

## KNOWSLEY LOCAL PLAN: CORE STRATEGY EXAMINATION

### MATTER 4: EMPLOYMENT PROVISION

#### WRITTEN STATEMENT ON BEHALF OF UNITED UTILITIES

REPRESENTOR NO. 106/127

HEARING DATE: 08 NOVEMBER 2013

#### Matter 4 Employment Provision

##### Issue 1

Whether the proposed amount of employment **development** meets the objectively assessed needs of the Borough. Is the methodology used to determine the employment land requirement and consistent with the evidence?

4.1 The evidence used by Knowsley is somewhat historic and based on previous take-up figures in early 2010. The market has fundamentally changed since this period and we would argue that there is now an unquestionable need for large oven-ready development sites close to motorway junctions. Below is a table of our most recent research showing take-up across the North West since 2008 for units in excess of 100,000 sq ft.

This table clearly demonstrates the improvement in market conditions for large manufacturing and distribution premises. It also demonstrates the increasing trend for design and build solutions for major occupiers.

YEAR	MODERN & NEW (SQ FT) NO. OF DEALS	NO. OF DEALS	SECOND-HAND (SQ FT) NO. OF DEALS	NO. OF DEALS	DESIGN & BUILD (SQ FT) NO. OF DEALS	NO. OF DEALS	TOTAL (SQ FT)	NUMBER OF TRANSACTIONS
2008	0.75m	5	0.88	7	0	0	1.63	12
2009	2.125m	7	1.39	9	0.21m	1	3.73	17
2010	1.19m	4	2.67m	13	1.34m	4	5.5m	21
2011	1.55m	5	1.44m	12	1.25m	3	4.25m	18
2012	1.6m	6	3.98m	21	0.7m	2	6.28m	29
2013 (projected)	0.81m	4	2.6m	16	2.12m	6	5.53m	26

## Issue 2

### Whether the broad distribution employment development across the Borough is consistent with spatial strategy.

#### 4.4 Employment land and its relationship to distribution of housing.

Axis Business Park is located near to residential areas and is extremely accessible by both car and public transport with several bus routes running along the A580 East Lancs Road.

However large scale industrial and manufacturing occupiers do not want to be located immediately next to residential as they are not complementary neighbours. Major occupiers will make significant capital expenditure and as a consequence they will not consider sites adjoining residential areas as these may have hours of use restrictions imposed or will take up management time dealing with complaints from residents. The land at Axis is not adjacent to residential and will not suffer from any of these issues.

## Issue 3

### Whether the KLPS is sufficiently clear, effective and robust to ensure timely delivery of employment development and consistency with national policy. Is there evidence of individual sites being wrongly categorised as deliverable?

#### 4.5 We would draw your attention to our previous report dated 18<sup>th</sup> December 2012 when we commented on the fact that the Council considered that there was a need for a further 31.9 hectares of additional land and this was likely to lead to the release of some Green Belt land. The suggested reserve Green Belt sites were firstly two sites to the east of Knowsley Industrial Park.

The site to the **North of the East Lancs Road** is effectively undeliverable currently as it is still used by National Grid as an electricity sub-station and the cost of relocating such a facility would be so significant that it is likely to make development completely unviable. The site to the **South of the East Lancs Road** is stated as being 21.5 acres, however, it is an irregular triangular shape and thus the amount of floor space that can effectively be developed on the site is likely to be limited compared with a more rectangular shaped site.

Another site identified is **Knowsley Lane in Huyton**. It appears to be a long thin site running directly adjacent to the M57 close to Junction 3. The site is opposite residential areas and the shape of the site and the proximity to residential make it unsuitable for large scale industrial distribution development.

**Carr Lane, Prescot** – we understand that this site given other consents granted is much more suited now to residential development.

#### 4.8 Phased Release of Employment Land.

Below is a table of the sites that currently available within Knowsley that are allocated for employment and capable of sustaining major industrial or distribution developments.

SITE ADDRESS	SIZE	COMMENTS	GRADE
Sonae Site, Lees Rd, Knowsley Ind Park	45	Former chipboard manufacturing site. Buildings now demolished and looking to sell freehold site. Difficult access.	Secondary
Gresham House site, Hornhouse Lane, Knowsley	6	Prominent site that is potentially going to be developed out for a single unit of c,110,000 sq ft	Prime
Alchemy, East Lancs Rd	15	Prominent site fronting the A580 East Lancs Rd. Will accommodate up to 300,000 sq ft in a single unit	Prime
Moorgate Point, Moorgate Rd	7	Backland site at the rear of an older industrial estate. Potentially could accommodate 140,000 sq ft	Secondary
Kodak Land, Perimeter Rd, Kikby	7	Backland site where there is 7 acres of land available on a long leasehold basis. Poor access from motorway	Secondary
Prysmian Site, Carr Lane, Prescot	16	Majority of the original site now has consent for residential. Balance of 16 acres will be available for Employment uses. Likely to appeal more to smaller units given proximity of residential.	Secondary
Black Jack site, Hornhouse Lane, Kirkby	7	Will accommodate a single unit of around 150,000 sq ft	Secondary

