

## **KNOWSLEY LOCAL PLAN: CORE STRATEGY**

### **KNOWSLEY METROPOLITAN BOROUGH COUNCIL**

#### **HEARING STATEMENT 4C**

#### **Matter 4 EMPLOYMENT PROVISION**

*Issue 3: Whether the KLPCS is sufficiently clear, effective and robust to ensure timely delivery of employment development and consistency with national policy.*

#### **Questions**

**4.5 Is the assessment of land available for employment robust and does it fully take into account the findings of the viability study? Is there evidence of individual sites being wrongly categorised as deliverable? Does the treatment of some parts of the employment land supply as expansion land for certain major businesses artificially boost the amount of land that is deliverable?**

4.5.1 The identification of land available for employment is informed primarily by the Joint Employment Land and Premises Study (EB07). This data and the associated methodology for land quality assessment was utilised by the Employment Position Statement (SD23). The process produced an update to the baseline supply at April 2013, to reflect new and expired planning permissions, additional marketed land, addition of previously unrecorded and recent land clearances, together with deductions for completions and change in circumstances, since the Joint Employment Land and Premises Study (EB07) was published.

4.5.2 The Economic Viability Assessment (EVA) (EB06) has identified viability issues in terms of the profitability of all types of employment development. Whilst this does not account for business models which benefit from the locational advantages of operating from Knowsley and therefore can overcome financial losses directly associated to a development, it does suggest that speculative developments are less likely than was the case in the late 1990s / early 2000s. This creates some dependence upon operator and business model led requirements based upon Knowsley's locational advantages. This is reflected in recent employment land take up rates, where the cumulative rate over the recent three year period (2010/11-2012/13) of 11 ha is a significant underperformance against historic trends. Nevertheless the presence of these levels of take up and a further 12 hectares (rounded) of employment land under construction at April 2013, suggests that baseline viability conclusions founded upon a moderate to low position in an economic cycle, cannot provide an accurate basis for identifying specific sites as undeliverable.

4.5.3 On the basis of the above, it is not considered appropriate to emphasise the worst case scenario of the EVA (EB06) as indicative of future take up rates.

This is due to concerns regarding the risk of adopting an overly cautious approach to market demand and deliverability of sites based upon short term trends and difficult economic conditions, which could harm future levels of local investment. This is also noting that the EVA (EB06) also does not take account of continuing sources of funding support, which although at a lower level than previously experienced, still offer potential for future investment, e.g. European Regional Development Fund, Growing Places Fund, and Regional Growth Fund. It was therefore appropriate to consider both the current position and information relating to the period immediately prior to the economic recession to assess likely business interest in locating within Knowsley. Consequently, it was concluded that more moderate conditions between optimal economic conditions and those during a recession are considered more typical of expected future trends than those experienced recently. These considerations have informed the identification of employment land requirements as explained in responses to questions 4.1-4.3.

4.5.4 On the basis of the above, the Council has no evidence to disprove the conclusion regarding individual sites identified as available and deliverable in the Joint Employment Land and Premises Study (EB07) during a period of challenging economic circumstances and through the subsequent reassessment using the same methodology in the Employment Position Statement (SD23).

4.5.5 With regard to the issue of expansion land, Knowsley's current employment land supply includes a total of 28.7 hectares within the site curtilage of existing businesses. Although 67% of these sites identified (a total of 23.2 hectares or 81% of the total area) are not currently available to the market, all offer realistic opportunities to be brought forward for development and facilitate company growth over varying timescales. Consequently it is only the sites not currently available for other reasons that are excluded from the current employment land supply within the Employment Position Statement (SD23), which remains consistent with the recommended approach of the Joint Employment Land and Premises Study (EB07).

4.5.6 As an aside, the Council recognises that the Employment Position Statement (table 3.1, page 16 (SD23)) could be misinterpreted as it does not clearly differentiate what comprises current supply or remodelling in the associated Appendix D. To resolve this issue, the Council has provided a list of all expansion land within the current supply (table 1) and a list of all sites that are considered to have remodelling potential but are excluded from the current supply (table 2), at Appendix 1 of this Statement.

