

Savills on Behalf of Wilson Bowden Developments

Matter 5: Employment Development and Town Centres

Issue 1: Whether the assessment of the need for employment and the employment floorspace requirement are soundly based

5.1) The Housing and Economic Development Needs Assessment (EB-EMP1) sets out a 'planned growth scenario' of 18,500 jobs for the Borough (2011 – 2036). How has the Employment Land Review (EB-EMP2) taken into account local factors in arriving at the need for employment land in the following sectors, and is the approach justified:

a. Offices (formerly Class B1(a), now covered by Class E(c)) (WBD response N/A)

b. Industrial (Class B2 and B8)

The 2017 Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA) did not quantitatively assess the need for large-scale B8 warehousing (i.e. units >9,000sqm) in Charnwood, only providing a county-wide need of 472ha. The 2018 Employment Land Review (ELR) was therefore not well-placed to make a quantitative or qualitative assessment of the requirement for this type of employment land but reasonably concluded in paragraph 6.30 that a failure to provide any large B8 land would ***“mean that an element of market demand is unaddressed in the next plan”***. The ELR therefore reasonably concluded that there would be a requirement for a site of at least 10ha to meet the needs of the local market (paragraph 6.34).

Therefore, with the absence of a quantitatively assessed large-scale B8 employment need in Charnwood, we consider that the approach taken by the ELR is justified. However, the Plan fails to allocate a site of this nature, which we suggest should be rectified in order to make the Plan sound (justified and effective). We have set out in our response to Matter 2 that the plan could be made sound by allocating land south-east of J23 as demonstrated in the concept plan attached to our Matter 2 Hearing statement.

5.2) Is an extra 10 hectares on top of the identified need for employment land justified to support an improvement in vacancy rates to allow for churn and market choice, and how was that figure arrived at?

As the 2017 HEDNA was undertaken on a sub-regional level (Leicester and Leicestershire), the ELR sought to adjust its findings to account for local considerations (p.52). One of these was that, at the time the report was written in 2018, employment space vacancy rates in Charnwood were around 3.7%, which was considered to be too low to allow the market to function effectively. The ELR concluded that a vacancy rate of 7.5% would be preferable, estimating that 10ha of extra land on top of the assessed need would be sufficient to bring the vacancy rate back up to this level. It should be noted that the extra 10ha recommended in the Employment Land Review is for small-scale industrial land (<9,000sqm) rather than for large-scale units >9,000sqm, for which a contingency supply has not been proposed.

We consider that, in light of the ongoing growth of the large-scale warehousing and logistics sector in the East Midlands since the Employment Land Review was conducted in 2018, there is a need to take a similar approach to providing some contingency large-scale employment land in line with the above approach taken in the Plan to provide 10ha of contingency land for small-scale units. The Savills Big Shed Briefing January 2022 (Appended) puts the current

East Midlands vacancies (for units over 100,000sqft) at just 1.69% (compared to a national average of 2.91%), with a supply of only 8 units over 100,000sqft. The report concludes that national supply of big sheds is at its lowest ever level, with demand spiralling (Figure 1). Similar recent research by CBRE also found that the East Midlands had the largest take-up of any region in the UK in Q1 2022 with over 3.4m sqft of space taken (Figure 2). Therefore, we support the inclusion of the above 10ha contingency for small sites, and propose that the Plan should go further and look to provide a level of contingency land that is clearly required to support churn in the local market for large-scale warehousing (i.e. sites up to 25ha in size). This would represent a positively prepared Plan and would be in line with the PPG which states that LPAs should assess “evidence of market demand (including the locational and premises requirements of particular types of business) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums” (ID: 2a-026-20190220). We do not consider that this approach has been robustly undertaken by CBC.

The NPPF (*paragraph 81*) also states:

“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential” (Savills emphasis)

WBD is aware of a major local business that wishes to expand / relocate but the adopted and emerging plan makes no suitable provision for this.

