Employment Land Review

Core Report

South Gloucestershire Council

January 2022

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Contents

1. Introduction

Atkins Ltd were commissioned in July 2020 to prepare the Employment Land Review (ELR) jointly with South Gloucestershire Council (SGC).

This is the Final Core Report which sets out the findings of the work carried out, having been prepared in line with the requirements of the brief. The information in the following sections represent the coming together of all of the work that has been completed to finalise the ELR, with this work also being subject to continuous reviews before the release of this Final Core Report. The ELR is separated into this Core Report, along with three additional Technical Papers (FEMA Analysis, Stakeholder Engagement and Supply Analysis).

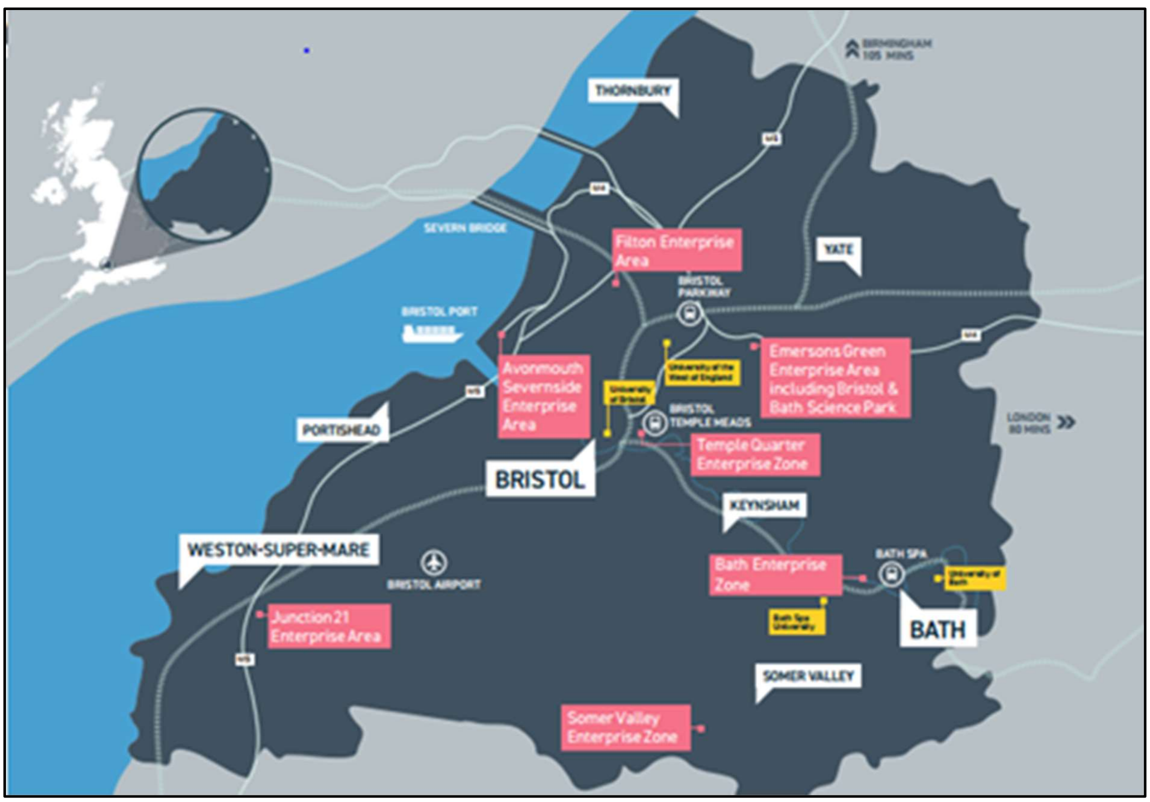
1.1. Background

1.1.1 A Context for the West of England Region

The West of England Local Enterprise Partnership (LEP) drives economic growth across the region, which includes the four Unitary Authorities of Bristol City, Bath and North East Somerset (BANES), North Somerset and South Gloucestershire. The LEP area is illustrated in Figure 1-1.

The broader economic vision for the region continues to be one of the fastest growing sub-regions in the UK and the West of England Local Industrial Strategy (LIS) identifies three distinct and overlapping ‘sector strengths’ that drive innovation in the region: advanced engineering and aerospace; creative, cultural and digital industries; and financial, business and legal ‘tech’ services. Alongside an ambition to act as a driving force for clean and inclusive growth in the region, it defines the key priorities for the West of England region, including cross-sectoral innovation, inclusive growth, productivity and innovation in infrastructure delivery.

Figure 1-1 – The West of England LEP Area



Source: Local Industrial Strategy (2019)

The SGC ELR has been prepared alongside, as well as being aligned with, the Employment Land Spatial Needs Assessment (ELSNA) for the wider West of England. The West of England Combined Authority (WECA), in collaboration with the local authorities of Bristol, BANES, South Gloucestershire and North Somerset, commissioned an ELSNA which now forms part of the evidence base for strategic and non-strategic policies in the West of England area, broadly covering a 20-year period. As such, the SGR ELR is set within the context of the ELSNA, providing a focused and comprehensive assessment of the employment land needs and spatial issues specific to South Gloucestershire.

1.1.3 The Council's Local Plan Review

The Council has begun its process of reviewing its development plan documents which will establish a new growth strategy to guide where and how new homes, jobs and infrastructure should come forward. The Council published its first public consultation document, titled 'Local Plan 2020 Phase 1 – Consultation Document' in November 2020, which is expected to cover a 15-year period from 2023 – 2038. When all phases are fully published, the full Local Plan 2020 will eventually replace the adopted planning policies in the Core Strategy 2006 – 2027 (adopted in 2013), Policies, Sites and Places Plan (adopted in 2017) and where appropriate policies from the Joint Waste Core Strategy (adopted in 2011).

Under the theme 'Our Economy' the consultation document identifies 6 key issues and priorities for the new Local Plan, which this ELR Study will help to inform.

1. Change and challenge for town centres and high streets
2. The amount of employment land and jobs we need to plan for
3. Planning for clean growth and key sectors
4. Safeguarded employment land left for development
5. Employment land lost to non-employment uses
6. Access to employment opportunities and need to commute

1.2. Purpose and Objectives of the Study

The Council's last employment land review (ELR) was undertaken to inform the Core Strategy (adopted in 2013) between 2009 and 2010. This new Study provides an update to the Council's employment evidence base and seeks to consider:

- Whether the Council's existing portfolio of safeguarded employment sites continues to provide adequate functionality for businesses and operators;
- Appropriate localised FEMA sub-zones within the authority;
- Whether existing sites provides sufficient land to meet strategic demand over the proposed Local Plan period, taking account of market signals;
- Whether existing sites offer attractive opportunities for key market sectors; and
- Whether existing sites provide potential to drive the council's ambition for a green economic recovery post COVID-19 and achieve net zero carbon by 2030.

Sitting alongside the ELSNA, the Study will form part of the evidence base for the Local Plan review to inform the development and underpin the employment aspects of spatial strategy in South Gloucestershire.

1.3. FEMA Sub-Zones

South Gloucestershire forms part of the West of England functional economic market area (FEMA), and the South Gloucestershire ELR evidence will form part of, and integrate with, the wider West of England study. Further work has been undertaken to assess the demand and supply of employment land in more localised zones within the local authority area. The purpose of this is to help the Council better understand how the various economic markets function within South Gloucestershire and assist the Council in formulating localised spatial strategies through the Local Plan 2020. Accordingly, throughout this report the Unitary Authority area is divided into six indicative sub-areas for the purposes of assessing the demand and supply of employment land:

- North Fringe;
- East Fringe;
- Severnside;

- Yate and Surrounding Areas;
- East and South Rural; and
- Thornbury and North Rural.

These six sub-areas are illustrated spatially and analysed in detail within the FEMA Analysis Technical Paper, which forms one of the three technical papers that support the SGC ELR (outlined in section 1.5.1).

1.4. Challenges for the Study

In preparing the ELR, a number of key challenges are recognised:

- A shift in some of the fundamental parameters which underpin local strategic plans, policies, infrastructure and development proposals, including climate change emergency declarations, net zero carbon principles, social value and inclusion priorities, as well as the implications of COVID-19 and Brexit.
- The quickly changing relationships between economic and social need, land-use and real estate requirements. This includes significant changes in the nature and form of employment, substantial restructuring in the role of town centres and rapid growth of the 'green and clean' economy.
- The fundamental economic and social shock induced by the sudden onset of the COVID-19 pandemic, generating unprecedented short-term economic stagnation with many unknown, long-term implications for how we live, work, travel and communicate.

1.5. Structure of the ELR

The ELR consists of this Core Report, which intended to be read alongside the ELSNA and consists of four chapters, as well as three additional Technical Papers. The structure of the ELR is listed below:

Chapter 1: Introduction sets out the context of the ELR, including the background and purpose of the Study. The chapter also outlines the approach to the assessment in the context of the West of England ELSNA, defines the FEMA sub-zones for the purpose of the ELR and sets out the structure of the Report.

Chapter 2: ELSNA Implications for South Gloucestershire summarises the strategic findings and recommendations of the West of England ELSNA that are specific to South Gloucestershire. This includes a concise analysis of the supply-demand position for employment land in the Unitary Authority, and its implications for the ELR study – including the scale and type of employment land need, spatial considerations and policy directions.

Chapter 3: Supply-Demand Balance establishes the employment land requirement, informed by the outcomes of the aforementioned supply and demand analysis. The chapter sets out a quantitative and qualitative assessment of the supply of and demand for office, industrial, storage and distribution, and retail land across the individual FEMA sub-zones and for South Gloucestershire overall.

Chapter 4: Conclusions and Meeting Future Need draws together the findings of the study and considers a number of policy and strategy recommendations for South Gloucestershire. The chapter examines the solutions required to meet future employment land need in South Gloucestershire, including both maximising the use of existing employment sites and potential allocation of new sites. Taking a spatial approach, the chapter considers key employment locations and spatial trends within the Unitary Authority.

1.5.1. Technical Papers

In addition to the Final Core Report, three technical papers have been prepared to support this ELR document and provide a more detailed and focused assessment of employment land in South Gloucestershire:

Technical Paper A: FEMA Sub-Zones identifies functional and coherent areas within South Gloucestershire, to assist the strategic planning and development priorities of the Unitary Authority. Each area is defined so as to reflect a spatial level at which local economies and markets operate. The work consists of social and economic data analysis at the lowest possible geography (LSOA), as well as reviewing existing strategic documents. A demand analysis is presented by FEMA sub-zone – feeding into the supply-demand balance of Chapter 3.

Technical Paper B: Market Engagement Outcomes summarises the key issues and evidence for South Gloucestershire established through the market engagement carried out by Atkins throughout the ELSNA and ELR studies. The structured market engagement process included interviews with a range of local stakeholders, business sector representatives and local and national property market agents.

Technical Paper C: Supply Analysis and Site Proformas provides a strategic review of the existing and potential supply of land which may be suitable for employment development across South Gloucestershire. The analysis considers existing floorspace, consented land and available land on existing allocations, in addition to the suitability of existing stock to serve business and economic development needs. Detailed site proformas are provided for a total of 69 employment sites. The analysis results provide the basis upon which to consider the capacity of supply to meet anticipated demand.

2. ELSNA – Implications for South Gloucestershire

2.1. Introduction

Atkins Ltd were commissioned in June 2020 to prepare the Employment Land Spatial Needs Assessment (ELSNA) for the West of England on behalf of WECA in collaboration with the Unitary Authorities (UAs) of Bristol City, BANES, South Gloucestershire and North Somerset, covering the period 2020 to 2040 ('the ELSNA period'). This study assesses employment land demand and supply characteristics and provides recommendations for the client-identified study area for the West of England.

This section provides an overview of the ELSNA by providing the strategic and sub-regional context for the report, explaining the purpose and approach taken by the ELSNA. It also summarises the South Gloucestershire demand and supply position, with this feeding into the strategic findings and recommendations for the Unitary Authority and the implications of this for the ELR.