**4.6 Does the floorspace available in vacant premises exceed the level normally regarded as necessary to enable "churn" to occur and, if so, what contribution does this make to the employment land supply? How has the potential capacity from remodelling of underused sites been taken into account?**

4.6.1 Vacancy information is important in assessing how the portfolio of available employment sites and premises has been affected by recent economic

circumstances and whether such trends can reliably be used to forecast the future. The combined vacancy rate for offices (B1) and industrial (B2 / B8) premises at April 2013 identified in the Employment Position Statement (pages 26 and 29 (SD23)) was 13.7%, with individual rates of 7.9% for offices and 14.1% for industrial premises. The majority (85%) of vacant premises are located in Knowsley Industrial and Business Parks. This emphasises the need for regeneration and remodelling of this area as recommended by the Delivering a new future for Knowsley Industrial Park - Strategic Framework (EB17).

- 4.6.2 Vacancy levels at April 2013 indicate a potential oversupply of floorspace against baseline rates of 7.5% overall, or 5% for offices and 10% for industrial premises recommended in the Joint Employment Land and Premises Study (page 79 (EB07)). As the overall trends of oversupply remain similar to those prevalent in 2008/09 it is reasonable to assume that the proportion of available premises between 2008 and 2013 may have resulted in a reduction in employment land churn and take up during that period. However short term trends in periods of difficult economic circumstances should be treated with caution when forecasting future demand. This is noting for example the inclusion of the former Sonae unit (37,161 sq.m) in April 2013, now being demolished, together with additional take up of vacant premises of 98,884 sq.m between April and September 2013 (appendix 1, tables 3 and 4), which is more than in each of the previous four years. As a consequence, the overall levels of vacancy and long term vacant premises are anticipated to be significantly reduced by April 2014.
- 4.6.3 To assess potential future levels of churn, the Council has also undertaken a qualitative assessment of its existing employment sites and areas to identify those which could or should be changed from their existing employment use. This information was originally included in the Joint Employment Land and Premises Study (EB07) and then updated in the Employment Position Statement (SD23). This approach was recommended as the most robust in 4NW Setting Employment Land Targets for North West England (LC13). The Council has also considered the conclusions of the EVA (EB06) that residential development values are likely to continue to exceed those for employment development. However in Knowsley it does not necessarily follow that there is significant demand for release of employment land for other uses, aside from those anticipated at South Prescott and Prescott Trade Centre, and those already removed from the supply in the Technical Report - Planning for Employment Growth (pages 37-38, (TR02)). This is because Knowsley's remaining employment areas, within which the majority of supply is located, are largely self contained and of sufficient scale to offer an advantageous critical mass of industries that share the same infrastructure, customers and skills base and therefore provide an effective operating environment for growth. Most of these heavily industrialised areas are therefore constrained, unsuitable or unattractive for other uses such as residential and are expected to remain most suitable for investment in employment development.
- 4.6.4 A number of potential remodelling opportunities relating to vacant and underused sites and premises have been identified in the Joint Employment

Land and Premises (EB07), Delivering a new future for Knowsley Industrial Park - Strategic Framework (EB17) and the Employment Position Statement (SD23), but are currently excluded from the supply. This is because the Council will need to consult with land owners and other stakeholders, including through a Call for Sites exercise, to further assess the deliverability of these opportunities (or others which may emerge) before deciding whether they should be added to the current land supply and/or allocated for development in the Local Plan: Site Allocations and Development Policies (KLPSADP).

