

# **SOCIO-ECONOMIC OVERVIEW REPORT**

## **KETTERING ENERGY PARK MASTERPLAN**

**MARCH 2024**

**Contents**

Introduction ..... 3

Demand ..... 4

Productivity..... 5

Job Supply ..... 6

## **Introduction**

- 1.1 This document has been prepared to support the preparation of a Masterplan for the proposed Kettering Energy Park. This provides an overview of the economy of Kettering and the wider North Northamptonshire region before assessing how the development of employment units at the proposed Kettering Energy Park can support local job and employment land needs.
- 1.2 Kettering Energy Park is located adjacent to the Burton Wold Farm, which is situated to the south east of Kettering and to the east of junction 10 of the A14. The Burton Wold Wind Farm already accommodates a number of wind turbines that provide renewable energy at the site, with the potential for this to be increased through the installation of solar farms that have already secured planning permission. The site therefore has the potential to become a significant source of renewable energy in the North Northamptonshire area.
- 1.3 It is proposed that the Energy Park will accommodate c. 34 Hectares of new employment land, providing complementary uses to the Energy Park and making a substantial contribution to the economic needs of the area. The site is suitable for flexible employment uses across Use Classes E (g) (i, ii & iii), B2 and B8. The employment units accommodated at the site will vary in size and type, depending upon occupier requirements and respond to the market demands to provide premises that will meet the needs of business. It is proposed that c. 302,000 sq m of employment floorspace will be provided, with the potential for 100% of the operational energy needs to be powered by renewable energy produced at the site. It is anticipated that up to 50% of the employment floorspace provided at the site will be developed to support B8 use with the remaining used to support business across Use Classes E (g) (i, ii & iii) and B2.

**1. Demand**

- 2.1 In terms of proposed uses within the site, the Kettering Energy Park can supply circa 390,000 sq m of employment floorspace. This is based on a split of 50% for B8 and the remaining 50% across Classes E(g) (i, ii, iii) & B2.
- 2.2 The demand for employment floorspace is highest for B8 operations, as noted previously. The key requirement for such uses is for sites that can accommodate large footprint development, large internal volumes with good access and availability of power. The general proportion of B2 floorspace uptake compared to B8 uptake in the UK at the moment is 25% B2, so the Energy Park proposals allow for slightly higher levels of B2 than this average. As noted in the NPPF (paragraphs 119 & 122), policies and decisions should make effective use of land to reflect the need for different uses and changes in demand and this is the approach that has informed the preparation of the Masterplan.
- 2.3 Over the previous year, there was a record uptake of floorspace of 50.7 million sq ft across the UK, with 72% of this relating to new build units. There was also sustained demand for units of 400,000 sq ft and above, as well as for units within the range of 100,000- 299,999 sq ft (*Colliers, 2023*). This was particularly apparent within the East Midlands, in which uptake reached 9.2 million sq ft during 2022, with majority of demand focused on Grade A space which accounted for 84% of total take up. The average size of unit was under 200, 000 sq ft, which signifies a need for larger units to respond to occupier demand and supply shortages. Recent assessment work from DTRE (June 2023) noted that there are only around 6 available large units of 500,000 sq ft+ available in the whole of the UK to meet potential requirements, with 19 known occupiers currently looking for units in this size range.
- 2.4 There is a low supply of available space across the UK, with vacancy rates of just 3.1%, equating to around 7 months' supply. Regionally, the vacancy rates in the East Midland were just 1.69%, leaving a supply of around 3 months, a 57% reduction in supply since the previous assessment in 2021 (*Savills, 2022*). The SEMLEP Inward Investment Group states that where a lack of supply is experienced, *'investment is being lost and interest unfulfilled without options to propose'* (para 1, page 83 SEMLEP, 2018). Whilst the higher proportion of land use relates to B8 uses, the proposal for the Energy Park also seeks to support employment across a variety of sectors including manufacturing and industrial uses (B2), as well as those focusing on innovation such as research & development and hi tech uses (Class E (g)). The proposed Future Technology Centre will be a key component of the Energy Park and links with educational.

## 2. Productivity

- a. Within the UK, there are vast variations in productivity between regions. A report regarding the future of the East Midlands economy was published by the House of Commons in 2021. This states that in 2019 the productivity in the East Midlands was 13% below the UK average (as measured using economic output per hour worked). This was further emphasised within the UK regional forecast (2023) which shows the East Midlands to have one of the lowest gross added value (GVA) growth rates in 2022 (See Fig. 1).

