



Examination of the Warrington Local Plan

Examination in Public Hearing Statement for Matter 3

Hearing Statement prepared by Savills (UK) Limited on behalf of
St Modwen Developments Limited

(Respondent No. 1420)

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1. Statement for Matter 3: The Spatial Strategy

Issue: Whether the Spatial Strategy is justified, effective and consistent with national policy, including in terms of the distribution of development across the Borough, site selection, the overall approach to the Green Belt and the overall approaches to infrastructure provision and viability.

1.1. This Statement relates to Matter 3, but only concerns the Inspectors' questions in relation to 'Employment land' and 'The Green Belt'. For clarification a Site Plan is included at **Appendix 1**.

Questions and Statement:

Employment Land

19. What is the basis for the calculation of the existing supply of employment land within the Borough? What was included and excluded? Is the approach robust and justified?

1.2. The basis of the calculation is set out in the LPA's EDNA. It has been critiqued by Savills (see SENA at Appendix D of **Appendix 2**). It is demonstrably not sound. An alternative and sound calculation has been provided. The LPA's approach is neither robust nor justified. This is a central issue of concern, which goes to the heart of the soundness of the Plan, which will require detailed examination at the EiP.

1.3. While we agree with the Council that labour demand methods underestimate demand, it is also the case that the Council's historic take-up rate method is not a justified approach for assessing the requirements for employment land to be allocated in Warrington. Accordingly, the approach to calculating its employment land supply that form its policy allocations for new employment sites is neither robust nor justified.

- 1.4. Section 3.3 of the SENA (Appendix D of the Local Plan Promotion Document included at **Appendix 2**) demonstrates that an analysis of historic take-up rates is a supply measure rather than a demand measure. While new floorspace can be delivered on existing sites through redevelopment and intensification, it mainly depends on new employment sites being made available (allocated) for development via the planning system. The length of time and complexities involved in delivering sites is why supply measures (such as completions) typically lag behind actual demand (net absorption). Therefore, the use of a lagging supply measure, and the projection of this forward into the future, can underestimate 'true' market demand. In this regard, the Council's (see EDNA (2021)) use of historic take-up rates and a three year buffer to account for demand above the historic completions trend is not positively prepared or justified as it does not meet objectively assessed needs. It is therefore not an appropriate strategy for allocating employment land.
- 1.5. In essence, by using historic take-up as a measure of future demand, the Council and its consultant are advancing a case that the Council's ability, or willingness to allocate land, is a true measure of market demand.
- 1.6. The Council's evidence sets out that historic trends over a period back to 1996 gives an accurate picture of future market demand. This is not the case given current day growth drivers underpinning I&L demand are much stronger than they have been historically. Housing stock and populations continue to grow, each home on average spends more online today than in the past, more freight is handled in the UK now than in the past, and global supply chain shocks have increased reshoring and stock piling requirements.
- 1.7. Savills has developed a future demand methodology which addresses the fundamental flaws of the historic take up rate and labour demand methodology. The Savills methodology is outlined in Section 6 of the SENA (Appendix D at **Appendix 2**). The methodology is compliant with the requirements of the Planning Practice Guidance ('PPG') as it:
- *Analyses 'market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies'¹. If a market is identified as being supply constrained (i.e. demand exceeds supply) such as Warrington, the Savills model supplements the historic demand profile accounting for suppressed demand (i.e. demand lost due to historic supply constraints. On the other hand, by projecting forward the historic supply trend, the EDNA is not*

¹ In accordance with PPG, Paragraph: 031 Reference ID: 2a-031-20190722

responding to market signals and assessing future employment land requirements for I&L development. By contrast, basing demand on take up rates over a period from 1996 is not sound; and

- Applies *'economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector.'*² The Savills method quantifies how much I&L floorspace growth is linked to current and future e-commerce growth which is the major growth driver for the sector driving both demand for the supply-chain, and also the manufacturing of goods. On the other hand, the EDNA's historic trend approach and look back period to the mid-90s has little regard to how the sector has changed nor current day and future growth drivers impacting the sector.

1.8. Based on the above, we consider the Savills model to represent industry best practice. It has been endorsed by the British Property Federation ('BPF') in our 'Levelling Up – The Logic of Logistics' report (a copy of which is included at **Appendix 3** for ease of reference).³ The BPF Industrial Board, who commissioned the report, consist of many of the major investors and thought leaders in the I&L sector including St Modwen, The United Kingdom Warehousing Association, IM Properties, Newlands Developments, Segro, GLP, Tritax Symmetry and the BPF itself.

1.9. Facilitating growth in the I&L sector is also a key priority of the NPPF, namely:

- Paragraph 81 which states: *'Planning policies and decisions should help The **approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future.** This is particularly important where Britain can be a global leader in driving innovation⁴², and in areas with **high levels of productivity**, which should be able to capitalise on their performance and potential.'*

² Ibid

³ BPF website - <https://bpf.org.uk/our-work/research-and-briefings/levelling-up-the-logic-of-logistics/>

Savills website - https://www.savills.co.uk/research_articles/229130/326244-0#:~:text=A%20thriving%20industrial%20and%20logistics,of%20England%20and%20the%20Midlands.

