



Warrington EDNA Refresh

Warrington Borough Council

Executive Summary

August 2021

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Introduction

- i) This report provides an economic development (employment land) needs assessment for Warrington Borough. It was commissioned to provide an up to date and proportionate 'refresh' of the Council's Economic Development Needs Assessment (EDNA), produced in 2019 by BE Group and Mickledore. The reasons for this update include:
- To support development of the Proposed Submission Version Local Plan (PSVLP)
 - To reflect a revised local plan period, 2021-2038, compared to the previously used 2017-2037
 - To reflect changes to national planning policy and guidance – National Planning Policy Framework, National Planning Policy Guidance and Use Class Order Changes
 - To reflect national issues including the exit of the United Kingdom from the European Union and the potential impacts of the Covid-19 Pandemic
 - The fact that Fiddlers Ferry Power Station will now likely become available for employment development within the Plan period, and that the site is now being actively promoted for inclusion as such in the Local Plan by the owners
 - To ensure the Borough's economic development needs are considered in the context of the Borough's housing needs in order to provide a balanced Local Plan spatial strategy.

Methodology

- ii) Several research methods have been used, including site visits and telephone/e-meeting interviews with property market stakeholders such as developers, investors and their agents. The Wider Economic Geography of Warrington has been identified and the property market in the local authority areas within that Geography has been reviewed through desktop analysis of employment and planning strategies, and consultations with officers from those local authorities. The methodology follows Planning Practice Guidance on employment land reviews.

Market Findings

- iii) In response to the Covid-19 Pandemic and resulting national lockdowns, a greater part of the retail and wholesale market moved online. This growth in e-commerce has boosted an already strong logistics market and delivered record national take up for

B8 uses in 2020.

- iv) The North West reflects this high demand but lacks the supply to fully capitalise on this growth. This is reflected in Warrington where only 12.7 ha remains at Omega and that 12.7 ha will be taken up by 2022. Unsurprisingly, given this limited supply, stakeholders are clear that the Borough needs further land allocations. As in the 2016 and 2019, where growth locations are mentioned, South East Warrington is put forward to take advantage of the key M56/M6 links and provide strategic B2/B8 options.
- v) Local industrial demand is for industrial and warehouse premises across a range of sizes up to 9,000 sqm. There is continued demand for strategic logistics units of 9,000-35,000 sqm to compete in the regional/national market. Prime rent for a high-quality unit under 2,000 sqm sits at around £7.75/sqft (£83/sqm). For 'big box' units, prime rent appears to be around £7/sqft (£75/sqm), rising slightly to £7.20/sqft (£78/sqm) at Omega where a shortage of supply has pushed up rents.
- vi) As a high proportion of Warrington's office staff worked from home in 2020/21, the Borough's office market saw some of its weakest recent performance. However, while the events of 2020/21 have retarded the market overall, demand for office space continues and stakeholders were broadly confident the market would recover in time, even if the parameters of what types of space are required, change. Market interest is for smaller suites of sub 500 sqm and particularly sub-350 sqm, to meet micro/small business needs and, also, larger HQ office facilities of up to 2,000 sqm. Demand has included requirements from companies seeking to decrease or increase their business space to meet the demands of social distancing or having a portion of their staff work from home.
- vii) Demand is mostly local or sub-regional, with interest focused in Birchwood rather than Warrington Town Centre. Despite this, key local agencies such as Warrington and Co. highlighted a number of opportunities for the delivery of new office space in Warrington Town Centre and were confident that at least some of these could be brought forward, in the long term at least, to build up the modest office economy of Central Warrington. Warrington may derive some benefits from Manchester/Liverpool based businesses looking for lower density options, outside of urban areas, for socially distanced working. However, the consensus of stakeholders is that cities will remain attractive places for a majority of businesses to work from.

viii) The Wider Economic Geography of Warrington includes most of Wigan Borough, and the western portions of Trafford and Salford in Greater Manchester. The northern areas of Cheshire West and Chester and Cheshire East have strong links, as do Halton and St Helens, in the Liverpool City Region. Although geographically more distant, Warrington also has good links with the urban centres of Manchester and Liverpool. Within this wider area, the following economic issues are noted:

- Of the strategic sites which may compete with Omega, and its successors, for B2/B8 requirements. Ma6nitude is the most significant existing site and Parkside is likely to be most significant in the future. Existing schemes in Cheshire and the Liverpool City Region, such as 3MG, Widnes, continue to grow. However, against the scale of potential needs from the growing Port of Liverpool, the programmed strategic supply in the Liverpool City Region remains modest, creating ongoing opportunities for sites in Warrington
- Warrington is losing professional and scientific labour to Sci-Tech Daresbury, although the strong overlaps between Halton and Warrington in this area mean that Warrington Borough is still deriving economic benefit from this flow. Developments such as Fiddlers Ferry could further increase these linkages
- Between Sci-Tech and The Heath, Runcorn and the Cheshire Science Corridor Enterprise Zone Sites, Warrington's Wider Economic Geography appears well catered for with science themed facilities
- The proximity of Manchester City Centre, the Airport Gateway area and Salford City Centre/Salford Quays, will continue to limit demand for offices in Warrington Borough, particularly in the weakened office market of 2020/2021.

ix) Sites in neighbouring local authority areas, even when of a strategic scale, will ultimately meet the OAN of those authorities rather than Warrington. The only exception is the proposed 31.22 ha Omega South Western Extension which is identified to meet cross boundary requirements as agreed between St Helens and Warrington through the 'Duty to Cooperate'.

Present Employment Land Supply

x) In 2019, Warrington had a realistic employment land supply of 104.53 ha in 14 sites, of which 34.85 ha in 11 sites represented the local supply and just over two thirds, 69.68 ha in three sites, represented the strategic (Omega) supply.

- xi) Since 2016, that supply has reduced by nearly two thirds, reflecting the extensive take up of land at Omega, plus some losses to other uses. The new, March 2021, realistic land supply is 38.87 ha in nine sites. Of this, 26.17 ha in eight sites is the local supply.

Objectively Assessed Needs

- xii) To assess needs two recognised methods of forecasting have been used creating four distinct models of OAN, plus two 'Policy On' Sensitivity Tests. The outputs from these models are outlined in Table ES1. All OAN forecasts relate to the local authority area of Warrington Borough only.

Historic Land Take Up

- xiii) The first method is a forward projection of historic land take up trends to produce strategic/local and local only projections. Based on this projection, Warrington needs 316.26 ha of land on a strategic/local take up model, 189.84 ha on the local only model. This is inclusive of a three-year buffer and an allowance of 17.64 ha for business displacement associated with Town Centre projects (see Section 4.0 of the Main Report). Against the realistic land supply of Warrington, there are shortfalls of 163.67-277.39 ha.

Labour Demand

- xiv) The second method looks at jobs growth, as identified in Oxford Economics and Cambridge Econometrics forecast modelling, an updated (2021) model which allows for macro-economic changes since 2019. As can be seen in Table ES1, the resulting jobs based forecast model suggests the Borough has much smaller land shortfalls.
- xv) The Oxford and Cambridge Forecasts represent two realistic projections for how jobs might change in Warrington to 2037, reflecting factors such as the economic impacts of Covid-19 and the Christmas 2020 Brexit Deal, as they were understood in early 2021. However, to also consider some more optimistic scenarios for jobs growth, this study has also undertaken Sensitivity Testing relating to the SEP although this strategy is now of reduced significance in the present economic and policy climate (see Table ES1).