2.2. Context

2.2.1. Background

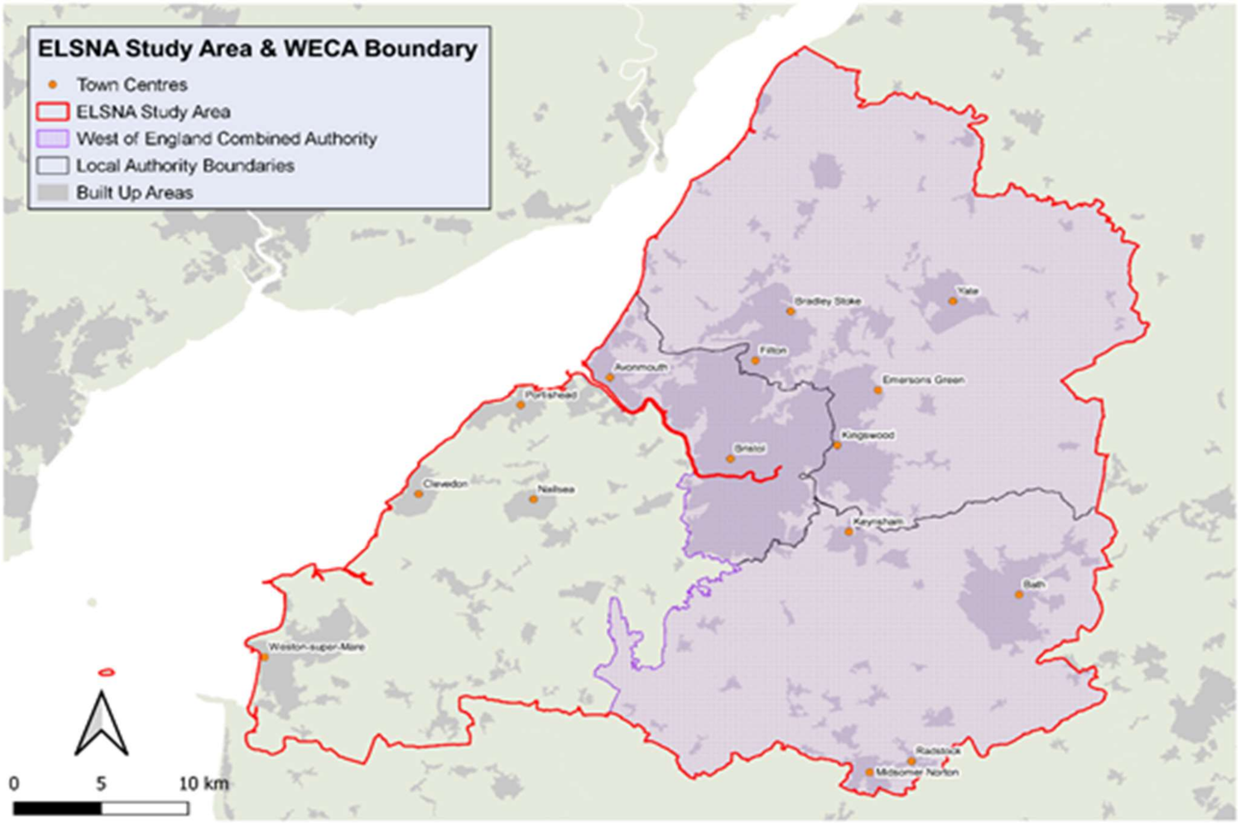
The core objectives of the ELSNA were to:

- Prepare an objective, sound and resilient evidence base with a comprehensive understanding of the quantitative, qualitative and spatial employment needs to support sustainable and inclusive economic growth, productivity improvements and sectoral diversification.
- Align the quantitative, qualitative and spatial needs assessment to the wider economic and cross-boundary functionality of the West of England.
- Apply a robust, criteria-based approach to assessing the suitability of existing and potential sites, locations and premises to meet anticipated quantitative and qualitative needs.
- Embed a thorough, meaningful and market-focused process of stakeholder engagement and collaboration in identifying the spatial, land, space and strategic infrastructure needs of businesses, investors and employers across the West of England; and
- Set out recommendations for establishing a suitable and flexible portfolio of future supply of employment-generating land, sites and premises that are balanced against anticipated scenarios of economic recovery, growth and diversification. These recommendations will subsequently be used to inform strategic planning in the West of England and the Local Plans of the constituent Unitary Authorities.

The Study area was determined by the client group to include land within the four Unitary Authority areas of BANES, Bristol City, North Somerset and South Gloucestershire – as presented in

Figure 2-1, which illustrates key urban areas (e.g. Bristol, Yate) and other locations of particular interest (e.g. Filton, Emersons Green) in the study area. It was aligned with the West of England Local Enterprise Partnership Area (see Figure 1-1). The FEMA is analysed in detail in Technical Paper 1.

Figure 2-1 – The ELSNA Study Area



Source: Atkins (2021)

2.2.2. South Gloucestershire Policy Context

The South Gloucestershire **Core Strategy** 2006-2027 comprises the authority's adopted spatial strategy and guides the location and quantum of development in South Gloucestershire. Policy CS11 (Distribution of Economic Development Land) seeks to maintain a supply of economic development land and directs employment development to the North Fringe of Bristol urban area (355 ha), East Fringe of Bristol urban area (147 ha), Yate & Chipping Sodbury (88 ha), the new neighbourhood at North Yate (up to 9 ha), Thornbury (19 ha), the rural area (14 ha) and Severnside (635 ha). The supply of this economic development land has been updated accordingly in the ELSNA. Policy CS12 (Safeguarded Areas for Economic Development) allows for the change of use from B Class uses to other economic development uses on safeguarded sites, subject to a number of criteria, with sites chosen to reflect the Strategy for Development (set out in Policy CS5) and in the spatial policies of Part 2 of the Core Strategy. Policy CS13 prohibits a change of use on economic development sites not safeguarded in Policy CS12, unless it can be clearly demonstrated that all reasonable attempts have failed to secure a suitable economic development re-use.

In addition to development management policies, the South Gloucestershire **Policies, Sites and Places Plan** (2017) sets out the Council's policy for safeguarding and allocating a range of land uses required to support sustainable communities. The Plan identifies several new allocations and sites carried forward from its previous 2006 Local Plan, including a range of town centre and mixed-use sites. The Plan also sets out PSP26, which identifies when development proposals in South Gloucestershire's Enterprise Areas will be acceptable, and PSP27, which determines when employment land can be changed to B8 Storage and Distribution uses.

The Council is in the process of preparing a new Local Plan, setting a new plan period up to 2038, based on the current NPPF. A 'Phase 1' Local Plan consultation document was published in November 2020. This is one of the Regulation 18 documents, with work ongoing now to lead into a Phase 2 document. The key issues raised following the public consultation on the Phase 1 Plan will be published along with Phase 2.

As part of the annual Authority's Monitoring Report (AMR), South Gloucestershire prepares an **Employment Land Survey** (ELAS) to monitor the availability, distribution and loss of employment and non-residential land.

The total amount of employment land available (sites with planning permission yet to be developed) has been steadily declining since the 2014 ELAS. The most recent ELAS (2019) takes account of significant new schemes approved over the past two years (such as development of a 10,872sqm B1b facility at East Works Site, Gloucester Road and the redevelopment of 100 Bristol Business Park to provide an additional 118,883 sqm of B1a/A3 floorspace). However, the ELAS suggests this has not been sufficient to stem the overall loss of employment land to non-traditional ‘B’ use classes (such as leisure, retail, hotels and residential).

In addition, South Gloucestershire Council (SGC), along with its partners, are also in the process of developing masterplans for multiple areas within the Unitary Authority; Yate, Bristol North Fringe, Severnside and Kingswood, which set out the long-term vision for improving these towns and areas.

2.3. South Gloucestershire Supply and Demand Position

2.3.1. Demand Assessment

In accordance with NPPF requirements, the demand assessment reflects employment forecasts by the key market sectors and the resulting sectoral demand for employment space. The core approach was to establish quantitative scenarios which capture, within reason, the likely range of potential need (floorspace/land) for each key market sector and as informed by the LIS and existing employment studies. The assessment reflected the latest available sectoral forecasts from Oxford Economics to assess employment forecasts and spatial needs demand quantitatively. A qualitative assessment was also prepared to consolidate and provide a locally adjusted scenario to the quantitative assessment. It utilised market engagement and locally relevant insights across a set of identified drivers of change to determine their likely implications on sector-led demand for employment space.

For the quantitative assessment, it was agreed to use the 2019 base estimates in the Oxford Economics forecasts as these reflected the prevailing economic situation before the Covid-19 pandemic struck.

The quantitative scenarios were used as a basis for the quantum of employment change across the West of England and provide a perspective on the sectoral distribution of this. The purpose of the qualitative assessment was to incorporate the local trends and emerging research and insights on the drivers of change to develop a sector-led approach to future employment space needs and provide adjustment to the quantitative assessment outcomes. The key drivers of change considered in the demand analysis are:

- Covid-19 and the economic recovery
- Brexit
- Zero carbon/ clean growth
- Circular economy
- Future of working
- Inclusive growth/ social enterprises
- Emerging sectors
- Enterprise structure changes, including incubators, hubs and accelerators
- Digitization and smart technology
- AI and autonomous processes

Replacement Demand/Need

A critical issue for spatial and local planning is to plan effectively and efficiently in providing for replacement demand to account for the ongoing need over time to replace a proportion of obsolete or ageing employment property stock each year. This replacement demand maintains viability of property and ensures the overall stock meets the needs of modern use in terms of its quality and characteristics, recognising that obsolete stock can be vulnerable to loss through change of use. It is especially important in ensuring the stock is in keeping with Net Zero priorities and the need for upgrades to accommodate technological trends and physical obsolescence.

In particular, if replacement sites and premises are ‘lost’ to redevelopment for other uses such as residential, and limited new employment space provided, the only way to make provision for the lost employment-generating floorspace will be through the identification of ‘new’ sites. Clearly, this raises the risk of putting a strain on future employment land supply as it will add significantly to needs identified for ‘core’ additional demand driven by future projected employment growth. Whilst impossible to avoid this completely, it will be essential for polices and supporting intervention mechanisms to maximise provision for replacement demand in-situ. In other words, maximising the redevelopment or re-use of existing employment sites for continued employment use.

The ELSNA sets out the full approach to assessing sectoral demand, including the qualitative adjustment, and replacement demand.

Demand Assessment

Table 2-1 presents the quantitative demand requirements by use class. The resulting total demand for employment space is an addition of new demand from sectoral employment change and with replacement demand on existing stock. The application of plot ratios, as described in Technical Paper 1, were used to approximate the scale of land need for the differing uses and to determine the land requirements in hectares for the Unitary Authorities within the ELSNA, as well as for the West of England. The demand has been driven by Unitary Authority-led demand forecasts and assumptions, which can be found in more detail within the ELSNA. Table 2-1 therefore highlights the land requirements for South Gloucestershire and a total for the West of England.

Table 2-1 – ELSNA Period Demand Land Requirements (ha)

Area	Office	R&D	Industrial	Storage & dist.	Retail	Total
Forecast driven new demand						
South Gloucestershire	5	2	-18	6	1	-5
West of England	34	27	-2	27	7	92
Replacement demand						
South Gloucestershire	9		38	25	4	76
West of England	32		81	54	15	182
Total demand						
South Gloucestershire	14	2	20	31	5	71
West of England	66	27	79	81	22	274

Source: Atkins analysis. Rounded to nearest Ha

Table 2-2 presents a qualitatively adjusted employment demand sensitivity by applying:

- No decline in manufacturing, with aerospace and advanced engineering sector employment land;
- An assumption that some of this land may be utilised for the other sectors identified for upward movements in industrial and storage and distribution land, as circular economy and food enterprise;
- No decline in circular economy employment land need, as this was not well captured by the quantitative forecasts; and
- No decline in the quantitatively assessed food enterprise employment land.

This qualitative adjusted scenario also determines a split of total employment land need by UA by following through these sensitivity adjustments, with South Gloucestershire being 33% of the total for the West of England. More information on the movements in total land requirement and the Unitary Authority split used for the qualitative assessment can be found in the ELSNA.

Table 2-2 – ELSNA Period Demand Land Requirements (ha) – Qualitative Adjustment

Area	Office	R&D	Industrial	Storage & dist.	Retail	Total
Forecast driven new demand						
South Gloucestershire	6	7	18	14	1	45
West of England	36	35	66	46	7	190
Replacement demand						
South Gloucestershire	9	-	38	25	4	76
West of England	32	-	81	54	15	182
Total demand						
South Gloucestershire	15	7	56	40	5	121
West of England	68	35	147	100	22	372

Source: Atkins analysis. Rounded to nearest Ha

A key conclusion from the qualitative assessment is the dependency of employment space demand on the emergence of both the identified drivers of change over the ELSNA period and key infrastructure and strategic developments. It also determines total demand for employment land that is distributed somewhat more to South Gloucestershire, reflecting uplifts in the manufacturing, aerospace, and advanced engineering and circular economy needs in particular.

2.3.2. Supply Analysis

The supply analysis provided a strategic review of the existing and potential supply of land which may be suitable for employment development within the West of England. The results of the analysis provided the basis upon which to consider the extent to which future supply can meet anticipated demand, offering a foundation from which to establish strategic development options for potential allocation and a strategic direction for employment growth. The analysis calculated the future supply of employment land across the West of England from quantitative data on extant permissions for commercial floorspace and available land on existing employment allocations without permission.

