

REPORT TO: Planning
Cabinet Member – Regeneration
Cabinet

DATE: 10th February 2010
17th February 2010
4th March 2010

SUBJECT: Joint Employment Land and Premises Study 2008 – Final Report

**WARDS
AFFECTED:** All

REPORT OF: Andy Wallis – Planning and Economic Development Director

**CONTACT
OFFICER:** Alan Young
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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To report the key findings of the Joint Employment Land and Premises Study, one of a number of key evidence gathering studies that are being undertaken to inform the Core Strategy process and to guide advice and decisions on individual employment proposals and planning applications.

REASON WHY DECISION REQUIRED:

To indicate Council support for key advice contained in the study document.

RECOMMENDATION(S):

That:

- (i) Planning Committee and Cabinet Member – Regeneration note the key findings of the Joint Employment Land and Premises Study for Sefton;
- ii) Planning Committee endorses the key findings of the study to inform the emerging Core Strategy process and advice and decisions in relation to individual proposals and planning applications.
- (iii) Cabinet Member – Regeneration endorses the key findings of the study to inform the emerging Core Strategy; and
- (iv) Cabinet agrees the report.

KEY DECISION: Yes

FORWARD PLAN: Yes

IMPLEMENTATION DATE:

Following expiry of call in period after Cabinet meeting on
4TH March 2010

ALTERNATIVE OPTIONS:

None

IMPLICATIONS:

None

Budget/Policy Framework:

None

Financial:

<u>CAPITAL EXPENDITURE</u>	2009 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure	£32,000*			
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

* This is Sefton's share of the joint study cost (total cost £100,000) has/will be paid over 2008/2009 and 2009/2010

Legal:

N/A

Risk Assessment:

N/A

Asset Management:

N/A

CONSULTATION UNDERTAKEN/VIEWS

N/A

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Creating Safe Communities		✓	
3	Jobs and Prosperity	✓		
4	Improving Health and Well-Being	✓		
5	Environmental Sustainability	✓		
6	Creating Inclusive Communities	✓		
7	Improving the Quality of Council Services and Strengthening local Democracy		✓	
8	Children and Young People		✓	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

The ODPM Guidance Note 'Employment Land Reviews, December 2004

JOINT EMPLOYMENT LAND AND PREMISES STUDY 2008 – FINAL REPORT

1.0 Background

- 1.1 Following a competitive tender selection process, the Council commissioned specialist consultants, the BE Group, to undertake a Joint Employment Land and Premises Study (EL&P Study) on 30th April 2008. The study is a joint study commissioned on behalf of Halton, Knowsley, Sefton and West Lancashire local authorities respectively. The study has been led and tendered for by Sefton and funded by the four local authorities on a split cost basis, based on an agreed formula. Its principal purposes are to inform the preparation of the Council's Local Development Framework Core Strategy and to guide advice on pre application proposals and planning applications which raise employment land and premises issues.
- 1.2 The Joint Employment Land and Premises Study report follows the general structure of the guidance set out in Employment Land Reviews: Guidance Note, published by the ODPM in December 2004 and the more recently published CLG 'Consultation Paper on a new Planning Policy Statement 4: Planning for Sustainable Economic Development', although it predates the now published final document which will be subject to a separate report that will be submitted to the Planning Committee in the next cycle. Furthermore, it adheres to Planning Policy Statement 12: Local Spatial Planning in ensuring that all necessary outputs are provided and that such options pass the prescribed tests of soundness.
- 1.3 A copy of the Joint Employment Land and Premises Study and its contained Executive Summary can be inspected on the Sefton website at www.sefton.gov.uk/elps
- 1.4 The study context and approach are set out in Section 2; the key elements of the study are set out in Section 3 and a summary of the key findings of the study are highlighted in Section 4. However, because the study report is a long and detailed document, for the avoidance of doubt, this report simply summarises some of the key elements that may be of particular interest to Members, and does not purport to be comprehensive in considering all matters raised in the study report. The definitive position is set out in the Joint Employment Land and Premises Study document and its Appendices.
- 1.5 Importantly, the draft study version of the document has been subject to key stakeholder involvement and to a full public and stakeholder consultation that have resulted in detailed comments and criticisms being made. These, in turn, have all been taken into account and have informed the preparation of the final study report. This process and its implications are set out later in the committee report at Section 2, para 2.3 below.
- 1.6 For the avoidance of doubt the study has embraced both employment land and premises and where the former is referred to in isolation, it is intended to include premises.