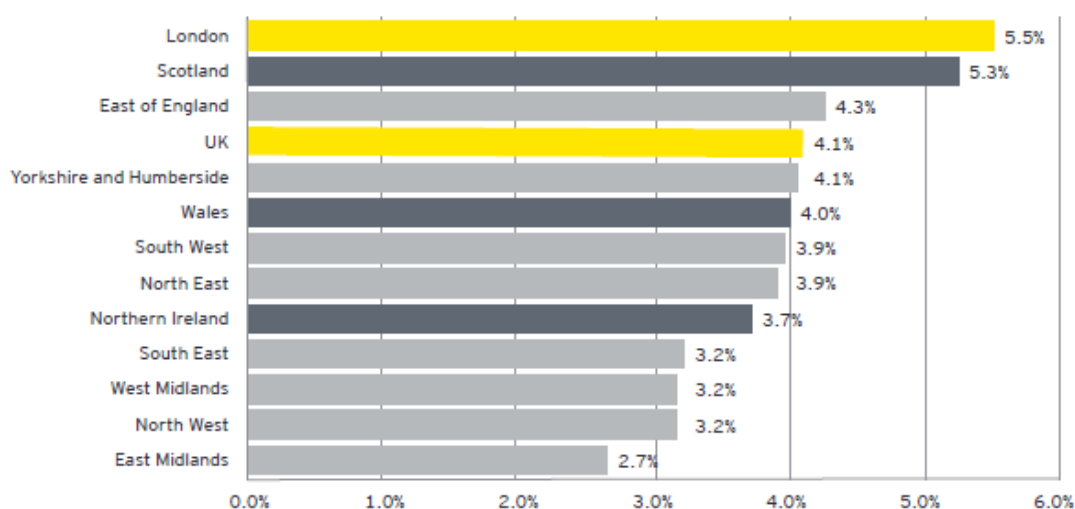


Figure 1: GVA Growth in UK regions and nations 2022 (source: [EY, EY ITEM Club](#))

- b. The Midlands Productivity Challenge paper, (Productivity Institute, 2022) further states that the Midlands has one of the lowest levels of productivity in the UK, leading to a potential loss of upto £20 billion each year.
- c. This report highlights that the Midlands encounters a number of key challenges, including too many poor quality jobs and lack of investment into infrastructure, as well as few premises that meet modern requirements. These issues all have the potential to result in a decline of economic productivity. Without significant improvements of these conditions, it is expected that the output of the East Midlands will decline by 1% in 2023, with large forecast declines in the manufacturing sector further weakening economic productivity in the region (see Figure 2). The provision of more modern, energy-efficient premises that have appropriate internal volume and a sufficient power supply is seen as critical in supporting a wider range of operations, including automation and robotic systems, to boost productivity by complementing the existing workforce rather than completely replacing it.

### **3. Job Supply**

- a. Over the last 9 months, enquiries have been received from occupiers interested in taking floorspace which totals in excess of 5 million sq ft, with a number of these enquiries from manufacturing operations as well as those wanting space for B8 uses, or a combination of both. A summary of these enquiries is set out in Table 1 below.
- b. Anticipated job numbers that could be supported by the Energy Park have been calculated using standard assessment methods based on the proposed quantum of development and employment density using established research undertaken on behalf of the Homes and Communities Agency (now Homes England). It should be noted that the highway assessment has also been carried out on the basis of floorspace provided at the site. So, the one constant across job numbers and highway assessment is the floorspace as this is the established methodology for calculating both anticipated job numbers and for transport modelling.
- c. In terms of workforce, the area benefits from a growing population. The Southeast Midlands Strategic Economic Plan, the SEMLEP identifies the ambition to build 130,000 new homes across the SEMLEP area between the period 2015-2026. The East Kettering Sustainable Urban Extension (also known as Hanwood Park) is currently being developed and will accommodate up to 5,500 new dwellings. This rise in development and population will place more demand on the need for employment floorspace to provide jobs. The JCS identifies that job creation over the period of the strategic plan should exceed the number of new employees to provide for greater choice and to address issues related to out-commuting, particularly in the south of the North Northamptonshire area.
- d. It is noted that ONS data identifies that the employment rate in North Northamptonshire is relatively high, however providing new employment opportunities in this area can help to address out-commuting, especially as the Energy Park will provide for a range of job types across different sectors. The Energy Park could also provide a home for existing businesses in North Northamptonshire looking to expand or upgrade their premises to move to low/zero carbon operations. In such a case, the businesses would already have employees within the local area, and if suitable sites are not available for such companies, then they may relocate out of the area, potentially then leading to even higher levels of out-commuting.
- e. Work by the SEMLEP and the British Property Federation (Levelling up - The Logic of Logistics, 2022) in assessing the benefits of B8 development notes that there is increasing demand for skilled employment in the sector as logistics operations become more advanced. B8 operations therefore sustain a broad mix of skills and do not simply rely on a low skilled, low wage workforce.
- f. Logistics is one of the largest sectors in the UK, employing 1.25 million people equating to around 4.1% of all UK jobs. This includes around 690,000 people employed in third party logistic companies, 550,000 employed by other companies such as retailers or manufacturing companies with their own distribution operations. Given the above it is clear that warehousing employment is an important component of the UK's economy, and it makes a significant contribution to the supply chain that supports other uses and activities in the UK.

- g. This is particularly apparent within the SEMLEP area. In 2020 warehouse related employment accounted for approximately 49,000 jobs and 6% of all employment. Over the five years between 2015 and 2020 the total employment count in this sector increased by over 50% from 31,750 to 48,500. The
- h. Within the East Midlands area there has been a rise in employment opportunities postings relating to the logistics sector, and these demonstrate that a large number of roles offered in this sector are not just low skilled jobs.
- i. In 2021 65% of job postings were for technical roles (i.e. non-drivers and handlers or warehouse associates). The job postings for technical staff over this period included in excess of:
  - 700 project management roles,
  - 600 sales managers,
  - 500 supply chain analysts,
  - 500 software developer / engineers; and
  - 200 Jobs in computer support
- j. The Energy Park proposal will therefore respond to the demand for a range of skilled employment positions as well as provide lower skilled and more flexible entry positions.