

Briefing Note



Examination of Telford and Wrekin Local Plan 2011 – 2031: Hearing Statements

Audley Avenue Business Park (AABP)

Matter 4: Economy & Community

Question 1: Is the Council's assessment of the additional employment land required during the Local Plan period (76 hectares, as stated in policy EC1) sufficiently justified in line with the Framework, most particularly paragraph 22, and national Planning Practice Guidance (PPG)?

Question 2: Is the scale and distribution of the Plan's intended employment allocations (some 148 hectares, as set out in Appendix B) sufficiently justified in line with the Framework and PPG? Specifically, can it be shown that (1) the intended uplift from the identified need is both deliverable and sustainable and (2) that the Plan's approach makes the best use of land?

Question 3: Is the range of uses provided for in strategic employment areas sufficiently justified?

1. Policy EC1 identifies a minimum requirement for 76ha of employment land within the Borough over the plan period, but allocates 148ha. There is no justification to support such a significant over-allocation of employment land and it is not sound to identify the 148ha as 'strategic' employment land. The allocation includes 10 ha of employment land in Newport. This is neither justified nor by evidence appropriate.
2. The Council's evidence base for employment land in Newport is the PBA document '*Newport: The Need for Employment Land 2013*' (NNEL 2013). This claims to identify a requirement for 8 to 9ha of employment land in Newport to 2031 (paragraph 6.10). That the Local Plan allocates almost 10ha confirms that the scale of employment allocations is not justified even if

the evidence base was correct, but it is not. The methodology and approach used to calculate the 'requirement' is flawed and relies on out-of-date research and data. We outline the basis for our fundamental concerns below.

3. However, it is worthwhile also highlighting our concern that the Plan focuses on employment in Use Class B business. This is out-dated and does not reflect the framework at paragraph 161 which refers to the use of an evidence base to assess the need for land or floorspace for 'economic development' and 'economic activity'. Economic development is defined in the glossary.
4. In focussing solely on sites for Class B uses, the Local Plan conflicts with the Framework and is not positively prepared. It is not sound.
5. The Framework is clear that the evidence base should be adequate, up-to-date and relevant (paragraph 158), and that LPAs should have a clear understanding of business needs within the economic markets in and across their area. The NNEL 2013 fails all of these requirements. It is entirely inadequate for the reasons explained in this document. It is out-of-date. It was produced in 2013, it is based on an out-of-date 2012 SHLAA and it refers to marketing data from 2007 (4.27 and elsewhere), accepts as fact data from JLL that was produced in 2011 (5.8 et al) and it does not reflect many changes in the Newport area, including:
 - The Council's resolution to grant consent for the St. Modwen scheme providing 4.5ha of brand new employment space north of the A518;

- The implementation of the superstore consent at Audley Avenue;
 - The consent for a petrol filling station at Audley Avenue;
 - The consent through PDR to convert Parklands House on Audley Avenue to residential use; and
 - The expiry of the business consent at Audley Avenue (paragraph 4.20).
6. The NNEL 2013 is fatally flawed because it fails totally to make allowance for the pull of Telford and the Enterprise Park. The letter from Andrew Dixon and Company at **Appendix 1** confirms that Telford's influence on Newport's commercial property market is overwhelming and will not be influenced by allocating 10ha of space in the Local Plan.
7. PBA are not commercial agents and have no knowledge of Newport's economic market. The NNEL 2013 refers to discussions with commercial agents referencing Andrew Dixon and Company (4.2), but clearly no understanding of the market is reflected in the final report.
8. The letter at **Appendix 1** confirms that PBA do not understand current business needs or the commercial property markets in Newport.
9. Leaving aside these failings, the NNEL 2013 assessment is simply wrong. It uses three approaches to identify the need for employment land in Newport. All three are fundamentally flawed.

Approach 1 – Demand estimate based on Take-up of Office Space

1. In calculating the take up of employment space in Newport, the NNEL 2013 uses work undertaken by JLL on behalf of St Modwen (paragraphs 5.8 – 5.15). As St Modwen were promoting a significant mixed use (employment and retail) development at the time (2012), this work is unlikely to be completely impartial but its findings are fully accepted by PBA. The JLL report is not part of the evidence base, and therefore, cannot be properly interrogated at the Examination. It is manifestly wrong that work to promote a planning application is used to lead an evidence base, but is not published as part of the evidence base (see paragraph 014 ref id: 12-014-20140306 of the PPG).

2. Notwithstanding this, since it examines take-up rates over the period 2000 – 2011, the NNEL 2013 is neither up-to-date nor can it reliably reflect the current market conditions for employment space in Newport.

The Focus Property Database simply identifies transactions. It identifies deals for existing space. If the same space is let three times, it will appear three times. It provides no intelligence on what space is being recycled. PBA claim that they understand that there is “very little churn” in the local market, but there is no evidence to support this. JLL’s figures are simply wrong. As there must be churn, it must be concluded that they are incorrect. Any churn at all during this 11 year period will mean that the NNEL 2013 estimate of demand for employment space in Newport will be an overstatement of the true position since it will be double-counting recycled employment space.

