Catalyst). A further 12% (2.3ha) of available land comprises the former Kodak site in Gunnels Wood which is privately owned and is understood to have no realistic prospect for delivery in the short term. This points to a lower overall development capacity for employment floorspace than indicated above.

7.11 The effect of excluding these sites from the total supply would be a reduction of available land capacity by 86% to just under 3.0 ha, and a reduction of available floorspace by 94% to just 3,800m² across these identified sites. This would reduce the supply of available industrial space by 45% to 1.9ha/64% to 3,790m² and would effectively eliminate all available floorspace for B1 office uses. Table 7.4 below summarises the effect of these changes in terms of presenting an alternative supply position.

Table 7.4 Available Employment Land in Stevenage (Alternative Supply)

Site Status	Site Area (ha)			Floorspace (m2)		
	Industrial	Offices	Total	Industrial	Offices	Total
Allocation (no permission)	1.0	1.0	2.0	n/a		
Sites with planning permission	1.0	0	1.0	3,790	0	3,790
Total	2.0	1.0	3.0	3,790	0	3,790

Source: Stevenage Borough Council

7.12 For the purposes of this study, it is useful to test the various employment floorspace requirements to 2031 against this alternative supply position. In this situation, Stevenage would not have enough employment space in quantitative terms to accommodate four of the five scenarios of future employment space requirements, with this potential shortfall varying between 20.5 and 47.1ha to 2031. This effectively exaggerates the initial demand/supply balance outlined above, with only the lowest demand based scenario (which implies a loss of B class jobs over the plan period) able to be accommodated by the alternative supply.

Table 7.5 Demand/Supply of B Class employment space in Stevenage (Alternative Supply)

	1. Baseline Job Growth	2. Higher Enterprise Job Growth	3. Past Take-up (baseline)	4. Past Take-up (high)	5. Labour Supply (300 dw.p.a)
Requirement for B Class space (ha)	23.5	25.1	-2.6	50.1	33.0
Available employment space (ha)	3.0				
Surplus (+)/Shortfall (-)(ha)	-20.5	-22.1	5.6	-47.1	-30.0

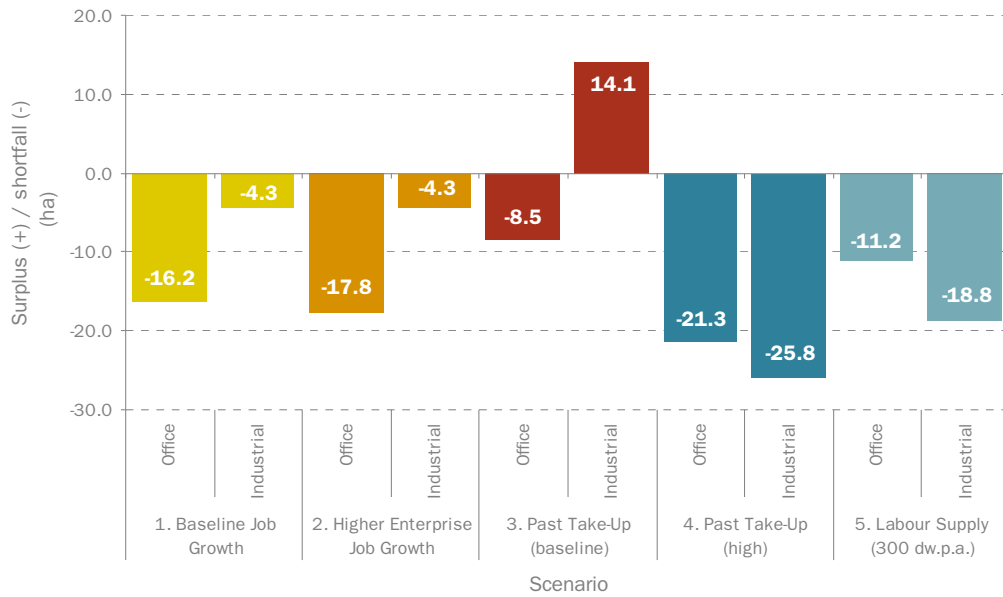
7.13 A comparison of the demand and supply situations for industrial and office uses indicates that there would be a shortfall of office space to meet forecasted needs across all scenarios, while only one demand scenario (based on baseline past take-up) would result in an overall surplus of industrial space by 2031 (the least ambitious scenario which would not appear to reflect the Council's economic vision for the Borough).

7.14 It should be noted that this alternative supply position reflects current understanding and assumptions and could change following discussions with/decisions made by relevant landowners/developers etc.

Table 7.6 Demand/Supply for office and industrial space to 2031 (ha) (Alternative Supply)

	1. Baseline Job Growth	2. Higher Enterprise Job Growth	3. Past Take-up (baseline)	4. Past Take-up (high)	5. Labour Supply (300 dw.p.a)
Industrial					
Industrial space requirement	6.3	6.3	-12.1	27.8	20.8
Potential supply of industrial space	2.0				
Surplus (+)/Shortfall (-)	-4.3	-4.3	14.1	-25.8	-18.8
Offices					
Office space requirement	17.2	18.8	9.5	22.3	12.2
Potential supply of office space	1.0				
Surplus (+)/Shortfall (-)	-16.2	-17.8	-8.5	-21.3	-11.2

Figure 7.2 Forecast surplus of office and industrial space to 2031 by scenario (Alternative Supply)



Source: NLP analysis

Sensitivity of Office Vacancy

- 7.15 As outlined in Section 3.0, whilst vacancy levels amongst Stevenage’s industrial stock remain relatively low, a significant proportion of the Borough’s office stock is currently vacant, amounting to 41,260m² or 24% of total stock (more than double the normal market vacancy rate of around 10%).
- 7.16 Within the context of an identified shortfall of office space to meet future requirements, it is useful to test the implications of including this surplus vacant office stock within the overall alternative supply position (i.e. the most realistic supply position for which to plan), whereby assuming that some of this vacant space could return to productive use and help to satisfy future demand.
- 7.17 Reducing office vacancy to average market levels (10%) would imply occupation of approximately 23,760m² of office space, equivalent to around 3.6ha of land.³⁵ Adding this vacant office space to total alternative supply would still result in an overall shortfall of office space to 2031 under all scenarios, varying from -4.9ha (scenario 3) to -17.7ha (Scenario 4). The scale of the shortfall is such that even adding all of the office stock currently recorded as vacant³⁶ (thereby reducing Borough-wide office vacancy to 0%) to the total alternative supply position would not be sufficient to offset the shortfalls of office space arising from any of the six scenarios considered.

³⁵ assuming a 50:50 split between business park and town centre offices

³⁶ 41,260m²/ 6.2ha in December 2012 (EGi PropertyLink)

- 7.18 It is important to note that this sensitivity does not take into account location and market attractiveness factors associated with the office stock/land identified as vacant. This qualifier is important because, in reality, much of this stock has remained vacant because it fails to meet the requirements of potential occupiers, either because it is of poor quality and/or suffers from outdated specifications and inflexibility or as the majority is located in areas of lower market demand (i.e. the town centre). It is therefore not considered realistic that re-occupation of existing vacant space would, in itself, be sufficient to meet the Borough's quantitative or qualitative future requirements for office space.

Qualitative Factors

- 7.19 Even where no quantitative shortfall of space is identified, in some circumstances additional land may be needed for qualitative reasons, for example to:
- improve the choice of provision for occupiers;
 - meet gaps in the supply of particular types of premises;
 - improve or modernise the quality of current provision and so help attract more occupiers; or
 - provide a better distribution of employment opportunities across the Borough or for specific settlements.

- 7.20 Qualitative needs are considered are more detail below for each market segment.

Industrial

- 7.21 From the above analysis, there appears to be a quantitative need for additional land for industrial uses across the Borough as a whole, even if the alternative, worst case supply position did not materialise. In addition, current vacancy levels for industrial space are well below normal market levels, while agents report that many enquiries for industrial space in Stevenage cannot be met. Limited availability of new land and high occupancy on existing sites is preventing the churn and intensification that some of the Borough's stock requires to remain attractive to occupiers.
- 7.22 This suggests that, to minimise the risk of current allocations/planning permissions not coming forward, and to cater for the needs of indigenous firms across the Borough, there may be a qualitative need for some more industrial sites that are readily available and located near to strategic roads (i.e. the A1) and transport links. Given that the recent trend of industrial market activity in Stevenage has resulted in patchwork development on some sites (namely Gunnels Wood), with incompatible uses often operating side-by-side, allocating new sites might also have better prospects of attracting developers and re-introducing a coherent industrial identity/product to the town.

