

# The land that time forgot

## Planning for Employment Land



**Turley**



**Maintaining employment land supply is critical to ensuring that businesses can expand and deliver employment and productivity growth to the UK. However, the way we plan for supply attracts very little attention, compared to the national housing debate.**

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In this research report, Turley explores the age of the evidence used to plan for business land needs and the implications arising.

## Executive summary

With the UK firmly on an economic growth trajectory and with rising demand for employment land and commercial premises, it is imperative that Local Plans ensure there is a sufficient supply of land. Turley has undertaken research in order to shine a spotlight on the age of the base that is currently being used to inform Local Plans and planning evidence decisions and the extent to which this is up to date.

The research highlights that half of all local authorities in England have published evidence which predates the introduction of the National Planning Policy Framework (NPPF) in 2012. Furthermore, economically dynamic Local Enterprise Partnership areas, including those in the Thames Valley and across large parts of the Northern Powerhouse area, rely on some of the oldest evidence anywhere in the country in relation to employment land.

The research raises significant questions about the extent to which local planning is really attuned to the current needs of businesses and the extent to which land supply is capable of supporting continued economic recovery. It also highlights that for one of the fastest evolving business sectors, logistics, the reliance on dated market evidence means that current and emerging occupier requirements are not being met, often in the areas of highest demand.



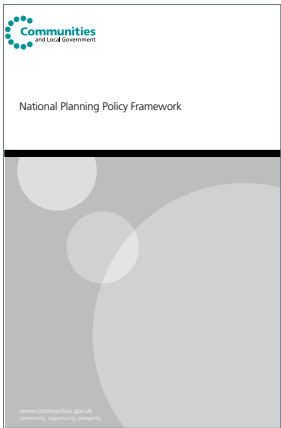
Geopost, Hinckley. Image courtesy of Goodman

# How should we plan for the employment land needs of businesses?

The NPPF (2012) sets out the need for the planning system to perform a number of roles including ‘contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure’ (our emphasis).

The Planning Practice Guidance (PPG, 2014) encourages local planning authorities to objectively assess and evidence development needs for economic development (Section 1). It advises that “Need for all land uses should address both the total number of homes or quantity of economic development floorspace needed based on quantitative assessment, but also on an understanding of the qualitative requirements of each market segment”. One of the key outputs of any need assessment is an understanding of future trends and the scale of future needs, broken down by economic sectors. There is an acknowledgement that the “increasing diversity of employment uses requires different policy responses and an appropriate variety of employment sites” (Section 4).

The PPG advises that local planning authorities should not need to undertake comprehensive exercises more frequently than every five years, although they should be updated regularly looking at short-term changes in housing and economic market conditions (in reality this is limited to light touch annual monitoring). Given the speed of change, and with the economy fully emerged from recession, we would suggest that employment land evidence that pre-dates the NPPF (2012) is no longer “fit for purpose”, and fails to respond to investor, developer and occupier requirements as they currently exist.



## Scope of the research

Turley’s research has involved a survey of 326 Local Planning Authorities across England in order to ascertain the age of published employment land and extent to which evidence pre-dates the NPPF.

The survey was conducted over the period June to July 2015, with data captured on the publication date (month/year) of the authority’s last full employment land review/study or subsequent update which includes a forecast of future land requirements. Studies which are currently being prepared, and which have not been published, have not been taken into account. Similarly, the research has not considered the findings of sector specific studies, economic strategies and growth plans.

The results represent a “snapshot” of published evidence as of June/July 2015.

“ increasing diversity of employment uses requires different policy responses and an appropriate variety of employment sites. ”



## Findings

**Question:** How up to date is the evidence at local authority and regional levels?

Turley’s research has found that around 50% of English local authorities have produced employment land evidence since the NPPF was published in March 2012. This highlights that half of local authorities across England are reliant on increasingly ageing evidence which is unlikely to reflect commercial demand and business needs in the post recessionary period.

Notably, of those local authorities with adopted Local Plans<sup>1</sup>, 57% have employment land evidence which pre-dates the NPPF.

There is also evidence of a number of local authorities without adopted Local Plans relying on ageing assessments of future employment land requirements (for both plan making and the determination of planning applications). A total of 36 authorities are planning on this basis, as summarised below.