3. Also, if the demand for space is of a level that JLL indicate, it begs the question why schemes have not been developed out. AABP's consent for commercial space at Parklands House (see paragraph 4.20 of the NNEL 2013) was not developed because there was simply no demand for the reasons set out in the Andrew Dixon and Company letter at **Appendix 1**.
4. At paragraph 5.13 and 5.14 PBA confirm that they agree with St. Modwen's and JLL's calculation of needing 18,000sqm and 4.5ha of proposed provision over the next 10-15 years (from 2011). However, this misrepresents JLL's findings. As acknowledged by PBA, St. Modwen proposed the redevelopment of Audley Avenue Enterprise Park. The Enterprise Park is 3.5ha and provides 12,637sqm of floorspace (paragraph 4.8). Therefore, St. Modwen and JLL were only providing 1ha and/or 5,363sqm of new space to meet demand for 10-15 years from 2011. This is a much more realistic calculation of demand.
5. At paragraph 5.14, PBA add back in the space lost at Enterprise Park even though JLL must have been fully aware of its loss reaching their conclusions.
6. Using the flawed historic transaction data identified within the JLL report, the NNEL 2013 projects forward to identify a requirement for a further 5.4ha over the period 2014 – 2031 (see paragraph 5.20). Notwithstanding JLL identified a need for just 1ha of new space and that this is wrong since it is based on transactions and includes churn, to arrive at the 9ha recommendation which is reflected in the Local Plan, the NNEL 2013 further

argues that it is necessary to allow for both 'provision for enhanced performance' (for which they allow an arbitrary 25% increase or 1.36ha requirement) and 'provision for churn and frictional vacancy rate' (for which they allow a further 2.2ha). In short, the NNEL 2013 supports 3.56ha (or a further 14,240sqm of employment floorspace¹) which is over and above the 5.4ha (or 21,600sqm employment floorspace) which they consider would be required if recent historic trends continued. There is no logic or justification in allocating additional employment land which significantly exceeds the historic assessment (which itself over-estimates demand) when:

- 1) The prospective 'supply' of available B Class land (5.85ha – see paragraph 4.21, NNEL 2013) is sufficient to accommodate the 5.4ha 'demand' based on historic trends;
- 2) The provision of the additional 5.4ha will clearly allow for growth and expansion in the local market (or 'enhanced performance' and 'churn and choice') that is promoted by the Local Plan. This alone will attract investment and expand the town's economic base; and
- 3) there is evidence of a contraction in demand, rather than a likely increase, including:
 - Employment forecasts indicate a net reduction in the requirement for B Class land over the plan period (see paragraph 5.35 and 5.36 of the NNEL 2013); and
 - At paragraph 4.12, the NNEL 2013 reports that the stock of B Class land in Newport contracted by 2,322sqm in 2012. This should be taken into account. This reinforces the view that the NNEL 2013 does

¹ Using their assumption of 40% plot ratio (see para 5.19, NNEL 2013)

not reflect current market dynamics which are responding to economic changes.

Approach 2 – Demand estimate based on employment forecasts

1. PBA also seek to justify their figure of 9ha by considering employment forecasts. This analysis is key and goes to the heart of the Inspector's question.
2. PBA confirm that based on employment forecasts, the space requirements for Class B space will fall by 2ha in the period 2013-31. This includes a 28ha reduction in Class B2 land (table 5.5 and paragraph 5.35).
3. At paragraph 5.36 PBA note that:
"It cannot be deduced that, for example, the 28ha reduction in the scale of industrial land needed could be re-allocated instead to meet the requirement for 26ha to accommodate the growth potential in the B1 and B8 sectors of the economy."
4. PBA note that there are numerous reasons why, but cite different markets. This is absolutely key to determining whether the Plan's allocations are justified. Put simply, if a site is allocated as being within a Strategic Employment Area (Policy EC1), if it is no longer needed for B2 use, prospects of another B2 operator taking the site are slim because demand is falling. The site might well not be suitable for B1 or B8 use, but these are the only types of use that will be allowed to go here. If B1 or B8 users do not want the site it will be kept vacant by planning policy. This is simply wrong

and conflicts with the underlying principles of sustainable planning and paragraph 22 of the Framework.

Approach 3 – Demand estimate based on growth in the labour force

5. PBA's third approach to estimate the demand for employment space is to calculate the additional jobs that will be 'created' in Newport as a result of population growth associated with new housing. PBA calculate that 80% of the 2,727 (2,182) dwellings will be built in Newport to 2031 (Table 3.1 and paragraph 3.15). They calculate this to create 1,035 jobs in Newport over the Plan Period.

6. Plan Policy SP2 confirms that 1,200 new homes will be delivered to 2031. This is 55% less than PBA assume. Applying this to PBA's working of 1,935, this equates to just 569 new jobs. Given the findings of Table 5.2 which addresses employment change, it is very likely that these jobs will not be in Class B uses.

Summary

7. The Framework seeks to discourage the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose (paragraph 22). We do not consider that there is evidence of a reasonable prospect of the need for a further 149ha of employment land within the Borough, including a further 10ha in Newport. The strategic sites allocations should be reserved for priority areas and for sites which are critical to the delivery of the Plan's economic strategy.