Offices

- 7.23 For office uses, the analysis above suggests that under those scenarios considered to best reflect the Council's economic vision for the Borough over the Plan period, there is also a quantitative need for additional land for office uses to 2031, even under the best case supply position. However, evidence suggests that it is very unlikely that any of the office space identified by Council monitoring data as being available to meet future needs will come forward to the wider market. Without identifying/allocating any new land for office uses or taking steps to significantly intensify or redevelop existing office sites in the Borough, none of the requirements for office space estimated by this study will be able to be accommodated over the Plan period.
- 7.24 Whilst the Borough has a sizeable stock of office premises and a relatively high level of office vacancy overall (which could help to contribute towards meeting future needs), market consultation suggests that much of the vacant space comprises older, large purpose built premises in town centre locations that are effectively redundant to current market requirements and lack occupier appeal. As noted above, even if all of the existing vacant space were to be reoccupied it would not be sufficient to offset the quantitative requirements identified under the scenarios considered. There may be opportunities to refurbish or upgrade some of this space, but this will require investment and ultimately may still not prove sufficiently attractive to the Stevenage's office occupier base. Meanwhile, recent developments of small scale, high quality new-build office accommodation within the larger employment sites (such as Gateway 1000) are soaking up what limited demand there is for office space in the current market partly because they are currently available on a very competitive basis and because they appear to better meet the requirements of Stevenage's base of SME businesses.
- 7.25 It could therefore be argued that additional land should be allocated in the Borough to maintain a high quality offer and improve the choice for occupiers. However, location is key and any new space must appeal to the market in order to be viable in the current climate and foreseeable future. In the past the Borough has tended to rely upon redevelopment sites such as Arlington to provide new office space, however as Stevenage's limited supply of employment land becomes increasingly constrained and under pressure, longer term planning for office uses should arguably involve a more proactive and strategic approach to provision of office accommodation.

Start-up Premises

- 7.26 As noted earlier, whilst the Borough has a modest amount of space geared towards small, start-up businesses, consultations with local agents suggest that the town lacks the necessary, affordable space for these firms to move onto once they grow out of small managed workspace, and that lack of available space could constrain this type of development.

Conclusions

- 7.27 Based on available employment space identified by Council monitoring data, in quantitative terms, Stevenage has insufficient industrial and office floorspace to meet future needs up to 2031, under those scenarios of future growth considered most appropriate to plan for. The calculations underpinning this conclusion assumes that a number of allocated sites and sites with extant planning permission will come forward over the Plan period, although it is understood that the majority of this space either has no realistic prospect of delivery in the short term or is unlikely to become available to the wider market. Excluding these sites from available supply would act to further increase the potential shortfall.
- 7.28 The Borough's office market suffers from a range of qualitative factors such as high vacancy of older, town centre office premises, and poor perception/profile as an office location. Therefore, any new office space allocations should be located in areas of the Borough that continue to be in demand from occupiers (seeking to replicate the success of recent developments such as Gateway 1000) and that can provide longer term, sustainable and viable development opportunities.
- 7.29 The supply of industrial space identified by the Council is insufficient to meet future needs under all future development scenarios considered appropriate for the Borough. Demand for premises remains strong while levels of vacancy are low and a lack of available land is driving firms out of the Borough as growth needs cannot be accommodated locally. In order to consolidate and re-introduce a coherent identity to the Borough's industrial market and minimise the risk of current allocations/planning permissions not coming forward, the Council should consider allocating additional land for industrial uses that is readily available and located near to strategic roads and transport links.

8.0 Future Skills Requirements

- 8.1 This section considers future skills requirements in Stevenage in the context of any existing current identified constraints and mismatches and projections of future changes in the demand for skills. It then considers the extent to which specific measures may be required to ensure the best possible alignment between the skills available within the local workforce and the potential requirements of business.

Current Issues

- 8.2 The central feature of the employment market in Stevenage is that it operates as two distinct (though over-lapping) markets:
- 1 the market in which firms in the Borough seek labour, which is working well; and
 - 2 the market in which residents seek work, which is working much less well.
- 8.3 As the background data in Section 2.0 indicates, the gap between the two is substantial (those employed in Stevenage earn an average of £60 per week more than those who live in the town). Significantly, the gap was exactly the same a decade ago (though it has gone up and down in between): i.e. this is a long-term characteristic which has persisted. Although local residents still take 60% of jobs in the Borough, in-commuting is now a major feature of Stevenage's labour market in a way that it was not when the New Town was founded.
- 8.4 The positive message for Stevenage's economy is that the labour market does not appear to be unduly constraining the Borough's growth or economic potential. This is largely because of Stevenage's excellent transport links which means that skilled and talented employees can easily commute into the Borough, and in so doing have a wide range of attractive places to live. This appears unlikely to change to any significant extent for the foreseeable future.
- 8.5 Local recruitment is much more limited than it was a generation ago, however, which means that there is no pressing labour market reason why any individual company should locate – or remain – in Stevenage. There are other reasons why a firm may wish to be based in Stevenage, but the Borough cannot reasonably claim its indigenous labour supply as one of them. It offers access to a large number of skilled workers, but not 'on the doorstep', from amongst Stevenage residents. In a large part that makes Stevenage much like any other town, as the UK's economy matures and longer journeys to work become more common. However, it is worth noting because it is a notable change from Stevenage's past, and because it means today's relatively footloose firms are less-securely anchored in Stevenage than they could be if they relied on the local market for core employees.

- 8.6 More significant is the drag on their potential of the relatively poor education and skills attainment of so many local residents. As noted in Section 2.0, there is evidence that educational attainment in the Borough has improved, but there are still a significant number of schools that under-perform the national average and Higher Education participation rates are low. Furthermore, many comparator towns perform better in terms of their skills offer. At the same time, the bar is continually rising in the labour market, as more jobs require higher skills and a higher base of initial education. Stevenage is no different and, indeed, has a more demanding labour market than many competitors with a large number of highly skilled jobs based in the Borough. Those with poorer education and skills will increasingly miss out on the better opportunities available.
- 8.7 There is an immediate economic element to this problem because lower wages mean much less spent within the town (particularly significant because so much of the employment in Stevenage is within Gunnels Wood, from where few employees appear to travel into the town centre to shop). There is also a longer-term problem in inter-generational reluctance to commit to higher levels of learning, through apprenticeships, college or university. Some action is underway to address the problem (and the work to stimulate entrepreneurship which North Hertfordshire College is leading is particularly interesting), but all of the stakeholders consulted as part of this study recognised it and none thought that current action would be sufficient.
- 8.8 In development terms a significant feature in the next few years will be the desire of the College to consolidate to one site in Stevenage, uniting the Skills Centre (in Gunnels Wood) and the main campus (near the town centre). The College is likely to have to finance any resulting move itself, because Central Government capital is scarce and primarily focused on replacing redundant stock. North Hertfordshire College may, however, be better placed than many colleges to pay for a new development. There is an opportunity therefore for the Borough Council to work with the College to make the most of this opportunity.
- 8.9 At Higher Education level, there would appear to be very limited prospect of any university wanting to establish a campus in Stevenage between now and 2031, though there may be some further development alongside the Bioscience Catalyst. The most likely enhancement of university-level opportunities in Stevenage would be through new investment by North Hertfordshire College. As the College also operates campuses in Hitchin and Letchworth, the Council should establish an early dialogue with the College to ensure that any such development takes place in Stevenage.

Future Requirements

- 8.10 It is possible to assess the labour market and skills implications of forecast employment change in Stevenage by exploring the projected change in demand for workforce qualifications over the period 2011-2031 using the baseline EEFM scenario outlined in Section 6.0.

- 8.11 This assessment draws upon analysis commissioned by the UK Commission for Employment and Skills (UKCES)³⁷ to explore how patterns of demand for different qualifications levels are changing at a detailed level by industry and occupation. For the purposes of analysis, qualifications are based on standard tiers set out in the Qualifications and Credit Framework (QCF), the national framework for vocational qualifications. It defines formal qualifications by eight main levels (plus no formal qualifications), with the UKCES condensing these into the following six categories:
- QCF 7 & 8 (Postgraduate level).
 - QCF 4, 5 & 6 (Degree level or equivalent);
 - QCF 3 (Advanced);
 - QCF 2 (Intermediate);
 - QCF 1 (Foundation);
 - QCF 0/No Qualifications (Entry and none);
- 8.12 Formal qualification breakdowns (using the QCF) are applied to projected employment in Stevenage by 2031 on a sector-by-sector basis, and compared with the current profile of workforce qualifications in the Borough.
- 8.13 In terms of implications for Stevenage over the Plan period, Table 8.1 indicates that future demand will largely be focused upon higher level qualifications, particularly those aligned with QCF levels seven and eight (postgraduate level). This reflects the Borough's strong representation in high growth and knowledge based sectors which will continue to demand a highly skilled workforce (such as business services) but also the wider up-skilling of the workforce as new technologies and increasingly efficient working practices demand higher level skills and enhanced employee productivity (in sectors such as logistics, construction and hospitality). At the same time, Stevenage is expected to follow the national trend and see a decline in demand for jobs that require lower level or no qualifications.
- 8.14 It should be noted that this analysis is an extrapolation of national trend data which may apply less readily in Stevenage because of the substantial differences between the workplace and resident labour markets highlighted previously. However, in the absence of primary local data, this is the most appropriate available.
- 8.15 In economic terms, firms based in Stevenage are very likely to follow the national trend, with gradual up-skilling of their workforce – and also to continue to be able to recruit the people they need, locally and through inward commuting, without any significant difficulty.
- 8.16 For residents, however, the future looks very different. By the standards of today's labour market, they are relatively poorly educated and relatively low

³⁷ UK Commission for Employment and Skills, Working Futures 2010-2030, Sectoral Report, August 2012

skilled. All analysis agrees that there will still be jobs for people with low qualifications (such as basic grade care staff, or shop workers), but there will be fewer of them, and competition for them will be greater, keeping wages low. The better opportunities will go to those who have a stronger education base and better skills.

