

**MRPP**

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**STATEMENT**

**EXAMINATION OF BASINGSTOKE  
AND DEANE LOCAL PLAN  
DOCUMENT**

**ISSUE 7: Q13 EMPLOYMENT**

**SEPTEMBER 2015**

### **Background**

1. In Basingstoke, Tesco Stores Ltd trade from several supermarkets, notably the superstore within the Chineham District Centre and the 'Metro' within Basingstoke town centre. In addition, they serve smaller communities across the town through their 'Express' stores.
2. Tesco have also been engaged with the local planning authority with regard to a land interest it controls between Winchester Road and The Harrow Way, immediately to the west of (but not within) the defined Brighton Hill industrial area and adjoining, to the west, the Brighton Hill Retail Park. That site has the benefit of an implemented retail planning permission for non-food, retail warehouse development.
3. Tesco Stores Ltd has considerable expertise nationwide with regard to the planning process and the delivery of economic development and associated infrastructure.
4. Thus, as part of the business community within Basingstoke, Tesco welcomes the opportunity of participating at this Examination through its retained consultant, Martin Robeson Planning Practice (MRPP).

### **The Duly Made Objections**

5. We made representations to the LP in respect of inappropriate, unjustified and non-NPPF compliant assessment criteria within Policy EP2. In order to justify our objections we have considered the Council's approach to economic development and employment provision, relying on the Inspector's issues and questions as appropriate.

### **Response to Inspector's Questions**

*(Q13.1: A coherent Framework for Economic Growth?)*

6. The approach taken by the Local Plan to "economic development" is a very traditional and limited one. Section 7 of the Local Plan focuses on the B Class sectors, retailing within town, district and local centres and then, briefly, on the

rural economy.<sup>1</sup> But this section is titled ‘Economic Development’. In stark contrast the Plan’s own Glossary expects that term to not only embrace “*public and community uses*” but also “... *other development which achieves at least one of the following objectives:*

- *provides employment opportunities*
- *generates wealth, or*
- *produces or generates an economic output or product”.*

7. Furthermore, the Glossary defines “*Employment Use*” as including not only B Class uses but “*other uses that provide employment opportunities or support the economic development of the borough ...*” (although this is, perhaps strangely, caveated by the addition of an operational criteria, i.e. that they “... *would not undermine the business function of a wider Employment Area*”. In a similar, broad approach, the Glossary’s definition of “*Employment Areas*” does not limit them to B Class Uses. They are inclusively described as “... *the main locations for employment development in the borough ...*”.
8. However, the evidence base (Employment Land Review (ELR) 2014 and its Update (2015)) are limited to assessing needs for B Class uses only.<sup>2</sup>
9. Despite the Plan’s very first Objective being to “*Maintain and enhance the borough’s position as a prosperous economic centre with a diverse economy by supporting a range of employment sectors through the availability of employment land and premises of the right quality, type, location and size*” (paragraph 2.8), the approach set out in Chapter 7 of the Plan provides little explanation as to how there will be effective encouragement of local businesses to grow within the town, to attract inward investment and to deliver the infrastructure necessary to create the climate for this to happen. These issues

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<sup>1</sup> There is also a permissive approach in Policy EP3 to entertainment and leisure uses within defined centres.

<sup>2</sup> See, for instance, paragraph 2 of the ELR 2014 Executive Summary. Whilst there is reference in the 2014 ELR to it identifying employment growth potential of “*some other economic development uses ... such as education, health and retail*” this is raised largely as a consequence of the need to identify the proportion of total job growth that occurs in such sectors so that they can then be excluded from the assessment of land needed for B Class uses.

are dealt with very briefly at paragraphs 7.2 to 7.6, but the solution, described as “*Crucial to retaining existing business and attracting new business into the borough*”, is then only the very traditional “... *supply of employment land and premises of the right quality, type and size*” (paragraph 7.7). Whilst the effective supply of land and premises in terms of quality and quantity is important, the evidence base and policy development has focused almost entirely on such land provision factors without having regard to the bigger “*economic development*” picture. Without a coherent framework there is a real risk that because of Basingstoke’s good transport connections, housing growth will serve to fuel increases in the already significant net outflow of residents working beyond the local area.<sup>3</sup>

10. However, this is despite the ELR (2015) asserting that “... *local level planning policy needs to focus on the drivers of economic growth which fall within the planning remit*” and then listing five matters including “*make provision for suitable employment premises, which meet market demand ...*” (paragraph 8.1.1), with the following paragraph setting out wider policies that will serve to drive such economic growth.<sup>4</sup> Amongst these is that the LP provides “*an effective planning policy framework for growth as it ... sets out flexible policies in relation to the Borough’s existing employment land in order to ensure that it can respond to market conditions*”.