Table ES1 – Warrington Borough Land Forecast Models – Summary

Model	Need (A+B+C)			Less Supply (D)	A+B+C-D=Surplus (Shortfall), ha	Revised Surplus (Shortfall), ha, accounting for SEP Target based on Oxford Modelling = Further 45.20 ha of land need	Revised Surplus (Shortfall), ha, accounting for SEP Target based on Cambridge Modelling = Further 44.95 ha of land need.	Assumptions
	A: Land Need 2021-2038, ha	B: Buffer (three years further need) ha	C: Allowance for business displacement associated with Warrington Town Centre Development projects	D: Land Stock 2021, ha – Strategic and/or Local Supply*				
Strategic/ Local Take Up	255.96	42.66	17.64	38.87 Strategic/ local supply	(277.39)	-	-	Based on historic (24 years) take-up of 14.22 ha/pa. Inclusive of seven years take-up at Omega Compares a combined strategic/local growth rate with a strategic/local supply picture SEP figure not applicable to take-up scenarios Of this, strategic need would be approx. 117.94 ha.
Local Take Up	147.60	24.60	17.64	26.17 Local supply	(163.67)	-	-	Based on historic (21 years) take-up of 8.20 ha/pa. Exclusive of take-up at Omega Compares a local growth rate with a local only supply picture SEP figures not applicable to take-up scenarios
Employment based on adjusted stock – Oxford Economics Model	+38.24 Growth +12.88 Change	+6.36 +2.16	17.64	26.17 Local supply	1)(36.07) 2) (6.51)	1) (81.27) 2) (51.71)	-	Based on 1) projected growth sectors 2) projected employment change across sectors A local growth only scenario
Employment based on adjusted stock – Cambridge Econometrics Model	+36.42 Growth +23.53 Change	+6.06 +3.96	17.64	26.17 Local supply	1)(33.95) 2) (18.96)	-	1) (78.90) 2) (63.91)	Based on 1) projected growth sectors 2) projected employment change across sectors A local growth only scenario

Source: BE Group and Mickledore, 2021

*Realistic land supply at March 2021.

- xvi) In terms of jobs projections, the baseline Forecasts remain the more accurate as they are most up to date and allow for contemporary economic issues such as Brexit and the Covid-19 Pandemic. These forecasts give net needs of 15.04-27.49 ha and 42.48-44.60 ha on a growth only scenario. Taking a midpoint between the two would give needs of 21-43.50 ha.
- xvii) However, the market assessment, the impacts of the Covid-19 Pandemic on jobs densities and a review of the historic trends in employment change and land take up (see Section 7.0 of the Main Report) suggest that these forecasts underestimate land needs significantly. **The preferred forecasting method is therefore a projection forward of past take-up rates that considers both strategic and local needs.**

Meeting Needs

- xviii) Against identified OAN needs of 277.39 ha to 2038, landowners, developers and their agents made Call for Sites submissions and updated proposals which, as of April 2021, would provide 762.98 ha of potential land (using net figures or the specific B-Class allowances in mixed-use options, where these are given). This Study has analysed these sites and graded them A+ to E.
- xix) Ultimately, 484.78 ha of supply is potentially available in the Call for Sites options graded A+ to B-, sufficient to meet projected OAN. This land can be split into seven identifiable supply options for meeting needs, noted below.

Recommendations

- xx) This report has had full regard to the requirements of the NPPF and the PPGs to encourage and deliver growth through the planning system. The key recommendations are:
- That the Council should adopt the strategic/local land take-up scenario. This suggests that the Borough has a further land need, additional to the current realistic supply, of 277.39 ha, to 2038
 - The supply options to meet this need are:
 - Land at Bradley Hall Farm, Cliff Road - Six56 (Phase I) – 92.00 ha (gross)
 - Land around Barleycastle Lane, Barleycastle (Six sites) – 44.92 ha (gross)

- Six56 Phase II – 70.00 ha (gross)
 - Fiddlers Ferry – 101.0 ha (gross)
 - Port Warrington – 60.00 ha
 - St Modwen – Rixton Scheme – 47 ha (net)
 - Land at Arpley Meadows, Eastford Road – Warrington Commercial Park – 33.00 ha.
- Also, the inclusion of a maximum amount of land from an Omega South West Extension, in St Helens Borough. The Council will need to take these options into account as part of its wider planning assessment
 - Review and monitor the employment land and premises position and undertake the study again in about five years
 - The Council should continue to work with neighbouring authorities on issues in which interests will overlap.