When considered by region, in excess of 50% of authorities in some areas have pre-NPPF evidence bases: London (60%), the East of England (60%), Yorkshire and Humber (57%), North West (56%) South West (56%) and West Midlands (53%).

- 1 Ashfield District Council
- 2 Bolsover District Council
- 3 Bradford District Council
- 4 London Borough of Bromley
- 5 Broxbourne Borough Council
- 6 Calderdale Metropolitan Borough Council
- 7 Carlisle City Council
- 8 Cheltenham Borough Council
- 9 Cornwall Council
- 10 Coventry City Council
- 11 Craven District Council
- 12 East Devon District Council
- 13 Eastleigh Borough Council
- 14 Epping Forest District Council
- 15 Gloucester City Council
- 16 Great Yarmouth Borough Council
- 17 Isles of Scilly Council
- 18 Knowsley Metropolitan Borough Council
- 19 Liverpool City Council
- 20 Malvern Hills District Council
- 21 Medway Council
- 22 Nuneaton and Bedworth Borough Council
- 23 Rochdale Metropolitan Borough Council
- 24 Runcorn Borough Council
- 25 Salford Council
- 26 St Albans Council
- 27 Sunderland City Council
- 28 Swale Borough Council
- 29 Tameside Metropolitan Borough Council
- 30 Tewkesbury Borough Council
- 31 Uttlesford District Council
- 32 West Somerset District Council
- 33 Royal Borough of Windsor & Maidenhead
- 34 Worcester City Council
- 35 Wychavon District Council
- 36 York City Council