Extant permissions for commercial floorspace includes all land that has permission for commercial floorspace development, with a final figure for consented supply by use class being based off land that currently has planning consent for development. Available land on existing employment allocations without permission is land that does not currently have any planned development on it, but has obvious potential for change. This feeds into available land without consents in Table 2-3.

The total future supply for the West of England is assessed to be 387.52ha – including 254.17ha in South Gloucestershire, extensively dominated by the consented supply and available land at Severnside. Consented supply comprises 22% of the overall future supply in the West of England, covering 85.55ha. Based on average annual historic take-up rates for the West of England, this equates to approximately 3 and a half years' worth of supply for both office and storage and distribution uses, compared with less than 6 months' supply of industrial space. The significant majority of consents are located in South Gloucestershire (41.73ha). The remaining 78% of future supply comprises available land on existing sites without consent, equating to 301.94ha. The overall available land figure is significantly inflated by 212.44ha at South Gloucestershire, particularly the 192.6ha of availability within the Severnside Employment Area.

Table 2-3 – Overview of Future Supply by Use Class (ha)

	Office	Industrial & R&D	Storage & Distribution	Retail	Other	Total
South Gloucestershire						
Consented Supply	11.37	2.34	20.50	2.91	4.61	41.73
Available Land without Consents	3.60	50.65	143.60	2.89	11.70	212.44
Total Future Supply	**14.97**	**52.99**	**164.10**	**5.80**	**16.31**	**254.17**
West of England						
Consented Supply	34.29	6.29	25.84	6.72	12.44	85.58
Available Land without Consents	25.7	88.66	159.01	7.16	21.41	301.94
Total Future Supply	**59.99**	**94.95**	**184.85**	**13.88**	**33.85**	**387.52**

Source: Data provided by Unitary Authorities for ELSNA and analysed by Atkins

South Gloucestershire displays significantly low levels of office supply, with low levels of available land, making it not currently well positioned to absorb the demand from the urban Bristol market when it reaches capacity. It is a similar story for retail employment land, with even less available land for future supply.

South Gloucestershire does have significant available land in industrial employment supply, with 50.65ha in available land and only 2.34ha in consented supply. Avonmouth and Severnside remains the most active industrial market in the West of England, with industrial supply likely to remain focused on this area, reinforced by the proposed allocations of the emerging Bristol Local Plan and significant available land at Severnside (approximately 26.8ha). Furthermore, without suitable industrial provision in Bristol, it is likely that relocating businesses would be driven towards the small pockets of supply that exist in edge-of-centre locations in South Gloucestershire, for instance around Filton, Emersons Green and Hanham. However, the capacity to relocate will be subject to specific workforce and operational requirements.

The sub-regional supply picture for storage and distribution space is dominated by the significant available land at Severnside Employment Area suitable for such activity, assessed to be approximately 140.5ha. It is likely that this land will be held back from the market until 2027, when the 1957/58 overage time has passed and can be used to meet future demand from the storage and distribution markets. In addition to these significant levels of available land, Severnside has currently got planning consent for around 13ha, the vast majority of which sits within the storage and distribution use class. Severnside currently operates as a strategic distribution location for the West of England, and therefore should be considered in a sub-regional context. However, it is important to note that the majority of this supply at Severnside is predominantly suitable for regional/national distribution activity, involving purpose-built and large footprint warehouse facilities for major firms, and therefore cannot be regarded as an all-purpose storage and distribution location.

The following table provides an overview of the key strategic sites with significant potential to contribute to economic growth and employment in South Gloucestershire, as identified in the ELSNA due to it being a strategic-scale study and therefore the analysis is focused on major employment locations from a sub-regional perspective. The following sites have been listed due to taking into account the existing employment activity, consents for development and available employment land.

Table 2-4 – Strategic Sites with Significant Potential to Contribute to Economic Growth

Strategic Site	Potential to Contribute to Economic Growth and Employment in the West of England
Severnside Employment Area	Severnside Employment Area is a regionally significant employment location with strategic scaled distribution centres, logistics, manufacturing premises, an energy centre, recycling recovery and car dealerships. This strategic site should be considered alongside the neighbouring location of Avonmouth. Severnside offers a strategic location adjacent to the M5 and M49 motorways, near to the Port of Bristol and possesses strong connectivity via road. The warehousing and industrial supply picture for the sub-region is dominated by Severnside at present, in addition to neighbouring Avonmouth. However, this is unlikely to alleviate supply pressures in the sub-region, as some businesses will not relocate to Severnside due to operational and workforce demands, with some existing businesses reporting difficulties in recruiting staff. Accessibility and other infrastructure improvements will be required to address these constraints. Nevertheless, the Employment Area has significant potential for future economic and employment growth, with the site assessment identifying a maximum capacity of 192.6ha of available land for employment uses. Demand is expected to be sustained for the site in future across the key market sectors, with potential for increased demand as a result of trends accelerated by COVID. Severnside has also seen an intensified need for larger buildings and greater eaves heights, termed as ‘super sheds’, to accommodate the rise in economies of scale and automation – for instance, the Central Park development accommodates buildings in excess of 750,000 sqft and eaves heights of up to 40m. Market engagement indicates that Severnside also has the potential to further develop as a major cluster location for the region’s waste and energy businesses, with some interesting examples of waste to energy production already focused in the Avonmouth-Severnside Area. In addition to available land, there is currently 13ha of planning consents located within Severnside Employment Area, intended for mixed B Use Classes – including storage and distribution, office and industrial space.
Filton Enterprise Area	Filton represents an internationally significant cluster for Aerospace and Advanced Engineering, and the UK’s largest aerospace cluster, located alongside the A38 and near the M4/M5 interchange – offering direct east-west access to London and Cardiff, as well as north-south access to the Midlands and South West. The Enterprise Area continues to attract inward investment from the UK and from international industrial businesses looking to relocate, with GKN due to open their 110,000 sqft Global Technology Centre within the Enterprise Area in H2 2021. Due to the significant development of Filton, available land without consents has reduced considerably in recent years, with the site assessment identifying 3.79ha of suitable employment land. Filton Enterprise Area has significant amounts of land with planning consent for mixed B use. Furthermore, planning permission has been granted for a prime regional neighbourhood development adjoining Filton EA in South Gloucestershire Council called Brabazon on Filton Airfield, led by YTL Developments, including 2,675 residential units and provision of office and industrial premises as part of the mixed-use scheme. This will include headquarter office buildings (Grade A offices with large floorplates), as well as more flexible Grade A and B office space, purpose-built research institutions, and high-tech manufacturing premises (high-spec and low density). The development could have an important impact on the investment potential of this part of the sub-region and thus expected to be a success. The site has significant potential to drive economic and employment growth across the key market sectors of Aerospace and Advanced Engineering, Professional Services, Creative and Digital, as well as supporting start-ups and micro-firms, mainly through the existing capabilities of being the UK’s largest aerospace cluster.

Emersons Green Enterprise Area	Located alongside the A4174 ring road in South Gloucestershire, the Emersons Green Enterprise Area is a major employment location for the sub-region and provides excellent transport access around the east fringe of Bristol and directly to the M32 and M4/M5 motorway corridors. The central focus is the Bristol and Bath Science Park, which hosts a strongly functioning cluster of science and health businesses, promoting key sector prioritisation in the sub-region. The site houses approximately 40 innovative companies from across these sectors and boasts strong university links, contributing significantly to both economic and employment growth in the West of England. The Enterprise Area also includes well established businesses at the Harlequin and Emerald Business Parks, as well as the Vertex Park, which has seen considerable take-up since opening and is likely to continue to develop into a major cluster of distribution and industrial activity due to its prime location. The extensive development of Emersons Green in recent years means available land for employment use without consents is currently limited, estimated at 3.6ha, however there are significant planning consents in place which will further increase the area's contribution to economic growth and employment in the West of England. This comprises 3ha of permissions for highly sought-after R&D space (B1b use class) – including an extension the National Composites Centre to form a research and development workshop – as well as a mixed-use development at Harlequin Office Park comprising of a 90 bedroom hotel, a restaurant and coffee shop – providing employment opportunities within the Retail, Culture and Leisure sector and amenities for the local workforce. Moreover, the Enterprise Area is recognised as having significant potential to contribute to economic growth due to the existing employment activity on the site, which serves a range of key market sectors and innovative start-ups.

2.3.3. Supply Demand Balance

This section compares the projected demand for employment land across South Gloucestershire and the West of England, with the future supply of employment land (incorporating land with consents for development and available land without consents). The demand and supply data used in Table 2-5 can be found in Section 2.3.1 and 2.3.2 respectively.

Table 2-5 – Supply Demand Balance in ha – 2019 Demand Base

	Office	Industrial & R&D	Storage & Distribution	Retail	Total
South Gloucestershire					
Total Supply	14.97	52.99	164.1	5.8	254.17
Demand	*5*	*-16*	*6*	*1*	*-5*
Balance	**9.97**	**68.99**	**158.1**	**4.8**	**259.17**
Replacement Demand/Need	*9*	*38*	*25*	*4*	*76*
Total Demand (including replacement need)	14	22	31	5	71
Balance including replacement need)	**0.97**	**30.99**	**133.1**	**0.8**	**183.17**
Total Balance for the West of England					
	26.99	**69.95**	**157.85**	**6.88**	**295.52**
Total Balance with replacement need for the West of England					
	-5.01	**-11.05**	**103.85**	**-8.21**	**113.52**

Source: Data provided by Unitary Authorities for ELSNA and Atkins analysis

The supply-demand balance in Table 2-5 highlights what is ostensibly a quantitative oversupply of employment land supply for the West of England, equating to 295.52ha, and lowers to 113.52ha when including replacement need. This figure is dominated extensively by the 103.85ha of a current 'snap-shot' oversupply of potential storage and distribution space.

It is a similar story for South Gloucestershire, where there is a significant oversupply of storage and distribution when including replacement need, but there is also an oversupply of industrial and R&D employment land. There is an oversupply of office and retail employment land as well, but this is less pronounced than the other uses.

South Gloucestershire has a lower oversupply of employment land than the West of England when not incorporating replacement need, but a higher oversupply of employment land when including replacement need. This suggests that South Gloucestershire has a lower replacement demand than the rest of the West of England, highlighting that the sites may be newer or of a higher quality than other areas.

Table 2-6 uses the same total supply figures, but incorporates the qualitatively adjusted sensitivities for demand. The ELSNA report states that the qualitative demand assessment indicated that the overall scale of quantitatively assessed demand is lower than that which may likely be required, particularly in terms of industrial space. Furthermore, there are judged to be some key shifts between sectors and between specific premise and locational needs.

Overall, the qualitative assessment recommended that for assessing the supply-demand balance, the significant projected losses in industrial space is reconsidered and the demand figures are adjusted accordingly from the quantitative employment-led assessment. More information on the application of the qualitative assessment can be found in Section 2.3.1 or in the ELSNA.

Table 2-6 – Supply Demand Balance in ha – Qualitative-adjusted Sensitivities for Demand

	Office	Industrial & R&D	Storage & Distribution	Retail	Total
South Gloucestershire					
Total Supply	14.97	52.99	164.1	5.8	254.17
Demand	*6*	*25*	*14*	*1*	*45*
Balance	**8.97**	**27.99**	**150.1**	**4.8**	**209.17**
Replacement Demand	*9*	*38*	*25*	*4*	*76*
Total Demand (including replacement need)	15	63	40	5	121
Balance (including replacement need)	**-0.03**	**-10.01**	**124.1**	**0.8**	**133.17**
Total Balance for the West of England					
	23.99	**-6.05**	**139.85**	**6.88**	**198.52**
Total Balance including replacement need for the West of England					
	-8.01	**-87.05**	**84.85**	**-8.12**	**16.52**

Source: Data provided by Unitary Authorities for ELSNA and Atkins analysis

Using the qualitatively adjusted sensitivities for demand, it can be shown that there needs to be a balance struck between an oversupply of employment land and providing for future employment needs:

- The oversupply of employment land is lower at 198.52ha without replacement need.
- When replacement need is included, the oversupply of employment land is significantly lower at 16.52ha.
- This figure is dominated by the 84.85ha of 'oversupply' for storage and distribution space.
- There is a significant undersupply with regards to industrial and R&D space of 87.05ha when replacement demand is considered.
- For forecast demand need alone, the undersupply for industrial and R&D space is 6.05ha.