As you can see this provides a total of 103 acres for major industrial and logistics occupiers, which is only 6.9 acres per year during the remaining plan period. Appendix A of the Planning for Employment Growth Technical Report also shows that the employment land supply in Knowsley is made up of many small and scattered sites and some larger sites. It should also be noted that of the sites openly available now there are probably only two which would be considered prime from both an occupier's and investor's perspective namely the Alchemy site on the East Lancs Road and the Gresham House site on Hornhouse Lane. Hornhouse Lane can only effectively accommodate a building of just over 100,000 sq ft. Clearly the Sonae site could potentially accommodate large buildings but we would comment that this site is far from in a prime location and is situated at the rear of the Knowsley Industrial Park with no real prominence and convoluted access arrangements. All the other currently available land in the Borough is potentially smaller or constrained. The Axis site is a rectangular 47 acre site that has the potential to be developed for large distribution units in a location that would undoubtedly be attractive to major occupiers, as evidenced by the existing occupiers already located there.

If you analyse the design and build transactions that have taken place during 2012 and 2013 you will note that the average size of these is around 350,000 sq ft. A 350,000 sq ft unit will need a site of around 17-25 acres to accommodate a unit of this size and thus I would argue that the majority of sites that are currently available within the Knowsley Borough are not capable of accommodating requirements such as these. Therefore, by not having land available will mean that the authority's chances of attracting significant inward investment are limited. Clearly, the Axis site can alleviate this problem.

5.27 **Alternative Site B, Axis Business Park**, is the rejection of this site for employment development based on the very best evidence.

I have commented earlier in this statement on the strength of the current market for large distribution buildings across the North West of England. The data we have used is based on

the whole of the North West which includes Greater Manchester, Cheshire, North Wales, Lancashire and Merseyside. However, it is interesting to note that in 2012 – 35% of the transactions were in Merseyside and in 2013 - 22% of the transactions have been in Merseyside. Therefore, the perception that Merseyside underperforms the rest of the North West is inaccurate and it is our contention that it is important there is a significant supply of prime employment sites, particularly in the Knowsley area which has the majority of the access to the M57. The key drivers behind the success of the Merseyside region are as follows: -

- 1) **Demographics** – Merseyside demographically is an important location for logistics because of the existing population in and around the Merseyside region therefore it will be important going forward that there are sites available that can service the continuing logistic needs of this population centre.
- 2) **Road Network** – the M57, M62 and M58 provide an excellent road network which is superior to many other regions. In addition the new Mersey River Crossing at Widnes will further enhance road connectivity.
- 3) **Manufacturing** – there are a number of major manufacturers based in Knowsley and the wider Merseyside region generally and these all have supply chain requirements. Companies involved in the supply chain will require buildings. The clearest recent evidence is the success of the Jaguar Land Rover factory in Halewood. Two of the largest recent transactions in Merseyside have been to suppliers to Jaguar Land Rover namely TS taking 140,000 sq ft in Kirby and Johnston Controls taking a 150,000 sq ft prelet in Speke. JLR are shortly to announce that they will be building further models at the plant and it is likely that this will increase the demand for further space from companies involved in the automotive supply chain. Axis is the right location for a unit or units that would complement the supply chain. Other manufacturers in the local area are companies involved in the food industry where there has been significant activity of late. An example within the logistics side of the food industry would be DHL taking space on the adjoining site at Axis for distribution for Burtons Biscuits.
- 4) **Retail** - Merseyside also has a reputation as being the home of the “discount retailer” with companies such as Home Bargains (TJ Morris), B&M Bargains, Kwik Save, Iceland, Littlewoods and Farmfoods all being established and run out of Liverpool. This is currently one of the most profitable sectors in retailing and potentially there could be more scope within this sector for further big distribution units. Also, the growth of the internet is leading to further requirements across the whole of the UK for distribution units. These are either large hubs which can employ significant amounts of staff, for example Amazon, Ocado or ASOS who have all taken big RDC’s as fulfilment centres. Similarly, there is also an increasing need for smaller parcel delivery sites to deliver customer’s parcels to larger cities and conurbations. Access to the motorway network is fundamental to these occupiers.

It should be noted that Home Bargains (TJ Morris) have just secured planning for a major new 250,000 sq ft distribution unit next to their current HQ, which is adjacent to the Axis land. The consent was granted by Liverpool City Council.

- 5) **Super Port** – the Port of Liverpool at Seaforth is currently being redeveloped to provide the capacity to deal with Post Panamax shipping. This will exponentially change the level of freight that can be dealt with at the Port of Liverpool and this work is scheduled to be finished in 2015 when the expanded port will be fully operational. The Port of Liverpool currently runs at practically 100% occupancy in terms of land and buildings and there is no room on the Port itself for further logistic sites. Therefore, it is likely that there will be a need for further logistics sites to serve the expanded Port. The most logical place for the sites would be along the A5036 Dunningsbridge Road as this is the main route into the Port of Liverpool. However, the supply of land along this road is extremely restricted. A number of the sites that are available suffer from being close to residential and thus may make them unsuitable for larger scale logistics. Therefore, in our opinion, the land at Axis would potentially be one of the sites closest to the Port that is actually deliverable.