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## **Recommendations for planning policies for re-use of rural buildings and rural diversification in East Northamptonshire**

Client East Northamptonshire District

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## Contents

<b>Introduction and purpose of report</b>	<b>3</b>
<b>Current situation: the suitability of premises and buildings for new and operating businesses</b>	<b>4</b>
Main findings from Northamptonshire Rural Business Audit	4
<i>Length of business establishment</i>	4
<i>Occupation of business premises</i>	4
<i>Business growth expectations</i>	4
<i>New businesses</i>	4
<i>Business locations</i>	4
<i>Relocation expectations</i>	4
<i>Employment</i>	5
<i>Availability of suitable staff</i>	5
<i>Travel to work</i>	5
Broad conclusions from Northamptonshire Rural Business Audit	6
<i>Smaller businesses</i>	6
<i>Large employers</i>	7
<i>New and growth businesses</i>	7
<i>Business premises</i>	7
<b>Recommendations for planning policy making in East Northamptonshire district on how to become more pro-active about rural diversification and the re-use of buildings</b>	<b>10</b>
<i>General</i>	10
<i>Smaller businesses</i>	10
<i>Larger businesses</i>	11

## Introduction and purpose of report

This report provides recommendations for planning policy making in East Northamptonshire district based on the findings of the audit of businesses in East Northamptonshire, South Northamptonshire and Daventry District that was carried out by Smiths Gore and The University of Reading in 2006<sup>1</sup>.

The report will make recommendations to East Northamptonshire Council (the Council) on how to become more pro-active about rural diversification and the re-use of buildings in order to support its economic development policies for the district. Some of the key issues facing the Council are:

- What is the demand for business premises?
- Are there enough suitable premises and buildings for new and operating businesses? (i.e., What is the supply of for business premises?)
- What types of location do businesses favour?
- Are different locations more viable for certain types of business?
- Where should the Council encourage (and discourage) businesses?
- Should the Council permit residential conversions of existing buildings as part of a mix of uses including business use, sometimes called a 'live-work' approach?

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<sup>1</sup> Smiths Gore and The University of Reading. [Northamptonshire Rural Business Audit](#). November 2006.

## **Current situation: the suitability of premises and buildings for new and operating businesses**

### **Main findings from East Northamptonshire Rural Business Audit**

The main findings relevant to East Northamptonshire from the [East Northamptonshire Rural Business Audit](#) are:

#### *Length of business establishment*

- 34% of businesses had been established less than 10 years.
- 60% of businesses had been established less than 20 years in East Northamptonshire.
- The 2,405 businesses in the district employ 23,206 full and part time employees.

#### *Occupation of business premises*

- 89% of businesses occupied all of their business premises; larger businesses and financial intermediation businesses were less likely to occupy all of their premises.
- 3% of businesses stated that they had vacant or un-used buildings. Unsurprisingly people running agricultural, hunting and forestry businesses (SIC category A) and shops (G) had the largest number of vacant buildings.

#### *Business growth expectations*

- 39% of the district's businesses expected to expand. They covered most business sectors.
- 85% of businesses expect to grow or stay the same size over the next five years. Younger businesses are more likely to expect to grow. Businesses expecting to grow are more likely to have vacant buildings.
- 8% expect to contract, mainly due to a planned wind down or retirement.
- Bigger businesses are more likely to be 'growth businesses', that is established at least three years and expecting to grow.

#### *New businesses*

- Only 7% of businesses were new, in existence for less than three years.
- New businesses established in the district in the last three years were mainly in the hotel and restaurant sector (SIC category H) and in education (M), wholesale and retail trade (G) and real estate, renting and other business activities (K).
- They were mainly clustered around Rushden, Thrapson and Oundle, with few in the open countryside.
- New businesses are more likely to expect to relocate than established businesses.

#### *Business locations*

- There is a fairly even spread of business type by location in urban, town and fringe and rural locations.

#### *Relocation expectations*

- Businesses that expect to expand are the most likely to relocate.
- 13% of businesses expected to relocate within the next five years, most of which were manufacturing (D), wholesale and retail trade (G) and real estate, renting and other business activities (K).
- Most intended to relocate as they needed different sized, more modern or more adaptable premises.