Table 8.1 Projected change in demand for qualifications in Stevenage, 2011-2031

Qualification Level (QCF)	Baseline Employment (2011-2031)	
	Absolute Change	% Change
QCF 7-8	3,740	74.4
QCF 4-6	2,180	16.1
QCF 3	-1,410	-14.4
QCF 2	-380	-4.1
QCF 1	470	6.8
No Qualifications	-1,180	-29.5
Total (rounded)	3,430	7.1

Source: UKCES / NLP analysis

Note: UKCES provides a split of qualifications by industry for 2010 (base year) and a projected split for 2020 – these proportions have been applied to EEFM employment data/forecasts for 2011 and 2031 respectively

- 8.17 Whilst this anticipated increase in demand for higher skilled employment suggests that Stevenage would be well positioned to capture higher value economic activity in future, the ability of the Borough to fulfil this potential ultimately relies upon the supply of a suitably skilled labour force to fill these jobs. However, current evidence points to lower than average levels of job skills amongst Stevenage's residents, while poor educational attainment and low aspirations threaten to exacerbate this issue over the longer term.
- 8.18 If Stevenage sought to capture a greater proportion of higher value employment and business growth than is currently represented within its economy, this is likely to require a considerable up-skilling of the resident workforce (particularly at QCF levels 4 and above) than is currently forecast.

Demand/Supply Balance

- 8.19 The analysis presented above shows projected change in demand for skills over the 20 year period 2011 to 2031 and indicates that future employment demand in the Borough is likely to shift towards higher level qualifications. Whilst it is more difficult to forecast how the *supply* of labour and skills is likely to change in the future (as this is so dependent upon a range of demographic, policy and other external factors), it is possible to consider the future balance of skills demand and supply based on the current profile of workforce skills (using data

from the Annual Population Survey) and assuming very little change to this profile over the next 20 years. This ‘worst case’ scenario provides a useful benchmark against which to assess the scale of Stevenage’s skills challenge and identify the key labour market issues to address through a range of targeted policy interventions.

- 8.20 Table 8.2 and Figure 8.1 compare the demand for skills associated with Borough employment forecasts with the current skills profile of Stevenage’s working age residents, assuming that this profile remains unchanged between 2011 and 2031. It is important to note that this demand/supply analysis does not factor in commuting flows in and out of the Borough, a significant factor which is likely to affect the overall labour supply available to the Borough’s employers, particularly – as already noted – as many of Stevenage’s higher level/skilled occupations are currently filled by in-commuters.
- 8.21 Nevertheless, the analysis gives an indication of whether Stevenage’s existing resident workforce has the potential skills capacity to undertake the level of employment forecast for the Borough over the next 20 years.

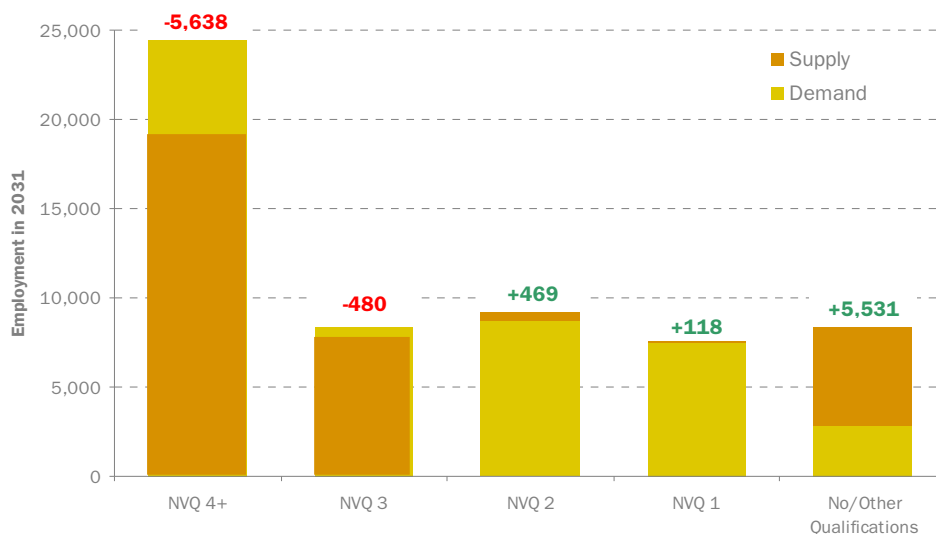
Table 8.2 Skills Demand/Supply Balance in Stevenage by 2031

Qualification Level (NVQ)	Demand	Supply	Demand/Supply Balance
	Employment in 2031	No of Working Age Residents	No of Jobs
NVQ 4+	24,448	18,810	-5,638
NVQ 3	8,408	7,928	-480
NVQ 2	8,703	9,172	+469
NVQ 1	7,447	7,565	+118
No/Other Qualifications	2,812	8,343	+5,531
Total (rounded)	51,820	51,820	0

Source: EEFM / APS / NLP analysis

Note: Future supply applies current (2011) proportions of qualification level by working age residents to EEFM forecasts of total employment

Figure 8.1 Skills Demand/Supply Balance in Stevenage by 2031



Source: EEFM / APS / NLP analysis

8.22

In summary, this analysis identifies a number of key messages:

- a **Higher level skills:** significant undersupply of Borough residents holding NVQ level 4 and above qualifications by 2031, falling short of demand by nearly 25%. Unless the current skills profile changes, it is likely that Stevenage’s resident workforce lack the capacity to occupy higher-level jobs that its economy has the potential to generate. This demand/supply mismatch at the local level will to an extent be remediated should current trends of in-commuting by high skilled workers continue over the next 20 years.
- b **Intermediate level skills:** slight oversupply of residents with NVQ 1-3 qualifications compared with demand for these skills over the next 20 years, although in overall terms the scale of oversupply is relatively small. Stevenage’s resident workforce would appear to have the capacity to fill intermediate jobs by 2031, if the current skills profile remains unchanged.
- c **Lower level skills:** considerable over supply of residents with no qualifications against demand for lower skilled jobs by 2031, with almost double the number of residents with no qualifications than required over the next 20 years. As employers increasingly demand higher levels of qualifications to drive efficiency and productivity, lower skilled residents will increasingly miss out on higher paid opportunities.

Scope for Policy Interventions

8.23

The scope for supply side interventions falls into two parts: young people who are still within the education system, at school, college or university, and adults now in the workforce. It is worth noting that SBC has only limited formal responsibility for either, and in the current financial climate a strong case will

need to be made for the Council to act and commit financially when it is not required to do so.

- 8.24 It is understood that some Borough Councillors have expressed concerns about achievement levels, and been kept informed about the Education Authority's interventions, but formally schools are a County Council responsibility.
- 8.25 The University of Hertfordshire has been building on the links it developed under the Aim Higher programme (now no longer funded) and continues to work with four secondary schools to encourage pupils to consider university.
- 8.26 SBC could do more to encourage parents to value education, and to encourage their children to continue to learn beyond the age when it is compulsory, whether at school, college or university, or through an apprenticeship or other form of work-based learning. The raising of the Participation Age might provide an opportunity for early action; the Education and Skills Act (2008) requires young people to stay in some form of education or training to age 17 from September 2013, and to 18 from 2015.
- 8.27 Actions may be best managed through the Stevenage 14-19 Partnership and the Stevenage Education Trust. They are likely to consist primarily of local leadership: Councillors and officers using their contacts, influence and example to make the case for learning.
- 8.28 An initiative taken in 2005 indicates something of the opportunity, and the challenge. There was a high profile campaign involving Barbara Follett (then MP for Stevenage) and her husband, author Ken Follett, encouraging everyone in the town to read a single book (*Across the Nightingale Floor*, by Lian Hearn). The point of the initiative was to encourage reading, and through it, education more generally. Through consultation the County Council suggested it has evidence that the project did work. However, the evidence also shows that the effect faded after 18 months or so because it was a single initiative, not followed up or translated into a long-term programme. Sustained local leadership is required to make a sustained difference.
- 8.29 For adults already in the labour market, whether in jobs or currently unemployed, it is worth noting that the Department for Business, Innovation and Skills is encouraging colleges of further education to move away from previous over-dependence on national requirements and to work more closely with their local communities. North Hertfordshire College does so anyway (as its creation of the Da Vinci Studio School and sponsorship of Academy status for Thomas Alleyne School indicate), but the Government's encouragement presents a further opportunity.
- 8.30 It might therefore make sense to draw the two strands together – schools and post-16 – with SBC leading an open discussion with the 14-19 Partnership and the Trust about how the Council can best make a difference to aspirations, and to educational achievement. It is worth noting that the recent report of the RSA's Academies Commission strongly encourages local authorities to see themselves as "champions for children". The fact that SBC has no formal

powers over education need not inhibit it from taking action to champion the best interests of local children.

