

**MAIDSTONE BOROUGH COUNCIL**

**PLANNING, TRANSPORT AND DEVELOPMENT OVERVIEW &  
SCRUTINY COMMITTEE**

**TUESDAY 21 OCTOBER 2014**

**REPORT OF HEAD OF PLANNING**

**Report prepared by Sarah Anderton**

**1. LOCAL PLAN: APPROACH TO EMPLOYMENT LAND**

**1.1 Issue for Consideration**

1.1.1 The 'Qualitative Employment Site Assessment' has recently been completed and is part of the evidence base for the emerging Local Plan. The purpose of this committee report is;

- a. to summarise the key findings of the assessment; and
- b. to highlight the implications of the study for the approach to employment sites and land in the emerging Local Plan.

1.1.2 The Qualitative Employment Site Assessment complements the 'Economic Sensitivity Testing and Employment Land Forecast' completed in January this year. Together these two studies are considered to provide an assessment of employment land needs that is consistent with the National Planning Policy Framework.

**1.2 Recommendation of Head of Planning**

1.2.1 That the Committee notes the key findings of the Qualitative Employment Site Assessment set out in paragraphs 1.3.6 to 1.3.20 of this covering report.

1.2.2 That the Committee considers the implications of the Qualitative Employment Site Assessment's findings for the approach to employment land in the draft Local Plan as set out in paragraphs 1.3.21 to 1.3.31 of this covering report.

**1.3 Reasons for Recommendation**

1.3.1 The emerging Local Plan must set out the Council's overall approach to meeting the local economy's needs for office, industrial and warehousing premises and land in the period up to 2031.

- 1.3.2 The National Planning Policy Framework (NPPF) directs that an evidence based approach should be used to assess:
- a. The quantitative and qualitative need for land/floorspace for economic activity; and
  - b. The sufficiency and suitability of existing and future supply of land available to meet identified needs<sup>1</sup>
- 1.3.3 In January 2014 the 'Economic Sensitivity Testing and Employment Land Forecast' was completed as part of the evidence for the emerging Local Plan. This report was undertaken by the expert consultants GVA and its key findings were reported to Cabinet (via Planning, Transport and Development Overview & Scrutiny Committee) on 27<sup>th</sup> January 2014. This report forecasts the growth in the economy over the plan period and translates this projected growth into the quantum of additional floorspace/land needed for offices, industrial/manufacturing and warehousing/distribution. It is therefore an assessment of quantitative demand for floorspace/land.
- 1.3.4 To assess the qualitative demand for employment floorspace, and thereby to complete the evidence base for this aspect of the Local Plan, a 'Qualitative Employment Site Assessment' ('the Assessment') has recently been undertaken, also by GVA. The main Assessment report is attached as Appendix A. The report's appendices comprise some 200+ pages, the majority of which are the forms from the site surveys of the borough's existing industrial estates and have not been included in this agenda. Instead, a paper version of the report and appendices will be placed in the Members' library. Key findings from the report are set out in the sections below.
- 1.3.5 There is a clear inter-relationship between the Local Plan's approach to identifying sites for economic growth and the Council's overall strategy for economic development as is being set out in its new Economic Development Strategy (EDS) which is the subject of a separate report on this agenda. Officers from the Spatial Policy and Economic Development teams, and the appointed consultants, have worked together to ensure consistency across these streams of work.

### **Qualitative Employment Site Assessment: Key Findings**

#### Existing industrial estates

- 1.3.6 An important role for the emerging Local Plan is to protect the existing stock of industrial and employment sites to secure them from alternative, higher value uses so they can continue to be an important

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<sup>1</sup> NPPF paragraph 161

part of the employment land supply for the timescale of the Local Plan. As part of the Assessment, the stock of existing employment/industrial sites and estates in the borough were reviewed for their continuing suitability for employment use. The Assessment revealed that there is a generally dispersed portfolio of existing employment sites providing a range of unit types, sizes and quality (and hence price) in a choice of locations for business and that the majority of sites are broadly fit for purpose.

- 1.3.7 The existing sites/estates which is it proposed should be retained as employment sites are listed in Appendix B. It is intended that these sites will be included in an amended version of emerging Local Plan Policy DM18 which is the policy which identifies and protects existing employment sites ('Economic Development Areas') for B class uses (offices, industrial and warehousing). The proposed amended policy, which will also take account of the representations made during the Local Plan consultation earlier this year, will be brought to the 16<sup>th</sup> December meeting of Planning Transport and Development Overview & Scrutiny Committee as part of its consideration of the emerging Local Plan's development management policies.