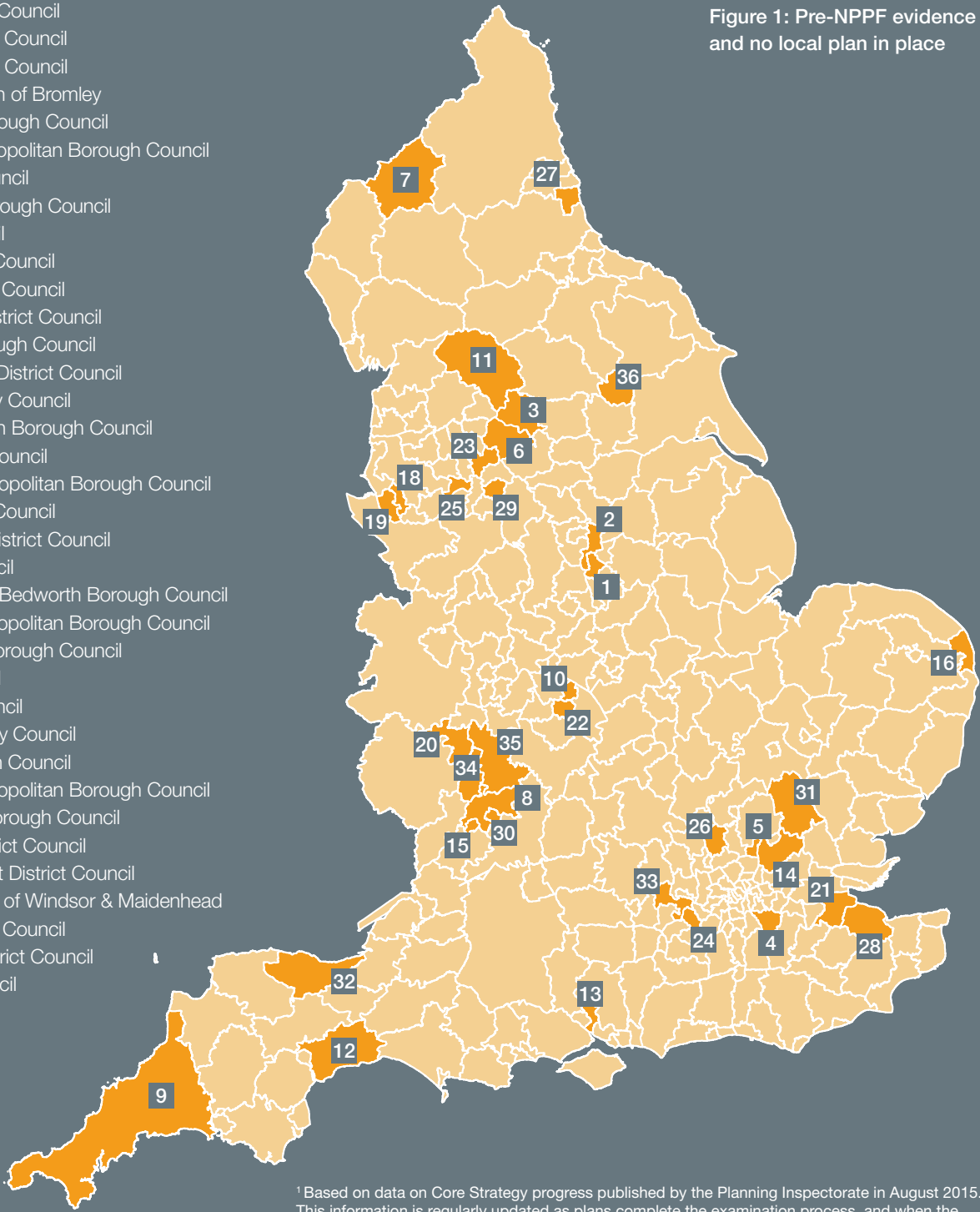
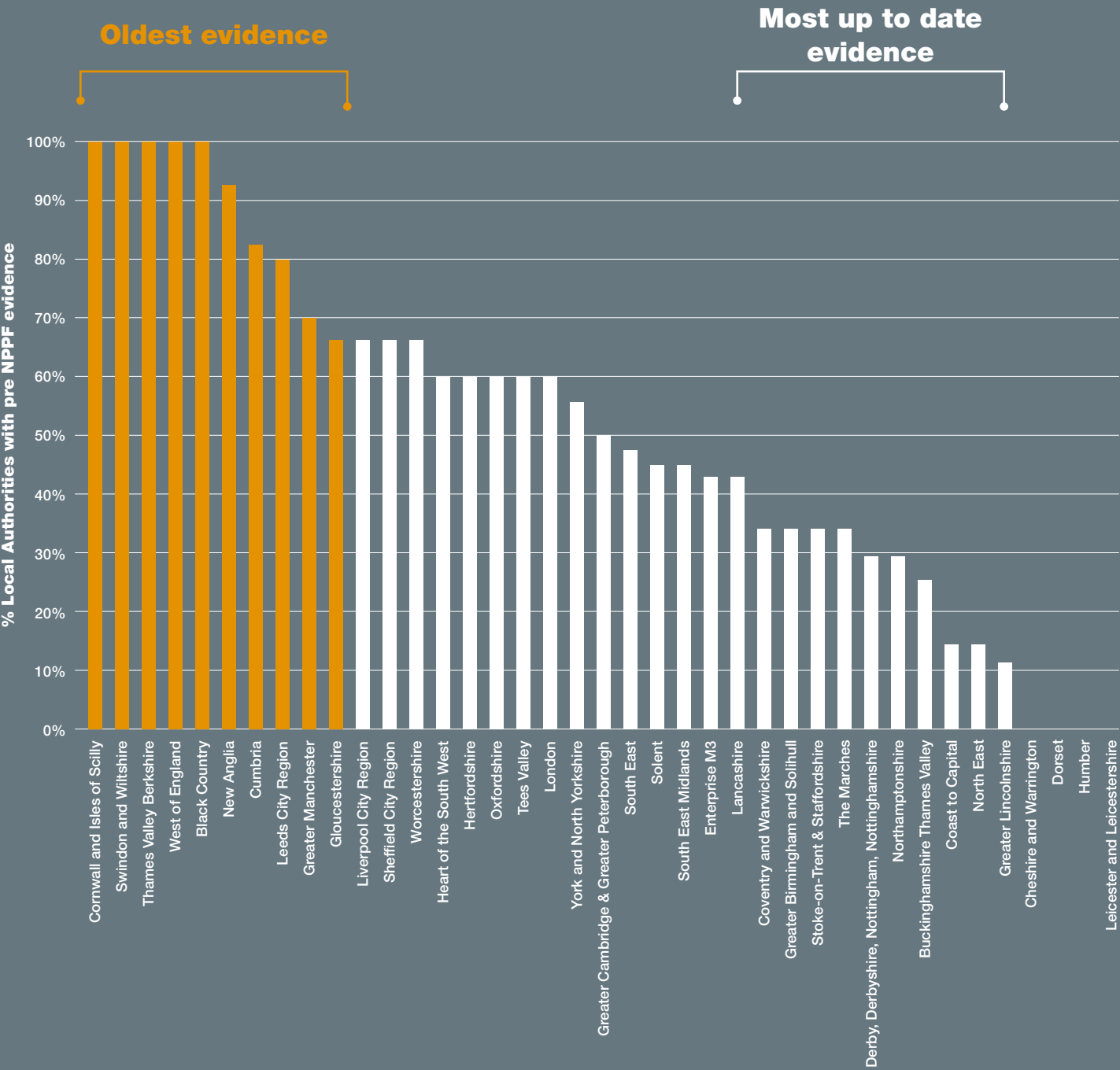