- 8.31 The demand side (i.e. employers seeking employees) presents a different proposition because there is no evidence to suggest that the majority of businesses operating in the Borough are facing any recruitment difficulties (and what few difficulties there are seem to be those which apply across the country). The prime purpose of any action taken by SBC therefore would be to benefit local residents.
- 8.32 Action might include encouragement to businesses to offer more experience placements to school, college and university students, or to take on local people as apprentices. All of that is needed and would be very beneficial to young people in Stevenage – and to the employers who offer the opportunities. Again the Council’s prime role would be to offer leadership, through raising the profile of the opportunities available, and pointing to existing local mechanisms for action.

Conclusions

- 8.33 Stevenage’s employment market operates as two distinct parts; one in which firms seek labour, and one in which residents seek work, with the former performing significantly better. The gap between employees and residents represents a long-term characteristic of the town, and differs from its origins as a New Town.
- 8.34 There is no evidence to suggest that the Borough’s labour market is unduly constraining the town’s growth, or potential, largely due to Stevenage’s excellent transport links and the ease with which commuters can travel into the Borough from elsewhere.
- 8.35 However, the opposite also applies: whilst Stevenage offers access to a large number of skilled workers, there is *no dependency on* local residents. Therefore the extent to which firms are anchored in Stevenage because of the quality of the local workforce is much less than it might be. The resulting lack of pressure from firms to address education and skills deficiencies in the town also effectively removes one of the key ‘external’ drivers for change.
- 8.36 The ‘internal’ driver for change is commitment to improving opportunities for residents of Stevenage. As jobs in the British economy increasingly require high level skills and a higher base of initial education, local residents with relatively poor education and skills attainment are going to miss out on the better opportunities available. While action is underway to try to address these issues in the Borough, key stakeholders expressed concern that current action alone would be insufficient.
- 8.37 An assessment of the labour market and skills implications of forecast employment change in Stevenage indicates that future demand is likely to be distributed across the full range of occupational groups (particularly lower level occupations of caring and leisure, sales and customer services) and be largely

focused upon higher level qualifications. If Stevenage sought to capture a greater proportion of higher value employment and business growth than is currently represented within its economy, this is likely to require increased growth within higher level occupations than is currently forecast and a considerable up-skilling of the local labour force to fill these jobs.

- 8.38 Within this context, SBC could consider a number of specific policy interventions to ensure more effective alignment between workforce skills and business needs in the future, including a parent-focused campaign to change attitudes and perceptions towards education and learning, and using its leadership role to encourage sustainable partnerships between businesses and schools, colleges and universities.

9.0 Policy & Delivery Implications

- 9.1 This section considers appropriate policy approaches in relation to employment space for the emerging Local Plan as well as other measures which may be required to support Stevenage's economic growth objectives.

Policy Approaches

- 9.2 The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to modelling the Borough's future employment space needs. To varying degrees, they reflect both indigenous needs arising within Stevenage as well as – particularly in the case of the scenarios based on past development rates – a degree of footloose demand which operates across the Borough's boundaries from the wider sub-region. The Council's policy approach should (particularly in the aftermath of a period of economic recession) aim to at least fully meet Stevenage's employment space needs so that the Borough's economy is not constrained, recognising that developments and proposals in adjoining areas will also be a key influence.
- 9.3 However, to ensure a flexible and responsive policy framework, it will be necessary not just to focus on meeting forecast quantitative requirements (which will fluctuate over time), but to think about the opportunities and risks that flow from particular policies. That might concern how delivery can be prioritised in some locations or for some types of employment uses, or how scope can be created for meeting as yet undefined inward investment opportunities, but also not protecting legacy employment sites for which there is no longer a productive employment use. In a location with relatively constrained land supply, planning for employment will need to be balanced against pressures from other land uses, particularly residential development. B-class employment space also competes with non B-class uses such as retail, leisure and community uses (outside the remit of this study), some of which may also generate local economic benefits or have identified needs that the NPPF indicates should be supported. It will also need to consider the implications for cross-boundary working and the role of contiguous areas in meeting some of Stevenage's needs.
- 9.4 This requires choices in the new Local Plan about which sites to protect or allocate for employment development, or which to consider for release to other uses (either in whole or part). That judgement must ultimately take account of:
- a the local benefits of B-class sectors and the need to maintain a diversified and resilient economy that is open to growth and new economic opportunities as they arise (as envisaged by the NPPF);
 - b the economic and other outcomes (e.g. labour market) if some sectors become displaced or are otherwise constrained from expanding within the Borough;

- c the need to encourage growth of high quality jobs within the Borough to address the disparity between resident employee earnings (lower) and workplace earnings (higher);
- d the trade-off between seeking more intensive use of the restricted supply of sites and thereby yielding higher net job creation over time, and identified business needs (as specified in the NPPF) which may for some activities or sectors imply a less efficient use of land in order to function effectively; and
- e setting targets for delivery of new employment space on sites to provide clarity and certainty for investors and making a practical assessment of what the market can deliver at any point in time (i.e. maintaining a delivery trajectory for employment space with short, medium and longer-term opportunities over the life of the Plan).

9.5 The new Local Plan should seek to plan for a choice of sites and locations within the Borough which are attractive to the market and which will provide a range of jobs to meet local needs. Some further commentary on the approach and potential options for providing for the different B-class uses are considered below.

Industrial Uses

- 9.6 Stevenage continues to represent a strong industrial location, reflecting its New Town legacy, good accessibility and presence of one of the largest employment sites in the region (Gunnels Wood). Despite the economic downturn, demand remains steady for industrial premises in the Borough mainly for light industrial and small-scale distribution activities; Stevenage is generally not regarded as a larger-scale strategic distribution location given the Borough's location relative to the strategic motorway network and lack of large sites. Industrial vacancy rates at 6% are currently well below the normal market average, while a shortage of available industrial land is resulting in firms leaving the town as growth needs cannot be met or unmet enquiries which are displaced to other locations in the A1 corridor.
- 9.7 In terms of quantitative requirements, the analysis contained in Section 6.0 identifies a modest positive requirement for industrial floorspace under four of the five scenarios considered, although the higher enterprise job growth scenario (25,380m²/6.3ha) and higher past take-up (111,120m²/27.8ha) approaches are considered the more accurate guide for planning purposes, whilst it is recognised that the labour supply based estimate is likely to be an under estimate.
- 9.8 A comparison with future supply of employment space identified by Council monitoring data indicates that Stevenage has insufficient industrial space to meet these needs to 2031 under those scenarios of future growth considered most appropriate to plan for. This existing deficit could worsen if the supply identified as available does not come forward over the Plan period.

9.9 This potential shortfall is supported by qualitative market feedback which indicates that Stevenage requires more industrial space to accommodate indigenous growth and enable the necessary churn and upgrading/intensification of existing sites. In the context of accommodating a positive industrial floorspace requirement, a number of (not mutually exclusive) options emerge:

1. Resist loss of industrial space in future

- 9.10 The Borough has recorded significant losses of industrial space over the past decade (as detailed in Section 3.0) – largely to residential and recycling/waste management uses, as well as quasi-retail uses (such as trade counters) – to the extent that average annual net development rates have been negative. The loss of the Mastercare site at Pin Green is the largest scale recent example. This has resulted in a patchwork of (sometimes incompatible) development across Stevenage’s key employment sites and a decreasing supply of industrial space in overall terms.
- 9.11 In order to minimise future losses, the Council should consider adopting a stricter approach to determining planning proposals seeking change of use and/or loss of industrial floorspace, by either resisting any net loss of industrial floorspace or requesting a net gain on redevelopment sites. As a minimum, this policy should be applied to the Gunnels Wood area to ensure that Stevenage retains its industrial base and sector strengths, particularly as nearby competing centres continue to take a pro-active approach to attracting investment and have greater land supply readily available for development. Such an approach may also need to be considered at Pin Green if it is to maintain a longer-term industrial role in light of recent residential development on part of the site.
- 9.12 It is worth noting that the positive requirements for industrial space incorporate some allowance for replacement of ongoing losses of employment space to other uses³⁸, whilst recognising the difficulty of continuing to replace losses due to the Borough’s physical constraints and lack of readily available land for development. Theoretically, a reduction in the requirement for space could be achieved by removing or reducing the allowance for replacing for windfall losses of employment space. However, such an approach would run counter to the well established principle in employment land assessments. Moreover, such an accounting exercise would risk a diminution in the amount of industrial space available and lead to a further tightening in the market for space, potentially harming the Borough’s economic vitality.