The Framework (*paragraph 82*) goes on to state:

“Planning policies should:

- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;*
- b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
- c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and*
- d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.”*

Finally, in respect of storage and distribution requirements, *paragraph 83* of the Framework states:

“Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and

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distribution operations at a variety of scales and in suitably accessible locations.” (Savills emphasis).

We contend that the plan fails to meet the requirements of the Framework and is therefore not sound.

We consider that the regional / sub-regional requirements are a separate matter to large-scale local employment requirements as they relate to site requirements of >25ha and will be addressed as part of the wider Leicester and Leicestershire growth study being addressed as part of the Duty to Cooperate.

Figure 1: Key East Midlands Big Shed Statistics (Source: Savills Big Shed Briefing January 2022)

Key statistics		
	Stats	yr/yr change
Take-up	12.39m sq ft	↑ 4%
Supply	2.03m sq ft	↓ 57%
Development Pipeline	4.43m sq ft	↑ 184%
Quoting Grade A Rent	£8.25 - £9.00/sq ft	↑ 29%
Vacancy rate	1.69%	↓ 251 bps

Source Savills Research

Figure 2: East Midlands logistics take-up 2012 - Q1 2022 (Source: CBRE UK Logistics Market Summary, Q1 2022)



5.4) Should the Loughborough Science and Enterprise Park accommodate more general office and industrial uses as suggested by the Employment Land Review (EB/EMP/2) paragraph 7.16?

We consider that support should be given to the Science and Enterprise Park allocation as Science Parks are historically long-term, complex projects which need sufficient time to be delivered. We agree with the stance taken by the Council in TP-3 paragraph 5.4 which states that Loughborough University’s ‘gatekeeper’ policies will prevent the site coming forward for general employment use. Therefore, the Science and Enterprise Park should be considered to be separate and not a competitor to other employment allocations in the Plan. The ELR also considers the Science Park to be justified as an allocation on its own merits as a separate specialist allocation, and therefore we do not consider it to form part of the traditional industrial

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and logistics employment land supply (Class B2 and B8 uses) requiring highly accessible locations.

Additionally, the Employment Land Review goes on to state that *“while it is impossible to quantify, a shortage of general space could constrain the potential of the Science Park to ‘spin off’ firms and generate added industrial value.”* (p.22). Therefore, it is clear that the evidence base supports the inclusion of the Science Park allocation for a specialist use, and that there is a symbiotic relationship between more general employment land and this specialist allocation. To aid the delivery of the science park, it is therefore important that a sufficient amount of general employment land is allocated to support the functioning of the Science Park, including supply chains.

5.5) Is the allocation of 154.8 hectares of employment land in Policy DS4 justified compared with the assessed need of 44.5 hectares set out in the Employment Land Review? If so, why, and what is the amount of oversupply? Is the Plan making any contribution to strategic need?

As outlined in our previous representations, we consider the employment land need (identified in the ELR) of 44.5ha to be an underestimation of the true need in the Borough, as large-scale employment needs have not been accounted for. The ELR recognises this, stating that a further site of at least 10ha is required in addition to this 44.5ha to support the need for large-scale warehousing. We therefore consider the need to be at least 54.5ha when this extra site (of minimum 10ha) is taken into account. The Plan makes no provision for the identified requirement for a >10ha site with excellent access to the M1 motorway. The Plan also makes no contribution to the wider strategic need in Leicestershire (which has yet to be apportioned through the Duty to Cooperate), which CBC state will be dealt with by the wider Strategic Growth Options study and other ongoing joint working.

