

North Somerset Council Core Strategy Examination

Issue 2 – Employment Position Statement

**Barton Willmore on behalf of
Bloor Homes**

October 2011

North Somerset Council Core Strategy Examination

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1.0 Employment Development

- 1.1 Policy CS20 states that: "housing proposals should provide onsite employment based on 1.5B class jobs per home at Weston Villages and elsewhere on sites of 10 or more dwellings."
- 1.2 Specifically in relation to Yatton and our client's interests at Arnold's Way, paragraph 3.256 of the CS identifies that some 18.87 ha of employment land will be provided in the rest of the district outside of the main settlements with the "land in the remainder of the district... primarily located at Yatton and Backwell with some small scale additional allocations elsewhere."
- 1.3 Given this approach, the CS is expecting significant employment development to be delivered at Yatton. Within the settlement hierarchy position statement we have identified the clear tension and contradiction which exists in the CS, in terms of providing no new housing in Yatton, but yet proposing major employment expansion at the town, via Policy CS20 and paragraph 3.257.
- 1.4 Given that significant employment is proposed at Yatton, it must be assumed that the Council consider that the town is a sustainable location and accessible in sustainable terms to deliver new employment. By the same token and for the same reasons, it must also be a sustainable location for new housing.
- 1.5 However simply proposing significant employment land at Yatton is not sufficient to ensure that employment is delivered. The key issue facing the CS is deliverability. This is reflected by the fact, that the proposed employment allocations at Yatton are simply a roll forward of existing Local Plan allocations. As these sites have not been delivered during the Local Plan period the question arises why?
- 1.6 This is simply due to deliverability. The days of allocating an employment site and then expecting it to be magically developed are long gone and only really existed in areas of very high growth around Core Cities or major motorway/transport interchanges in any event. In the absence of a confirmed occupier to take forward a site and develop a building, the CS's approach is to deliver its employment sites either via speculative employment building or the delivery of 1.5 jobs per home. Both approaches raise major deliverability issues.

2.0 Speculative Employment Building

- 2.1 The speculative building of employment units, is commercially unviable, as the up front costs are far too significant and the level of demand is not sufficient for lenders / banks to release funding for development of this form. Indeed in the West Area Committee Report (14th October 2010) the Council's:

Economic Development Officer has advised that it is not realistic to require developers to build speculative employment buildings up front in the current economic climate from a relatively small housing development of this site. This is consistent with the view of most developers of employment land that have approached the Council recently, with the exception of the North Somerset Enterprise Agency which specializes in such provision. The situation is significantly different when considering larger sites and numbers of houses for example in the Weston Village extensions. However marketing of the site is taking place and there has been a reasonable amount of interest in the land north of Somerset Avenue and it is considered likely that there will be a developer in place soon. It is therefore recommended this phasing be required through the S106 agreement in association with any recommendation of approval.

- 2.2 Whilst it may be possible to secure funding for commercial development on the basis of an agreed occupier to take up that floorspace (a pre-let), assuming the terms render the development viable, with speculative development, by its very nature, there is no occupier in place and the development is undertaken in the hope that an occupier can be found. However, there is no guarantee that an occupier for such speculative building could be found.
- 2.3 Even at the peak of the market, speculative building for commercial purposes was considered to be "high-risk" and as a result, many speculative developments have remained unoccupied throughout the UK, resulting in significant problems for banks, financers and developers.
- 2.4 If such problems and risks were associated with speculative development in the "sunny upland" years, it is highly improbable that such speculative development could occur in the economic climate we all currently face in North Somerset, and the UK.

- 2.5 So in the absence of occupiers, and the inability to deliver speculative development the CS proposes that housing sites should bring forward employment through the linking of 1.5 jobs per home.