2.0 Study Context and Approach

(i) Study Context

- 2.1 The study follows the advice set out in the ODPM Guidance Note on Employment Land Reviews which suggests a three stage process to employment land evaluation as set out in the consultant's tender brief. The key tasks are:
- (i) To assess each local authority's economy to inform the amount, location and type of employment land and premises to facilitate development and growth.
 - (ii) To review the current portfolio of employment land and premises within each local authority area.
 - (iii) To recommend future allocations of employment land to maintain each area's economic growth and, if appropriate, identify existing employment sites which could

be transferred to other uses.

In reality the three stage process formalises what, in practice, has been an iterative process to the review of the need for land for employment. The study is base dated to April 2008 and looks forward to eighteen years 2026.

(ii) Study Approach

- 2.2 The Employment Land and Premises Study has closely followed the advice set out in para 1.2 above and, in this regard, the study process can therefore be regarded as robust and reflective of best practice elsewhere in undertaking such studies. Specifically, it has included full stakeholder consultations with public sector agencies and other key stakeholders and a full company survey that included 533 completed questionnaires distributed across the study area and 223 in Sefton, in particular. This data has provided a large body of evidence about the demand for land and premises and has helped to inform the study's conclusions and recommendations.
- 2.3 To give added weigh to this study, the draft Joint Employment Land and Premises Study has gone significantly beyond the advice in the ODPM Guidance Note and additionally been subject to a formal full public consultation in order to maximise the opportunity for stakeholders and others to comment on, and have a direct input to the study. This has, among other things, enabled the draft findings of the study to be substantiated and tested against the practical experience of landowners, property professionals, local community members/ the wider public and regional stakeholders. In this regard, the draft Employment Land and Premises Study was initially made available for public consultation between 25th May and 25th June 2009. Subsequently, this consultation period was extended by a further two weeks until 9th July 2009. The public consultation generated 88 representations covering the four local authority areas. There were 6 Sefton specific comments and 15 general comments relating to Sefton. All comments have been fully addressed in taking forward the draft study to a final study document.
- 2.4 As part of this process the study has examined Strategic Housing Land Availability Assessment (SHLAA) 'call for sites' sites (submitted by landowners, developers etc), which were in employment, use but suggested for non-employment uses, or in non-employment uses but suggested for employment uses. In this regard, most sites submitted under this category were suggested for non-employment higher value uses as opposed to current or allocated employment uses. This pressure was greatest in Sefton.

3.0 Key Elements of the Study

- 3.1 In policy terms the study has to conform to both national and regional guidance. At the national level this is guided by a series of planning policy guidance notes and statements. Key factors in deciding new employment land allocations in LDFs are:
- the need to ensure the provision of sufficient land to meet future business requirements;
 - that the land should be readily capable of development;
 - land should be well served by infrastructure; and
 - at locations that are sustainable and connected by public transport.
- 3.2 Specifically, regional policies have important implications for employment land provision and in this regard, RSS Policy W3 sets out employment land requirements by sub-regional area, through to 2021 and proposes that the disaggregation to individual local authority areas be addressed by the respective sub-regions and 4NW.
- 3.3 Linked to the above, it is a longstanding regional objective to restructure the North West economy towards more productive, higher value, higher skilled economic activities and providing suitable employment sites in the right locations. This is considered necessary to attract and retain high value sectors.