- 69% of businesses that expected to relocate intended to stay within 10 miles of their existing premises, suggesting that the businesses are locationally constrained.
- 13% of the respondent businesses might relocate out of East Northamptonshire district. This is almost all of the businesses that could relocate.
- The businesses that could relocate out of the district employ 6% of the total employment of the businesses surveyed (approximately 1,392 of 23,206 full and part time employees in the district).
- Growth businesses (and new businesses) are more likely to expect to relocate than established businesses.

### *Employment*

- Employment is focused on the larger settlements in the district (Rushden, Thrapson, Oundle and Kings Cliffe) although there are numerous businesses employing small numbers of people in the rural areas / open countryside.
- Most businesses in the district employ less than 10 full time employees (82%).
- Only 3% of businesses employed 50 or more people full time but they are significant employers (48% of employment in the district).
- 45% of businesses employed part time staff. Most employed less than 10 part time staff.
- There is a ratio of 4 full time employees to 1 part time employee.
- Seven businesses employ 650 part time staff, which is 43% of all part time staff employed.
- Most businesses claimed to employ skilled or semi-skilled staff with only 80 businesses claiming to employ any unskilled staff.

### *Availability of suitable staff*

- 65% of businesses stated that there were enough suitable staff in the area. 23% did not, and 76% of those identified a shortage of skilled staff.

### *Travel to work*

- 3% of people work from home. Of the rest, 78% travel to work by car and 19% cycle or walk.
- People working for smaller and / or rural businesses are more likely to work from home.
- People working for businesses that expect to expand are more likely to travel to work by car.
- 20% of staff live within one mile of their workplace, 47% travel less than 5 miles and 68% travel up to 10 miles to get to work.
- Most of the 'daily travel to work mileage' done in the district (67% of the total daily mileage) is done by the 29% of people who travel 11 miles or more to work.
- A large number of factors appear to affect the distances staff travel to work. Staff travel further to bigger businesses, longer established businesses, community, social and personal service sector businesses, businesses that expect to grow or relocate.
- There is no significant difference in the distance workers travel to urban or rural businesses.

## Broad conclusions from Northamptonshire Rural Business Audit

The following broad conclusions can be drawn from the survey of businesses operating in East Northamptonshire:

1. There are two distinct types of business: small businesses and larger employers.

### Smaller businesses

2. Smaller businesses that employ less than 20 people account for 92% of businesses but only 24% of employment.
3. People working for these smaller businesses and / or rural businesses are more likely to work from home. Supporting these smaller businesses should reduce 'travel to work' miles.
4. Smaller businesses are more likely to be in rural or town and fringe areas than urban areas (see Table 1 and Table 2 and Figure 1), are more likely to relocate than larger businesses (see Table 3) and are also less likely to grow and more likely to contract than larger businesses (see Table 4).

**Table 1 Number of businesses with 20 or fewer employees**

Number of businesses with 20 or fewer employees Business type (SIC Category)													
	A	C	D	F	G	H	I	J	K	M	N	O	Grand Total
Urban area of 10,000 or more people	6		94	141	228	45	29	13	198	9	50	55	868
Town and Fringe	26	1	62	164	171	38	35	7	224	18	41	61	848
Village, Hamlet and Isolated Dwellings	34		33	56	92	29	24	3	187	18	14	30	520
<b>Grand Total</b>	<b>66</b>	<b>1</b>	<b>189</b>	<b>361</b>	<b>491</b>	<b>112</b>	<b>88</b>	<b>23</b>	<b>609</b>	<b>45</b>	<b>105</b>	<b>146</b>	<b>2,236</b>

**Table 2 % of businesses with 20 or fewer employees by business type**

% of businesses with 20 or fewer employees by business type Business type (SIC Category)													
	A	C	D	F	G	H	I	J	K	M	N	O	Grand Total
Urban area of 10,000 or more people	9%	0%	50%	39%	46%	40%	33%	57%	33%	20%	48%	38%	39%
Town and Fringe	39%	100%	33%	45%	35%	34%	40%	30%	37%	40%	39%	42%	38%
Village, Hamlet and Isolated Dwellings	52%	0%	17%	16%	19%	26%	27%	13%	31%	40%	13%	21%	23%
<b>Grand Total</b>	<b>100%</b>												