- Paragraph 83 which states: *'Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for **storage and distribution operations** at a variety of scales **and in suitably accessible locations.**'*

(Savills' emphasis in bold)

1.10. As we discuss in the response to Matter 5, Question 4, the EDNA (2021) does not address the supply shortages facing Warrington's I&L sector, which it references at Pages 30 – 31, by only projecting forward the historic supply trend.

1.11. Therefore, given the EDNA references those supply shortages, it follows that it does not address weaknesses nor does it address future challenges. It therefore does not accord with the requirements of Paragraph 81 of the NPPF. Also, as we reference in Figure 10.2 of the SENA, the I&L sector is one of the most productive and dynamic employment sectors. The only way the U.K. will close the productivity gap to Western European peers is to facilitate growth in the most productive sectors of the economy. Sites located directly adjacent to major motorway junctions such as the site at Junction 21 of the M6 are critical to facilitating this growth in accordance with the requirements of Paragraph 83 of the NPPF.

- 1.12. The continuation of a supply constrained I&L market in Warrington can have a number of wider implications. For example, new companies aren't able to move into a market area, nor are existing companies able to find new space if their floorspace needs change, for instance due to expansion. It may also happen that some existing local companies get priced out of the market as they can't afford the increasing rents taking jobs and investment with them. As a result, companies have to locate to areas that are not ideal in terms of serving their customer base, thereby increasing travel times and the costs of doing business, which has implications for the social and environmental impacts of securing sustainable development. The lack of supply may also mean companies are forced to occupy space that is not entirely suitable for their operational needs impacting productivity in conflict with Paragraphs 81 and 83 of the NPPF.
- 1.13. Accordingly, we do not consider the EDNA has adequately assessed Warrington's objectively assessed needs for Industrial and Logistics floorspace and land, contrary to the NPPF. Therefore, the supply of employment land as allocated in the emerging Local Plan is not robust and it is therefore not considered to be sound as it is not positively prepared or justified. Rather, it is significantly and demonstrably flawed.
- 1.14. Included at **Appendix 4** is commercial market evidence provided by Jonathan Atherton, Savills Head of Industrial and Logistics Agency at Savills who will attend the EiP. The evidence which demonstrates that there is a significant need for I&L floorspace in Warrington which corroborates the objective assessed need included in the SENA.

20. Is it justified to include 31.80ha from the Omega Extension in St Helens in the supply for Warrington? Should a greater area be included given that consent has now been granted for 75ha?

1.15. Given the location of the Omega Extension and the overall demand for floorspace in Warrington, it is justified to include 31.80ha from the Omega Extension in St Helens in the supply for Warrington. However, a greater area of that site should not be included on the basis that planning permission has been granted for 75ha in that area (Reference P/2020/0061/HYBR).

1.16. The evidence that supports this is that in undertaking its decision to recommend that planning permission for the Omega Extension be granted on appeal, the Inspector concluded at Paragraph 12.33 of the Inspector's Report (included at **Appendix 5**) that Warrington Borough Council's evidence justified the designation of 31.80ha of the Omega Extension (which was submitted for outline permission) to support its supply. Accordingly, the remaining areas of the extension (which was submitted for full planning permission) were accounted to meet St. Helens' need for employment as they were not being factored into Warrington's supply / need. That area is for a single occupier in any event (i.e. TJ Morris) and will not be available to the general market in any event.

1.17. Further, we do not consider that St Helen's has sufficient supply to meet its own needs and we discuss this in Paragraphs 7.2.7 to 7.2.9 of the SENA provided at Appendix D of the Local Plan Promotion Document at **Appendix 2**. This would be consistent with the Inspector's decision on the Omega Extension to apportion only 31.80ha from the planning permission towards Warrington's supply.

1.18. As demonstrated at Paragraph 7.2.7 to 7.2.9 of the SENA, we do not consider that St Helens is in a surplus supply position given its own availability rate is just 2.9%. This is well below the England-wide equilibrium rate of 8% and the Warrington-specific equilibrium rate of 9% which is the point at which supply and demand are considered to be in balance. As shown in Table 4.2 of the SENA, St Helen's availability rate is one of the lowest in the wider Function Economic Market Area ('FEMA'). It has also, like the rest of the wider FEMA, experienced strong rental growth at more than twice the rate of inflation between 2011-2021. Low availability, coupled with strong rental growth are clear indicators of demand exceeding supply.

21. On a strategic, Borough wide level, does the scale of employment land required and the existing supply (within Warrington and at the Omega Extension in St Helens) provide the exceptional circumstances to justify altering the Green Belt in principle?