Figure 1: Pre-NPPF evidence and no local plan in place

<sup>1</sup> Based on data on Core Strategy progress published by the Planning Inspectorate in August 2015. This information is regularly updated as plans complete the examination process, and when the Planning Inspectorate receives updates from local councils on publications and adoptions.



Figure 2: Proportion of LEP local authorities with published employment land evidence pre-dating the NPPF



**Question:** What does this mean for Local Enterprise Partnerships?

Turley's research has also examined the age of local authority evidence within Local Enterprise Partnership (LEP) areas which are identified as important within the PPG in the consideration of employment land needs.

The research has found that there is considerable variability in the age of evidence across England's 39 LEP areas. To demonstrate this Turley has examined the proportion of local authorities within each of the 39 LEPs which have published employment land evidence which pre-dates the NPPF. The results of this analysis are summarised in Figure 2.

<sup>2</sup> 100% indicates that all LPAs within a LEP have pre-NPPF published employment land evidence. Conversely, 0% highlights that all LPA published evidence has been prepared post the introduction of the NPPF.

**This analysis highlights that:**

- Thames Valley Berkshire LEP, Swindon and Wiltshire LEP, Cornwall & the Isles of Scilly LEP, West of England LEP and the Black Country LEP exhibit an ageing evidence base with no employment land reviews assessing future requirements published in the period since March 2012<sup>3</sup>;
- There are only 4 LEP areas across England (Humber, Dorset, Cheshire and Warrington and Leicester and Leicestershire) where employment land evidence has been published by all authorities following publication of the NPPF (i.e. during or post March 2012).

It has become apparent through the research that a number of local authorities are in the process of updating their employment land evidence. This includes sub-regional studies being prepared by the West of England and Greater Manchester LEP authorities to inform the preparation of joint spatial plans. Similarly a number of joint studies have also been published in the last year including, for example, the Coventry and Warwick Strategic Employment Sites Study (Atkins, October 2014) and Nottingham Core HMA and Nottingham Outer HMA Employment Land Forecasting Study (NLP, July 2015)<sup>4</sup>. Clearly, some LEPs are starting to explore the role that land supply plays in facilitating economic development and investment. However, this approach to shared evidence does appear to be spurred on by joint plan making between authorities, rather than being the norm.

<sup>3</sup> A number of local authorities have published updated evidence assessing the supply position and market signals, however in the absence of an assessment of future requirements these do not constitute a full employment land review for the purposes of this research.

<sup>4</sup> Whilst this research acknowledges these studies it has also found that they have not been widely published by all participating authorities. The extent to which they are being relied upon is therefore, in some instances, unclear. In such circumstances the research has assessed the age of the evidence as published within online evidence base libraries.