**Table 3 % of businesses that expect to relocate within the next five years**

Do the businesses expect to relocate within the next five years?				
	Yes	No	Don't know	Grand Total
20 or fewer employees	13%	77%	9%	100%
50 or more employees	8%	79%	13%	100%
<b>Grand Total</b>	<b>13%</b>	<b>78%</b>	<b>9%</b>	<b>100%</b>

**Table 4 How do the businesses expect to change in the next five years?**

How do the businesses expect to change in the next five years?					
	Expand	Stay the same	Contract	Don't Know	Grand Total
20 or fewer employees	43%	42%	8%	8%	100%
50 or more employees	54%	33%	4%	8%	100%
<b>Grand Total</b>	<b>43%</b>	<b>41%</b>	<b>8%</b>	<b>8%</b>	<b>100%</b>

*Large employers*

5. 67 large businesses (3% of the total in the district), which employ 50 or more people full time, provide 48% of employment in the district (11,123 employees).
6. These businesses are more likely to be located in urban areas (see Table 5 and Table 6 and Figure 1) than smaller businesses, are less likely to relocate than smaller businesses (see Table 3) and are also more likely to grow than smaller businesses (see Table 4).

**Table 5 Number of businesses with 50 or more employees**

Number of businesses with 50 or more employees	Business type (SIC Category)													Grand Total
	A	C	D	F	G	H	I	J	K	M	N	O		
Urban area of 10,000 or more people			6	3	9	1	5		6	1	3	4	38	
Town and Fringe			8	1	3	1	4		1			1	19	
Village, Hamlet and Isolated Dwellings			2		1	1	2	1	1		1	1	10	
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>4</b>	<b>13</b>	<b>3</b>	<b>11</b>	<b>1</b>	<b>8</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>67</b>	

**Table 6 % of businesses with 50 or more employees by business type**

% of businesses with 50 or more employees by business type	Business type (SIC Category)													Grand Total
	A	C	D	F	G	H	I	J	K	M	N	O		
Urban area of 10,000 or more people			38%	75%	69%	33%	45%	0%	75%	100%	75%	67%	57%	
Town and Fringe			50%	25%	23%	33%	36%	0%	13%	0%	0%	17%	28%	
Village, Hamlet and Isolated Dwellings			13%	0%	8%	33%	18%	100%	13%	0%	25%	17%	15%	
<b>Grand Total</b>			<b>100%</b>											

*New and growth businesses*

7. New businesses were mainly clustered around larger settlements, with few in the open countryside. This is partially an effect of the new retail and wholesale businesses locating where customers and suitable premises are but is also likely to be due to the Council’s policies to restrict development in the open countryside.
8. New businesses and growth businesses are more likely to expect to relocate than established businesses. They account for just under 50% of the district’s businesses. They are, by definition, the most dynamic businesses and likely to provide future growth. As the main reasons for relocation are to do with the suitability of current premises, it is recommended that policies are designed to provide them with suitable business premises.

*Business premises*

9. There is a small number of un-used or vacant buildings owned by businesses and only a small proportion of businesses report having any un-used premises. A large proportion of the businesses that might relocate could move outside the district. Therefore (i) the availability of suitable business premises is a key determinate of business growth and the retention of businesses within the district, (ii) the businesses do not have un-used or under-used premises that they can grow into and (iii) larger, more modern, more adaptable premises will be needed to retain businesses and allow them to grow in the district.
10. As stated in points 4 and 6, small and large businesses use different locations for their premises. This is likely to be a result of (i) availability of employees and (ii) availability of suitable premises. The Council’s policy is to reduce travel to work distances and so it is recommended that new premises are located where businesses employees live (unless there are other over-riding factors). Therefore