1.5 Jobs Per Home

- 2.6 The approach advocated by Policy CS20 appears a logical and straight forward process. However it is not as simplistic as it sounds. Delivering 1.5 jobs per home requires the linking of the delivery of employment with housing development.
- 2.7 It is clearly not possible to deliver 1.5 jobs per home in a direct link for every house completed. What is required is a significant quantum of homes to warrant the delivery of a significant employment building and occupier. As per CS20 to deliver 100 homes there would be a requirement to deliver 150 jobs. Using the English Partnership's Employment Densities Guide, this would require a building of circa 2,800 sqm. This is a significant building that cannot be delivered speculatively.
- 2.8 In the absence of an upfront occupier to deliver this level of employment, the CS would not allow housing development to commence in advance of the delivery of employment.
- 2.9 It is therefore necessary to secure a tenant/occupier before an employment building can be delivered. However tenants within the present market, are able to pick and choose their sites, and where to locate. To respond to this situation a developer as recognised by NSC's Economic Development Department (see statement above) must be able to deliver exactly the building size, specification and cost in a location which is acceptable to them. This is a further reason why speculative building is not an appropriate approach. To achieve this and secure a tenant it is necessary for the employment site to:
- i. Have been brought to their attention through a comprehensive marketing process;
 - ii. Benefit from outline planning permission for employment purposes. Prospective tenants are unlikely to invest the time and resources in promoting a site through planning system if there is another site elsewhere which already benefits from planning permission;

- iii. Have a funding source and ability to demonstrate that it is possible to bring forward the necessary services and infrastructure that are needed to deliver the employment building.
- 2.10 Until these items are secured, all that exists is an allocated site for employment, which in the present market is highly unlikely to be taken up, particularly given that many existing local plan sites for employment purposes have not been taken forward.
- 2.11 This was the situation faced by two Mixed Use allocations in the Local Plan – M1 and M2. The Council had sought the strict phasing of employment ahead of and in phase with housing on this site for several years and through this process, had made any development unviable. This reflects the proposed approach of the CS. Our approach with Bloor Homes and Dowlas (an employment developer) was to demonstrate that the only prospect of delivering employment on the site is to achieve points 1-3 above. The crucial element is the funding source. Which through enabling the delivery of 150 homes (from a total of 218) on this site before the need to complete employment floorspace of 3,000 sqm Bloor Homes were able to finance the delivery of points 1-3. As a result, these two employment site which had lain idle and undevelopable for 10 years were unlocked. through the marketing process we subsequently secured an occupier for a 40,000 sq ft B1 office building designed on a bespoke basis for Knightstone Housing Association delivering 250 jobs. We are now securing through the ongoing marketing process further significant employment including a further 20,000 sq ft of B1 office floorspace, 50,000 sqft of B8 warehouse floorspace, an 80 bed hotel and local retail centre. (LPA Refs: 11/P/0672/, 11/P/0675/F, 11/P/1532/RM and 11/P/1622/R)
- 2.12 This approach is not delivering 1.5 jobs per home in step/phase with each other as stated at paragraph 3.252 but rather a Market Led Approach responding to the economic situation in accordance with the approach of PPS4.

3.0 Market Led Approach

- 3.1 PPS4 emphasises the need to provide flexible planning policies to enable employment development to proceed. It also reflects the views of the Council's Economic Development Department who have advised in a Committee Report to the West Area Planning Committee on 14th October 2010 states that:

Many businesses are looking to purchase land or prefer design and build opportunities rather than existing or newly built premises when expanding as they are better able to ensure the premises fit their business needs. This can also have the benefit of encouraging other businesses to look at the area as they see business investment happening, rather than empty buildings going up. Speculative employment developments, other than those funded by the public sector as at Locking Parklands, are struggling to raise private sector funding due to the state of the market and economy and are liable for full business rate charges if remaining empty after development. These current issues are discouraging further speculative development. Gordano Court and Marine View in Portishead are good examples locally of the difficulties being encountered through speculative build.

While it is understood large offices and buildings provide a degree of security for a developer to bring a site forward, a mix of unit sizes will also benefit the development and area. There is currently a good level of interest in smaller unit sizes that match the small and medium sized business base in North Somerset.

It is concluded that this application would be beneficial to encouraging employment development at Weston and that insisting on speculative build is not helpful as it is not currently feasible through the commercial markets, particularly in association with a relatively small housing site. Employment sites are often developed over a number of years and initially it is difficult to generate investment and thus the site should be marketed for a minimum of five years from the date of consent. The developers have agreed to work closely with the Council's Economic development officers with the aim of attracting suitable employment development as quickly as possible.