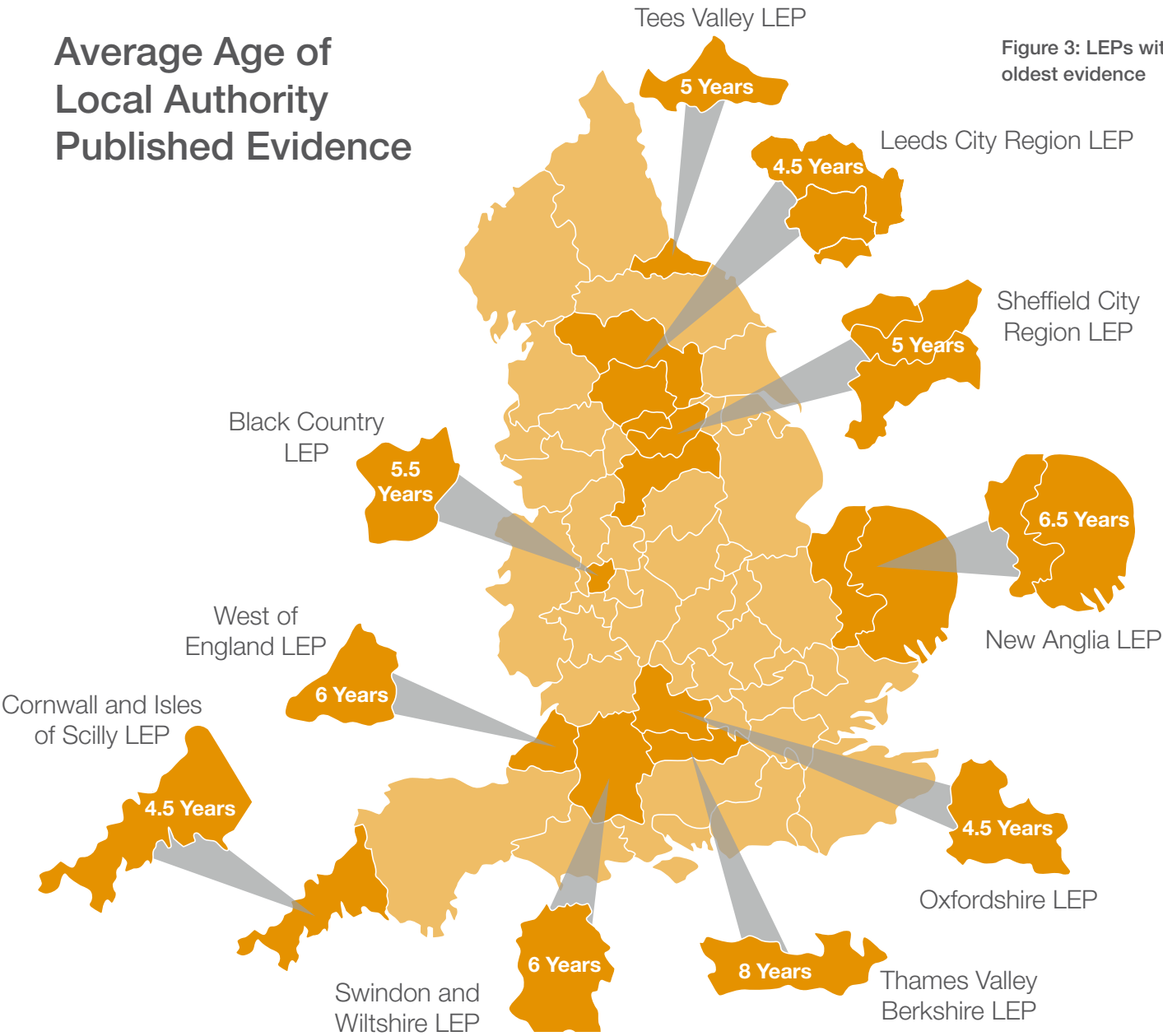
LEP Area	Average age of evidence (years)	Rank
Humber	1	1
Greater Lincolnshire	1.5	2
Northamptonshire	2	3
North East	2	4
Leicester and Leicestershire	2	5
Coventry and Warwickshire	2	6
The Marches	2.5	7
Coast to Capital	2.5	8
Cheshire and Warrington	2.5	9
Stoke-on-Trent and Staffordshire	2.5	10