³⁸ This reflects the approach advocated in the ODPM guidance and the SEEPB Guidance (2010)

2. Allocate new industrial sites

- 9.13 The option of allocating additional sites for industrial development would increase the current choice of sites, and allow for some rebalancing of supply by re-introducing a coherent industrial identity/offer to the town, for example on at least one new major site. As a tightly constrained and under-bounded Borough, new development sites are limited. Any new site/allocation should seek to benefit from Stevenage's strong transport links, but also be located close to established employment areas such as Gunnels Wood, and would therefore ideally be located on the western side of town close to the A1 to avoid increased congestion and traffic within the more built up areas of the Borough.
- 9.14 Based on site assessments, potential areas of search could include the west of Gunnels Wood and the A1 corridor, in particular three development area sites adjoining the A1 (sites 14, 15 & 19) which score reasonably well and appear to provide the necessary scale to accommodate longer term industrial needs subject to provision of new infrastructure. Securing delivery may be contingent on a mixed-use approach alongside other employment uses (see commentary on offices below), and in the case of site 14, it should be noted that the majority of the site lies within the adjoining district of North Hertfordshire.
- 9.15 Increasing the supply in this way would provide greater clarity to the market of potential locations for new industrial development. Local market feedback suggests that Stevenage is currently unable to compete with nearby business parks that specifically cater for footloose companies seeking suitable premises in the Hertfordshire area. A new site could accommodate both small/medium scale B2 and B8 development (where most demand is focused) and potentially larger bespoke single occupier industrial accommodation, for example in response to enquiries from inward investors. Such an approach may also allow an opportunity for decanting of existing occupiers, and in turn, provide an opportunity for other sites within Stevenage to be rationalised and/or intensified in order to remain attractive/competitive to the market.

3. Intensification of existing sites

- 9.16 The upgrading and refurbishment of existing industrial areas, and where possible, redevelopment so that they can be used more efficiently provides a further option for accommodating future requirements. Better utilisation of the existing industrial stock could be achieved either through gradual redevelopment of individual plots, for example replacing a large older unit with development of modern smaller units for which there is good demand.
- 9.17 However, barriers to redevelopment of industrial premises in the Borough include generally high occupancy levels and low vacancy (making redevelopment opportunities rare), and potentially viability considerations in the current economic climate. From the site assessments, it also generally appears that most of the older larger industrial premises have already been subject to redevelopment in the past, although the former Kodak site and John Lewis distribution unit provide redevelopment opportunities if these sites can be

unlocked. When compared with the position set out in the 2006 Employment Capacity Study, it appears that limited opportunities for intensification remain available and would yield relatively low levels of additional floorspace if they become available.

- 9.18 In this context, the provision of additional industrial supply (under option 2 described above) would facilitate movement of firms from existing sites and premises and thereby release redevelopment opportunities. To complement this, it may be appropriate to explore opportunities to de-risk planning issues for certain types of development, in a way that is appropriate to the site context and managing the range of B-class uses to be accommodated. This could include, for example, Local Development Orders, design codes or other forms of planning brief to provide greater certainty on the types of development that will be supported by the Council. It is noted that Area Action Plan policies were previously being progressed by SBC for Gunnels Wood and the Old Town, and these processes could be restarted in some form as part of such an approach. Such measures would potentially reduce the requirement for current occupiers to apply for some types of planning permission, and also provide a long-term framework for the overall role and management of defined sites. They will be most applicable at the point when redevelopment opportunities start to come forward.

4. Assume (and plan for) needs to be met elsewhere

- 9.19 A final option is to not specifically identify additional capacity for industrial space, and by implication, assume that these needs are met on non-allocated sites or are displaced to adjoining local authority areas. Whilst the review in Section 4.0 did identify some potential capacity for industrial development in adjoining areas, such an approach would need to be carefully investigated through duty to cooperate arrangements to ensure consistency with the Development Plans of adjoining authorities.
- 9.20 Beyond this, however, it would not appear to be an option that was compatible with sustainable development objectives, and would unduly risk harming economic activities which form an important part of any functioning economy. Furthermore, some of the growth sectors that the Borough is seeking to expand and attract (e.g. advanced manufacturing) may require industrial premises to accommodate and grow their activity. Adopting such an approach would therefore contradict the Borough's economic objectives to support a prosperous economy and encourage local employers and small businesses to grow.

Office Uses

- 9.21 Stevenage is not perceived as a particularly strong office location and is characterised by weak demand for office space in the current market. Enquiries typically come from local SMEs and large multinationals, reflecting the Borough's rather polarised business base. More specifically, Stevenage has existing strengths in R&D activities which provide a platform for future growth and expansion in this sector, although ultimately this sector tends to be

significantly influenced by corporate investment strategies, research funding streams and higher education initiatives, and many other locations are competing for such demand.

- 9.22 Whilst levels of general office vacancy remain relatively high, this varies significantly by type, age and location. Recent developments of small scale, high quality office accommodation in strategic locations (such as Gateway 1000) are soaking up what limited demand there is currently for office space, leaving behind significant amounts of older office stock which is effectively redundant to current market requirements (for example large office blocks in the town centre).
- 9.23 Nevertheless, the Borough is expected to see moderate office-based job growth over the next 20 years (reflecting wider macro economic trends) and the sector is anticipated to have an important role to play in Stevenage's future economy. Within the context of a positive requirement for office floorspace over the Plan period, quantitatively it would appear that Stevenage has insufficient identified office land to meet future needs to 2031 under those scenarios considered most appropriate for the purposes of planning. Given the range of qualitative issues also affecting Stevenage's office market, the Council should consider a number of options to re-balance its future portfolio of office space:

1. Upgrading existing office supply

- 9.24 One option is to consider the scope to intensify office uses on existing sites, increasing supply by making more efficient use of existing space. Upgrading and renewal of the Borough's existing stock of office accommodation will also ensure that this space remains attractive and viable to the market. In the first instance, this approach could focus on older employment legacy sites that do not currently reflect modern working densities, technology and premises (for example within the new town centre) and perform poorly based on recent site assessments, for example Brickdale House. This may comprise redevelopment, but qualitative improvements can also be delivered through refurbishment of existing buildings to some extent. Without redevelopment or other improvements, as noted earlier, it is considered that this stock of older office accommodation is unlikely to be able to effectively contribute to meeting future needs.
- 9.25 There are some examples of such upgrading and redevelopment having occurred in recent years, such as Southgate House on St George's Way which has been relatively successful in attracting new occupiers. Feedback from local agents indicates that the Borough's office market currently provides limited suitable 'move on' premises for recent start-ups that have grown out of purpose-built incubator/managed workspace. The Council could therefore consider refurbishing some of this older office stock in the town centre to provide accommodation for start-ups / SMEs (even on a short/medium term lease basis) building on the successful BTC delivery model but with a focus on affordability and proximity to mainline rail connections. Such an initiative would also align well with the Council's longer term regeneration vision for the town

centre, would support the government’s sustainable transport policy objectives and provide the critical mass to ensure the town centre remains the economic and commercial hub of the Borough. The specification of refurbished space may be relatively modest in order to maintain a competitive cost base, although good quality broadband access is likely to be a requisite for occupiers.

2. Release/mixed use development

- 9.26 Although in overall quantitative terms the Borough is expected to have a shortfall of office space to meet future needs up to 2031, it is also necessary to look at whether any existing employment sites that no longer perform well can be released. The NPPF warns against long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. It notes that *“where there is no reasonable prospect of a site being used for the allocated economic use, applications for alternative uses ...should be treated on their merits having regard to market signals and the relative need for different land uses...”*
- 9.27 In addition, there is very strong pressure on employment land from other uses such as housing. This suggests that current employment sites or allocations that perform poorly and have been standing vacant for some time, with no realistic prospect of delivery in the short or longer term, should be considered for release to other more productive uses. In line with NPPF guidance, sites should be considered on their individual merits, with developers required to provide evidence of no market demand.
- 9.28 The site appraisal exercise identified a number of office premises in the town centre that scored poorly as employment sites (for example Six Hills House) and this is supported by feedback from local agents who maintain that in their current form, these premises are very unlikely to be reoccupied.
- 9.29 An alternative approach could involve encouraging mixed use redevelopment on town centre office sites, retaining an element of office use but on a significantly smaller scale. Within the current market, this approach may represent the most viable and realistic way of bringing forward to the market high quality, modern office development that meet the requirements of the Borough’s SMEs. The provision of new high quality mixed use development and associated improvements to the public realm will help to improve the image of Stevenage town centre as a place to live, work and visit, and in doing so enhance the market profile and appeal to investors and potential employment generating occupiers. However, this approach is only likely to be successful alongside wider improvements to the quality of townscape and public space.