- 4.6.5 On the basis of the above, the Council has adopted a necessarily cautious approach concerning the contribution of remodelling opportunities to meet any potential shortfall in employment land supply relative to plan period requirements (or beyond) given existing constraints. In fact, the Employment Position Statement (table 3.1, page 16, (SD23)) includes only sites which have been previously cleared or are undergoing clearance in the current supply, including those that are currently available for development or marketed for those purposes. There is also no allowance made in the current supply for potential windfall sites that could emerge up to 2028 due to the unreliability of such assumptions. For example, the recent addition of 12.62 hectares to land supply following the closure of the former Sonae premises in Knowsley Industrial Park could not have been anticipated in advance. In this context, it is accepted that implementation of the KLPCS policies and the KLPSADP preparation process will need to be informed by regular monitoring in terms of the quantity, quality, suitability and range of sites available.
- 4.6.6 Notwithstanding the above, the Technical Report – Planning for Employment Growth (TR02) considers the anticipated contribution of the potential remodelling opportunities and recognises the regeneration value of delivery, particularly in Knowsley Industrial and Business Parks. However given current uncertainty relating to the scale, feasibility and timescale of delivery of opportunities, particularly beyond Knowsley Industrial and Business Parks, the Council's approach seeks to provide flexibility in the supply by providing sufficient alternatives which would facilitate sustainable economic growth in unforeseen circumstances. The KLPCS (paragraph 5.33) is clear that redevelopment of sites subject to major closures of factories and other premises within urban areas will take precedence over release of Green Belt locations.
- 4.7 KLPCS table 5.1 records an employment land deficit of 23.5 ha to 2028, assuming the South Prescot planning permission for housing is implemented. The land proposed to be released from the Green Belt for employment purposes comprises substantially more than this deficit. What is the justification for this, and does it meet the exceptional circumstances test of Green Belt policy?**
- 4.7.1 Planning for sufficient contingency to mitigate only for the potential loss of South Prescot would not provide adequate flexibility to accommodate needs not anticipated in the plan or allow a rapid response to changes in economic circumstances as required by the NPPF (paragraph 21, point 3, page 7

(PG01)). Furthermore any expectation that the exceptional circumstances test and release of Green Belt can only permit such a specific quantitative deficit to be met, would constrain the Council's ability to deliver a vision and strategy which positively and proactively encourages sustainable economic growth as required by the NPPF (paragraph 21, point 1, page 6 (PG01)). It is evident that development requirements during the plan period are not contingent upon quantitative needs in isolation and should not therefore be addressed on a 'like for like' basis. This is because the ability to secure a suitable range and choice of sites is influenced by qualitative considerations such as available site size, type, location and suitability as well as quantitative requirements. This conclusion is supported by the Joint Employment Land and Premises Study (EB07), Delivering a new future for Knowsley Industrial Park - Strategic Framework (EB17) and Liverpool City Region Housing and Economic Development Evidence Base Overview Study (LC03).

- 4.7.2 In pursuing sustainable economic growth, the Council attributes significant weight to the ability to secure investment and attract prospective occupiers with requirements for a range of employment premises. This is intended to prevent barriers to investment and growth where there is an evident need in terms of a choice of sites or premises within the area to meet unfulfilled requirements. This situation however is complicated by Knowsley's local circumstances, which include existing employment provision of sub regional importance such as Jaguar Land Rover in Halewood, Whiston Hospital and Knowsley Industrial and Business Parks, the latter of which is the largest industrial area in the Liverpool City Region. Existing employment areas generally remain the most attractive locations for future investment provided suitable sites are available; given that the existing critical mass of businesses enhance competitive advantages and proven developer interest. Due to the scale, sub-regional status and significant concentration of existing supply of land and premises in Knowsley Industrial and Business Parks, the Council places great emphasis on ensuring that these economic areas remain adaptable to modern needs and continue to attract investment. However the Council also recognises that there are different market areas within Knowsley as identified in the EVA (EB06), which dictate that employment land should not be overly concentrated in one location at the expense of others, to ensure that provision of employment opportunities is sustainable and maximises labour supply benefits. These circumstances necessitate a balanced strategy which complements existing employment areas, whilst attracting investment to deliver sustainable employment growth in other areas of Knowsley.
- 4.7.3 The Council does not consider it realistic to assume that the entire supply capacity of 170.2 hectares identified in the KLPCS (table 5.1, page 50) will be delivered during the plan period. This would be unachievable based upon evidence of historic trends whereby a surplus of available supply has always remained. As such the calculations of quantity of employment land required are considered to offer only an indicative surplus or shortfall that would need to be met, based upon requirements relative to current supply and the implications of other policies within the KLPCS. In practical terms, the identified level in policy CS4 represents the absolute minimum amount of land considered to be needed to be made available to accommodate the

employment requirements. The Council expects that the overall quantity of available land supply to be allocated by the KLPSADP process will need to be substantially greater than the illustrative minimum requirements identified in the KLPCS policy CS4 and the associated table 5.1 (page 50). This approach of providing “headroom” ensures an appropriate supply buffer with appropriate flexibility to maintain a suitable range and choice towards the latter part of the plan period and account for post plan period needs (as required by policy CS4 clause 4).