- 3.4 The Study has included a full and comprehensive review of all employment commitments in the respective local authority areas. In Sefton this includes a review of 25 employment sites totalling 70.73 hectares and, linked to this, an assessment of all existing employment areas comprising 22 discrete areas (principally but not exclusively primarily industrial areas) totalling 345.34 hectares
- 3.5 The study has used different approaches to quantify new employment land requirements for the respective local authorities. Each approach has produced different outcomes. In this regard, Oxford Economics were sub-contracted by the BE Group to provide up-to-date economic forecasts taking account of the 'credit crunch' but assuming that the economy will recover by 2011. These forecasts related to labour supply projections, employment sector change and public sector economic development strategies. They suggested a need for only 38 hectares of additional land over the whole study area, over the period from 2008 to 2026. This, in the BE Group's view, was explained in major part by the increased need for offices and warehouse uses (more intensive) being counterbalanced by the reduced need for manufacturing (less intensive).
- 3.6 However, the BE Group note that the Oxford Economics' forecasts represent the absolute minimum amount of land needed since they make no allowance for market churn, nor the need for a choice of sites and premises to offer sufficient opportunities for businesses at different stages of their life cycle. Furthermore, the forecasts assume that industry sectors which yield a forecast negative employment change will not generally need additional land. In BE Group's view this is not correct as there will be businesses in these sectors that require more space. Furthermore, in the BE Group's view the economic forecasts are flawed because:
- they presume that job densities and development ratios will remain unchanged into the future but they may fall due to productivity growth within manufacturing
 - for most locations in the study area new office developments are going to be focused on business parks and not in town centres. This means that new office floorspace and site densities will replicate existing (generally lower density development) rather than deviate from them
 - they do not take account of the level and nature of existing employment land supply.
- 3.7 In contrast, the Study prefers the use of representative long-term trend based forecasts of land take-up for the study area, after including an allowance for a 20% buffer to allow for 'range, choice and a continuum of supply post 2026' and as adjusted to take account of known intervention schemes, to set an additional land requirement of almost 390 hectares for the study area embracing the four local authorities, of which Sefton would need to find 40.01 hectares over the period to 2026. This is addressed in more detail under para 4.1, bullet two below. The BE Group have separately advised the Council that they have undertaken 27 similar studies since 2003 and in each case they have opted for the longer-term trend forecast of take-up in preference to those derived from economic forecasting. They have further advised the Council that they have been able to robustly defend this stance in public inquiries when challenged.

4.0 A Summary of the Key Findings of the Study

- 4.1 The key findings of the study may be summarised below:
- there is a clear need to maintain all Sefton's employment land allocations and Primarily Industrial Areas across the Borough. In addition, and importantly, the Study recommends "*Sefton need to be cautious in considering the release of sites for non-employment uses, as recent take-up has been below the longer term trend, and this has been influenced by the lack of viable opportunities rather than reduced demand*". Given this, the Study urges Sefton to apply caution in considering the release of employment sites for non-employment uses because of an apparent lack of demand, which may be reflective of short term factors rather than a long term lack of demand.
 - in meeting the 40.01 ha requirement for new employment land in Sefton, the Study advises that there are potential opportunities for recycling/remodelling of employment

land at various locations in the Borough. If all of these opportunities were realised then Sefton would be able to secure an additional 53.13 ha of new development land and would therefore not require any new allocations, subject to the caveat for North Sefton as set out in the bullet point immediately below.