3. Allocate new office sites

- 9.30 In light of limited brownfield land available for employment development in the Borough and inherent qualitative issues associated with existing portfolio of office stock, it would appear sensible for the Council to consider allocating at least one new employment site to accommodate office activity over the Plan

period to ensure Stevenage is well placed to compete with nearby centres for inward investment as well as accommodating indigenous growth. A number of potential sites, in both in out-of-town and more central locations, have been assessed as part of this study (presented in Section 5.0).

Out-of-town

- 9.31 Land at Junction 7 was the highest scoring potential development site, benefitting from good access and profile onto the A1 and providing the opportunity to build on nearby Gunnels Wood and the new Bioscience Catalyst. The site has some existing access, and is sufficiently large to accommodate a range of requirements to help justify up-front investment.
- 9.32 Market views were mixed on the impact that new office development at Junction 7 (or indeed on other out-of-town sites) would have on the Borough's remaining office market. Some expressed concern that it would undermine efforts to kick-start the town centre office market. Others considered such a development would represent a complementary product and cater for a different profile of firms. Whilst it is recognised that additional out-of-town provision might result in shifting the centre of gravity further away from the town centre, it would appear that a more strategic premium product would arguably be more likely to help put Stevenage 'on the map' in office market terms. In this way, the site would also have potential to meet wider sub-regional / A1 corridor needs.
- 9.33 To maximise the potential of this site, achieve sufficient critical mass and allow for cross-subsidy of uses (and reduce the development risks associated with too narrow a range of uses and occupiers), it is recommended that the site be identified for a range of B1a and B1b uses – and taking account of the industrial requirements noted above – also be combined with some B1c/B2/B8 uses. Provision should be made for R&D/science park activities but it seems prudent that delivery of the site does not solely rely upon this in what is a very competitive market for investment. Accordingly, a development framework with appropriate masterplanning and design codes should be put in place to allow mixed employment uses to be integrated on the site in a way that is complementary.

Town centre

- 9.34 The only potential development site considered close to the town centre is Stevenage Leisure Park, which SBC has previously promoted (through the draft AAP) for a new office campus development. This site is located between Gunnels Wood and the railway station, where a new platform and other enhancements are programmed during the 2014-2019 period. It performs reasonably against the site assessment criteria, and could effectively form an extension to Gunnels Wood which is already an established employment area. Office development on this site may help support wider objectives for the regeneration of the town centre, and encourage spending by workers in local shops and services.

- 9.35 Based on the market feedback and analysis in this study, it is less clear that there would be sufficient demand from those seeking a Stevenage town centre location to sustain a dedicated office campus on the Leisure Park site, particularly in the short to medium term. Instead, it may be preferable to consider new office development in this location as part of a wider mixed-use masterplan, combining retail, leisure, residential and potentially higher education uses. This would form a key part of any wider strategy to 'kick start' the town centre office market, which would be delivered alongside refurbishment and/or redevelopment of other town centre office premises (as detailed under options 1 and 2 above). Pursuing such a strategy would not necessarily conflict with an approach that sought to establish an out-of-centre business park product at Junction 7 or elsewhere, provided that a differentiated offer and complementary role can be established for both locations.
- 9.36 In determining any new development allocations, the potential site(s) need to be available and achievable for development, and this (alongside planning and strategic merits) is obviously a critical factor for the Council in determining which site(s) it chooses to take forward. It may be prudent for the Council to identify a long-term reserve site at this stage to meet needs beyond the Plan period, ideally exclusively within the Stevenage Borough Council boundary. This could provide an alternative in the event that the Junction 7 site does not come forward for development or in response to any future inward investment requirements. It will also address the need to establish a basis for sensible planning within and beyond the end of the plan period in the context of Green Belt policy.

Other Policy Issues

Making existing sites work better

- 9.37 Alongside a focus on upgrading existing sites, there appears to also be scope to enhance the performance of Stevenage's employment areas by improving the range of facilities on offer to occupiers (and potential occupiers), particularly within the larger Gunnels Wood area. Partly due to the fragmented nature of development coming forward in recent years, the site lacks any central hub for communal facilities and services, reinforcing a sense of isolation amongst employees. A key driver of success at the BTC has been focus on collaboration and knowledge sharing amongst its tenants, by providing accessible shared work and meeting space; this could be replicated at a larger scale for the benefit of Stevenage's wider business base. The broad disconnect between Gunnels Wood and the rest of the town is also illustrated by poor public transport and pedestrian access routes to and from the employment area and the town centre.

Aligning workforce skills

- 9.38 The employment and skills gap between Stevenage's employees and residents, whilst not currently constraining the town's growth, poses a significant

challenge to longer term economic sustainability particularly as jobs increasingly demand the higher level skills and higher education base that many local residents lack. Forecasts of future employment growth in the Borough, supported by the Council's own aspirations for economic growth, point to increasing demand for higher level qualifications which would require considerable up-skilling beyond the current local labour force profile.

- 9.39 A more concerted approach is needed to ensure that workforce skills and business needs are effectively aligned over the course of the plan period, and this study identifies a number of specific measures for consideration by the Council, including a campaign targeted at changing parents' attitudes and perceptions towards education and learning, and using its leadership role to encourage sustainable partnerships between businesses and schools, colleges and universities.
- 9.40 Such action might include more encouragement to businesses to offer work experience placements to school, college and university students, or to take on local people as apprentices. The Council's prime role would be to offer leadership, through raising the profile of the opportunities available, and pointing to existing local mechanisms for action.
- 9.41 Given that many of the higher skilled jobs in Stevenage are filled by in-commuters, it would appear that some of the Borough's larger 'footloose' firms are not always effectively embedded within the local economy, from a labour market perspective at least. A joined-up approach to aligning workforce skills with future business needs could therefore provide the anchor for many of these important employers to continue operating in Stevenage, helping to deliver against both the economic development and wider sustainability agenda.

10.0

Overall Conclusions

10.1

The scenarios considered in the previous sections indicate the broad scale and type of growth arising from different approaches to modelling the Borough's future employment space needs. These reflect the indigenous needs arising within Stevenage, and to some extent, demand from the wider sub-region in which the Borough operates. Both from the perspective of the NPPF, but also the Borough's own economic objectives, it would appear important that the Local Plan aims to fully meet these needs if the Borough's economy is not to be unduly constrained. However, to ensure a flexible and responsive policy framework, it will be necessary to not just focus on meeting forecast quantitative requirements, but also to consider the opportunities and risks to the Borough's economy that flow from particular policies, including managing pressures from other uses.

10.2

In terms of future **industrial needs**, a modest positive requirement has been identified which, based on the existing portfolio of sites, Stevenage would currently be unable to meet. This is subject to a number of assumptions regarding the sources of future supply which remains tightly constrained. Although a significant amount of industrial stock exists across the Borough, the majority of this is fully occupied, limiting the churn and ongoing upgrade work required to maintain market competitiveness and appeal. Recent evidence also points to some firms leaving Stevenage as growth needs cannot be met within its boundaries. There are a number of potential options for how additional supply might be provided, whilst the need to minimise the long term trend of loss of industrial space should also be recognised, taking account of the increasing pressures and constraints placed upon employment land in an under-bounded authority.

10.3

The picture is similar with regards to **office needs**, with the study identifying a shortfall of office land supply across the Borough as a whole to meet the modest requirement for additional space to 2031 in purely quantitative terms. Recent development of strategically located high quality office accommodation is effectively soaking up limited demand for office space, leaving behind significant amounts of redundant older office stock which fails to meet current market requirements. Future policy must therefore focus on re-structuring Stevenage's portfolio of office sites and improving a range of qualitative site issues, including taking a more mixed-use approach to redeveloping poorer performing sites, and considering the allocation of a new strategic employment site to the west of the Borough to introduce a more coherent office product to the market and demonstrate longer term confidence in Stevenage's future potential as a strategic office location.

10.4

Availability of labour does not appear to be acting as a constraint on firms' current operations, or their future opportunities, because the town's excellent transport links enable firms to recruit from a wide area. Many local residents are, however, poorly-equipped in terms of their own education and skills to compete for the better jobs in Stevenage, and not yet committed to ensuring

that their children are better placed. Those are problems which a range of interventions as identified by this study could help address.