Table 1: Rank of best performing LEPs by Average Age of Employment Land Evidence

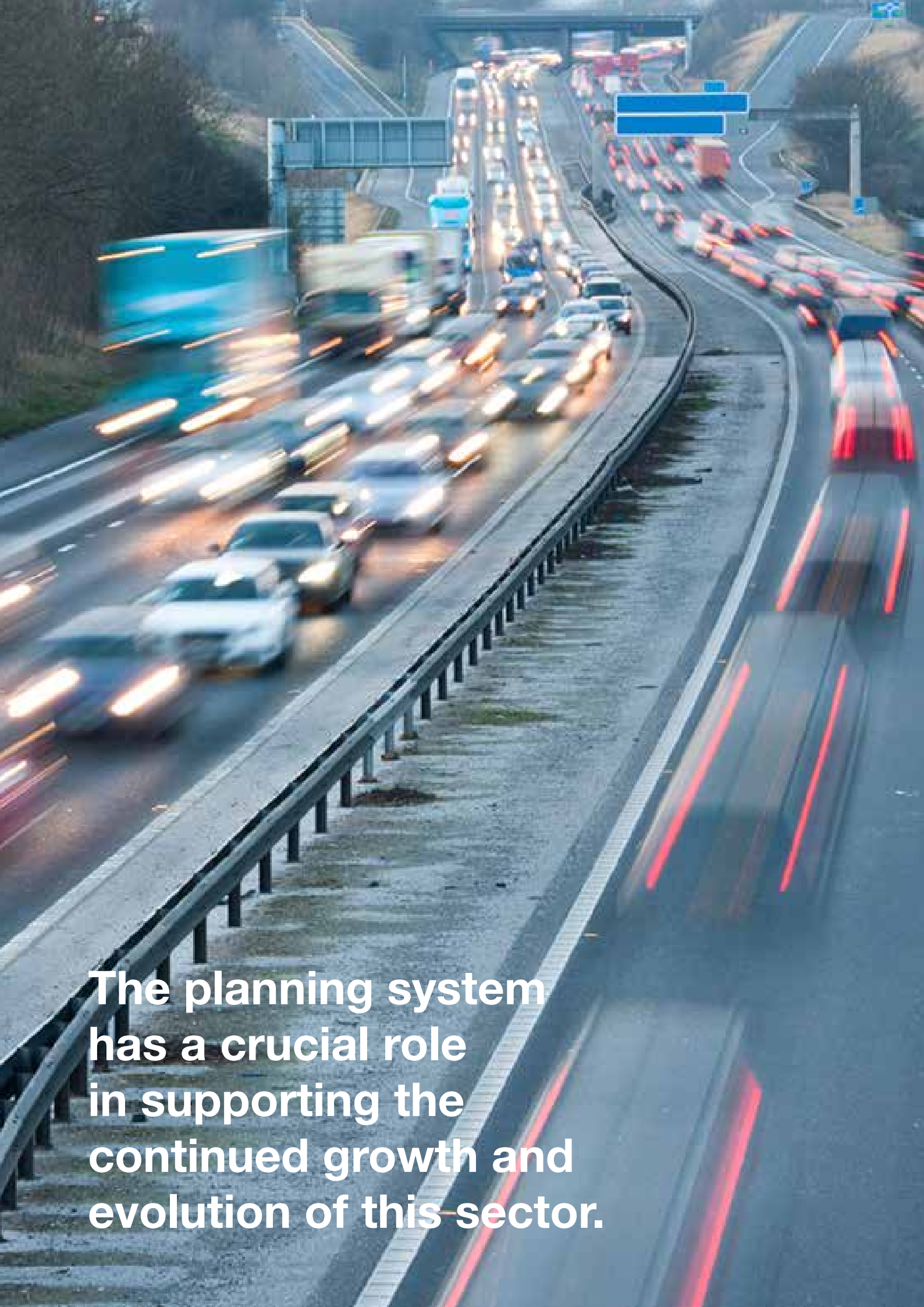
The LEPs with the most recent evidence include the Humber, Greater Lincolnshire, Northamptonshire, North East LEP, Leicester and Leicestershire and Coventry and Warwickshire, all with evidence aged two years or less.

Conversely, Thames Valley Berkshire LEP has the oldest average age of published local authority employment land evidence (an average of 8 years, which predates not only the NPPF but the recession). This is followed by the New Anglia LEP and Swindon and Wiltshire LEP with evidence averaging 6.5 and 6 years respectively.

A paucity of up-to-date evidence across the Northern Powerhouse LEP's and the Leeds and Sheffield City Regions is also evident from the research. The LEPs containing the most out of date evidence are illustrated on the plan opposite.







The planning system has a crucial role in supporting the continued growth and evolution of this sector.



## Case Study

### Logistics

There is widespread consensus within the property industry that there is an acute shortage in the supply of readily available land to meet the logistics sector's needs. The property requirements of the sector are also becoming increasingly divergent.

Demand remains strong, evidenced by significant take up/diminishing supply, significant investor appetite, notable rental growth and continuing speculative development. The sector is highly active, influenced by the continual growth of e-commerce (including addressing the consequences of 'returns management'). In some areas, the sector is underpinning a resurgence in manufacturing e.g. the supply chain to Jaguar Land Rover in the West Midlands.

The logistics sector is essential to economic growth. It is an enabler of wealth creation in the wider economy and is at the forefront of responding to societal demands. The planning system has a crucial role in supporting the continued growth and evolution of this sector.