Effectively doubling the minimum requirement to provide 'choice' and 'churn' does not represent a robust strategy, nor does it require the identification of 'strategic' employment sites.

8. Furthermore, the allocation of our client's site at Audley Avenue Business Park as a 'strategic employment site' is simply preposterous because:
- It has an implemented permission for a foodstore (secured at appeal ref: APP/C3240/A/11/ 2167505) and will be brought forward for retail uses very shortly;
 - It was not identified as a 'strategic employment site' in the Consultation Version of the Local Plan, which was consulted on in July 2015 (an extract of the Proposals Map is at **Appendix 2**). The employment evidence base had been prepared and published well before this (in 2013). No justification or additional evidence has been provided to support its inclusion in the Submission Version of the Local Plan; and
 - The site is not identified as part of the 'strategic employment' site E27, or indeed as a 'committed employment site', within the Council's Technical Paper on Employment (June 2016) (document B1a) which comprises part of the Council's evidence base (page 23, ref E27).
9. For the Plan to be found sound, the land east of Audley Avenue, Newport should be removed from the Strategic Employment Areas designation. The plan at **Appendix 3** shows the designation removed.

10. If the Council want to replace this loss, Audley Avenue Enterprise Park would be included in the designation. There is no need to allocate E27 in Newport. Employment needs would be met north of the A518, inside Newport's built-up area.

Our ref : JND/HIK

Direct line : 01952 521006

Your ref :

Date : 27th October 2016

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Swan Court,
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London.
SW19 4JS

Dear Mr McGrath,

Re : Land at Audley Avenue, Newport, Shropshire

We have been asked to comment upon the current demand for commercial property, and more particularly production and warehousing facilities in the Newport area. As you are aware, Andrew Dixon & Company is the leading commercial property consultancy based in Telford, and we are familiar with the Audley Avenue site and the wider commercial market in the Borough of Telford & Wrekin.

Newport is a small market town located four miles to the north east of Telford, with good road links via the A518 and the A41 to the M54 motorway. Newport currently has little in the way of industrial or commercial accommodation, and what is available is situated on the fringes of the town around the Audley Avenue area and a small industrial estate off Station Road.

We have been marketing commercial and industrial property in the area for the last thirty years, and would simply comment that Newport does not have a commercial stock of property competitive to those found in Telford. The built environment is currently relatively poor in terms of specification, and the demand for commercial property in Newport is relatively weak due to a number of factors including;

- fringe location
- limited local workforce
- access to M54 motorway
- competition from Telford

An analysis of our enquiries schedule for 2015/2016 shows that less than 3% of our total enquiries were for property available in Newport. Until its recent acquisition by Telford & Wrekin Council, we were the marketing agents for Audley Avenue Business Park on behalf of St Modwen (the vendor) where our experience is that vacant accommodation, if not secured by an existing tenant showing a special interest, was difficult to dispose of, even with relatively low levels of rent.

With low rental levels, and correspondingly cheaper freeholds, the financial environment in Newport does not support commercial lending for new development. There are no pre-lets or pre-sales looking to secure space in Newport at the present time. Commercial investment, which at the moment is reasonably buoyant, is centred upon Telford, particularly the Hortonwood area,

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27th October 2016

which is only a short distance from Newport and has many business and locational advantages including clustering, particularly with the renaissance of the manufacturing and automotive parts industries. Newport is considered a fringe location with little local blue collar employment availability. Financially, it does not make sense to invest in a fringe and secondary location when development land and a well-trodden planning and funding path is available in nearby Telford. In simple terms, there is no mainstream demand from manufacturing or logistics operators for Newport as a secondary location, and any new investment cannot be supported by expected rental and freehold values, given a historical analysis of the Newport market.

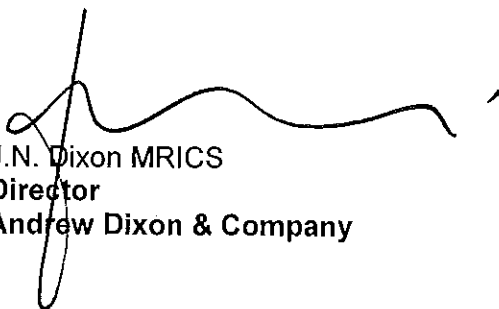
We are not aware of a commercial property investor who is willing to undertake any speculative development in the Newport area. There is land available in Telford that is attractive because of the density of the town's population and because of its excellent road access.

To conclude, our analysis of Costar's report on commercial lettings since October 2014 reveals one commercial building let on Audley Avenue and also two freehold sales taking place – hardly sufficiently significant activity to support an investment proposal to build in the area!