Appendix 1 List of Consultees

Individual Consultees

Mike Phoenix	Brown and Lee
Phil Wyncoll	Brown and Lee
Simon Scott	Bowyer Bryce
Mike Davies	Davies & Co
Justin Donovan	Hertfordshire County Council
Jackie Clementson	Hertfordshire County Council
Judith Sutton	Hertfordshire County Council
Vina Patel	Jobcentre Plus
Debbie Kay	Jobcentre Plus
Fia Kibler	Manpower
Alastair Craig	Nobel School
Signe Sutherland	North Hertfordshire College
Allan Tyrer	North Hertfordshire College
Emma Greening	University of Hertfordshire

Workshop Attendees

Simon Scott	Bowyer Bryce
Mike Davies	Davies & Co
Vina Patel	Jobcentre Plus
David Hill	North Hertfordshire District Council
Jenny Pierce	East Hertfordshire District Council
Paul Maguire	Magnite PR
Dafydd Wynne	Best Start Human Resources
Greg Thomas	My incubator at the BTC
Andrew Watkin	Baker Watkin
Mark Boost	Server Choice
Yolanda Rugg	Hertfordshire Chamber of Commerce
Richard Javes	Stevenage Borough Council
Nigel Smith	Stevenage Borough Council
Elizabeth Dand	Stevenage Borough Council
Ciaran Gunne-Jones	Nathaniel Lichfield & Partners
Matthew Spry	Nathaniel Lichfield & Partners
Iain Mackinnon	The Mackinnon Partnership

Appendix 2 Workshop Notes

Summary of views expressed by participants at the Planning for Business Needs in Stevenage Workshop (held 29th November 2012)

1. What should be the future economic role of Stevenage?

- The Borough should focus on sectors in which it has key strengths and a competitive advantage over other locations, for example high-tech manufacturing. There are a number of major employers (indeed, global economic players) present (e.g. GSK, Astrium) and organic growth in terms of their future retention/growth in Stevenage should be encouraged.
- Past growth in Stevenage as far back as the New Town designation has been influenced by motivations of major industries and employers. The town is therefore vulnerable if these firms decide to rationalise or relocate, so needs to ensure a diverse economic base can be maintained. Greater role for small businesses and start-ups – but these cannot be relied upon to meet all of Stevenage's needs, and in any case, how well are these provided for? BTC has been successful.
- Stevenage unlikely to be attractive to big logistics – wrong location in terms of motorway network. Move of John Lewis to new larger facility at Milton Keynes is typical of the trends underway in the sector.

2. What scenario of future needs should Stevenage Council plan for? Should the policy emphasis be on reducing, achieving or exceeding past levels of trend growth?

- The Council should plan to meet future requirements as far as possible; in the current climate Stevenage cannot really afford to not plan proactively for growth.
- Stevenage serves a sub-regional employment role, particularly in the context of surrounding districts. If economic growth is not accommodated within the Borough, then other areas will also lose out.
- To what extent are the impacts of future business rate retention known and understood? This will become an increasingly important new incentive for how much business space to provide particularly in the context of wider Council budget cuts and issues of service delivery.

3. Does Stevenage have an adequate portfolio of sites for industrial and office uses? If not, what else is needed?

- Clear over-supply of older office accommodation, much with limited prospect of being occupied in the future. Sends a negative message to the market and does not present a good impression to investors.

- Large footplates generally not in demand to the extent they were in 1980/90s. Smaller, more flexible office product is preferred. Office demand has been very subdued during recession – will it return as before?
- No strategic ‘oven-ready’ development opportunities remaining (other than GSK expansion land but this is not available). The Borough now relies upon in-fill development within existing employment sites, but sometimes uses are not compatible and it lends to a fragmented feel to sites (e.g. Gunnels Wood).
- There was some anxiety that businesses at Pin Green might feel rather squeezed-out with the recent conversion of some of the site to residential use.

4. What can the Council do to enhance for prospects for delivery?

- Former John Lewis warehouse unit should be de-listed as current building is no longer suited to market requirements, and would free up an additional large development site within Gunnels Wood.
- No point in trying to post-rationalise large sites such as Gunnels Wood – accept that it has a mixed character which is both a strength and a weakness. Council should introduce simplified planning arrangements on this site to increase flexibility and speed of decision-making for occupiers.
- It was recognised that Gunnels Wood would benefit from provision of a central business hub, with retail, leisure, conference, amenity facilities etc for employee/business use. I was noted that the Council had sought to encourage this form of development previously, but without success. Nonetheless, it was considered to be an ongoing requirement if Gunnels Wood is to fulfil its potential.
- There was debate about the image and role of Stevenage Town Centre with some considering that in its current form it does not provide a sufficiently attractive offer to tempt employees within Gunnels Wood to shop in Stevenage. However, it was recognised that as a function of geography, distances from major employers, and general connectivity within the town, any such journeys were likely to be car borne or take place after work (rather than during the day), so the degree to which there was likely to be synergy between the town centre and non-central employment areas was likely to be limited.

5. Stevenage’s businesses are doing well, but too many Stevenage residents lack the education qualifications and the skills levels to succeed in them. Is the gap between the two a constraint to growth?

- Not really a significant issue for major employers – not reliant on recruiting locally because Stevenage has generally good transport connections which allows for workers to be brought in from elsewhere. Not necessarily the most sustainable outcome, but just a reflection of how labour markets work (particularly for more skilled/specialist staff).
- It is, however, a problem for residents that too many have low levels of skill / qualifications, although there have been some recent improvements to education provision (a County responsibility). However, has this just been ‘tinkering with the system’ and to what extent will it actually manifest itself in marked improvements in future educational attainment? View that it is as much a cultural problem as an educational one.
- Concern that if Stevenage does not ‘up-skill’ it will increasingly get left behind in the context of increasing skills requirements in most sectors of the economy. Encouraging local recruitment may also help to ‘bed in’ some of the major employers (on the basis the retaining workforce is often a factor which discourages firms from relocating).

6. What other factors could support future economic growth in Stevenage?

- The Borough has started to market and better position itself in terms of inward investment (e.g. Invest in Stevenage) – needs to make sure that it actually has the right sites / skills / policy mix to support this. What is Stevenage’s proposition to the market?
- There were question marks over the quality of Stevenage’s infrastructure in terms of superfast broadband, although it was suggested this was an issue of securing local connectivity (i.e. business connections to the network) rather than the absence of the network in Stevenage itself
- Need for greater focus on SME sector – need to capitalise on success of BTC and think about what future requirements these businesses will have e.g. follow-on space? BTC was a public sector initiative funded by the Council which it may not be possible to replicate in the short/medium term – should other models (e.g. attract a private sector workspace operator) be considered to provide additional provision in the future?

Appendix 3 Definition of B Class Sectors

The method used for re-categorising the employment forecasts by sector into B-Class uses is summarised below.

Apportionment of B Class Sectors to Land Uses

Experian Sector	Proportion of Jobs by Use Class		
	B1 office	B2 industrial	B8 warehousing
Agriculture, Forestry & Fishing	Non B-Class		
Extraction & Mining	Non B-Class		
Food, Drink & Tobacco	0%	100%	0%
Textiles & Clothing	0%	100%	0%
Wood & Paper	0%	100%	0%
Printing and Recorded Media	0%	100%	0%
Fuel Refining	0%	100%	0%
Chemicals	0%	100%	0%
Pharmaceuticals	0%	100%	0%
Non-Metallic Products	0%	100%	0%
Metal Products	0%	100%	0%
Computer & Electronic Products	0%	100%	0%
Machinery & Equipment	0%	100%	0%
Transport Equipment	0%	100%	0%
Other Manufacturing	0%	100%	0%
Utilities		37%	
Construction of Buildings	Non B-Class		
Civil Engineering	Non B-Class		
Specialised Construction Activities	0%	19%	0%
Wholesale	0%	16%	84%
Retail	Non B-Class		
Accommodation & Food Services	Non B-Class		
Land Transport, Storage & Post	0%	0%	59%
Air & Water Transport	Non B-Class		
Recreation	Non B-Class		
Media Activities	100%	0%	0%
Telecoms	100%	0%	0%
Computing & Information Services	100%	0%	0%
Finance	100%	0%	0%
Insurance & Pensions	100%	0%	0%
Real Estate	100%	0%	0%
Professional Services	100%	0%	0%
Administrative & Supportive Services	6%	0%	0%
Other Private Services	Non B-Class		
Public Administration & Defence	10%	0%	0%
Education	Non B-Class		
Health	Non B-Class		
Residential Care & Social Work	Non B-Class		

Source: Experian / NLP analysis

Appendix 4 Overview of Site Assessments

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				General Comments
				Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE / 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	
1	Rutherford Close	5.8	Employment Area	4	3	3	4	3	3	20	A designated Employment Area with Ancient Lanes and Hedgerows border the south of the site.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a	Modern office development with good strategic access to the A1(M) and local public transport. Currently high levels of vacancy on site.
2	Cockerell Close	12.6	Employment Area	4	3	3	4	4	4	22	Designated Employment Area.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a, B1c, B2, B8	This site spans both sides of the Gunnels Wood dual carriageway and includes some modern industrial offices and units as well as a distribution centre. It is largely occupied and has no obvious development constraints, but appears fully developed.
3	Cavendish Road	22.9	Employment Area	4	3	3	5	4	4	23	Designated Employment Area.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a, B1c, B2	The site has a mix of buildings including fairly modern office buildings of varying sizes, including the Fujitsu complex that fronts the dual carriageway and some older industrial units. There is some vacancy amongst the industrial units.