- 4.7.4 The KLPCS seeks to balance the objectives of urban regeneration, maintaining sufficient flexibility to react to changing market demands and encouraging economic growth, by ensuring only appropriate release of reserve locations currently within the Green Belt when necessary. However by virtue of that necessity, the exceptional circumstances test is met due to the inability to meet future employment land requirements and provide a suitable range and choice of sites over the plan period and beyond, without the release of additional land currently within the Green Belt.
- 4.7.5 Policy CS5 seeks to identify sufficient locations to cater for employment requirements and provide “headroom” in the supply, through release of suitable Green Belt sites at Land to the East of Knowsley Industrial Park, Knowsley Lane (Huyton), Carr Lane (Prescot) and Cronton Colliery (and land south of the M62) as evidenced in the Knowsley and Sefton Green Belt Study (EB08) and Technical Report: Green Belt (TR03). These individual sites are linked to the exceptional circumstances test of Green Belt policy mentioned previously, with the approach to their release in policy CS5 based upon specific needs in addition to quantity. This is necessary as developer preferences have informed the identification of broad locations in the Green Belt at land to the east of Knowsley Industrial Park and Carr Lane (Prescot) which remain close to established employment areas and are intended to complement the regeneration of these areas in circumstances where the existing range and choice of supply is exhausted. In addition, evidenced requirements in the Joint Employment Land and Premises Study (EB07) identified Knowsley Lane (Huyton) as suitable to be a successor site to Kings Business Park in meeting demand for high quality office space, together with previously developed land to the South of the M62 (Cronton Colliery) which benefits from similar accessibility advantages (i.e. immediate proximity to the M62 and M57) and a strategic scale to develop a critical mass of employment uses for B8 requirements.

**4.8 How exactly will the phased release of employment land be managed? Will the sites which comprise the current supply be subject to phased release and if so, what mechanism will be used? Is the plan effective without the inclusion of a phasing mechanism as part of policy CS 4?**

- 4.8.1 The phasing mechanism relates to the release of reserve employment locations removed from the Green Belt only. This is based on two prioritised and independent trigger mechanisms within policies CS4 and CS5 as explained in paragraphs 4.8.2 and 4.8.3 below. In circumstances, where one of these triggers is met, policy CS5 clause 3b will also apply and will prioritise

locations which would not undermine the KLPCS urban regeneration objectives.

- 4.8.2 The first trigger mechanism (in policy CS4 clause 4a and policy CS5 clause 3d) seeks to ensure that a suitable range of sites and premises by size, location, type and suitability for employment uses which support needs and specific requirements (including market considerations) is maintained at all times. This criterion also mitigates the potential for locational concentrations and an abundance of certain types of supply reducing the flexibility to address differing employment requirements or needs elsewhere, which could be the case if quantity was the only consideration.
- 4.8.3 The second trigger mechanism (in policy CS4 clause 4b and policy CS5 clause 3d) aims to maintain at least a five year supply of available and deliverable sites and premises at all times during the plan period. This trigger will complement trigger mechanism one by securing a minimum quantity of available and deliverable supply to address employment requirements at all times during the plan period and beyond.
- 4.8.4 The Council considers that these phasing mechanisms will be justified and effective when implemented in totality. They will mean that Green Belt sites will only be released where one of these qualitative and/or quantitative requirements could otherwise not be met. The release by granting of planning permission for development on the sites will also be phased so as to avoid detrimental impact on urban regeneration objectives.
- 4.8.5 Consideration of the trigger mechanism criteria will be informed by the Council maintaining up to date and publicly available land and premises supply data on an annual basis equivalent to that currently published in the Employment Position Statement (SD23).
- 4.8.6 The Council has no current evidence which would justify implementation of wider phasing of employment land supply by policy CS4, beyond clause 4 relating to the release of reserved locations which are currently in the Green Belt. It is considered that any phasing of current employment supply in the urban area would be unnecessarily in-flexible and therefore would not accord with the NPPF (paragraph 21).
- 4.9 Policy CS 4 refers to office uses in employment areas being subject to the sequential test, yet policy CS 11 encourages office uses in Knowsley Industrial and Business Park regeneration area with no such reference. There is a similar reference in policy CS 13 (South Prescott regeneration area). Is it intended that the sequential test to office development should apply in regeneration areas, consistent with national policy?**
- 4.9.1 The criteria within policy CS4 clauses 2 and 6 are intended to apply to all office development (except where ancillary to other employment uses) in Knowsley Industrial and Business Park (policy CS11) and South Prescott (policy CS13). As identified in policy CS4 clause 2 both Knowsley Industrial and Business Park and South Prescott are accessible employment locations