South Gloucestershire still has significant oversupply of storage and distribution with or without replacement need being included. Industrial employment land has an undersupply when replacement demand is included, showing the significance of having high quality sites. Office and retail employment space has an insignificant under and over supply respectively, with a balance of close to 0ha.

The ELSNA analysis identified a shortfall of employment land in Bristol of 125.3ha, including 73.6ha for industrial/R&D space and 38.7ha for storage and distribution, which was largely offset by the 'oversupply' in South Gloucestershire of 133.17ha. However, it is important to note that the future supply in South Gloucestershire cannot be regarded as a direct solution to the deficit in Bristol, which is likely to be exacerbated by intensifying pressures for residential space. As this report discusses, this is primarily because the majority of future supply is situated at Severnside, which predominantly caters for regional/national distribution markets and is afflicted by a number of development constraints – including land banking issues, sterilisation of land due to the existing gas containers and the overage on the Westgate site. Consequently, there is a pressing need to identify future employment land across the wider Bristol area to address the shortfall.

2.4. Implications for the ELR

2.4.1. Office

Established and desirable office park locations in South Gloucestershire, such as Aztec West in Almondsbury and Bristol Business Park in Stoke Gifford, are essentially at full capacity currently and unlikely to provide significant future supply. The smaller town centre office locations in South Gloucestershire, such as Kingswood, Staple Hill and Yate also currently possess little to no supply. At present, South Gloucestershire is not particularly well positioned to absorb any unmet demand arising from the Bristol market, with just 14.97ha of future office supply available.

COVID-19 has evidently had significant impacts upon the office workforce; however, the office environment was already changing with a potential shift towards businesses downsizing. Therefore, COVID-19 is likely to have only accelerated pre-existing trends for remote working and virtual conferencing. Market engagement with property agents indicated that while requirements for office space in central areas are not expected to decline in the long term, there is likely to be increased demand for a hub-and-spoke model approach to working – including more local and suburban sites to supplement central offices. This is likely to include development of flexible working hubs within residential communities, which provide bookable desks for staff to work from, closer to where they live, offering the facilities they would expect in their main office. The idea of flexible working hubs are a growing concept in the UK, with examples in the South West being Desk Lodge in Bristol, offering hotdesking, fixed desks, private offices and meeting rooms all within minutes from Temple Meads Train Station.

The North Fringe offers the environmental characteristics that are deemed to be becoming increasingly important for firms deciding where to locate, with an attractive place and services offer alongside accessibility to residential areas. This supports office, retail and mixed-use provision for across professional, creative, cultural and digital sectors, where there is affordable supply. The recent market data for Thornbury and North Rural shows a reduce in demand for periphery office locations, however engagement has also identified a future desire from the workforce and small business for working in more rural areas with lifestyle choices and supported by increased provision of fibre optics, leasing flexibility and local services offer.

2.4.2. Industrial and R&D

South Gloucestershire exhibits supply capacity of 27.99ha in relation to additional new demand. This however translates to a shortfall of 10.01ha when replacement demand is added in the qualitative adjusted demand assessment, further emphasising the need to consider site protection and appropriate upgrade to meet these total needs. This undersupply is reduced by the significant available land at Severnside, which comprises almost 78% of the available land suitable for industrial (B1c) and R&D (B1b) uses in the Unitary Authority. However, the significant available land present at Severnside is not expected to reduce pressures on supply in the rest of South Gloucestershire, as certain businesses will not be able to transfer to Severnside due to their operational and workforce requirements. Severnside represents a key location for large footprint, purpose-built manufacturing facilities to serve major firms, however small industry services and local manufacturers are unlikely to exhibit demand for the area. Moreover, land availability is significantly reducing at Severnside and the rate of development is significantly accelerating – suggesting the level of supply will decline considerably over the next 5 years.

Beyond Severnside, supply of industrial space is critically low in key locations of demand in South Gloucestershire, for instance in the North Fringe at Filton, within the cluster of aerospace engineering, and Emersons Green, which has been developed considerably in recent years. Demand for industrial space is recognised by market engagement to currently be greater in the North Fringe than elsewhere, including Severnside, given its current density, proximity to Bristol and transport connectivity. This demand is likely to include that from the advanced manufacturing, engineering and aerospace sector, modern logistics and other innovative sub-sectors across health and life sciences, digital and Net Zero provisions.

The nature of industrial demand in the East Fringe, as well as Yate, is expected to be of smaller units of light industrial and manufacturing for firms with denser employment footprints. Emersons Green’s high value and technology clustering and locational advantages support demand to the sub-area that requires flexible, high specification and technologically enabled industrial and R&D space. This includes innovative sub-sectors within health and life sciences, digital technology and circular economy.

As a result, there should be a focus within spatial planning on intensification and making efficient use of existing industrial stock in South Gloucestershire in order to limit pressures on supply in the long term, as well as across the West of England as a whole. The potential for intensification and new typologies which make efficient use of employment space is considered further in the ELSNA.

2.4.3. Storage and Distribution

Approximately 89% of the total future supply of storage and distribution space in the West of England is situated in South Gloucestershire, including almost 156.5ha of future supply within the Severnside Employment Area. As with industrial land, the significant supply available at Severnside is unlikely to alleviate supply pressures in the sub-region, as some businesses will not relocate to Severnside due to operational and workforce demands, with a number of existing businesses experiencing difficulties in recruiting and retaining staff. Severnside is suitable for large footprint warehouses for regional and national distribution, however smaller premises for last mile logistics and local distribution/storage activity are unlikely to locate here. Furthermore, due to the increased demand for 'super sheds' at Severnside – as demonstrated by the large-scale developments which accommodate major international firms like Amazon and Lidl – it is likely that the quantum of available land could be depleted rapidly and therefore the allocation should not be regarded as a safeguarded source of supply in the long term.

Beyond Severnside, there is expected to be a considerable shortfall in employment land suitable for storage and distribution uses in South Gloucestershire, particularly for smaller-scale premises in edge-of-centre locations like Emersons Green, Kingswood and Longwell Green. There may be some limited potential to accommodate such uses in retail warehouse locations in the North Fringe, for instance around Cribbs Causeway.

2.4.4. Retail

The relative potential shortfall in retail supply also needs to be considered in light of the longer term impacts of COVID-19 and other shopping trends, with a strong likelihood that the closure of non-essential retail will produce significant vacancies at some West of England's retail locations. Moreover, the increasing penetration of online retail throughout the pandemic will likely reduce store portfolios and increase retail vacancy where the offer is not appropriately aligned with the needs of the catchment. As a result, it is expected that significant recycling of retail space will occur in the short term. Future retail supply identified within this assessment is instead principally focused on edge-of-centre retail parks and out-of-town 'big box' premises in South Gloucestershire – including Cribbs Causeway and the surrounding area. Also, COVID-19 has increased demand for these out-of-town locations and retail parks, due to their spacious layouts and potential to ensure social distancing.

Yate sees demand for cultural and leisure space and wholesale and retail provision, including the distributional aspects for changing nature of the sector, will be an important provision for the local and wider population. Yate Town Centre is an important retail location, whilst the change to the use class order could lead to SME demand for mixed-use and local working space in the centre. This would be supported with the emerging masterplan for Yate to improve the place offer and enhance the functionality of the sub-area.

2.5. Recommendations

2.5.1. Recommendation 1: Protection of Existing Employment Stock

A fundamentally clear message from the quantitative and qualitative assessments undertaken for the ELSNA indicate the importance of maximising the economic potential from existing employment land stock. This will require appropriately robust and clear protection policies for land which can be maintained in viable employment use or invested in so that it can support use by modern commercial and industrial occupiers. Unitary Authorities should work closely with WECA and the private sector (including local property representative) to define workable policies and clearly, locally meaningful criteria.

This could include implementation of Article 4 directions or potentially more flexible policies which can adapt to changing market dynamics and balance the supply and demand for employment space accordingly. However, it is acknowledged that Article 4 powers may not be as effective as previously envisaged which reinforces the need for WECA and local authorities to actively pursue appropriate intervention mechanisms to protect market-suitable employment land and enhance the delivery of modern commercial and industrial premises. This may compromise of using Central Government economic recovery funds and potentially a greater role by local authorities as a 'direct developer' in partnership with the private sector.

In the short-term during the recovery stage, it will be imperative that local authorities support existing local businesses by not compromising their existing space needs and providing them with sufficient choice and flexibility to accommodate growth requirements.

2.5.2. Recommendation 2: Identify Additional Land Supply

The analysis indicates a need to identify additional industrial and office supply to address the projected shortfall in Bristol, BANES and South Gloucestershire. In particular, this includes small-scale industrial space in accessible locations and edge-of-centre premises for 'city-serving' industrial activities and last mile distribution.

This should be supported by policies and interventions to maximise potential from urban intensification potential including new opportunities arising from town centre restructuring. Floorspace and plot ratio targets are recommended to support this.

Whilst positive planning activities such as the 'call-for-site' process should continue in the identification of potential development sites, it is increasingly evident that there is a clear scarcity of land available at key locations which could be regarded as suitable to accommodate strategic growth needs through normal market mechanisms. The implication of this is that the public sector may need to consider appropriate forms of intervention to enable delivery of suitable, sustainable sites. This is further enhanced by the critical need to meet net zero carbon and social value priorities.

2.5.3. Recommendation 3: Maximising the Use of Existing Stock

Policies and supporting interventions should strongly support the more efficient use of existing employment land, for example through intensification and through new forms of mixed-use development typologies. This could enable development and testing of an industrial intensification and co-location strategy for the West of England, supported by area-specific planning and design guidance. A clear conclusion from the ELSNA is that a substantial proportion of total demand is driven by the need to replace obsolete employment premises ('replacement demand'). Consequently, in making more efficient use of existing land, strong policies and targeted intervention will be required to maximise in-situ replacement. In other words, enabling the redevelopment or reuse of existing employment land for ongoing employment use.

In addition, intervention and support to help deliver the refurbishment and retrofitting of ageing and energy inefficient premises with low carbon and sustainable technologies should also be strongly encouraged. This will be critical not only in supporting the drive towards net zero carbon but will help facilitate the retention of sites for continued employment use.

2.5.4. Recommendation 4: Meeting Emerging Sector Requirements

Policies should promote the delivery of accommodation to cater for the specific needs of key market sectors, the growth of which may be constrained by the current employment space offer in key locations. This includes premises to serve the last mile logistics market and provision for sites in urban locations for day-to-day industrial activities essential for the competitive functioning of towns and cities. In addition, increasing provision will need to be made for flexible co-working hubs in areas with good access to residential locations. This will be required to meet components of need driven by a rapid increase in remote working and growth in demand for incubator/accelerator facilities in accessible location to support the thriving SME sector in the sub-region.

2.5.5. Recommendation 5: Locational Principles to Prioritise

There is need for an increased focus on supporting businesses to be more energy efficient and inclusive by creating employment suitable in type and location for the population of the sub-region's most deprived communities. This should include provision being made in locations in close proximity to, or within priority areas, as well the enhancement of employment areas with good access to existing and planned affordable public transport services.

2.5.6. Recommendation 6: Promoting Flexible Employment Land Policies

Spatial and employment land policies should build in sufficient flexibility to respond to the unique commercial market circumstances surrounding COVID-19 and Brexit along with the uncertainty which is inherent in economic forecasting. National and localised data will be required to inform flexible and adaptive policies, which should focus on maintaining economic functionality of existing and future employment land supply in the West of England. This will require good quality and target monitoring of patterns of supply and demand, how this changes over time and how demand requirements vary across different business and industrial sectors.

2.5.7. Recommendation 7: Ongoing Monitoring of Supply and Demand

Conduct regular exercises to assess market signals and ensure there is sufficient provision of suitable employment land to meet the requirements of businesses and other employment generating activities. Throughout the lifetime of the SDS and the individual Local Plans, regular employment land review updates and business engagement activities should be undertaken to monitor changing local market conditions.

2.6. Summary

The Employment Land Spatial Needs Assessment provides a strategic overview of the West of England, using an objective, sound and resilient evidence base to identify the spatial, land, space and strategic infrastructure needs of businesses, investors and employers across the West of England. The quantitative analysis highlights an oversupply of employment land of 183.17ha, which decreases to 133.17ha once incorporating the qualitatively adjusted sensitives for demand.

The recommendations that are listed in Section 2.5 are for the whole of the West of England, however, these are relevant for South Gloucestershire to ensure it establishes a suitable and flexible portfolio of future supply of employment-generating land, sites and premises that are balanced against anticipated scenarios of economic recovery, growth and diversification. These recommendations can subsequently inform strategic planning within South Gloucestershire, including in the SDS and the Local Plans.