1.19. Yes, we agree that the scale of employment land required provides the exceptional circumstances to justify altering the Green Belt. However, and as we discuss in the responses to Matter 5, Questions 1 and 6 and is commented on in detail in the SENA at Appendix D of the Local Plan Promotion Document (**Appendix 2**), we do not consider that the level of need forecast by the Council's consultant is robust evidence under which to prepare a sound local plan. We demonstrate below and will discuss in detail at the hearing sessions that the Council's consultant has significantly underestimated future demand and subsequently need for employment land in the Borough. Accordingly, a wider area of Green Belt is required to be altered to meet the actual objectively assessed need for employment land in Warrington.

22. How were the Main Development Areas for employment (SE Warrington Employment Area and Fiddler's Ferry) selected, what factors were used to assess potential options and what criteria were used?

1.20. No comment provided.

23. What evidence fed into this process e.g. Economic Development Needs Assessment, Green Belt Assessment etc?

1.21. No comment provided, although note our observations that the Council's EDNA does not meet the tests from Paragraph 35 of the NPPF that are required to be met in order for a local plan to be considered sound.

24. How has the process been recorded and documented? What role did the SA have?

1.22. No comment provided.

25. *Which options were considered, why were alternative options discounted and why were the Main Development Areas for employment chosen?*

1.23. We reserve the right to comment further on the Council's justification for why the Main Development Areas for employment were chosen, but we confirm that it is not robust for alternative options such as the site to be discounted as there is a substantial level of need that would be unmet by the current Main Development Areas, and particularly given the material contribution that the site would make to meeting that need.

26. *Was the methodology applied appropriate and were the conclusions of the process justified?*

1.24. Given the significant levels of unmet need for employment development that will not be met by the sites that have been allocated, the conclusions to discount the site from the Main Development Areas are not justified. Further, the Site Profiles for Local Plan Omission Sites, dated June 2022 (Ref. CD03) sets out at Omission site profile: 36, that: *'The Council does not currently have a sufficiently full enough understanding as to whether the constraints identified above can be overcome.'* It has been demonstrated in the Local Plan Promotion Document included at **Appendix 2** that the site is deliverable and a Gant chart timeline showing its delivery well within the emerging Local Plan period is included at **Appendix 6**.

1.25. St. Modwen has sought to discuss the deliverability of the site further with the Council, but unfortunately has not been able to. St. Modwen can produce evidence of contact made to the Council to discuss matters if required, but the overall conclusion is that the methodology applied to discount the site is neither appropriate nor justified.

The Green Belt

27. Should the Local Plan identify safeguarded land? If so, where and for what purpose?

1.26. The Local Plan seeks to designate two Main Development Areas for employment development. We consider that this provides a limitation on the options for successfully securing development that meets the needs of Warrington and we comment under Matter 6c the potential challenges that are faced in ensuring Fiddler's Ferry is delivered in full over the Plan-period. Accordingly, we consider that where a Council has limited the options for development, safeguarded land should be considered in order to ensure the plan can be 'effective' and compliant with policy. By selecting just two allocations to meet Warrington's employment needs, there is a strong risk that if one is not delivered within the Local Plan-period, the employment strategy within the Plan will not be delivered.

1.27. Further, we have demonstrated that there is a significant need for employment land above that which has been allocated in the emerging Local Plan. Therefore, we also consider safeguarded land should also be identified in order to meet longer-term development needs stretching beyond the emerging Local Plan period and to minimise the number of alterations that would be required to the Green Belt boundary over the long-term. This is particularly where the Council has a stated policy aim in Policy GB1 to not further alter the boundaries of the Green Belt until at least 2050. That policy aim is inconsistent with the Council's commitment to undertaking a review into Warrington's employment land needs before the end of the emerging Local Plan period to ensure the long term supply of employment land can be met (see Paragraphs 4.2.22 and 5.1.19 of the emerging Local Plan).

28. What is the basis for the inset settlements (excluded from the Green Belt) and Green Belt settlements (washed over)? Is the list of settlements in each category justified in each case?

1.28. No comment made.

29. In other respects, is the approach in Policy GB1 justified, effective and consistent with national policy? Are any main modifications necessary for soundness?

1.29. As set out above, the policy aim of Policy GB1 to not further alter the Green Belt boundaries until at least 2050 is inconsistent with the Council's acknowledgement that employment land needs will need to be assessed before the end of the emerging Local Plan period. Accordingly, the words 'throughout the Plan Period and to at least 2050' would need to be removed from the Policy as it is not justified. It is not an appropriate strategy when it is acknowledged that employment land needs will need to be assessed again before the end of the Local Plan period.

1.30. Further, as we evidence, there is not sufficient land allocated for employment development to meet the level of objectively assessed need required. The deliverability of the site and the meaningful contribution that it will make towards meeting employment land needs provide for exceptional circumstances to allocate the site for employment development under Policy GB1.

1.31. The above are main modifications required in order to ensure Policy GB1 is sound.

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