Ultimately, the costs of failing to properly plan for the needs of the sector will be far reaching. Not providing enough land, in the right location at the right time will inevitably force operators to make compromises to meet their needs (or worse withhold investment), with sub-optimal locations resulting in both economic and environmental costs – directly at odds with two of the fundamental tenets of the NPPF and ultimately the achievement of sustainable development.

**Reliance on an ageing evidence base for the formulation of planning policies (adopted or otherwise) or used to assess the acceptability of planning applications for logistics development will:**

- Fail to match overall quantitative supply with the current or future needs of the sector. Notwithstanding the return of speculative development, emerging policy directions such as the Government's ambition to maximise housing delivery on brownfield land<sup>6</sup> (with 'measures' to encourage progress) are likely to exacerbate the supply-demand tension.
- Perpetuate misconceptions around the quality and contribution of longstanding and unattractive employment sites; a much closer scrutiny of such sites is required.
- Fail to appropriately plan for the diversification of space and operational requirements, including building heights, car parking and labour requirements.
- Fail to anticipate the needs of specific market segments that have emerged. This will include, for example, needs arising from the exponential growth in parcel deliveries, where operators may require large sites (with a low site density) to function effectively, with a disproportionate impact on land supply (see above);
- Fail to appropriately recognise and address critical sector challenges, such as those arising from 'last mile' logistics (and the increasing pressure to retain an adequate supply of well-located urban sites and the associated infrastructure required to support this) or 'returns management'.<sup>7</sup>
- Fail to respond to the wider spatial trends and challenges arising from evolving logistics models (SRFI, 'port centric' solutions etc)
- Undermine supply chains which are at the heart of modern retailing, and operator agility to respond to and capitalise on wider technological advances.

## Planning through the rear view mirror

Half of all local authorities in England have published employment land evidence which is at least three years old. This evidence was therefore prepared in a period in which the UK was yet to fully emerge from the recession. It cannot be claimed that this reflects current or indeed future demand for employment land and premises. This evidence also predates the NPPF and PPG.

Local Enterprise Partnerships are important new organisations which represent areas with shared economies, business bases and labour markets. Turley's research has shown that some of the economically most dynamic LEPs in the country, including those in the Thames Valley (Berkshire) have the oldest published evidence. The extent to which the evidence supports future business growth is questionable.

Elsewhere, areas which are central to the Government's economic growth plans, such as the Northern Powerhouse, are characterised by LEPs with groups of local authorities operating with increasingly ageing employment land evidence. In areas which purport to be planning for economic growth, and which would most benefit from employment growth, it is imperative that the evidence base and Local Plans area based on up-to-date market focused information about requirements.

The implication of this research is that there is an urgent need to put in place an up to date employment land evidence base for large areas of England<sup>5</sup>. This evidence base needs to reflect current and emerging land requirements arising from fast evolving business sectors. It also needs to reflect the economic growth plans of Local Enterprise Partnerships.

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<sup>5</sup> The research does not consider the adequacy of employment land assessments, and the extent of compliance with the PPG for an objective assessment of economic development needs.  
<sup>6</sup> DCLG consultation proposals 'Building more homes on brownfield land' (January 2015)  
<sup>7</sup> The value of returned goods is forecast to reach £4.8bn by 2019, Verdict – Online Returns in the UK

## A Call to Action

An up to date evidence base is needed, if England is to meet its economic growth agendas in a sustainable manner.

In its recent Budget and Productivity Plan (July 2015), the Government has set out its intention to intervene where councils do not have a Local Plan in place by 2017. Greater incentives are required to ensure local authorities have a fit for purpose employment evidence base. The PPG should be more explicit in its advice around the need for a regular review of sector needs and land supply issues to ensure that policy supports investment and continued economic growth.

The logistics industry is a case in point; it is evolving so quickly that an employment land evidence base which is only updated every five years is not going to reflect the realities of the market for property as it currently operates.

Without any action, there will be a continued divergence between the needs of rapidly evolving sectors, such as logistics, and Local Plan policies. This can only lead to a stifling of investment, an outcome which is clearly not in the interest of businesses, local authorities or their residents.







The PPG should be more explicit in its advice around the need for a regular review of sector needs and land supply issues to ensure that policy supports investment and continued economic growth.



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