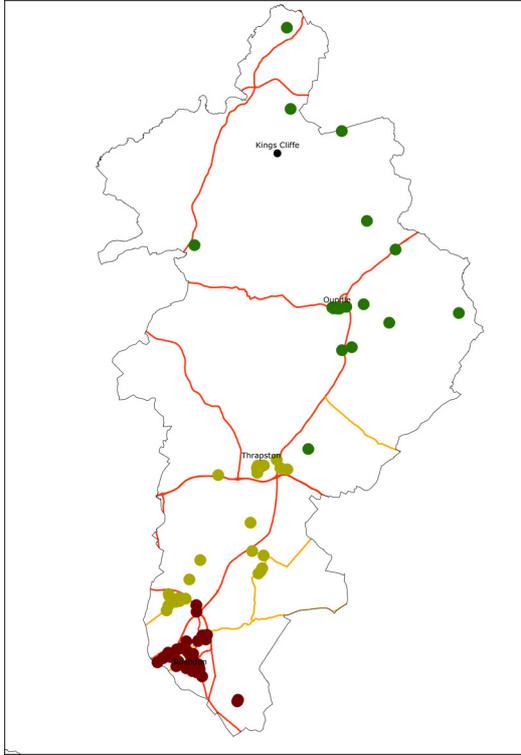
it is recommended that new premises for large businesses are located in or near urban and town fringe areas and for smaller businesses in rural areas.

11. Businesses that expect to grow or relocate draw in staff from a wider catchment and so generate more travel to work miles. Therefore it is recommended that policies should (i) enable smaller businesses to establish at home or locally and (ii) provide suitable sized, adaptable premises for growing and larger businesses near their workforce i.e., in or near to larger settlements.

## Figure 1 Location of businesses in East Northamptonshire

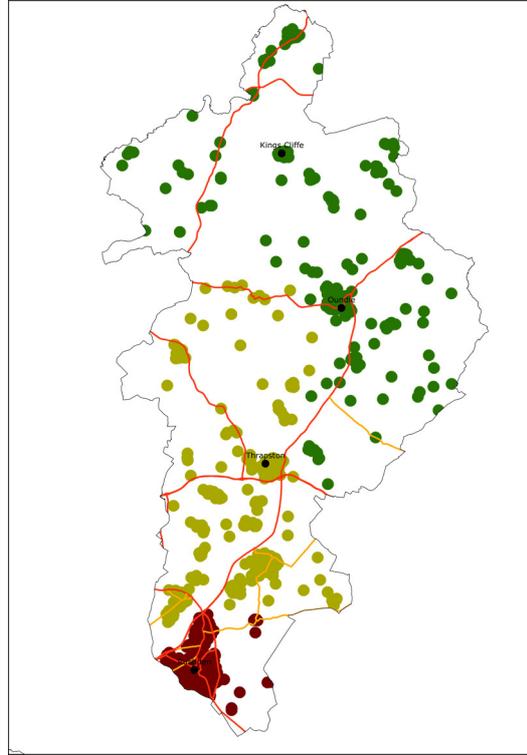
### Locations of businesses with 50 or more employees (67 businesses)

(Brown = urban; light green = town & fringe; dark green = village, hamlet & country<sup>2</sup>)



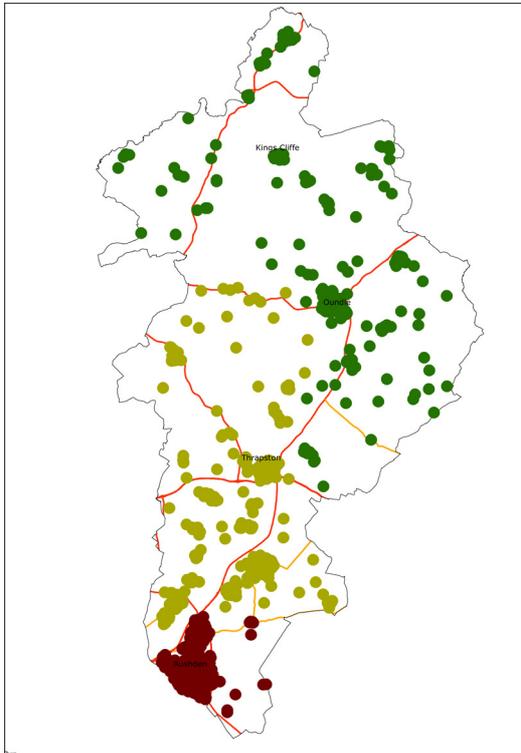
### Locations of businesses with 20 or fewer employees (2,236 businesses)

(Brown = urban; light green = town & fringe; dark green = village, hamlet & country)