The supply and demand analysis in the ELSNA will help establish the employment land requirement for South Gloucestershire. The following chapter will examine solutions to this, and explain what is required to meet future employment land need, including maximising the use of existing employment sites and potential allocation of new sites.

3. Future Employment Land Need

This chapter compares the projected demand for employment land across South Gloucestershire, as outlined in Technical Paper A, with the future supply of employment land presented in Technical Paper C (incorporating land with consents for development and available land without consents on existing sites). The data is disaggregated by FEMA sub-zone and Use Class Orders.

Due to both the demand figures and the permissions section of total supply being presented in square metres, the available land section of supply has been converted into square metres for ease of comparison. As indicated in Technical Paper C, this involved the use of plot ratios and the usual conversion of hectares into square meters, with this being standard practice when estimating employment land. The available land data in hectares can be located in Technical Paper C. The supply demand balance is also presented in hectares (see Table 3-2), with the demand and permissions section requiring the conversion to be shown in hectares rather than square meters. However, it is important to note that the conversions are highly sensitive to assumed plot ratios, and therefore figures need to be treated with caution when conversions have been made.

The main objective of the supply-demand balance exercise is to evaluate whether there is sufficient employment land in South Gloucestershire to meet future business and economic development needs, as well as to identify any potential spatial needs which are currently not well represented in the supply available that need to be addressed. Utilising the results of this analysis, Chapter 4 seeks to identify potential options for meeting future employment land demand across the Unitary Authority, including maximising the use of existing employment land and identifying strategic locations with the potential to accommodate future need.

3.1. Overview of Supply-Demand Balance in South Gloucestershire

The comparison of demand and supply of employment land across South Gloucestershire incorporates projections and tables that have been presented in Technical Paper A and Technical Paper C. Table 3-1 below presents the relationship between qualitatively adjusted new demand, as outlined in Technical Paper A and replacement demand to generate a figure for total demand by use class and FEMA sub-zone. The demand range highlights the potential need for employment land based on a set of identified drivers, with replacement demand showing the need to replace a proportion of obsolete or employment property stock each year to meet the needs of the net zero carbon agenda and modern technology. These combine to provide a total demand which illustrates the total need for employment space by use class.

Table 3-1 – Supply-Demand Balance (in sqm) by FEMA Sub-Zone

	Office	Industrial & R&D	Storage & Distribution	Retail	Total
East Fringe					
Total Supply	25,292	89,774	18,470	21,496	194,407
Demand	*8,500*	*29,500*	*12,500*	*2,000*	*52,500*
Balance	**16,792**	**60,274**	**5,970**	**19,496**	**141,907**
Replacement Demand	*8,500*	*28,000*	*18,500*	*4,500*	*60,000*
Total Demand (including replacement need)	17,000	57,500	31,000	6,500	112,500
Balance (including replacement need)	**8,292**	**32,274**	**-12,530**	**14,996**	**81,907**
North Fringe					
Total Supply	145,626	185,573	9,439	42,320	430,269
Demand	*23,000*	*47,500*	*27,000*	*4,000*	*101,500*

Balance	**122,626**	**138,073**	**-17,561**	**38,320**	**328,769**
Replacement Demand	*49,500*	*33,500*	*22,500*	*5,500*	*111,500*
Total Demand (including replacement need)	72,500	81,000	49,500	9,500	213,000
Balance (including replacement need)	**73,126**	**104,573**	**-40,061**	**32,820**	**217,269**
Severnside					
Total Supply	15,860	185,573	3,177,172	18,518	4,378,771
Demand	*500*	*3,500*	*11,000*	*0*	*15,500*
Balance	**15,360**	**182,073**	**3,166,172**	**18,518**	**4,363,271**
Replacement Demand	*500*	*56,000*	*37,000*	*1,000*	*94,500*
Total Demand (including replacement need)	1,000	59,500	48,000	1,000	110,000
Balance (including replacement need)	**14,860**	**126,073**	**3,129,172**	**17,518**	**4,268,771**
South and East Rural					
Total Supply	1,000	11,161	66,371	0	80,298
Demand	*2,000*	*6,500*	*4,000*	*500*	*13,500*
Balance	**-1,000**	**4,661**	**62,371**	**-500**	**66,798**
Replacement Demand	*1,000*	*12,500*	*8,500*	*1,000*	*23,500*
Total Demand (including replacement need)	3,000	19,000	12,500	1,500	37,000
Balance (including replacement need)	**-2,000**	**-7,839**	**53,871**	**-1,500**	**43,298**
Thornbury and North Rural					
Total Supply	-353	1,985	1,206	375	4,181
Demand	*5,000*	*10,500*	*4,500*	*1,000*	*20,500*
Balance	**-4,647**	**-8,515**	**-3,294**	**-625**	**-16,319**
Replacement Demand	*5,000*	*19,500*	*13,000*	*7,500*	*45,000*
Total Demand (including replacement need)	10,000	30,000	17,500	8,500	65,500
Balance (including replacement need)	**-9,647**	**-28,015**	**-16,294**	**-8,125**	**-61,319**
Yate and Surrounding Area					
Total Supply	-297	13,374	8,940	-254	21,220
Demand	*6,500*	*17,000*	*12,000*	*1,500*	*37,000*

Balance	**-6,203**	**-3,626**	**-3,060**	**-1,246**	**-15,780**
Replacement Demand	*8,000*	*39,000*	*26,000*	*5,000*	*78,000*
Total Demand (including replacement need)	14,500	56,000	38,000	6,500	115,000
Balance (including replacement need)	**-14,797**	**-42,626**	**-29,060**	**-6,754**	**-93,780**
Total Balance for South Gloucestershire					
	142,928	**372,940**	**3,210,598**	**73,963**	**4,868,646**
Total Balance including replacement need for South Gloucestershire					
	69,834	**184,440**	**3,085,098**	**48,955**	**4,456,146**

Table 3-1 presents a total balance of adequate employment land supply to meet future need across South Gloucestershire, equating to an ‘oversupply’ of 4,456,146 sqm.

However, this total figure hides a number of crucial shortfalls in the supply picture, as it is dominated by the 3,085,098 sqm of ‘oversupply’ for storage and distribution space. This includes a notable undersupply with regards to all use classes in the FEMA sub-zones of Thornbury and North Rural and Yate and the Surrounding Area.

Table 3-2 presents the above data in hectares, incorporating plot ratios in the conversion. This also shows an ‘oversupply’ of employment land in South Gloucestershire of 220.10ha. This is dominated by the 154.38ha of ‘oversupply’ for storage and distribution space.

Table 3-2 - Supply-Demand Balance (in ha) by FEMA Sub-Zone

	Office	Industrial & R&D	Storage & Distribution	Retail	Total
East Fringe					
Total Supply	2.02	3.80	0.92	1.53	10.24
Demand	*0.68*	*1.27*	*0.63*	*0.14*	*2.71*
Balance	**1.34**	**2.53**	**0.29**	**1.39**	**7.53**
Replacement Demand	*0.68*	*1.12*	*0.93*	*0.32*	*3.04*
Total Demand (including replacement need)	1.36	2.39	1.55	0.46	5.75
Balance (including replacement need)	**0.66**	**1.41**	**-0.63**	**1.07**	**4.49**
North Fringe					
Total Supply	11.65	8.24	0.47	2.96	25.70
Demand	*1.84*	*2.05*	*1.35*	*0.28*	*5.52*
Balance	**9.81**	**6.19**	**-0.88**	**2.68**	**20.18**
Replacement Demand	*3.96*	*1.34*	*1.13*	*0.39*	*6.81*

Total Demand (including replacement need)	5.80	3.39	2.48	0.67	12.33
Balance (including replacement need)	**5.85**	**4.85**	**-2.01**	**2.29**	**13.37**
Severnside					
Total Supply	1.27	39.86	158.86	1.3	213.17
Demand	*0.04*	*0.15*	*0.55*	*0.00*	*0.74*
Balance	**1.23**	**39.71**	**158.31**	**1.30**	**212.43**
Replacement Demand	*0.04*	*2.24*	*1.85*	*0.07*	*4.20*
Total Demand (including replacement need)	0.08	2.39	2.40	0.07	4.94
Balance (including replacement need)	**1.19**	**37.47**	**156.46**	**1.23**	**208.23**
South and East Rural					
Total Supply	0.08	0.47	3.34	0	3.95
Demand	*0.16*	*0.27*	*0.20*	*0.04*	*0.67*
Balance	**-0.08**	**0.20**	**3.14**	**-0.04**	**3.29**
Replacement Demand	*0.08*	*0.50*	*0.43*	*0.07*	*1.08*
Total Demand (including replacement need)	0.24	0.77	0.63	0.11	1.74
Balance (including replacement need)	**-0.16**	**-0.30**	**2.72**	**-0.11**	**2.21**
Thornbury and North Rural					
Total Supply	-0.03	0.09	0.06	0.03	0.19
Demand	*0.40*	*0.46*	*0.23*	*0.07*	*1.15*
Balance	**-0.43**	**-0.37**	**-0.17**	**-0.04**	**-0.96**
Replacement Demand	*0.40*	*0.78*	*0.65*	*0.53*	*2.36*
Total Demand (including replacement need)	0.80	1.24	0.88	0.60	3.51
Balance (including replacement need)	**-0.83**	**-1.15**	**-0.82**	**-0.57**	**-3.32**
Yate and Surrounding Area					
Total Supply	-0.02	0.53	0.45	-0.02	0.91
Demand	*0.52*	*0.73*	*0.60*	*0.11*	*1.95*
Balance	**-0.54**	**-0.20**	**-0.15**	**-0.13**	**-1.04**
Replacement Demand	*0.64*	*1.56*	*1.30*	*0.35*	*3.85*

Total Demand (including replacement need)	1.16	2.29	1.90	0.46	5.80
Balance (including replacement need)	**-1.18**	**-1.76**	**-1.45**	**-0.48**	**-4.89**
Total Balance for South Gloucestershire					
	11.33	**48.08**	**160.55**	**5.17**	**241.43**
Total Balance including replacement need for South Gloucestershire					
	5.53	**40.54**	**154.28**	**3.46**	**220.10**

The following section identifies these potential pressures in the balance of employment land supply and projected demand by traditional Use Class, as well as any potential future spatial needs which are not provided for in the supply available that could possibly be catered for through spatial planning policy. The discussion largely replicates the supply narrative of Technical Paper C, which provides more detail on specific supply-related figures.

3.2. Office

Future office supply in South Gloucestershire remains relatively low, with an assessed balance of 69,834 sqm (5.53ha). This represents just 1.5% of the calculated 'oversupply' for the Unitary Authority. At present, all of the available land for future development is located in the North Fringe, with no capacity in the other FEMA sub-zones beyond the consented accommodation discussed in Technical Paper C. This represents the lowest balance for future provision across the Use Classes, apart from retail.

The supply-demand balance demonstrates an undersupply of future office space in the FEMA sub-zones of South and East Rural, Thornbury and North Rural and Yate and Surrounding Area, as well as relatively low supply in the East Fringe. Established office park locations, such as Aztec West Business Park in Almondsbury and Bristol Business Park in Stoke Gifford, are essentially at full capacity and unlikely to offer considerable future supply. Indeed, the only FEMA sub-zone assessed to have a significant level of office supply is the North Fringe. However, the main problem here has been a lack of speculative development due to inadequate viable employment land supply and because urban centres represent more lucrative development prospects, whereas the North Fringe occupiers are cost-orientated business facing functions. However, the North Fringe is expected to benefit from public transport improvements outlined in the WECA Transport Delivery Plan, including development of a new train station enhancing connectivity with Bristol, which will boost its attractiveness as a potential office location for national and regional businesses.

This low supply of available land for office uses is partially offset by the significant level of consents, which are also focused on the North Fringe, in addition to some limited supply in the East Fringe and Severnside. However, South Gloucestershire is not currently well positioned to absorb the demand from the urban Bristol market when the existing consented accommodation reaches capacity – predominantly due to a lack of available office space. At present, there is a relative oversupply of potential office space situated at Severnside, which is unlikely to experience demand for office space and smaller units, due to its distance from residential units and poor provision of amenities. There is a negative view of Severnside due to the industrial character of the area and its association with dirty industries. The area has some potential for distribution depots and large-scale manufacturing activity, but cannot be considered as an all-purpose supply of employment land.

As noted elsewhere in the report, it is important to emphasise that estimates of floorspace capacity of any given site is sensitive to variations in plot ratio assumptions, which is particularly the case for offices where development densities can be much higher than average in central locations. South Gloucestershire Council should put in place robust monitoring systems to gather empirical local data on current plot ratios for new developments.