(Q13.2: *Are Policies EP1 and EP2 Sufficient to Address Employment Needs and are they Justified in terms of the Framework’s Requirements?*)

11. In this regard, paragraph 154 of the NPPF explains that, “*Local Plans should set out the opportunities for development and clear policies on what will or will not be permitted and where. Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the Plan*”.

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<sup>3</sup> 5,108 workers aged 16 and over on a daily basis (paragraph 4.4.1 of the 2015 ELR).

<sup>4</sup> It is beyond the scope of this Statement to consider many of the non-employment spatial solutions.

12. And paragraph 21 explains that *“investment in business should not be overburdened by the combined requirements of planning policy expectations”* and that *“in drawing up Local Plans, local planning authorities should”*, ensure that *“policies should be flexible enough to accommodate needs not anticipated in the Plan and to allow rapid response to changes in economic circumstances”*. It also requires that Local Plans *“set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs ...”*<sup>5</sup>
13. In terms of Policy EP1 there are three factors that set out how *“inward investment in the growth and retention of existing business will be enabled”*. The first is that Strategic Employment Areas are to be protected (see below) and on such sites, regeneration and redevelopment is to be *“enabled”*. However, there is no explanation as to how the Plan will ‘enable’ this, other than paragraph 7.10 stating that *“... the provision of modern employment stock to replace properties that are reaching the end of their functional life”*.
14. The second means is through the allocation of a new employment site or sites for *“industrial, storage and distribution uses”* in a subsequent DPD. I deal with this after considering the third means and how certain ‘opportunities’ are to be ‘supported’.
15. The third means relates to provision within new housing allocations. Whilst we later explain there is no identified need for further industrial provision, we struggle to find references to any provision being made in these allocations. For example, in the largest proposed release, Manydown (SS3.10) which at 333ha is promised to provide 3,400 homes, there is no mention of employment provision in the two page long Proposal.
16. The policy then explains that certain *“key employment sectors will be supported”*. The second, financial and business services, relates to

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<sup>5</sup> Paragraph 21 of the NPPF.

employment primarily within offices, the third relates to the identified growth in the distribution and logistics sector, whilst the first “*specialist/advanced manufacturing*” is described as including “*research and development*”, little explanation is provided in the evidence base to explain that support.

17. Policy EP2 then identifies Strategic Employment Areas on the “*Policies Map*”. The Plan indicates that Strategic Employment Areas “*are particularly valuable*” and provide “*the infrastructure and facilities required to enable their continued role and function*”. But the LP designates the majority of employment areas as “*strategic*” which rather devalues any distinctive role that some might have. If a few were identified as being particularly suited for “*specialist/advanced manufacturing (including research and development)*” that might have more logic. Otherwise there seems to be very little justification for the distinction.
18. At paragraph 7.12 it is noted that estates such as “*Moniton*” continue to be designated as a Strategic Employment Area notwithstanding it has the worst but one score in terms of qualitative considerations (Appendix 2 of the ELR. 2014). Policies for the protection of “*strategic*” land need to be focused on sites with very particular qualities, perhaps the “*specialist/advanced manufacturing (including research and development)*” identified at d of Policy EP1. Not the allocation of virtually all industrial land within the borough.
19. The reference to proposals being “*suitable for the location and not harm the operation of neighbouring businesses*” seems to be misplaced in terms of encouraging business into such areas that are protected for uses, including for B2 purposes.  
  
(Q 13.4: Major New Employment Land and its Spatial Distribution)
20. I understand that the second means of enablement at EP1 should more correctly focus on storage and distribution, see for instance, paragraph 9.2.2 of the ELR (2015) which finds that, “*Therefore, it is considered that there is no*

*justification for allocating land for industrial purposes*".<sup>6</sup> In contrast, there is firm evidence of objectively assessed needs and market signals for a significant (and strategic) provision of logistics space. The ELR 2015 confirms the need but not necessarily for 122,000m<sup>2</sup>.<sup>7</sup> Its HCC/CE work suggests a requirement for 66,000m<sup>2</sup>.