#### Updated supply position

- 1.3.8 As set out above, the amount of additional employment land needed for the full Local Plan period (the 'demand') was determined in the 'Economic Sensitivity Testing and Employment Forecast' of January 2014.
- 1.3.9 A first step is to quantify the current supply of employment land/premises which can contribute to meeting this identified demand. This supply includes the new sites which have been built (completions) and those which have gained planning permission (consents) since the 2011 base date of the Local Plan. In addition, usable vacant premises which are currently available for sale/rent are also part of the supply of commercial stock available to new and expanding businesses.
- 1.3.10 Further, the Assessment's site by site review of the borough's existing estates outlined in the preceding section has resulted in the identification of some additional vacant/redevelopment land at these estates. This land would be suitable for use for B class purposes and in line with the requirement to make the best use of existing land resources<sup>2</sup> is included as part of the supply.
- 1.3.11 The bottom line of the table below sets out the balance requirement for additional employment land for the remaining years of the plan after the supply has been taken into account. The balance

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<sup>2</sup> NPPF paragraph 17

requirement is set out as a land requirement in hectares and also converted to a floorspace figure in square metres.

	Office	Industrial	Warehousing
<b>Total</b> Employment Land Requirement <b>2011- 31</b>	2.7ha	5.1ha	10ha
<b>Balance</b> Land/Floorspace Requirement <b>2014-31</b> [Floorspace shown in brackets]	1.6ha [24,000sqm]	-3.9ha [-15,600 sqm]	1.3ha [6,500sqm]

1.3.12 On the face of it, these figures show there is a quantitative need to provide additional office floorspace and a limited amount of additional warehousing/distribution floorspace. There is a theoretical over-supply of industrial premises. As the NPPF makes clear, however, it would be insufficient to focus solely on the amount of additional land needed. The qualitative need for new employment land must also be assessed in parallel. This has been done as part of the latest Assessment.

#### Qualitative Needs

1.3.13 The Qualitative Needs Assessment includes commentary on the local commercial property market informed by analysis of property transactions as well as discussion with local commercial property agents and stakeholders such as Locate in Kent to understand the property requirements for business growth. The characteristics of future demand for office, industrial and warehousing premises are found to be as follows;

1.3.14 **Offices:** the market has shifted from large scale premises to smaller units and/or multi-tenant purpose built stock due to a concentration of smaller businesses in the borough, often professional services type firms and lack of interest in the borough as a 'back office' location for major banks/insurance companies etc. The qualitative need is therefore likely to be met through new units up to 500sqm and not through the larger, older buildings which are particularly concentrated in the town centre. Indeed it is estimated that some 25,000sqm of the poorer quality town centre office stock could be lost and not replaced without compromising the economy<sup>3</sup>. Some such rationalisation is likely to be a precursor to a reinvigoration of the town centre office market. The Assessment notes that in- and out-of centre office

<sup>3</sup> Policy H3 of the draft Local Plan identifies the town centre as a broad location for housing growth to deliver some 600 homes, in expectation (in part) of the conversion/redevelopment of older town centre office stock to residential use.

locations appeal to different types of firms and that offering a choice of locations would better provide for occupier needs.

1.3.15 **Industrial:** The Assessment concludes that demand for industrial/manufacturing floorspace is most likely to result from relocation of firms from the local/sub-regional area rather than from a major inward investment opportunity. Development is more likely to be built for a specific end user rather than as a speculative enterprise. The demand will generally be for smaller (<200sqm) and medium sized (1,000-1,500sqm) units.

1.3.16 **Warehousing:** It is concluded that the borough is neither far enough from the ports or central enough to serve a UK distribution market or even SE regional market. The demand for warehousing space is most likely to be to serve sub-regional markets for example on-line retail demand, discount retailers with tight supply chains and local distribution hubs for logistics firms. The demand is most likely to be for units up to 5,000sqm.

1.3.17 Overall, and significantly, there is also an identified lack of employment land supply in the locations most likely to be attractive to the type of occupiers economic growth will attract i.e. along the motorway corridor. Excluding the site at Brooklyn Yard at M20 J6, the existing capacity for industrial and warehousing use is all in the south of the borough where the road links are the weakest. The Assessment states "whilst this does not make these sites redundant, it does potentially limit their future attractiveness to businesses and could restrict the role they play in accommodating employment growth."<sup>4</sup>

1.3.18 The Assessment finds that there is both quantitative and qualitative need for additional employment land. New site/s should focus on a 'new', diversified offer in preference to replicating the characteristics of the existing portfolio. This points towards:

- a. Range of flexible, small scale, good quality office space
- b. Capacity for 'design and build' bespoke industrial space
- c. Small-medium warehouse/distribution units
- d. Location/s with good strategic road access to markets
- e. Location/s with minimal development constraints
- f. Location/s with ICT connectivity
- g. Creation of a distinct new employment location

1.3.19 The Assessment concludes that "there is likely to be demand for a new high quality, well serviced mixed use employment development area that accommodates small business orientated space, standalone industrial and manufacturing provision (albeit likely to be a design and

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<sup>4</sup> Paragraph 6.10

build demand) and smaller scale distribution and ancillary workspace and office space”<sup>5</sup>.

1.3.20 Additionally the Assessment recommends that plan policies are sufficiently flexible to enable a mix of office, industrial and warehousing uses on sites.