3.3. Industrial and R&D

As with storage and distribution, South Gloucestershire's oversupply of industrial and R&D space is dominated by the Severnside Employment Area. However, the stakeholder engagement process highlighted issues relating to the level of supply currently at Severnside. While the quantity of supply for Severnside may appear significant on paper, it was argued that this disguises various constraints. Firstly, there is intensifying pressure on Severnside to accommodate growth, with increasing numbers of applications within the CS12 allocation. As a result, the level of supply is declining rapidly, exacerbated by the fact that occupiers at Severnside are predominantly seeking large-scale sites for distribution purposes, which thus adds pressure on the remaining capacity of the allocation. Secondly, it is anticipated that a significant proportion of existing available land for development at Severnside is unlikely to come forward in the timescales required to meet market requirements. One proposal to address the shortfall of supply at Severnside was to begin looking to sites beyond the original CS12 allocation, in order to expand the development area and benefit from its strategic location.

Indeed, Severnside cannot be considered as a solution to the industrial supply pressures elsewhere in South Gloucestershire, including undersupply in the FEMA sub-zones of Yate and Surrounding Area and Thornbury and North Rural. Severnside represents a key location for large footprint, purpose-built manufacturing facilities to serve major firms, however small industry services and local manufacturers are unlikely to exhibit demand here. The supply-demand balance highlights a pressing need to identify additional industrial supply, particularly in locations which will complement Severnside and serve a wider range of market needs. Demand for industrial premises in the North Fringe is expected to be maintained, driven by new developments such as GKN's Global Technology Centre, and identification of additional supply may be required to support such growth in the long term. The key issue here will be how the aerospace and aviation industry recovers post-COVID. If the sector begins to flourish again, there will be a likely need to reserve employment land in the area for grow-on space and development of the existing cluster of businesses.

As presented in Technical Paper C, consented industrial accommodation remains low across the Unitary Authority, likely due to a lack of available space for feasible development. The pressures on industrial supply, particularly in locations such as Yate and the Surrounding Area and the East Fringe, could be partially eased through intensification and efficient use of existing stock, as discussed in Section 4.4.1. However, it will be crucial to consider the levels of demand in such locations, as market engagement recognised that locations such as Kingswood and Staple Hill could potentially no longer be suitable for modern industrial uses, due to increasing congestion and residential settings which restrict working hours and business operation. It is noted that a lack of redevelopment does not necessarily indicate that sites are unviable, but particularly in urban areas, this may indicate residential 'hope' value at play.

Yate and the Surrounding Area has displayed strong demand historically for industrial uses, which is expected to be maintained for the foreseeable future, alongside potential diversification of employment provision. Consequently, there is a pressing need to identify a future supply of industrial space within this FEMA sub-zone. This could potentially involve expansion of existing employment allocations to serve general industrial uses, depending on market demand, as well as intensification of current sites to maximise capacity – as explored in Section 4.4.1. However, the residents of Yate are increasingly expressing distaste towards the number of logistics and industrial units within the town, predominantly due to congestion. This must be considered within future employment provision, with the appropriate consultation undertaken to balance employment need and resident wellbeing.

3.4. Storage and Distribution

The sub-regional supply picture for storage and distribution space is dominated by the significant available land and consented development at Severnside Employment Area suitable for such activity. Severnside currently operates as a strategic distribution location for the West of England, and therefore should be considered in a sub-regional context. However, it is important to note that the majority of this supply at Severnside is predominantly suitable for regional/national distribution activity, involving purpose-built and large footprint warehouse facilities for major firms, and therefore cannot be regarded as an all-purpose storage and distribution location. Furthermore, as discussed with regards to industrial supply, Severnside is not likely to considerably reduce stresses on supply elsewhere in South Gloucestershire. This is partly due to the inability of some businesses to relocate to Severnside due to operational requirements, in addition to the rapid take-up of existing supply and the constraints on future delivery.

There is a clear need to disaggregate floorspace supply between Severnside and the rest of South Gloucestershire. Indeed, building features and location criteria in Severnside aligns with large-scale regional distribution hubs, which do not represent a like for like alternative for demand employment space in the East Fringe and Yate for smaller logistics spaces and light industrial units. Away from Severnside, there is a relatively limited supply of storage and distribution land across South Gloucestershire, including shortfalls in the North Fringe, East Fringe, Thornbury and North Rural, and Yate and Surrounding Area.

In particular, both the North and East Fringe currently have no land available for storage and distribution uses, coupled with limited consents. This includes a crucial lack of future supply for edge-of-centre premises which could serve the last mile logistics market. The evolving nature of the Transport and Logistics sector means there is now an increasing need for supply of such premises in key demand locations, for instance in the centre and on the edge of urban areas, complementing the well-established strategic distribution areas like Severnside. In the East Fringe, the extensive development of Emersons Green in recent years means available land for employment use without consents is currently limited, however there are significant planning consents in place for housing which will further increase the area’s importance for employment in the West of England.

3.5. Retail

There is limited supply of readily identifiable retail space across South Gloucestershire, as shown by Table 3-1, with the lowest use type supply-demand balance at 48,995 sqm (3.46ha). However, the ‘retail’ assessment presented in this report should be considered a high-level analysis of future retail supply with analysis limited by the study’s core focus on employment uses. Market engagement did however reveal that retail supply is relatively limited in the typical town centre retail destinations within the Unitary Authority, including Yate, Kingswood and Hanham. The majority of consented supply identified during analysis is small-scale and situated within mixed-use developments across the sub-region.

Retail supply needs to be considered with regards to the impacts of COVID-19 and the increasing penetration of online retail, with a strong likelihood that store portfolios will be reduced in the long-term, coupled with increased retail vacancies where the offer is not appropriately aligned with the needs of the catchment. As a result, it is expected that significant recycling of retail space will occur, particularly in the urban centres. In addition, it will be crucial for the aforementioned town centres of South Gloucestershire to be more flexible in how they can be repurposed for cultural offers, education and flexible employment, creating both destinations and employment opportunities of high-quality design and place-making, including public realm, green infrastructure as well as flexible working and digital connectivity.

COVID-19 has also increased demand for out-of-town shopping locations and retail parks, due to their spacious layouts and potential to ensure social distancing. This aligns with the availability on existing allocations in South Gloucestershire, with future retail supply predominantly dominated by ‘Big Box’ and out-of-town retail. This includes the potential for accommodation of large-scale premises at Severnside (such as car dealerships, wholesalers and other retail uses which can operate in out-of-town locations).

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4. Conclusions and Meeting Future Need

4.1. Introduction

This chapter sets out a summary and conclusions of the key study findings and evidence assessed across the Core Report and three accompanying Technical Papers. Based on these findings, strategic recommendations for meeting future need are presented with the purpose of informing the development of robust economic and employment land policies for South Gloucestershire as part of SGC's forthcoming Local Plan.

The purpose of this Study is to provide an update to the Council's employment evidence base and seek to consider:

- Whether the Council's existing portfolio of safeguarded employment sites continues to provide adequate functionality for businesses and operators;
- Appropriate localised FEMA sub-zones within the authority;
- Whether existing sites provides sufficient land to meet strategic demand over the proposed Local Plan period, taking account of market signals;
- Whether existing sites offer attractive opportunities for key market sectors; and
- Whether existing sites provide potential to drive the council's ambition for a green economic recovery post COVID-19 and achieve net zero carbon by 2030.

4.2. Summary and Conclusions

4.2.1. ELSNA

Overview

The Employment Land Spatial Needs Assessment provided a strategic overview of the West of England, using an objective, sound and resilient evidence base to identify the spatial, land and strategic infrastructure needs of businesses, investors and employers across the West of England. The quantitative analysis highlights an oversupply of employment land of 183.17ha in South Gloucestershire Unitary Authority, which decreases to 133.17ha once incorporating the qualitatively adjusted sensitives for demand. The oversupply of employment land is dominated by the significant oversupply for storage and distribution space. The Unitary Authority is also assessed to have an undersupply of industrial and R&D space, with office and retail space being close to balance. Replacement need and the potential to regenerate and rebuild existing sites also remains an important driver to be monitored for employment land needs.

Implications for the ELR

The ELSNA also highlights implications for the ELR for each of the major types of employment space; office, industrial and R&D, storage and distribution and retail. Some of the key points raised were:

- Established and desirable office parks are essentially already at full capacity e.g. Aztec West, Bristol Business Park, with smaller town centre office locations (Kingswood, Yate) also having little to no supply. Therefore, South Gloucestershire is not particularly well positioned to absorb any unmet demand arising from the Bristol office market.
- COVID-19 is likely to have only accelerated pre-existing trends for remote working and virtual conferencing, with demand likely to shift towards a hub-and-spoke model approach to working – including more local and suburban sites to supplement central offices.
- Whilst Severnside provides a significant amount of available land, it is not expected to reduce pressures on supply in the rest of South Gloucestershire as certain businesses will not be able to transfer to Severnside due to their operational and workforce requirements. On top of this, land availability is significantly reducing at Severnside and the rate of development is significantly accelerating – suggesting the level of supply will decline considerably over the next 5 years.
- While Bristol displays a significant shortfall in future employment space, South Gloucestershire cannot be regarded as the direct solution to this issue. This is predominantly because the majority of future supply is situated at Severnside, which is constrained by a number of factors – including land banking issues, limited public transport infrastructure and sterilisation of land due to the existing gas storage units. Moreover, the declining supply at Severnside is exacerbated by the fact that occupiers are predominantly seeking large

building footprints for storage and distribution, which adds pressure on the remaining capacity of the allocation. Indeed, market engagement suggests that once the overage agreement on the Westgate site expires in 2027, the remaining available land is likely to be developed out rapidly.

- There needs to be a focus within spatial planning on intensification and making efficient use of existing industrial stock in South Gloucestershire in order to limit pressures on industrial land supply in the long term, with supply currently critically low in key locations e.g. North Fringe at Filton, Emersons Green.
- There is expected to be a considerable shortfall in employment land suitable for storage and distribution uses in South Gloucestershire (excluding Severnside) in smaller-scale, edge-of-centre locations e.g. Emersons Green, Kingswood, Longwell Green. There may be some limited potential to accommodate this in retail warehouse locations in the North Fringe, for instance around Cribbs Causeway.
- It is expected that significant recycling of retail space will occur in the short term due to the longer-term impacts of Covid-19 and the increasing penetration of online retail. Future retail supply is focused on edge-of-centre retail parks and out-of-town 'big box' premises including Cribbs Causeway and the surrounding area.

4.2.2. Supply-Demand Balance

There is adequate employment land supply to meet future need across South Gloucestershire, equating to an 'oversupply' of 4,456,146 sqm (220.10ha). However, this total figure hides a number of crucial shortfalls in the supply picture, as it is dominated by the 3,085,098sqm (154.28ha) of 'oversupply' for storage and distribution space. This includes a notable undersupply with regards to all use classes in the FEMA sub-zones of Thornbury and North Rural and Yate and the Surrounding Area. The main outcomes of the assessment are described below:

Office

- Future office supply in South Gloucestershire remains relatively low, with an oversupply of 69,834 sqm (5.53ha).
- All of the available land for future developments is located in the North Fringe, with the other FEMA sub-zones having no capacity and an overall undersupply of office space.
- Whilst there is supply in the North Fringe, there is a lack of speculative development due to inadequate viable employment land supply and urban centres represent more lucrative development prospects, with North Fringe occupiers tending to be cost-orientated business facing functions.
- The low supply of available land is partially offset by the significant level of consents which are also focused on the North Fringe, with some additional supply in the East Fringe and Severnside.
- The oversupply of potential office space at Severnside is unlikely to experience demand due to its distance from residential units and poor provision of amenities, along with the negative view of Severnside as being a predominantly industrial area

Industrial and R&D

- South Gloucestershire's oversupply of industrial and R&D space is dominated by Severnside.
- There are several issues with the level of supply at Severnside (as noted by the stakeholder engagement process); intensified pressure has resulted in the level of supply declining rapidly, occupiers are mainly seeking large-scale sites, a significant proportion of existing available land for development is unlikely to come forward in the timescales required to meet market requirements.
- There is an undersupply in the FEMA sub-zones of Yate and the Surrounding Area, Thornbury and North Rural, South and East Rural.
- Demand for industrial premises in the North Fringe is expected to be maintained, driven by new developments e.g. GKN's Global Technology Centre.
- Locations such as Kingswood and Staple Hill could no longer be suitable for modern industrial uses, due to increasing congestion and residential settings which restrict working hours and business operation
- Yate and the Surrounding Area has historically displayed strong demand for industrial uses, which is expected to be maintained for the foreseeable future. However, a balance between these drivers and residential wellbeing and quality of place is recommended, recognising concerns on town congestion.