21. This is supported by the 'market intelligence' referred to but not quantified in the ELR 2015. The ELR 2014 provided a summary of the scale and type of space being sought, i.e. for individual units of up to 400,000ft<sup>2</sup> (37,174m<sup>2</sup>) with agents explaining that Basingstoke *"is a highly desirable location for distribution uses due to its transport connections and accessibility, even when compared to competing centres such as Reading"*. The market evidence is firmly that *"the lack of available allocated sites ... was constraining the growth of the logistics sector and therefore hindering the long term growth potential of the borough economy"* (conclusion to relevant evidence in the ELR 2014 at paragraphs 5.20-5.22). There is therefore clear justification for a strategic scale release of land in a highly accessible location, in order to meet the assessed need for new land for storage and distribution purposes as predicted in the ELR 2014.<sup>8</sup>
22. Yet notwithstanding the acceptance of this 'market intelligence' which underlines the Council's own quantitative evidence, the response (ELR 2015) is *"that this issue should be explored in more detail at the time of the future site allocation DPD ... with an up to date, robust study of the demand for such floorspace at that time"* (9.3.3).
23. Whilst the LP has sought to have a *"clear understanding of business needs within the economic markets operating in and across their area"* and has sought *"to assess the need for land or floorspace ... for types of economic activity over the plan period"* (NPPF at paragraphs 160 and 161), the scale and significance of this need is such that the Council has failed to produce a LP that is 'positively

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<sup>6</sup> We look further at the justification for this in the context of our concerns over text in Policy EP2, later.

<sup>7</sup> The figure advanced by the ELR 2014 and stated in the penultimate bullet point to paragraph 7.7 of the LP.

<sup>8</sup> 122,000m<sup>2</sup> at a plot ratio of 0.4 would take up over 30ha. 66,000m<sup>2</sup> would take up over 16ha.

prepared' and 'effective'. In addition, it is 'not consistent with national policy' which is to "plan proactively to meet the development needs of business ..." (NPPF at paragraph 20); "identify strategic sites ... to meet anticipated needs", and to "... plan for new or emerging sectors likely to locate in their area" (NPPF at paragraph 21).

24. In contrast, there is no justification for new employment sites to provide for industrial floorspace bearing in mind that two of the three approaches to forecasting job growth found a substantial negative requirement for industrial land of between over 15,000m<sup>2</sup> and nearly 40,000m<sup>2</sup>.<sup>9</sup> The evidence base is certain as to the likely scale of surplus in industrial or 'manufacturing' floorspace. The vast majority of this cannot be readily converted to the kind of B8 logistics space referred to above.<sup>10</sup>
25. The table below summarises information from the ELR 2014 and 2015.

Scenarios for Job Change and Floorspace Requirements (2011-2029)

	Manufacturing (B1c/B2)		Distribution (B8)	
	Job Change	Floorspace Required (m <sup>2</sup> )	Job Change	Floorspace Required (m <sup>2</sup> )
Job Growth (2014)	-1,825	-39,238	+1,484	+122,430
Job Growth (2015)	-2,000		+800	
Past Trends (2014)		+6,709		+23,899
Labour Supply <sup>11</sup> (2014)	-706	-15,179	+574	+47,355

From ELR (2014) Tables 8.2, 8.3, 8.6 and 8.8 and ELR (2015) Appendix A, Table 4

<sup>9</sup> See Tables 8.3 and 8.8 of the ELR 2014. The less reliable, 'past trends' approach predicted a much more modest requirement

<sup>10</sup> Whilst paragraph 8.44 of the ELR 2014 assumes that 50% of B2 space losses are reused for B1c and 50% for B8, we consider the former is an underestimate and the latter an overestimate due to B8 operators' requirements for clear space, high eaves and large, often two (goods in, goods out) service yards.