and are therefore to be preferred to less accessible locations under NPPF paragraph 24.

- 4.9.2 Paragraph 6.29 of the KLPCS makes it clear that proposals for Class B1 "business" uses at Knowsley Industrial and Business Park will be subject to the sequential test. Although the Council considers the current approach to be sound, if the Inspector concludes that the clarity of the KLPCS would be enhanced, it would be happy to consider adding a cross reference into policies CS11 and CS13 in accordance with the wording set out below.

**Potential Main Modification\***

Amend policy CS11 clause 1a to read:

*“Class B1 “business” uses within “gateway” locations at: A580 West/Moorgate Road; A5208 County Road/South Boundary Road/Moorgate Road/Arbour Lane; and at A580 East/Coopers Lane (subject to compliance with the sequential test in policy CS4);”*

**Potential Main Modification\***

Amend policy CS13 clause 1a to read:

*“New economic development<sup>(113)</sup>, including development of high quality Class B1 “Business” uses in gateway sites on Carr Lane and Manchester Road (subject to compliance with the sequential test in policy CS4);”*

\* **Note regarding modifications**

*The suggested potential modifications to the KLPCS set out in this statement are put forward to assist the consideration of this matter at the hearing sessions. These and any other potential modifications would need to be approved by the Council's Cabinet and undergo formal public consultation before being considered for inclusion in any version of the KLPCS which is finally adopted.*

**Appendix 1: Supporting Tables relating to Land Supply and Premises Transactions**

**Table 1: Sites comprising Expansion Land in Current Land Supply (at April 2013)**

Site	Available (On Market)	Category	Supply in hectares (0 - 5 yrs)	Supply in hectares (6 - 10 yrs)	UDP Proposals Ref
Ford Jaguar Land Rover Expansion Area, Halewood	No	Allocation	0	16.47	E1
Part of Dairy Crest / Kraft site, A580, Knowsley Industrial Park	No	Allocation	3.97	0	E25, LWS - 4
Land adjacent Former Ethel Austin Site, Ainsworth Lane, Knowsley Business Park	Yes	Allocation	2.25	0	E32
Land at corner of A580 / Moorgate Lane, Knowsley Industrial Park	Yes	Allocation	3.27	0	E33
Batleys Cash And Carry, Fallows Way, Whiston	No	Permission	0.44	0	PIA
Land between Rail Freight Terminal & Former Sonae, off Woodward Road, Knowsley Industrial Park	No	Other Supply	0	2.30	PIA
<b>Total</b>			<b>9.93</b>	<b>18.77</b>	

Source: Knowsley Council Local Plan Monitoring (2013)