- 3.2 This therefore has to be the basis on which the CS operates and not a fixed jobs per home quota. It is only through this approach that employment sites can be delivered by bringing forward a new housing site to act as a catalyst to pump prime the delivery of the required services, infrastructure and marketing necessary to attract and secure employment occupiers to specific sites.
- 3.3 The CS must adopt this approach by, allowing a housing site to commence development and make substantial completions which in turn provides the necessary finance to:
 - i. Comprehensively market the employment site with the Council's Economic Development Team and the appointed developers agent with an agreed marketing strategy;

- ii. Deliver the required services and access to the employment site by occupation of the 50th or 100th home, or another suitable point where it is viable to do so;
 - iii. Deliver bespoke tailor made developments to meet precisely an occupiers requirement which has been secured through the marketing process
- 3.4 This approach addresses the viability and cash flow issues of delivering employment sites and housing developments with their associated costs and revenue profiles.

Practical Issues of 1.5 Jobs Per Homes

- 3.5 Setting aside the above issues, there are fundamental, practical planning questions on the ability to deliver 1.5 jobs per home, as required by the CS, these are:
- What is the definition of a job? Does this equate to part time jobs, full time jobs, or full time equivalent jobs?
 - What is a job in terms of Use, Class Order. This is not consistent with PPS4 which identifies that jobs outside of the B use class are jobs. This issue also arose at the South Area Committee which considered that a multi GP surgery with 32 highly skilled medical staff and support staff are not jobs –as they are not a B use class. (LPA Ref 10/P/0564/O). This is plainly nonsensical but resulted in this application being refused against officer recommendation and only approved on a second go at the Planning & Regulatory Committee.
 - Would a “job” equate to a new job created directly in a place of employment? In which case, what if the occupier / job was relocated from elsewhere in the UK outside of North Somerset, or even Weston-super-Mare?
 - How is the provision of 1.5 jobs to be measured? It is not possible or practical within planning to measure this or even enforce this?
 - Would this only apply to permanent jobs? Jobs may well arrive at the employment site, but the nature of employment is such that, over time, a particular employer / occupier may reduce staff numbers, close an office, or relocate elsewhere. It therefore cannot be guaranteed that the jobs will be retained on the site?

- The construction of housing and employment development itself will provide employment directly, as well as provide indirect / knock-on benefits to the local economy through contractors or building product suppliers. How is this to be measured or taken account of? The CS ignores this at present.
- It does not take account of the increasing proportion of people who now work remotely from home or are self employed working from their own homes and who do not require business premises.

4.0 Conclusions

- 4.1 It is evident from the above that the local planning authorities requirement for 1.5 jobs per home in the CS is entirely misguided, inappropriate and will render housing development undeliverable.
- 4.2 Additionally to rely on speculative employment development, to deliver the employment desired in a Development Plan in any market conditions is a high risk approach and in the current economic climate is not possible.
- 4.3 Equally, as the employment sites in Yatton and elsewhere have remained undeveloped through the Local Plan process, there is no certainty that they will be developed in the CS.
- 4.4 As such a fundamental change in approach is need by adopting the Markey Led approach identified above and implemented with success at Weston Gateway on the M1 and M2 sites of the Local Plan. This approach is also supported by the Council's Economic Development Department.
- 4.5 Applying this approach to Yatton means that for CS to deliver the employment growth it desires at this settlement it must allocate a suitable housing site which can act as a pump primer to deliver a market led employment site.
- 4.6 Our client's site at Arnold's Way is a suitable site and is sustainably located for housing purposes as set out in the Settlement Paper.
- 4.7 Allowing the delivery of housing at this site, would then enable the implementation of the market led approach to delivering employment to Yatton also on our client's site. Delivering housing at Arnolds Way, Yatton will enable the delivery of the

necessary services and infrastructure to deliver a suitable employment site. Additionally this process would also enable the active and co-ordinated marketing of the site to secure employment occupiers and the construction of bespoke buildings precisely meeting their requirements.

- 4.8 This is the only realistic approach to securing the desired additional employment within Yatton and indeed for the that matter North Somerset.
- 4.9 As shown on the illustrative masterplan, our client's site should therefore be identified for the delivery of upto 200 homes, 2.5 ha of employment land (B1), with further future potential as shown on the illustrative for an additional mixed use employment and housing of 4.3ha, public open space and structural landscaping.