### **Implications for the site selection in the emerging Local Plan**

1.3.21 The Planning Transport and Development Overview & Scrutiny Committee considered which potential employment sites to include in the Regulation 18 version of the emerging Local Plan at its meeting on 18<sup>th</sup> February. This was followed by Cabinet’s consideration on 24<sup>th</sup> February. At the time of that decision, the demand/supply position was set out. As outlined above the supply position has been updated as a result of the latest Assessment.

1.3.22 The February 2014 committee reports also included what was, at that stage, an outline qualitative assessment. Cabinet resolved to include a dispersed pattern of employment sites in the Local Plan for public consultation in preference to the allocation of a site at Junction 8 of M20. The report stated that:

“In officers’ view, however, the harm caused by the development in the location of Junction 8, and the relative unsustainability of it as an employment location, would not be over-ridden by its qualitative advantages, particularly as there is a deliverable alternative selection of acceptable sites which can also support the local economy.”

1.3.23 The sites included in the draft Local Plan are shown in the table below.

	<b>Office</b>	<b>Industrial</b>	<b>Warehousing</b>
Mote Road, Maidstone	8,000		
Land south of Claygate, Marden			6,800
Land at Wheelbarrow Estate, Marden			14,500
Barradale Farm, Headcorn			5,500
Syngenta <sup>6</sup>		[8,640]	
Clockhouse Farm, Coxheath	2,100	5,600	
<b>Total</b>	<b>10,100</b>	<b>5,600</b>	<b>26,800</b>

<sup>5</sup> Paragraph 8.12

<sup>6</sup> Syngenta is identified as a vacant employment site in the qualitative assessment and so is already counted as part of the supply.

- 1.3.24 This selection of sites does not provide enough office development to meet the forecast demand (quantitative need) but could meet the quantitative need for new warehousing space.
- 1.3.25 Through the latest NPPG-compliant Assessment, the qualitative gaps have now been evidenced more comprehensively and clearly than the information that was available at the time of the February decision. The NPPF requires that Local Plans should “set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period”<sup>7</sup> (emphasis added).
- 1.3.26 It is considered that the selection of sites in the Regulation 18 version of the Local Plan would not meet the identified qualitative needs in a location well connected to the strategic road network.
- 1.3.27 Based on the outcomes of the Strategic Economic Development Land Availability Assessment (SEDLAA)<sup>8</sup> the only available, additional land at a motorway junction is at J8 of M20. Development in this location would better meet the gap identified through the evidential analysis in the Qualitative Employment Sites Assessment. It could also enable the quantitative demand for offices to be met which is not the case for the current selection of Regulation 18 sites.
- 1.3.28 Proposed revisions and/or additions to the site allocation policies in the draft Local Plan (Regulation 18) will be considered by the Planning Transport and Development Overview & Scrutiny Committee at its meeting on 20<sup>th</sup> January 2015 and thereafter by Cabinet. The sites agreed will be the subject of a focused public consultation in February/ March.
- 1.3.29 It is considered that the combined findings of the two evidential documents on employment needs point towards identifying land in the location of J8 in the Local Plan for a mix of offices, industrial and warehousing uses. Balanced against this economic case is the acknowledged sensitivity of the landscape in the J8 location. In the February Cabinet report it was recognised that development of either of the candidate sites at J8 would cause substantial landscape harm. The limitations of the location in terms of public transport connections and relative separation from the centres of population were also acknowledged.
- 1.3.30 With the NPPF direction to meet the needs of the economy in full it is officers’ view that, with the completion of this qualitative assessment, the balance of planning and economic development considerations now

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<sup>7</sup> NPPF paragraph 21

<sup>8</sup> Cabinet 24<sup>th</sup> February 2014

weigh in favour of identifying land in the location of J8 in the emerging Local Plan.

1.3.31 Members will also want to consider the consistency of the approach to employment sites in the Local Plan with the Council's new Economic Development Strategy.

1.4 Alternative Action and why not Recommended

1.4.1 Alternative courses of action are discussed in the report.

1.5 Impact on Corporate Objectives

1.5.1 The Maidstone Borough Local Plan supports the delivery of the spatial objectives of the Maidstone Community Strategy and the Strategic Plan. It also has regard to objectives set out in other corporate documents, in particular the Economic Development Strategy. The local plan supports the council's priorities for Maidstone to have a growing economy and to be a decent place to live.

1.6 Other Implications

1.6.1

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management


1.7 Relevant Documents



Economic Sensitivity Testing & Employment Land Forecast (February 2014), GVA.

1.7.1 Appendices

Appendix A: Qualitative Employment Site Assessment (September 2014) GVA

Appendix B: list of existing industrial sites/estates for inclusion in Policy DM18

1.7.2 Background Documents None

<b><u>IS THIS A KEY DECISION REPORT?</u></b>		<b><u>THIS BOX MUST BE COMPLETED</u></b>	
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, this is a Key Decision because: .....			
.....			
Wards/Parishes affected: .....			
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