Storage and Distribution

- The storage and distribution space is, similar to industrial, dominated by the significant available land and consented development at Severnside. Severnside is currently a strategic distribution location for the West of England.
- Severnside is unlikely to reduce stresses on supply elsewhere in South Gloucestershire.
- The large-scale regional distribution hubs at Severnside do not represent a like for like alternative for demand employment space in the East Fringe and Yate and the Surrounding Area for smaller logistics spaces and light industrial units.
- There is relatively limited supply of storage and distribution land in the other FEMA sub-zones away from Severnside.
- Neither the North or East Fringe have land available for storage and distribution uses which, coupled with limited consents, results in a crucial lack of future supply for edge-of-centre premises. These premises could serve the last mile logistics market, which has an increasing need due to the evolving Transport and Logistics sector.

Retail

- Limited supply of readily identifiable retail space across South Gloucestershire, with the lowest use class oversupply level at 48,995 sqm (3.46ha).
- However, the retail assessment is only on Category 1 and 2 sites, meaning it is a high-level analysis of future retail supply and limited by the study's core focus on employment uses.
- There is limited retail supply in the typical town centre retail destinations of Yate, Kingswood and Hanham, among others.

4.3. ELSNA Recommendations

The ELSNA provided high-level recommendations which focused on establishing a suitable and flexible portfolio of future supply of employment-generating land and premises, balanced against anticipated scenarios of economic recovery, growth and diversification. These recommendations align with the findings of the South Gloucestershire ELR and therefore must be considered in the formation of SGC's Local Plan.

These recommendations are presented below with specific recommendations highlighted for South Gloucestershire:

- **Protection of Existing Employment Stock –** A fundamentally clear message from the quantitative and qualitative assessments undertaken for the ELR and the ELSNA is the importance of maximising the economic potential from existing employment land stock. This will require appropriately robust and clear protection policies for land which can be maintained in viable employment use or invested in to support use by modern commercial and industrial occupiers. SGC should work closely with the private sector (including local property representatives) to define workable policies and clear, locally meaningful criteria. This recommendation is considered in further detail in Section 4.4.
- **Identify Additional Land Supply –** The ELSNA analysis indicated a need to identify additional industrial and office supply to address the projected shortfall in South Gloucestershire. In particular, this included small-scale industrial space in accessible locations and edge-of-centre premises for 'city-serving' industrial activities and last mile distribution. This should be supported by policies and interventions to maximise potential from urban intensification potential including new opportunities arising from town centre restructuring. Floorspace and plot ratio targets are recommended to support this. This recommendation is considered in further detail in Section 4.4.
- **Maximising the Use of Existing Stock –** Policies and supporting interventions should strongly support the more efficient use of existing employment land, for example through intensification and through new forms of mixed-use development typologies. A clear conclusion from the ELSNA is that a substantial proportion of total demand is driven by the need to replace obsolete employment premises ('replacement demand'). Strong policies and targeted intervention will be required to maximise the in-situ replacement to enable the land to be used more efficiently and for employment use. This recommendation is considered in further detail in Section 4.4.
- **Meeting Emerging Sector Requirements –** Policies should promote the delivery of accommodation to cater for the specific needs of key market sectors, the growth of which may be constrained by the current employment space offer in key locations. This includes premises to serve the last mile logistics market and provision for sites in urban locations for day-to-day industrial activities essential for the competitive

functioning of towns and cities. In addition, increasing provision will need to be made for flexible co-working hubs in areas with good access to residential locations.

- **Locational Principles to Prioritise –** There is need for an increased focus on supporting businesses to be more energy efficient and inclusive by creating employment suitable in type and location for the population of the sub-region's most deprived communities. This should include provision being made in locations in close proximity to, or within priority areas, as well the enhancement of employment areas with good access to existing and planned affordable public transport services.
- **Promoting Flexible Employment Land Policies –** Spatial and employment land policies should build in sufficient flexibility to respond to the unique commercial market circumstances surrounding COVID-19 and Brexit along with the uncertainty which is inherent in economic forecasting. National and localised data will be required to inform flexible and adaptive policies, which should focus on maintaining economic functionality of existing and future employment land supply in the West of England.
- **Ongoing Monitoring of Supply and Demand –** Conduct regular exercises to assess market signals and ensure there is sufficient provision of suitable employment land to meet the requirements of businesses and other employment generating activities. Throughout the lifetime of the SDS and the individual Local Plans, regular employment land review updates and business engagement activities should be undertaken to monitor changing local market conditions.

4.4. Options for Meeting Future Employment Need

The supply-demand balance, presented in Section 3.1, suggests a significant supply of employment land for South Gloucestershire to meet forecasted demand, equating to 4,456,146 sqm. However, as Section 3.1 discusses, this total figure conceals several critical gaps in the supply picture, as it is largely dictated by the 3,085,098 sqm of 'oversupply' for storage and distribution space. This involves a noteworthy undersupply across all use classes for Thornbury and North Rural and Yate and the Surrounding Area, as well as widespread deficits with regards to industrial and storage and distribution space.

Consequently, various policy responses will be necessary to safeguard a suitable supply of employment space delivering choice and flexibility for different market segments over the plan period. Primarily, this can take two forms: promoting policies which maximise the use of South Gloucestershire's existing portfolio of employment sites, particularly those which are currently underutilised, and identifying potential additional employment land supply to address the anticipated undersupply in specific locations.

The following section identifies these potential options for meeting future demand for employment space across the FEMA sub-zones, as well as any future spatial needs which may not be offered in the existing supply that could be accommodated through spatial planning policy. This discussion is underpinned by an objective and resilient evidence base, including a strategic assessment of quantitative, qualitative and spatial employment needs to support sustainable and inclusive economic growth, productivity improvements and sectoral diversification in South Gloucestershire. Crucially, the recommendations of potential locations to accommodate future need are informed by stakeholder engagement, with a range of SGC and business sector representatives as well as local and national property market agents, and the FEMA sub-area profiles presented in Technical Paper A (Section 6.3).

The options outlined here largely reflect recommendations presented in the ELSNA, due to the inherent parallels with regards to future spatial and sectoral needs.

4.4.1. Maximising Use of Existing Stock

Considering the projected undersupply of new employment land in several FEMA sub-zones, it is of critical importance that SGC encourage both the protection and more efficient use of South Gloucestershire's existing portfolio of employment stock available going forward. It is also recommended that the response to the balance analysis is guided by the overall levels for South Gloucestershire, rather than a prescriptive approach of responding to the FEMA sub-zone levels in isolation. This supports an employment spatial strategy that considers suitable locations that meet the premise and location requirements across the South Gloucestershire FEMA. The potential for investment and demand to be attracted and met away from areas of high rents and supply constraints to other suitable locations for industrial and office-based business is also recognised, partly due to shifting working and travel behaviours accelerated with the COVID-19 pandemic.

In order to proactively promote the efficient and use of South Gloucestershire's existing stock, three stages of targeted policy response will be required: protection of existing employment sites, refurbishing and retrofitting potentially ageing stock, and maximising the employment activity occurring on underutilised sites through intensification.

Protecting Existing Stock

The supply and demand balance analysis set out in this report identifies specific shortfalls in the provision of market suitable employment floorspace across South Gloucestershire within the plan period. The analysis indicates this is particularly acute in Yate and the Surrounding Area and Thornbury and North Rural, although shortages are also evident in all FEMA sub-zones – apart from Severnside. However, as discussed in Technical Paper C, development rates at Severnside have been snowballing rapidly in recent years, with the increasing likelihood that the remaining available land will dissipate in advance of 2038. The ELR stakeholder workshops emphasised the fact that a minimal amount of new 'super shed'-style developments, comparable to those occurring in recent years, would likely take up the remaining supply at Severnside.

Consequently, there is a pressing need in South Gloucestershire for the introduction of robust employment land protection policies which remain appropriate for the market circumstances of each FEMA sub-zone. Pressure for redevelopment from Permitted Development Rights is ever-increasing and will only intensify as the influence of the new Use Classes develops. These enduring pressures emphasise the requirement for robust and effective safeguarding policies, directed towards sites which benefit the local economy and key market sectors. Considering the current portfolio of 58 safeguarded employment sites in South Gloucestershire, as assessed in Technical Paper C, it is recommended that efforts are made to ensure that all of the sites remain safeguarded to maintain a consistent level of supply of employment land across the use classes.

Where sites are deemed to be ageing and not suitable to modern occupiers, refurbishment and retrofitting should be considered to enhance the employment offer, as discussed below. This will require collaborative engagement with the private sector – including local property agents and business representatives. SGC could also consider adopting a selective role as a direct developer to govern employment space supply, especially for sites in their ownership. In doing so, policies and other mechanisms must remain focused on factors which will determine the viability and deliverability of key sites, including a robust prioritisation approach.

Refurbishing and Retrofitting Existing Stock

The site assessment process, detailed in Technical Paper C, included criteria to examine the ability of each site to be used by businesses with modern requirements, and thus the suitability of sites to be used as modern employment land. The site assessment looked at the quality and fit for purpose of the existing sites, as well as the age and suitability of stock and the suitability of buildings for modern occupiers. As the CLG and EPC data in Table 4-1 and Table 4-2 demonstrates, a proportion of stock was deemed suitable for modern occupiers, with adequate specification for businesses to occupy, displaying market appeal and value to businesses. However, there will be a need for targeted investment and redevelopment of stock on existing sites to meet modern occupier needs.

Table 4-1 – CLG Data on Stock Age for the West of England

Employment type	Pre-1970 stock	Pre-1990 stock
Office	45%	79%
Industry	50%	75%
Warehouse	39%	80%
Retail	59%	75%

Source: DCLG, Age of Commercial and Industrial Stock (2004)

Table 4-2 – Data on Low EPC Rating Share for South Gloucestershire

Geographical Area	Office	Industrial	Warehouse	Retail
South Gloucestershire	38%	37%	28%	34%
West of England	33%	31%	26%	28%

Source: Atkins, West of England Employment Land Spatial Needs Assessment (2021)

In order to meet net zero carbon, significant upgrade of existing building stock will be required across South Gloucestershire to reduce the energy demands of buildings by 40% by 2050, as part of the Climate Change Act target. The replacement demand incorporated into the supply-demand balance exercise in Section 3.1 accounts for the need to replace older, lower quality stock over the Local Plan period, particularly with regards to this low carbon agenda and also the requirement to upgrade premises to accommodate technological trends. By retrofitting and refurbishing existing stock, this enables a significant proportion of replacement demand to be met on currently safeguarded sites – reducing the requirement for identification of new employment land supply. With regards to funding, there is also the potential to make targeted use of relevant government funds which aim to drive economic recovery, for instance the Levelling-up Fund or Towns Fund.

Existing safeguarded sites identified through the site assessment process as potentially requiring refurbishment or retrofitting to drive South Gloucestershire's low carbon growth agenda and enhance appeal to modern businesses include:

- SG-16 Oatley Trading Estate, Kingswood
- SG-18 Station Road, Kingswood
- SG-19 North of Douglas Road
- SG-24 Hanham Business Park
- SG-27 Hayward Industrial Estate
- SG-28 2-8 London Road, Warmley
- SG-30 Bowling Hill, Chipping Sodbury
- SG-40 Old Cider Mill Trading Estate
- SG-42 Station Premises and Yard, Winterbourne
- SG-43 Station Road, Charfield
- SG-44 Sunguard Vivista Premises, Marshfield

A flexible approach to repurposing retail and community facilities should also be considered within South Gloucestershire's high streets and urban centres. Pre-existing trends in the retail industry, especially the shift towards online shopping, have been accelerated over the last year by the COVID-19 pandemic – generating fundamental changes in retail design and operations. Consequently, there is likely to be new opportunities for the review and reconfiguration of existing retail space in South Gloucestershire, for instance to enhance cultural offers and placemaking, creating both high-quality destinations and employment opportunities – including improved public realm and green infrastructure. Vacant retail premises could present the opportunity for introduction of other complimentary uses through collaborative, mixed-use spaces to serve the local community and address otherwise unmet employment space requirements.

Intensifying Employment Activity on Existing Stock

The policies aimed at protection of existing stock, discussed above, should be strengthened and complemented by interventions which encourage maximum use of existing employment space. In particular, this could include policies and targeted actions to encourage intensification of employment activity on viable sites and application of innovative new mixed-use typologies where appropriate.

Considering the shortfalls identified in the supply-demand balance in Section 3.1, as well as the existing stock available in South Gloucestershire, the intensification of industrial and distribution premises offers the most viable and sustainable option for maximising employment activity across the FEMA sub-zones. As discussed in the West of England ELSNA, this process should be initiated through commission of an industrial intensification study (similar to that commissioned by the Greater London Authority for the new London Plan[1]) to identify sites with the capacity for intensification, specifically considering occupier requirements and physical viability. This should be accompanied by tailored planning and design guidance for intensification, including best practice examples of intensification schemes and giving assurance to developers that if proposed development conforms with the guidance provided then permission will likely be granted.