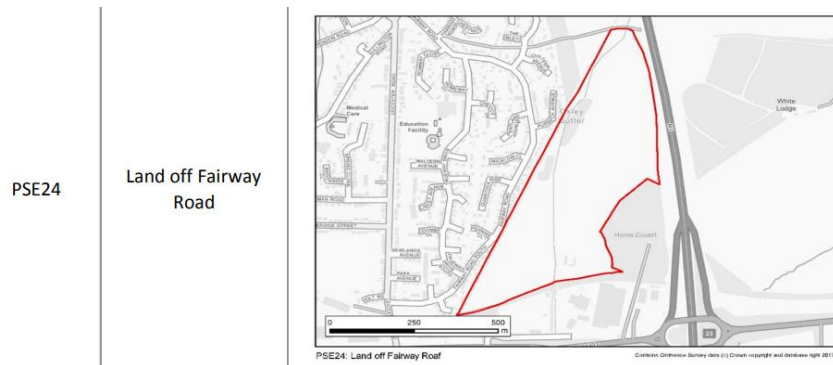
We agree with the findings of the ELR (paragraphs 7.14 - 7.17) which state that the allocation of land west of the existing Loughborough Science Park is considered to be in addition to the assessed need to meet a separate and specific market need. We consider that due to the specialist nature of the Science Park, this site should not be conflated with the remaining 81.8ha of allocated employment land.

5.6) Does the Plan identify a 10 hectare site for larger units (over 9,000 sqm), as recommended in the Employment Land Review? If so, where is it and how will it meet the requirements of that sector?

The ELR recommended that a site of minimum 10ha with excellent access to the M1 be allocated in the Plan. The ELR considered sites from a previous SHELAA, which has since been superseded by the 2020 iteration which was submitted as the evidence base for the submission Plan.

After considering the sites in this superseded SHELAA, the ELR recommended that site PSE24 (to the north west of J23) be allocated, *“because it is the only site capable of accommodating some large units as well as smaller unit employment space”* (ELR 2018, Appendix A). This 25ha site is shown in Figure 3 below (however it is now allocated for 5ha employment and 100 residential units):

Figure 3: PSE24 Site Plan (Source: Charnwood Employment Land Review 2018, Appendix A)



Land east of J23 (a similar size: 22ha) was considered as part of the ELR, but at this time it was considered as part of SHELAA site PSE265 (Figure 4), which included land already part of the adopted Science Park allocation under Policy CS23 of the 2015 Core Strategy. We consider that, had land east of J23 been considered separate to the wider Science Park allocation, the ELR may have found it to be a reasonable alternative.

Figure 4: PSE265 Site Plan (Source: Charnwood Employment Land Review 2018, Appendix A)



The recommendation in the ELR has been ignored in the draft Plan, which allocates only 5ha of site PSE24 for employment (with the remainder allocated for 100 dwellings), which we consider to be insufficient to meet the needs of large-scale warehousing (which was the entire premise for its initial recommendation in the ELR). The Draft Plan contains no reasonable alternative allocations which are able to meet the 10ha need for a site with excellent access to the M1, therefore it is considered that an alternative site such as land east of Junction 23 is required in order to make the Plan sound.

Issue 2: Employment Allocations and Other Employment Policies

5.7) Do the allocations in Policy DS4 accord with the evidence and findings in the Employment Land Review in terms of the assessments in Appendix A of that document? Is the employment allocation at Dishley Grange justified by the evidence?

The Employment Land Review made recommendations for a site to be allocated of at least 10ha with excellent access to the M1 to meet Charnwood’s large-scale employment needs. The allocations in Policy DS4 are not consistent with this requirement, and therefore the Plan is not positively prepared nor justified.

5.8) Are the employment allocations in Policy DS4 based on a robust site selection methodology, positively prepared and will they be deliverable in accordance with the trajectory in Appendix 2? Why is the Loughborough Science and Enterprise Park not included in the trajectory? Are the employment and housing land trajectories in Appendix 2 aligned?

The site selection process cannot be described as positively prepared, justified or effective, as CBC have failed to allocate a site for large warehousing of 10ha+ with excellent access to the M1 as recommended in the 2018 ELR. The allocations are also not justified, as reasonable alternatives were not adequately considered through the Sustainability Appraisal process. The Sustainability Appraisal did not consider individual sites, therefore it is difficult to confirm that the allocations contained within Policy DS4 are reasonable and constitute sustainable development.