**Table 2: Sites with Remodelling Potential in Indicative Land Supply (at April 2013)**

Site	Availability (On Market)	Site Status	Potential Supply from Remodelling in hectares	Expansion Land
Land to the North of South Boundary Road, Knowsley Industrial Park (3 parcels)	No	Council Ownership	0.53	No
Knowsley Business Centre and South Boundary Road Hub, Knowsley Industrial Park	No	Council Ownership	2.28	No
Knowsley House, junction of Charleywood Road & Webber Road, Knowsley Industrial Park	No	Derelict Building	0.45	No
Land at the Junction of Cusson Road & Dixon Road, Knowsley Industrial Park	No	In Use	0.43	No
Land off Acornfield Road, Knowsley Industrial Park	No	In Use	2.77	No
Land at QVC site, Knowsley Industrial Park	No	In Use	1.54	Yes
Eli Lilly Expansion Land, Fleming Road, Halewood	No	In Use	0.79	Yes
Former Snooker Club / Web Complex, Knowsley Industrial Park	No	Part Occupied	0.99	No
Land adjacent to MTC Northwest, Gores Road, Knowsley Industrial Park, Kirkby	No	Vacant	0.32	Yes
Land adjacent D A M S International, off Acornfield Road, Knowsley Industrial Park, Kirkby	No	Vacant	0.93	No
Fringe of Image Business Park, Knowsley Industrial Park	Yes	Vacant	1.26	No
Jaguar Land Rover Fringe, between North Road & South Road, Halewood	No	Vacant	8.65	Yes
Land off Hammond Road, Knowsley Industrial Park	No	Vacant	0.87	Yes
Pentagon East Expansion, Wood Road, Halewood	No	Vacant	1.04	Yes
<b>Total</b>			<b>22.85</b>	

Source: Knowsley Council Local Plan Monitoring (2013)

**Table 3: Employment Premises Transactions (Sales and Lettings): April 2008 – September 2013 – B1 (Office) Uses**

B1		Transactions by Unit size (sq.m)							Overall Total
		0 - 100	101 - 500	501 - 1000	1001 - 3500	3501 - 5000	5001 - 9000	9000+	
April - Sept 2013	Number of Units	2	2	0	0	0	1	0	5
	Total Floorspace (sq.m)	105	366	0	0	0	5745	0	6216
2012-13	Number of Units	6	9	2	1	0	0	0	18
	Total Floorspace (sq.m)	354	1711	1554	3252	0	0	0	6871
2011-12	Number of Units	9	4	0	0	0	1	0	14
	Total Floorspace (sq.m)	338	645	0	0	0	6684	0	7667
2010-11	Number of Units	9	18	1	0	0	0	0	28
	Total Floorspace (sq.m)	493	3986	709	0	0	0	0	5188
2009-10	Number of Units	22	16	2	1	0	0	0	41
	Total Floorspace (sq.m)	507	3365	1574	1050	0	0	0	6496
2008-09	Number of Units	18	13	2	0	0	0	0	33
	Total Floorspace (sq.m)	732	3730	1259	0	0	0	0	5721
April 2008 - Sept 2013	Number of Units	66	62	7	2	0	2	0	139
	Total Floorspace (sq.m)	2529	13804	5096	4301	0	12429	0	38159

Source: Knowsley Council – Business Liaison &amp; Investment Team (2013)

**Table 4: Employment Premises Transactions (Sales and Lettings): April 2008 – September 2013 – B2 / B8 (Industrial) Uses**

B2 / B8		Transactions by Unit size (sq.m)							Overall Total
		0 - 100	101 - 500	501 - 1000	1001 - 3500	3501 - 5000	5001 - 9000	9000+	
April - Sept 2013	Number of Units	0	2	2	0	1	3	4	12
	Total Floorspace (sq.m)	0	568	1695	0	4371	20878	65155	92668
2012-13	Number of Units	2	8	7	7	2	1	1	28
	Total Floorspace (sq.m)	139	2634	5027	11189	8353	6745	42364	76450
2011-12	Number of Units	1	19	9	9	0	2	1	41
	Total Floorspace (sq.m)	93	5207	5761	18392	0	14188	44235	87875
2010-11	Number of Units	10	25	6	7	2	1	1	52
	Total Floorspace (sq.m)	764	7922	4042	12531	8362	6893	12077	52590
2009-10	Number of Units	4	34	8	4	1	1	1	53
	Total Floorspace (sq.m)	284	8415	6106	8024	3688	8456	11699	46672
2008-09	Number of Units	15	31	14	8	1	1	0	70
	Total Floorspace (sq.m)	1110	7882	9787	12226	4967	7364	0	43336
April 2008 - Sept 2013	Number of Units	32	119	46	35	7	9	8	256
	Total Floorspace (sq.m)	2390	32627	32417	62361	29741	64524	175531	399591

Source: Knowsley Council – Business Liaison & Investment Team (2013)