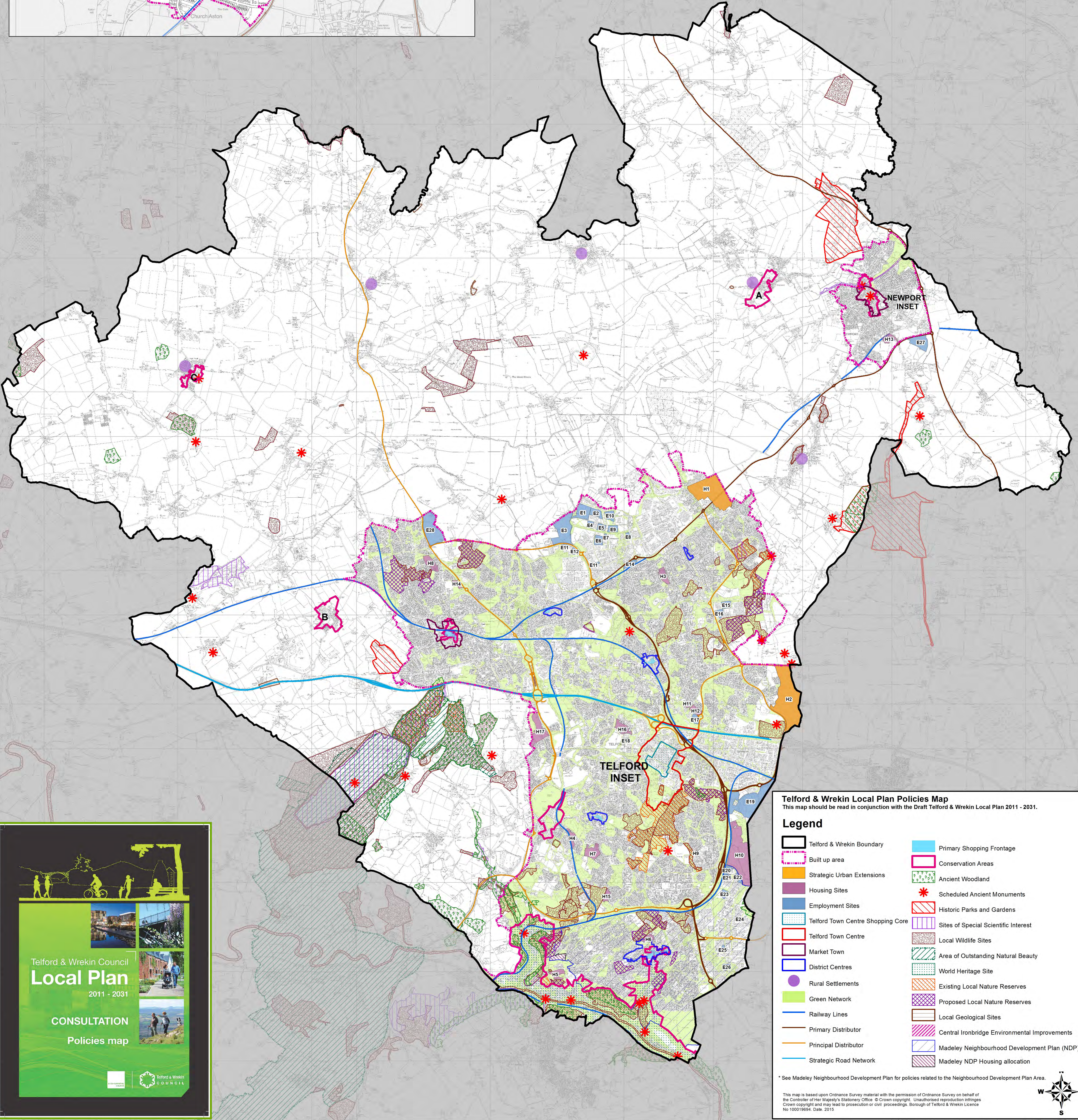
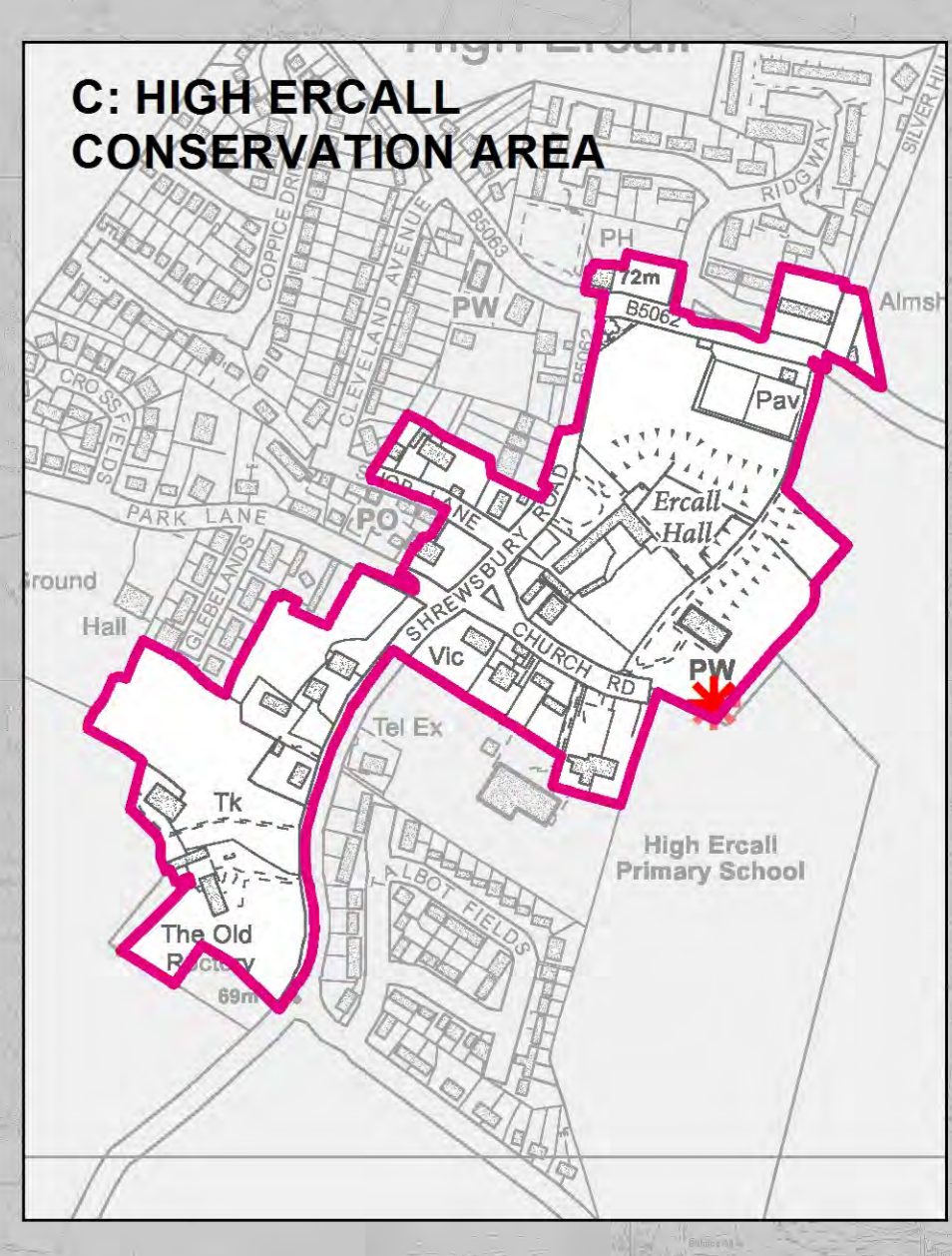
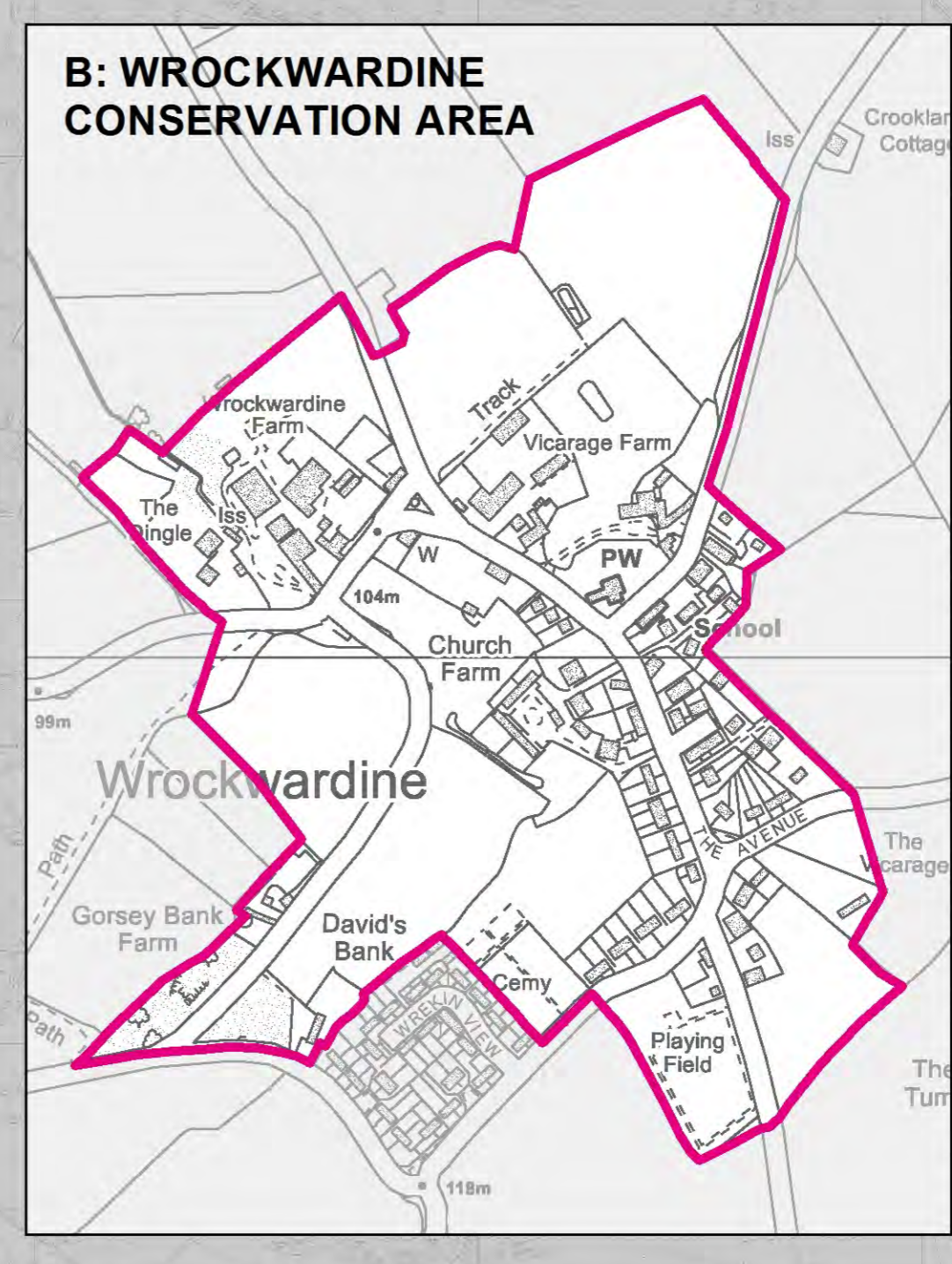
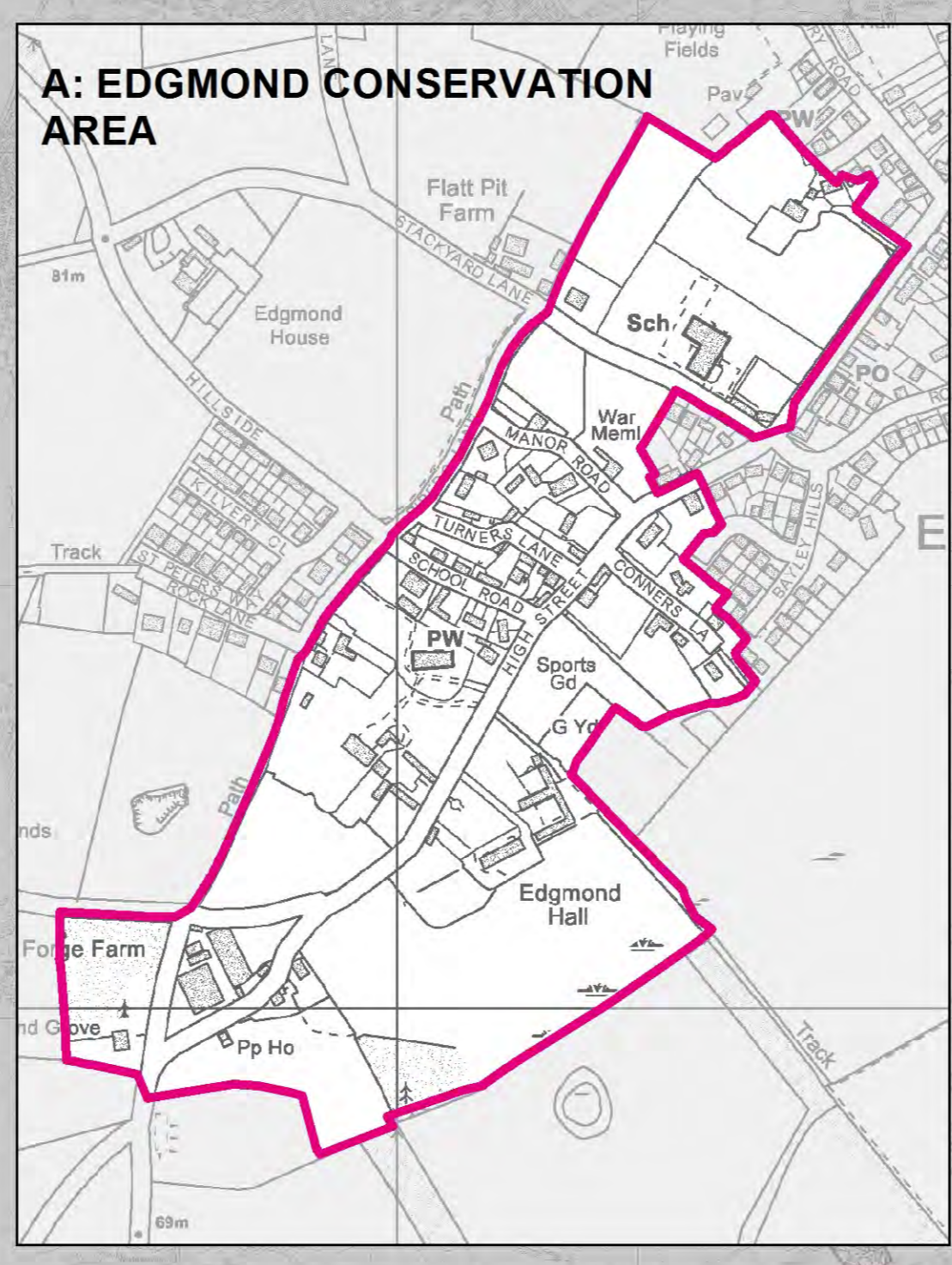
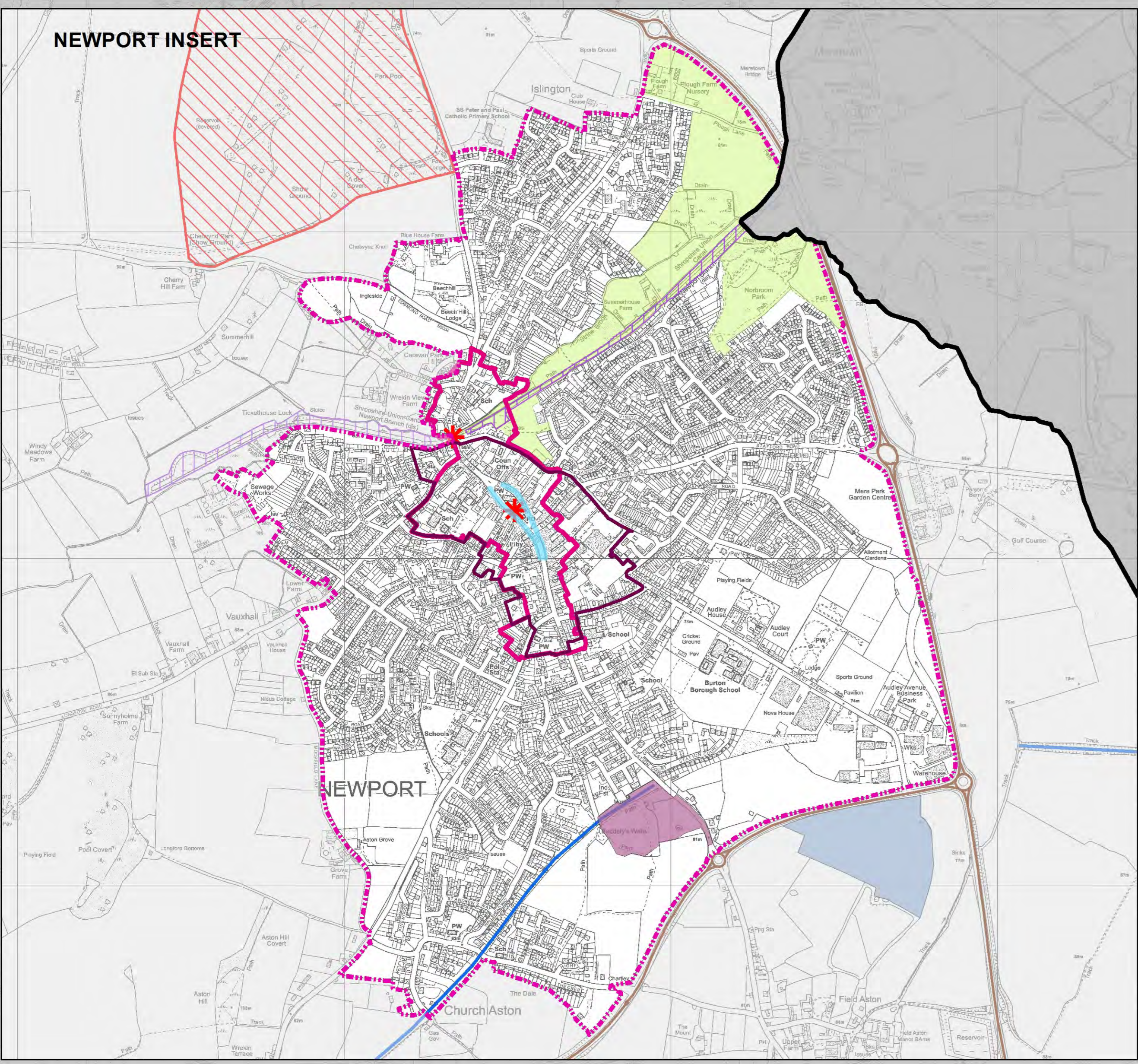
I really do not believe there is anything like the level of demand that the Council claims for employment land in the Newport area. It is financially not viable to develop in that location and the positives of investing in a more acceptable and valuable location such as Hortonwood are overwhelming. With specific regard to the land owned by Mr Tringham, the prospect of this holding being developed for a Class B use is highly unlikely because the demand is just not generated in that area and not supported by the vital financial ingredients. In a wider context, I doubt any land of this scale in the Newport area could support employment use, there are more viable uses of the land for other uses.