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				General Comments
				Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE (/ 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	
4	Bessemer Drive / Maxwell Road	7.7	Employment Area	4	4	3	4	4	3	22	Designated Employment Area with Area of Archaeological Interest on site.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a, B1b, B1c, B2	A wide variety of buildings are located on this site including older offices, small industrial units and the prominent, modern office building, Business and Development Centre. Includes vacant former Kodak site that has not come forward for development.
5	Gunnels Wood Road (E)	18.9	Employment Area	4	4	3	4	3	4	22	Designated Employment Area.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a, B1b, B1c, B2	This industrial area surrounds the Stevenage Leisure Park and has good access to the town centre and train station. There are no undeveloped plots but there is a fair quantity of vacant units on site possibly highlighting a lack in demand.

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				General Comments
				Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE (/ 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses	
6	Six Hills Way	27.4	Employment Area	4	3	2	5	3	2	19	Designated Employment Area.	No obvious barriers to delivery of the vacant plots	Short/medium term	B1a, B1c	Although in a good strategic location close to the A1(M), the site is largely a mix of lower grade offices and also contains two vacant plots. There are also some modern offices on prominent road frontages which are in the Horizon Technology Park. There is a more significant portion of vacancy in the older units highlighting the lack of demand for these type of premises.
				5	5	4	3	3							
7	Gunnels Wood Road (S)	36.4	Employment Area	5	5	2	5	4	3	24	Designated Employment Area.	No obvious barriers to delivery of the vacant plot	Short/medium term	B1a, B1c, B2	This site is in a very high profile location in close proximity to the A1(M) roundabout. It is largely well landscaped with excellent internal roads. It contains new build offices with significant vacancies and Horizon Technology Park. One remaining vacant plot. Some older industrial units are located on the opposite side of the dual carriageway with some vacancies.
				5	5	2	5	3							

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				General Comments	
				Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE (/ 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses		
8	GlaxoSmithKline	37.4	Employment Area	5	5	2	5	4	4	4	25	Designated Employment Site within the GSK grounds.	Single occupier site unlikely to be available for open market requirements; extant planning permission for further development.	Short/medium term	B1a, B1b	A self contained site with dedicated access and private internal roads. It is in a high profile location on the A1(M) roundabout and has some undeveloped land on site. However, this site is unlikely to come onto the open market as it is located within the GSK site.
9	Pin Green	22.7	Employment Area	3	4	3	3	4	4	4	21	Designated Employment Area.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a, B1c, B2, B8	A large employment site which is bound by residential properties to the southern boundary, otherwise it is quite contained. There is a good mix of industrial and small warehousing units of a mix of ages but has some vacancies, notably the DuPont office building which is located at the front of the site.

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				General Comments	
				Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE (/ 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses		
10	Chells Enterprise Village	0.5	Large Neighbourhood Centre	2	2	3	3	3	3	3	16	Designated Large Neighbourhood Centre.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1c, B2	A very small and compact managed enterprise centre, the courtyard arrangement is tightly bound by both residential and retail establishments. There is no scope for further development within this site and there are only a few vacant units.
11	Town centre office blocks	11.1	Town Centre/Employment Area	3	3	3	4	3	1	17	Adjoins a Conservation Area.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a	The site includes a large quantity of older office space with buildings of several stories, a significant proportion of which are vacant. The site directly abuts the town centre, train and bus station and has good strategic access on a main roundabout, yet the occupancy level highlights the lack of demand on this site.	

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				Potential Uses	General Comments
				Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE (/ 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery			
12	Old Town offices	7.1	Unallocated	3	4	3	4	4	4	3	21	N/A	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a	The larger offices in this site are located on the roundabout and have a prominent position as they are elevated above the road. There is a good internal road network and parking provision and the site is in walking distance of the town centre and train station. However, there is a significant proportion of vacancy in the older, larger offices.
13a	Old Town industrial units, Walkern Road	0.9	Part Housing Allocation	3	2	5	3	4	4	4	21	Adjoins Conservation Area and Area of Archaeological Significance and also highlighted for New Housing Allocation.	No obvious barriers to delivery of the vacant plot, but an electrical sub-station is present on site.	Short/medium term	B1a, B1c, B2	Located on a one way system the site is not easily accessed by car, but there is good access to the high street and public transport. There is a mix of old industrial units, 1970's office buildings and a gym on site. There are no vacant units but there is a vacant plot to the front of the site.

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				General Comments	
				Strategic Access	Local Access	Proximity to Labour and Services	Compatibility of Adjoining Uses	Development & Environmental Constraints	Market Attractiveness	TOTAL SCORE (/ 30)	Planning Factors	Barriers to Delivery	Timescale for Delivery	Potential Uses		
13b	Old Town industrial units, Orchard Street	1.4	Part Housing Allocation	3	2	4	3	4	4	4	20	N/A	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1c, B2	The site has a very tight access and although there is some level of parking provision on site, parking does spill over onto the internal roads. The site has two parallel strips of development, the first of which having much poorer quality units. The site is tightly bound by housing and the railway line to the west and as such there is no obvious developable land. There are some vacant units perhaps highlighting the quality of the premises.
13c	Old Town industrial units, Vincent Court	1.1	Part Housing Allocation	3	3	3	3	3	4	3	19	New Housing Allocation.	None obvious but no undeveloped plots.	No scope for redevelopment in the medium term	B1a, B1c, B2	The site comprises four units and is currently vacant. This site is surrounded by housing and as such is accessed via residential roads. The site is fully developed, flat and of a regular shape.

Site Reference	Site Name	Total Area (ha)	Site Status	Assessment Criteria							Future Development Potential				General Comments	
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14	Land at Junction 7	31.5	Potential Development Site	5	5	2	5	2	5	5	24	Designated Green Belt and the woodland to the west of the site is a designated SSSI.	Implications for development abutting an SSSI would need to be addressed prior to development	Short/medium term	B1,B2, B8	A high profile site accessed directly off the A1(M) roundabout. This site partly extends beyond the boundary of Stevenage and has some environmental constraints with regard to the SSSI.
15	Land west of A1(M)	14.7	Potential Development Site	3	2	2	4	4	3	18	Strategic Housing Allocation.	Site is currently poorly accessed by road and needs costly new road.	Development possible in short/medium term if road improvements to the site were carried out	B1,B2, B8	The site is poorly accessed with a single track around the perimeter. It is accessed from the nearby employment areas but the A1(M) to the north east of the site creates a barrier whereby the site is accessed via an underpass. The site is surrounded by open countryside in all other directions.	
16	Stevenage Leisure Park	7.8	Leisure Park	4	4	3	4	3	3	21	N/A	Currently used as a leisure park which is fully occupied.	Short/medium term	B1a, B1c, B2	Currently this site is a fully functioning leisure park with no obvious vacancies. It is within walking distance of the town centre and railway station and the perimeter is currently surrounded by industrial uses. The site would require extensive redevelopment to accommodate a new employment area.	

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17	Land south of A602	20	Potential Development Site	3	3	2	4	4	3	19	Designated Green Belt.	Site is currently inaccessible by road and needs costly new road.	Development possible in short/medium term if access to the site can be accommodated	B1, B2, B8	The site is located on a busy A602 and would require a new access. The site is bound to the north by the road and south by the railway line with open countryside in all other directions. However, it is isolated with a low profile and located away from any established employment areas.	
18	Land at North Road	13.3	Potential Development Site	4	4	3	3	3	3	20	Designated Green Belt.	Site is currently poorly accessed by road and needs costly new road. Undulating site levels.	Development possible in short/medium term if access to the site can be accommodated	B1, B2, B8	Site will require new access arrangements. However, it is designated Green Belt land and is in a fairly isolated location away from other employment areas. The site is sloped from east to west and is traversed by electricity pylons.	
19	Land west of JB	17.1	Potential Development Site	5	3	2	4	3	4	21	Designated Green Belt and adjoins a Wildlife Site to the south.	Site is currently poorly accessed by road and needs costly new road. Undulating site levels.	Development possible in short/medium term if access to the site can be accommodated	B1, B2, B8	A high profile location on the A1(M) roundabout at the gateway to Stevenage. The site is undulating and contains pylons and to develop it significant new infrastructure and access would be required. Although the site is prominent, it is isolated from services and employment areas.	



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