<sup>11</sup> Based on the delivery of 748 housing units per annum



26. In the ELR 2014, the Council's final analysis, i.e. for "*Land Requirements*", aggregates B1c/B2 needs with B8. This has the unfortunate effect of obscuring the scale of need for B8 space and removing the surplus of space for B1c/B2. The table above therefore reconfirms the constituent parts.
27. The information at Section 6 of the ELR (2015) and the commentary on the effectiveness of the HCC/CE modelling at Section 7 suggests that it is robust to rely on the labour demand or 'job growth' target here.<sup>12</sup>
28. The HCC/CE evidence projects a 2,000 person reduction in B1c/B2 employment over the Plan period (and a 800 job increase in the B8 logistics sector). Thus 2,000 jobs @ 1 job per 43m<sup>2</sup> (paragraph 8.12, ELR 2014) = 86,000m<sup>2</sup>. But when dealing with a loss of floorspace, the Council make a 50% adjustment "*to reflect that not all of this floorspace is likely to be lost*" (paragraph 8.14 of ELR 2014). No explanation is given for this rather perverse and very substantial adjustment.
29. But even taking it into account, there will still be a surplus of 43,000m<sup>2</sup>. This is factored up to a gross figure (see paragraphs 8.35 and 8.36, ELR 2014), to 45,150m<sup>2</sup>. This is then converted to a nominal land area using a plot ratio of 0.4 (ELR 2014, paragraph 8.37). That provides a surplus of 11.3ha of land.<sup>13</sup>
30. Such land and premises do not, of course, occur in discrete locations. It may often be building specific. But it provides a useful resource, as the NPPF explains in the context of redundant employment land or buildings, on which some of "*the relative need for different land uses to support sustainable local communities*" can be delivered (see paragraph 22 of the NPPF).

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<sup>12</sup> Indeed, at paragraph 3.1 of the HCC/CE paper at Appendix 1 to the ELR 2015, it confirms that its additional growth in employment is equivalent to 700 new jobs a year. This is consistent with the top of the range, 450-700 per annum now suggested by the Council (see paragraph 5.9 of the March 2015 Report to Cabinet and the amendment to Policy EP1).

<sup>13</sup> If the halving (above) is ignored, the figures become 90,300m<sup>2</sup> and 22.6ha of land. And the ELR 2015 (paragraph 9.2.2) reports that the EM3 study showed there already to be 79,952m<sup>2</sup> of vacant industrial space.,

31. Notwithstanding this evidence in the ELRs, the Council's current position is that, "A contraction in this (industrial) sector could be overly pessimistic given existing vacancy rates and market intelligence ...". The explanation in the ELR (2015) at paragraph 9.2.2 uses confirmation of there being 79,952m<sup>2</sup> of current vacant industrial space to provide capacity for +1,859m<sup>2</sup> industrial jobs which, it says, "is considerably in excess of the demand (i.e. -2,000 jobs) indicated by ... the CE model". That is a wholly erroneous justification and one which suggests the evidence is not understood.
32. In terms of "market intelligence", the ELR 2015 limits itself to one agent asserting a period of increase in industrial and warehouse activity at the national level (paragraph 5.7.17) (our emphasis). And the ELR 2014 confirms only that there is "strong demand for high quality storage and distribution accommodation", and that "the majority of queries being for distribution floorspace" and "Basingstoke being a highly desirable location for distribution uses" (paragraphs 5.19-5.21).
- (Q13.2: NPPF Requirements for Clear Policies on what will be Permitted)
33. There is therefore no adequate justification for a strategy and policy that seeks to so rigorously protect the loss of industrial premises through the kind of evidence "required" by footnote 36 of the LP (to the final bullet point of paragraph 7.7 and as an explanation of what is required of "market signals" in Policy EP2).
34. Whilst having regard to "market signals" is quite appropriate and reasonable (paragraph 22 of the NPPF), that should be no more than a consideration of whether the supply of the type and quality of premises in question outstrips demand for the foreseeable future. It cannot, in the circumstances here, require "unsuitability for future employment use" to be demonstrated. That would be to wholly ignore the existence of a growing surplus in available manufacturing space. Having an ever increasing stock of available space may keep rents low and provide substantial choice, but it is far from sustainable, i.e. scarce urban

land is not being used or re-used effectively. That requirement is at the core of the Government's Growth Agenda.