Issue 3: Warehousing and Logistics Floorspace

5.14) How will the Areas of Opportunity identified in the Study be taken forward? Does this represent an unmet need across the Leicester and Leicestershire authorities or is it a cross boundary issue to apportion the distribution of logistics space?

One of the identified Key Areas of Opportunity (AO4) is centred on the M1 corridor. However, CBC have failed to allocate any large (or strategic) sized employment land along this corridor, with the exception of LSEP (Science and Enterprise Park) which has a restricted use. The Plan ignores this area of opportunity identified in the evidence base, which we consider should be a key area for future large-scale logistics development, particularly in light of the ELR's recommendation for the allocation of a site of minimum 10ha with excellent access to the M1. The strategic (>25ha) employment site requirements are above the local employment need and should be considered in addition to the local need.

5.15) Should the Plan be more explicit about addressing the need for logistics and warehousing floorspace to 2041 identified in the Study? Is there a need for a specific reference to logistics and warehousing within Policy E1 (Meeting Employment Needs) or within other policies as well, for example Policy DS1?

The Statement of Common Ground (SCG/10) relating to warehousing and logistics makes clear that CBC intend to deal with strategic warehousing needs through regional and sub-regional joint working, namely the Strategic Growth Options study (as stated in EXAM 2). However, this study will only consider sites of >25ha. CBC has not published any documents explaining the failure to consider sites which would fall into the 'large B8' category (i.e. sites >9,000sqm and <25ha). It should also be noted that, with the exception of the LSEP Science Park allocation west of Loughborough (which is allocated for specialist uses), the 2020 SHELAA contained no sites of 25ha+. The original Warehousing and Logistics in Leicester and Leicestershire study was published in April 2021, well before Regulation 19 consultation, yet this study has not been adequately incorporated into the Pre-submission Plan nor the accompanying Sustainability Appraisal.

We therefore consider that the Plan is not justified, as it does not take into account the entirety of the submitted evidence base. There is therefore a need to be more explicit about how CBC

intends to deal with the need for large-scale employment land in the Plan, as this is not dealt with in the current Plan.

5.16) Overall, does the Plan allocate a sufficient amount, mix and choice of employment sites to meet future needs and has the Plan's economic strategy been positively prepared? Are the Plan's economic and housing strategies aligned?

First and foremost, the Charnwood Local Plan fails to address its own employment land requirements as identified in the 2018 ELR, which recommends the provision of a site of minimum 10ha with excellent access to the M1 motorway to meet the need for large-scale warehousing. We consider that deferring this requirement to the wider Leicester and Leicestershire work is inappropriate, as strategic cross-boundary need is a separate issue. Additionally, Charnwood's Economic Development Strategy 2018-2020 (document EB/EMP/5) states a number of actions and objectives required to create favourable conditions for economic growth. One of these is to "*facilitate the supply of major employment sites and enable infrastructure through planning and growth delivery mechanisms*" (p.3). We consider that, owing to the lack of a 10ha employment site being allocated with close proximity to the M1, this objective has not been met in the Plan. This renders the plan unsound because it is neither justified or effective in meeting its own needs, nor is it reflective of the evidence base and does not align with the objectives of the Economic Development Strategy.

The strategic employment needs (25 Ha + sites) are considered to be different and above that which is identified in the ELR. The strategic need represents a third tier of employment land provision (illustrated in Figure 5). CBC has an opportunity to be more positive in its plan making by safeguarding land for this requirement given the obvious locational advantages offered in Opportunity Area 4 (as defined in the Warehousing and Logistics in Leicester and Leicestershire study). The Plan fails to recognise the three different tiers of employment land provision that the Plan is expected to cover – two of which (small-scale and large-scale employment) are expected to be met within Charnwood's administrative area in this Plan period. These requirements should not be confused with the wider regional/sub-regional requirement for strategic employment land (25Ha +).