- whilst a key finding of the Study is that if all recycling/remodelling opportunities were realised across the Borough, there would not be a need for new employment allocations in general, a very important caveat to this is that North Sefton's supply is seriously constrained. In this regard, the key role of Southport Business Park as a facility for predominantly B1 office use (subject to favourable consideration being given to allowing main car dealerships in the north east quadrant) is firmly endorsed as is the proposed extension to Southport Business Park into the south east quadrant (which is currently part of the land allocated for housing purposes). The study also recommends that Sefton will need to identify further land for a successor business park, either to the east of Southport generally or possibly (by agreement with West Lancashire Borough Council) on land at nearby Scarisbrick. This site would need to come on stream in the longer term (i.e. post 2020), but because of lead-in time implications, the site would need to be identified at least four years ahead of this date (i.e. in 2016).
- in light of the seriously constrained supply in North Sefton, the Study recommends that the Council should protect current employment sites from other forms of development, including the former Philips Factory at Balmoral Drive (described as a *'scarce opportunity in Southport for a reasonably sized employment area'*) and backland employment sites. With regard to the latter, the Study notes that *'whilst individually small, collectively they are an important resource'* that Sefton should retain. However, it acknowledges that the separate emerging Strategic Housing Land Availability Assessment appears to be suggesting that some of these backland sites should be considered for housing. Accordingly, the Study advises that *'Sefton Council will have to balance these conflicting pressures as it takes forward its Core Strategy'*.
- in terms of the HMRI process, the Study notes that there have been important and necessary employment losses to housing to support this vital process but it is important that Sefton now *'adopts a balanced approach with employment opportunities protected in the HMRI area for the existing and new population. This will ensure HMRI communities are economically viable and sustainable. This could be achieved by windfall employment sites where housing is no longer considered appropriate'*.
- the Study notes that the Port is constrained in terms of potential expansion land, and that the Seaforth Nature Reserve is the only realistic opportunity to meet this need. However, *'it is excluded from the terms of reference of this study'* by virtue of the environmental/ecological designation (it is a Site of Special Scientific Interest, a proposed Ramsar Site, and a potential Special Protection Area). The Study concludes that *'further growth is likely to be difficult without a comprehensive partnership approach between Peel Ports, Sefton, Wirral and Liverpool to address how growth needs could be satisfactorily resolved along the key routes to and from the Port. This will include reconciling port-related functions such as container storage and warehousing, with local authority objectives of improved environments and higher job creation activities.'*
- additionally, the Study raises major issues about the robustness / current relevance of RSS Policy W3 with regard to employment land provision. Specifically, it raises a major issue about the disaggregation of the RSS Policy W3 requirements, which imply a *'hugely increased'* quantity of employment land requirements for Knowsley and West Lancashire but also significant additional requirements for the Sefton and Halton. Accordingly *'this poses a serious challenge to the evidence base that must support the LDF documents'* and the Study recommends that *'discussions with 4NW commence urgently'*. It will therefore be critical that we positively engage 4NW regarding use of the RSS figure as the basis for future land requirements. 4NW's response to the draft Study consultation indicated that they were happy to meet with us to discuss the issues raised by the Study.

- a further point has been made in the Study that the demand for industrial land and premises was significantly higher than that for office development in Sefton.
- finally, the Study notes that Sefton's vacancy rates for industrial floorspace are around 5% - well below the average for the sub-region. Vacancy rates in the office sector are 4% - again the lowest of the four authorities involved in the Study. This, in the Study's view, is indicative of the continuing strong demand for employment land and premises in the Borough.