35. To demonstrate "*unsuitability*" the footnote requires that sites will have to have "*been marketed at a reasonable value for at least six months with no interest from prospective buyers/tenants*". Not only is such a requirement wholly unwarranted in the circumstances here, but it flies in the face of the approach in the Framework that makes it clear that, "*Only policies that provide a clear indication of how a decision-maker should react to a development proposal should be included in the Plan*" (paragraph 154) and that "*policies should be flexible enough to accommodate needs not anticipated in the Plan and to allow a rapid response to changes in economic circumstances*" (paragraph 21).
36. In addition, the requirement for a landowner to sterilise his land for a further six months whilst a marketing campaign is carried out, clearly does not meet the requirements of the Framework.
37. It is for the local planning authority to identify, adequately and effectively, what the requirement is for the provision of different types of employment land across the borough in order to provide a framework within which landowners and applicants can operate responsively and decision-makers can decide promptly.

### **Suggest Changes**

38. We therefore suggest amendments to the text of Policy EP1 and EP2, as set out below, in order to make the LP sound:

### **Policy EP1 – Economic Growth and Investment**

Inward investment and the growth and retention of existing business will be enabled by:

- a) ~~Protecting strategic~~ **Ensuring that employment sites are primarily used for employment generating uses within the (B-eClass) uses**, and enabling the regeneration / redevelopment of these sites for employment uses;

- b) Allocating a new employment site or sites for industrial, storage and distribution uses in a **the subsequent Development Plan Site Allocations Document [if not making a Strategic Allocation in this Plan]**;
- c) Permitting employment uses at the strategic housing sites detailed in Policies SS3.10 and 3.11 where the employment use is of a scale and type appropriate to the sites location and where they will contribute to the creation of a sustainable mixed use community.

Opportunities to develop the following key employment sectors will be supported:

- d) Specialist / advanced manufacturing (including research and development)
- e) Financial and business services in Basingstoke town centre and the established office locations of Basing View, Chineham Business Park (including Hampshire International Business Park) and Viables;
- f) Distribution and logistics in suitable locations.

## **Policy EP2 – Employment Land and Premises (~~B-Use Classes~~)**

### **1. ~~Strategic~~ Employment Areas**

The ~~Strategic~~ Employment ~~a~~-Areas identified on the Policies Map and listed in the supporting text below will **primarily** be ~~protected~~ **used** for employment generating uses within the Use Classes B1, B2 and B8. ~~Proposals should be suitable to the location and not harm the operation of neighbouring businesses.~~

The change of use or redevelopment of land and buildings within the ~~Strategic~~ Employment Areas will be permitted ~~where it can be demonstrated that~~ **having regard to a) M market signals, i.e. the relationship between the supply of and demand for the specific type and quality of land / premises** <sup>36</sup> ~~indicate that the premises / site are unlikely to be utilised for employment use, and the relative need and / or benefits arising from the proposal and its contribution to sustainable development.~~

~~b) There are not strong economic reasons<sup>37</sup> why the proposed development would be unacceptable, and~~

~~e) The proposals satisfy one of the following:~~

- ~~i) The change of use will provide complementary use(s) to support the operation and function of the Strategic Employment Area and / or support the wider regeneration of the site; or~~
- ~~ii) The change of use will facilitate the relocation of an existing business from buildings that are no longer fit for purpose to more suitable premises in the borough.~~

### **2. Other sites in employment use within the settlement policy boundaries.**

The Change of use or redevelopment of land and buildings in employment use within the defined settlement policy boundaries will be permitted ~~where it can be demonstrated that:~~

- d) ~~There are not strong economic reasons why the proposed development would be unacceptable, and~~ **having regard to e) M market signals, i.e. the relationship between the supply of and demand for the specific type and quantity of land / premises indicate that the premises / site are unlikely to come back into employment use, and / or the relative need and / or benefits arising from the proposal and its contribution to sustainable development.**
- e) ~~The site is not appropriate for the continuation of its present or any employment use due to a significant detriment to the environment or amenity of the area.~~

Other employment sites may be identified through the neighbourhood planning process.

<sup>36</sup>~~the council will require evidence that market conditions indicate that the site is unsuitable for future employment uses. Sites will need to have been marketed at a reasonable value for at least 6 months with no interest from prospective buyers / tenants. Information is also required on similar premises that are currently being marketed and the quantum of floorspace available within the local area.~~

<sup>37</sup>~~if the council receives a proposal that will result in the loss of a property or site in employment use that is currently occupied when the proposal is submitted, information from the applicant will be required on the number of businesses occupying the site / premises, the remaining lease length for each of the occupiers and evidence that suitable alternative accommodation is available in the local area that is unsuitable for the business to enable them to relocate.~~