Existing safeguarded sites identified through the site assessment process as having the potential to be intensified to maximise employment activity include:

- SG-6d Land East of A38, Filton/Patchway (Southern parcel)

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[1] Greater London Authority (2018) *Industrial Intensification and Co-Location Study*

- SG-12c Emersons Green (Vertex Park and Residual parcel)
- SG-21 McBraida Site
- SG-29 Beeches Industrial Estate, Yate
- SG-33 Great Western Business Park, Yate
- SG-37 Thornbury Industrial Estate
- SG-41 Pucklechurch Trading Estate
- SG-45 Severnside Employment Area (all parcels)
- SG-51 University of the West of England
- SG-57 Stover Road and North Road Industrial Estate
- SG-58 Badminton Road Trading Estate

Publications in recent years have increasingly highlighted new innovative industrial/distribution typologies that have been developed worldwide[2,3,4], including individual characteristics which can be adapted to an appropriate site, typically based on its scale and existing employment activity. Adapted from the ELSNA. Table 4-3 demonstrates a selection of best practice typologies which potentially could be delivered in South Gloucestershire, including strategic locations across the FEMA sub-zones which may be able to accommodate these. Crucially, these are high-level recommendations, which will require further testing to assess the viability and demand for intensification, as well as any potential deliverability issues.

Table 4-3 – Potential Intensification Typologies – Best Practice Examples

Typology	*Industrial Units*	*Attached Structure*	*Multi-Storey Industrial*	*Co-Location with Employment*
Example	Gewerbehof Laim, Munich, Germany	The Gantry Studios, Hackney Wick, London	Prologis Georgetown, Seattle, USA	Binck Business Centre, The Hague, Netherlands
Image				
Description	Light industrial units stacked vertically on top one another, served by cargo lifts. Focused on premises and activities which do not require operational yards.	Small stackable light industrial / R&D units adjoining a larger ground dependent industrial / distribution premises, generating an active frontage to a large unit.	Potential to stack smaller light industry on top of medium or large units, maximising land use. Served by cargo lifts and consolidated parking on site.	Cluster of small / medium office and industrial units with active frontage. Ground dependent units, with stacked office/light industry which do not need operational yards.
Possible Location	Traditional industrial areas with restricted space, such as Yate and Thornbury.	Key cluster locations for R&D/innovation such as Emersons Green and the UWE site at Frenchay.	Established, large-scale industrial/ distribution locations, principally Severnside Employment Area.	Accessible locations serving both office and industrial such as Filton and Patchway at the North Fringe.

[2] Greater London Authority (2017) *Industrial Intensification Primer*
[3] Stantec (2021) *Enfield Industrial Intensification: Market Deliverability Study*
[4] Benoy (2019) *Industrial Mixed-Use: A New Urban Typology?*

4.4.2. Identification of Locations to Meet Future Need

The supply and demand balance analysis contained in this report suggests a sufficient employment land supply and future need across South Gloucestershire. However, as previously discussed, this total figure disguises a number of significant shortfalls in the supply picture. This includes a deficit in supply across all use classes for Thornbury and North Rural and Yate and the Surrounding Area, a lack of storage and distribution space in both the East and North Fringe, as well as an undersupply with regards to office, retail and industrial/R&D space in the South and East Rural sub-zone. Furthermore, despite the current oversupply of land at Severnside, there are a number of constraints on development here and existing supply is being absorbed at a rapid rate.

Accordingly, there is a pressing need for South Gloucestershire to identify additional employment land supply in strategic locations to address the anticipated undersupply across the Unitary Authority. The current outcomes of the Call for Sites process suggest there is a scarcity of opportunities for strategic-scale employment sites. As a result, it is looking likely that public intervention by SGC will be necessary in distinguishing additional supply of employment space. Accordingly, SGC should consider making effective use of current and emerging government funding programmes which promote local economic recovery and employment creation.

As mentioned, identifying locations with the potential to meet future need must consider the results of the balance analysis for the South Gloucestershire FEMA as a whole, rather than taking a prescriptive approach of responding to the individual FEMA sub-zone shortfalls. Crucially, the employment spatial strategy should focus on locations that meet the premises and location requirements of key growth sectors, whilst also balancing employment land allocations with adequate land to serve strategic housing delivery plans.

The following section of the report is also presented in Technical Paper B – Summary of Stakeholder and Property Market Engagement. It draws on the stakeholder engagement process, predominantly the workshop held with SGC representatives on 17th June 2021, to identify opportunity locations with the potential to meet future need. This is a high-level assessment to classify possible constraints and potential growth areas to enhance the supply of employment land, which will require further testing to gauge market demand and viability, as well as interventions to distinguish specific sites for potential allocation.

Severnside

Both stakeholder workshops, as well as the individual discussions with market agents, highlighted issues relating to the level of supply currently at Severnside. While the quantity of supply for Severnside may appear significant on paper, it was argued that these figures disguise a number of key constraints. Firstly, there is intensifying pressure on Severnside to accommodate growth, with increasing numbers of applications for plots within the CS12 allocation in recent years. As a result, the level of supply is declining rapidly, with availability shrinking. This is exacerbated by the fact that occupiers at Severnside are predominantly seeking large-scale sites for storage and distribution purposes, which thus adds pressure on the remaining capacity of the allocation.

Secondly, it is anticipated that a significant proportion of existing available land for development at Severnside is unlikely to come forward in the timescales required to meet market requirements. Indeed, it was suggested that once Central Park reaches capacity, there will be a significant lack of readily available supply. This is due to a number of complex factors, including an overage agreement which currently restricts development within the Westgate site. As a result, there is currently a considerable lack of small to medium logistics space in particular. Once the remaining land comes forward, it is expected to be taken up rapidly.

One proposal to address the shortfall of supply at Severnside was to begin looking to sites beyond the original CS12 allocation, in order to expand the development area and benefit from its strategic location. These areas have already seen increasing demand and could be considered as a reservoir of supply in the long term, however there is likely to be competing demand from housing to be considered. This includes potential sites at Easter Compton, as well as SGC-owned land neighbouring the CS12 allocation (i.e. around Whitehouse Farm). The emerging Bristol Local Plan includes the proposed allocation of approximately 60ha of greenfield land adjacent to Avonmouth to expand industrial and warehousing uses, demonstrating the potential for a similar allocation in South Gloucestershire.

There have also been aspirations discussed to diversify the range of employment provision currently available at Severnside. Growth in the residential population around Severnside is likely to see increased demand for an array of complementary employment purposes to improve the function of the broader area. Further, emerging sub-sectors that develop at Emersons Green such as next generation products could then demand space at Severnside for manufacturing and distribution facilities. Sectors including circular economy and transport and logistics would likely drive demand in this area. However, the current perception of Severnside being for 'dirty industries' may need to be altered as part of this.

Industrial and R&D demand may also increase toward Severnside if the spatial interactions between Severnside and the North Fringe and wider area is improved. Overcoming the transport and place barriers, including the M5 severance and public transport connectivity, will be key. Schemes such as the metroWest rail programme that is being promoted with links through Severnside and to Cribbs, would help reduce the perception of Severnside as being an isolated sub-area. Linkages to the area surrounding Cribbs Causeway would change the economic functionality of the area and with planned housing around Cribbs, Severnside could offer employment opportunities with better integration. Severnside is though unlikely to experience demand in office space and for smaller units given its distance from the labour market and with accelerated trends for home working and more local working hubs.

North Fringe

The Bristol North Fringe was identified as an area with potential for accommodation of future growth, however the type of employment space to be accommodated proves a challenge at present. The Filton Airfield development is expected to significantly increase the residential population of the area, with the associated demand for retail and leisure facilities. The inclusion of a new train station within the Bristol Arena permission will significantly boost the connectivity of the North Fringe with Bristol, and provide key opportunities for growth.

Demand for industrial space is recognised by market engagement to currently be greater in the North Fringe than elsewhere, including Severnside, given its current density, proximity to Bristol and transport connectivity. This demand is likely to include that from the advanced manufacturing, engineering and aerospace sector, modern logistics and other innovative sub-sectors across health and life sciences, digital and Net Zero provisions.

The key issue for the North Fringe is how the aerospace and aviation industry will respond post-COVID. If the sector begins to flourish again, there will be a likely need to reserve employment land in the area for grow-on space and development of the existing cluster of businesses. This is likely to add more strength and vibrancy to the South Gloucestershire economy than the retail and leisure spaces that developers are likely to target. The North Fringe has also seen a number of temporary applications for bars and residential uses, highlighting the shifting focus of the area. The North Fringe also offers the environmental characteristics that are deemed to be becoming increasingly important for firms deciding where to locate, with an attractive place and services offer alongside accessibility to residential areas. This supports office, retail and mixed-use provision for across professional, creative, cultural and digital sectors, where there is affordable supply.

Yate and Surrounding Area

The workshops highlighted a definite impression that Yate is yet to benefit from its status as the fourth largest centre in the West of England, with a desire to strengthen the employment land base of the town and its surrounding areas. There has been a strong demand historically for industrial uses, which is expected to be maintained for the foreseeable future, alongside potential diversification of the employment provision. This could involve the expansion of existing employment allocations to serve general industrial uses, depending on market demand, as well as intensification of current sites to maximise capacity.

However, the residents of Yate are increasingly expressing distaste towards the number of large storage and distribution units within the town. This includes the increasing levels of congestion on roads, particularly large articulated vehicles using small country lanes to access the M5. This must be considered within future employment provision in Yate and its surrounding areas.

Demand for cultural and leisure space and retail provision will be an important provision for the local and wider population. The change to the use class order could also facilitate SME demand for mixed-use and local working space in the centre. This would be supported with the emerging masterplan for Yate to improve the place offer and enhance the functionality of the sub-area. A Park and Ride scheme is also in construction for Yate with a projected opening in Autumn 2021, which will improve sustainable transport connectivity and decongest the centre and the A432 (Badminton Road) for an improved place offer.

East Fringe

The predominant issue identified in the East Fringe is that currently there are fewer jobs than people, leading to low levels of employment opportunities and high levels of out commuting. As a result, there is a need to enhance the employment offer of the area and identify potential new employment spaces.

Employment sites were reported to have gradually declined in the East Fringe over the last 10 to 20 years, predominantly the legacy Victorian sites. The intention was for the Bristol and Bath Science Park to replace these losses, however current employment on the site does not align with the historic uses of those sites lost. In addition, there has been significant pressures from residential development, often growing out of Bristol. Notably, this resulted in the loss of a significant plot on the Emersons Green allocation to residential uses. There is a strong desire not to remove any further allocations in the East Fringe, without reprovision or inclusion of significant employment provision within a mixed-use scheme.

The main query with regards to the East Fringe is what forms of employment development the market would support in the area. Despite losses of employment land, the area remains attractive – with good connectivity to the Avon Ring Road and various active regeneration schemes. This may require new, innovative forms of employment space which are not currently delivered elsewhere in South Gloucestershire.

Similar to Thornbury and North Rural area, the economy does not show clear specialisation but unlike Thornbury emerging trends for local place offers for business and services is less likely to drive notable demand for employment space here. However, the sub-area is an important part of the wider eco-system of South Gloucestershire and market trends for periphery and rural workspace should be monitored and assessed for where this could be effectively located in this sub-area.

Thornbury and North Rural

COVID-19 impacts have led Thornbury's local high street to be one where people have spent relatively more of their time and money. Thornbury, with its significant residential population, and a large level of employment containment, could accommodate a modest level of demand for local working space. This would be supported with place making including amenities and an attractive public realm. Place improvements for Thornbury include bus corridor improvements on the A38 and A432, and a potential Metro Bus to rural fringe areas around Thornbury, which would both support the location in accommodating employment uses.

The introduction of a new station at Charfield will also bolster the strength of the area from an employment demand perspective and there will be a pressing need to limit out commuting. Another option could be small-scale industrial estates, as exemplified in other smaller residential areas of South Gloucestershire. These will likely need to focus on service-based industrial uses, which will not impact the residential population. The location near the Cotswolds, with picturesque landscapes, may add an extra incentive for particular businesses

East and South Rural

There is a keen desire to grow the Rural Fringe as an employment area for South Gloucestershire, although market demand is currently limited. However, with increasing residential numbers, there may be demand in future for flexible working hubs and community spaces. As with the East Fringe, the query also remains as to what forms of employment development could the market support in the Rural Fringe.

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