5.0 Director's Comments

- 5.1 The Employment Land and Premises Study is one of a number of key evidence gathering studies which are being prepared and will be used to inform Sefton's emerging Core Strategy. The study will also be used to inform advice on individual development proposals and planning applications which involve the development of land in employment use.
- 5.2 The key message contained in the Study is that Sefton has a constrained employment land supply and this resource needs to be protected to meet current and future employment needs arising in the Borough, and also to minimise the need to identify 'new' employment land. If we are able to protect this supply and actively recycle/remodel underused and vacant employment (and potentially other surplus land) land across the Borough, we would not need to make any new employment allocations as part of the Core Strategy process. However, the serious caveat to this is that supply is already constrained in North Sefton and we must therefore carefully protect all our employment sites (allocated and Primarily Industrial Areas) for employment uses in this part of the Borough. In this regard, Southport Business Park has a pivotal role to play in meeting North Sefton's employment needs but this supply will inevitably run out in the future. On the basis of the BE Group's advice, this supply (including any proposed extension into the south east quadrant presently allocated for housing development) would be likely to meet needs up to about 2020. However, a successor site will need to be identified in about 2016 (to allow for a 4 year lead-in time to it being available) and this will create considerable planning challenges, not least because the Study suggests that if we can't find a suitable site in eastern Southport, a preferred location it may be needed on nearby land in neighbouring West Lancashire Borough Council's area. This would clearly require sensitive discussions with a neighbouring local authority. In the south of the borough, the need to recycle /remodel existing employment sites adds considerable weight to employment initiatives such as the Dunnings Bridge Road programme of environmental improvements and the related investment initiatives to the employment sites and, in particular, Atlantic Park as part of the NWDA's role in supporting the regional strategic site. Similarly, the Building Schools for the Future initiative may offer some opportunities to create some 'new' employment sites from surplus school sites.
- 5.3 Importantly, the Study also notes that backland employment sites in Southport make an important contribution to overall employment provision and should be protected as employment sites. However, it recognises that there are increasing pressures to seek alternative housing uses on some of these sites. In this regard, the emerging Strategic Housing Land Availability Assessment highlights these tensions, as a number of such sites have been suggested for alternative higher value housing uses. In this regard, we are also aware of increasing housing development interest in respect of a number of backland employment sites, despite the current depressed housing market. Accordingly, and in order to address these competing pressures, Members should note that we are currently in the process of drafting a Supplementary Planning Document (SPD) on Safeguarding Employment Land to, among other things, address these tensions and a draft of this document will be submitted to Planning Committee for its consideration at a later date.
- 5.4 With regard to the Port, the Study notes that it is constrained in terms of potential expansion land, and concludes that the Seaforth Nature Reserve is the only realistic opportunity to meet this need. However, *'it is excluded from the terms of reference of this study'* by virtue of the environmental / ecological designation (it is a Site of Special Scientific Interest, a proposed Ramsar Site, and a potential Special Protection Area). The Study acknowledges that further growth is likely to be difficult without a comprehensive partnership approach between Peel Ports, Sefton, Wirral and Liverpool to address how growth needs could be satisfactorily resolved along the key routes to and from the Port. This will clearly be a key planning challenge we will have to

address as we take forward our Core Strategy. In this regard, positive dialogue is ongoing with the Port and its representatives, acknowledging that the needs of the Port and, in particular, its need for additional capacity, has been accepted as part of the SuperPort initiative and recognised through the Liverpool City Region Multi Area Agreement. In short, the need for additional Port capacity will have to be carefully addressed as we move forward.

5.5 The Study raises major issues about the robustness/current relevance of RSS Policy W3 with regard to employment land provision and specifically questions whether the sub-regional employment requirements for Merseyside and Halton are now relevant, especially as we take forward our Core Strategy. Clearly, as advised in the Study, it will be important that discussions about this matter commence with 4NW as a matter of urgency and this process will need to start shortly, although we have already advised 4NW of our concerns and they have informally indicated that they would be happy to meet with us (and study partner authorities) to discuss the issues raised by the Study once it has been completed.

5.6 To conclude, the completion of this Study is timely has confirmed much of what we were already knew, albeit anecdotally, about employment land supply and needs in Sefton and especially the very tight employment land supply position that exists in North Sefton. It does, however, now provide us with a robust evidence base to address the issues arising from these pressures; both in terms of advice on pre applications and planning applications and in providing a firm evidence base on employment supply and needs which is necessary to take forward our Core Strategy.

6.0 Recommendations

6.1 That:

i) Planning Committee and Cabinet Member – Regeneration note the key findings of the Joint Employment Land and Premises Study for Sefton;

ii) Planning Committee endorses the key findings of the study to inform the emerging Core Strategy process and advice and decisions in relation to individual proposals and planning applications.

iii) Cabinet Member – Regeneration endorses the key findings of the study to inform the emerging Core Strategy; and

(iv) Cabinet agrees the report