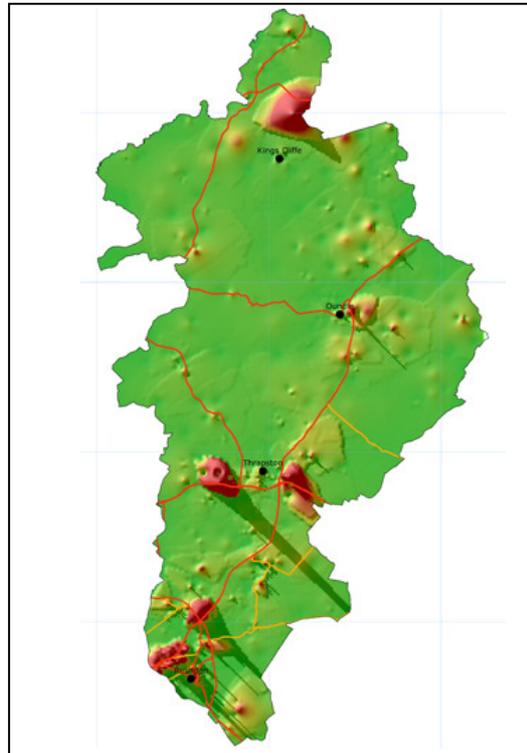
### Locations of all businesses (2,405 businesses)

(Same key as plans above)



### Locations of employment (23,206 people employed)

(Orange and red = more employment)



<sup>2</sup> Definitions based on the Rural and Urban Area Classification (2004); see Rural and Urban Area Classification 2004 An Introductory Guide, The Countryside Agency et al

## Recommendations for planning policy making in East Northamptonshire district on how to become more pro-active about rural diversification and the re-use of buildings

The recommendations are:

### *General*

1. Different policies are needed for smaller and larger businesses as they have different needs in terms of business premises.
2. There is evidence of demand for business premises of all sizes throughout the district; this weakens the case for permitting residential conversion on the basis that no other re-use is viable.
3. Businesses have very few un-used or vacant buildings so there is evidence to support the continued conversion of existing buildings and building of new ones in towns, villages and in rural areas.
4. The Council should maintain a database of buildings suitable for business use so that the Council's economic development officers can assist businesses when they need new premises. This can easily be developed from the Northamptonshire Rural Business Audit project.
5. Some types of business, such as retail trade (G) business, are more suited to urban or town locations than rural ones. Other types of business, such as construction (F) and real estate, renting and other business activities (K), are likely to be less dependent on passing trade and so less tied to settlement centre locations.

### *Smaller businesses*

6. New premises and conversion and change of use of existing buildings should be allowed in towns, villages and rural areas as there is clear evidence that (i) a key reason for businesses relocating is unsuitable premises, (ii) there is a lack of suitable premises in the district and (iii) work from and near home reduces 'travel to work' miles.
7. The Council could pro-actively encourage the establishment of small business hubs around the district by identifying where businesses might relocate due to lack of suitable premises in a locality. Buildings suitable for conversion or locations suitable for new buildings should be identified (see recommendation 4 above).
8. The introduction of a 'live-work' approach is recommended as it will (i) reduce travel to work, (ii) support the growth of small businesses in the district and (iii) may encourage attraction and retention of new businesses<sup>3</sup>.

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<sup>3</sup> There is a growing body of academic research that has found that 'quality of living environment' is important to the business location decision by rural business owners, for example Johnson, J.D. and Rasker, R. *The Role of Economic and Quality of Life Values in Rural Business Location*. Journal of Rural Studies. Vol. 11. No. 4. pp405-416. 1995. Johnson and Rasker conclude that, "policy makers, and those concerned with the expansion of the stock of businesses in a community, will want to consider quality of life values as important to business location behaviour and subsequent recruitment of new businesses."

*Larger businesses*

9. Due to the small number of larger businesses in the district and their importance in terms of employment and future employment growth in the district, it is recommended that they are visited and their requirements for business premises discussed with them. This pro-active approach would (i) give the Council more certainty of the planning applications that might be submitted by the businesses and to co-ordinate them and (ii) reduce the risk of the businesses leaving the district.
10. New premises should be located in or around urban areas and larger settlements so that the businesses are near to potential employees and 'travel to work' distances are reduced.

End