I trust this letter is sufficient for your purposes, but if you require any further input please do not hesitate to contact me.

Yours sincerely,



J.N. Dixon MRICS
Director
Andrew Dixon & Company



Telford & Wrekin Council
Local Plan
2011 - 2031
CONSULTATION
Policies map

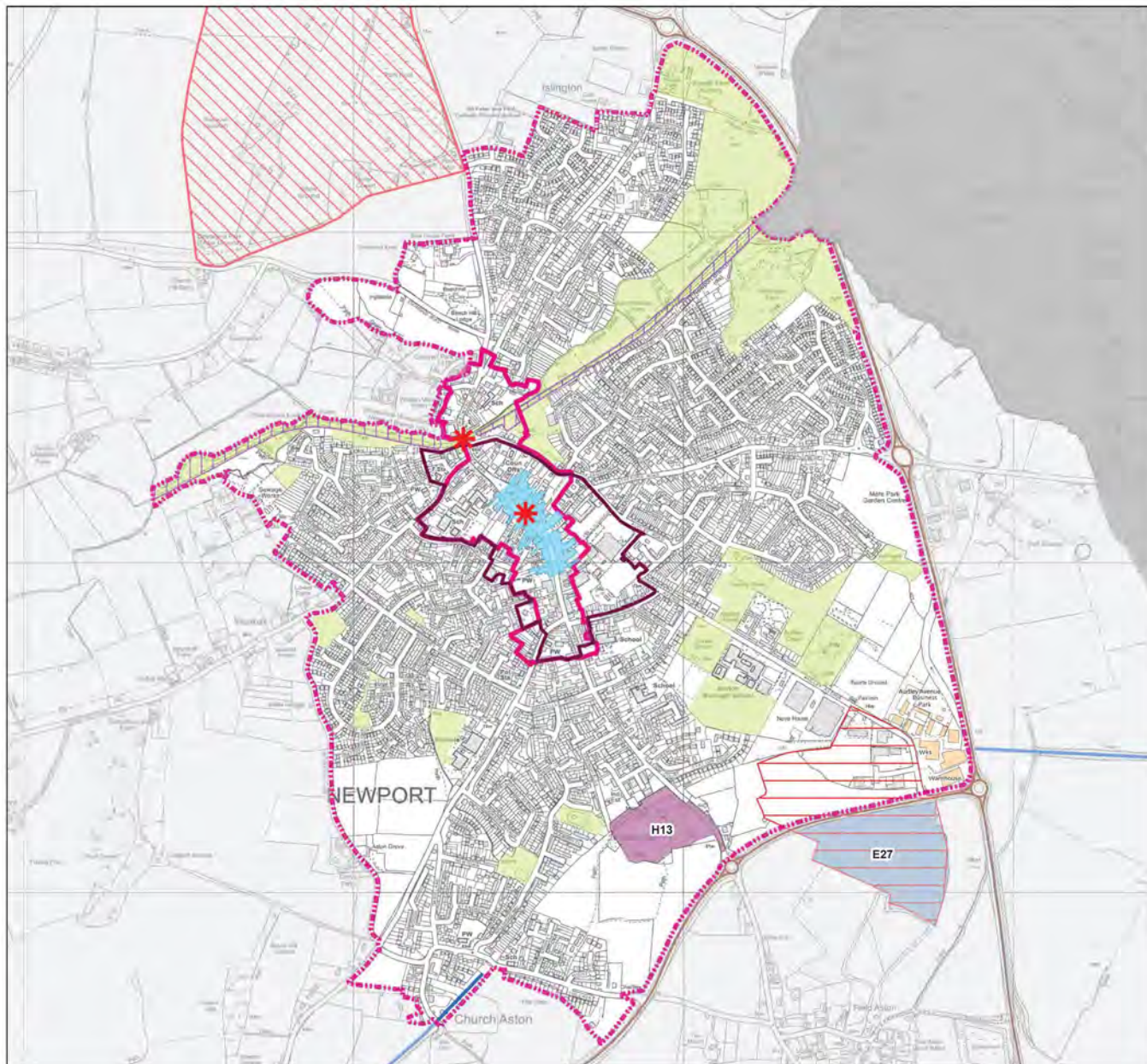
Telford & Wrekin Local Plan Policies Map
This map should be read in conjunction with the Draft Telford & Wrekin Local Plan 2011 - 2031.



Legend

| | |
|-----------------------------------|--|
| Telford & Wrekin Boundary | Conservation Areas |
| Built up area | Ancient Woodland |
| Strategic Urban Extensions | Scheduled Ancient Monuments |
| Housing Sites | Historic Parks and Gardens |
| Employment Sites | Sites of Special Scientific Interest |
| Telford Town Centre Shopping Core | Local Wildlife Sites |
| Telford Town Centre | Area of Outstanding Natural Beauty |
| Market Town | World Heritage Site |
| District Centres | Existing Local Nature Reserves |
| Rural Settlements | Proposed Local Nature Reserves |
| Green Network | Local Geological Sites |
| Railway Lines | Central Ironbridge Environmental Improvements |
| Primary Distributor | Madeley Neighbourhood Development Plan (NDP) * |
| Strategic Road Network | Madeley NDP Housing allocation |

* See Madeley Neighbourhood Development Plan for policies related to the Neighbourhood Development Plan Area.

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|---|---|--|---|
| Project | LPA Telford & Wrekin Council | Indigo Planning Limited Swan Court Worples Road London SW19 4JS |  |
| Title Amendment to Strategic Employment Area | Date: 21.10.16 Scale: NTS | T 020 8605 9400 F 020 8605 9401 info@indigo-planning.com | |
| Client Audley Avenue Business Parks | Project No: 14780014 Drawing No: 14780014/1 Drawn By: MR  | | |