

Employment Land Review

On behalf of:
Tesco Stores Limited

In respect of:
**Mark Street
Sandiacre**

Date:
September 2010

Reference:
RW/MA/704705/R004ma v1



LRQ 400 3060

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1.0 Introduction

- 1.1 This report has been prepared in conjunction with a full planning application submitted on behalf of Tesco Stores Limited for the construction of a mixed use development comprising of a new A1 food store, mixed commercial units (suitable for A1-A3 uses) with B1 offices above, and associated car parking, access roads, footways and landscaping on a site to the south of Station Road, Sandiacre.
- 1.2 The site is currently occupied by three industrial units which have been vacant since January 2010. The site is detailed more clearly at Appendix 1.
- 1.3 The landowner and their retained agent have marketed the units over an extended period, and whilst leasehold tenancies had been secured these have only been on short term agreements. Given the supply of existing floorspace in Erewash and proposals for additional industrial units (such as those within the Stanton Ironworks site) there is a lack of demand for the long-term employment use of this site.
- 1.4 The majority of the application site is unallocated within the Erewash Local Plan, the exception to this being the north-west part of the site being located within Sandiacre town centre. The application proposes a mixed use scheme comprising of a food store and non food retail units with B1 offices above, and as such the proposal will continue to contribute to (and enhance) employment generation on the site.
- 1.5 This report has been produced in order to give further consideration of the proposal in the context of its effects upon the supply of employment land within the Sandiacre area and Erewash more generally. Accordingly, it will set out the relevant national, regional and local policy and then assess the availability of employment land in Erewash and the corresponding demand for such land.

2.0 Planning Policy Review

- 2.1 The following section outlines key national, regional and local planning policies that are of relevance to this application.

National Policy

Planning Policy Statement 1 (PPS1): Delivering Sustainable Development (2005)

- 2.2 PPS1 was published in February and sets out the Government's commitment to a planning system which creates sustainable communities and developments.
- 2.3 Paragraph 5 states that planning should facilitate and promote sustainable and inclusive patterns of urban and rural development by making suitable land available for development in line with economic, social and environmental objectives to improve people's quality of life.
- 2.4 Further to this paragraph 23 states that the Government is committed to promoting a strong, stable and productive economy that aims to bring jobs and prosperity for all. It continues by stating that planning authorities should ensure that suitable locations are available for...retail...developments so that the economy can prosper.
- 2.5 Finally paragraph 27 states that the more efficient use of land should be promoted through higher density, mixed use development and the use of suitably located previously developed land and buildings. Planning should also actively seek to bring underused previously developed land and buildings back into beneficial use.

Planning Policy Statement 4 (PPS4): Planning for Sustainable Economic Growth (2009)

- 2.6 PPS4 provides a policy framework for sustainable economic growth in urban and rural areas including town centres, providing an integrated framework for all types of economic development (including retail). As well as replacing PPG4, it has also replaced PPG5, PPS6 and parts of PPS7 and PPG13.
- 2.7 The guidance expands the definition of economic development contained within PPG4 as now including development within the B Use Class, town centre uses and other

development which achieves at least one of the following: provides employment opportunities; generates wealth; or generates an economic output or product.

- 2.8 PPS4 contains a number of policies within it, with one being of relevance on this occasion. Policy EC2 is concerned with the local planning approach to economic development. This states that Local Authorities should prioritise previously developed land which is suitable for re-use and seek to make the most efficient and effective use of land and buildings, especially vacant or derelict buildings.

Development Plan

- 2.9 The statutory development plan for the site is formed by the Erewash Local Plan (adopted July 2005). The East Midlands Regional Plan has been revoked by the Secretary of State and as such will not be referred to in this review.

Erewash Local Plan (2005)

- 2.10 The Erewash Local Plan was adopted in July 2005 and the application site is unallocated within the Proposals Map. Following the introduction of the 2004 Planning and Compulsory Purchase Act it was intended that the plan be superseded by the Erewash Local Development Framework however due to the infancy of this, a number of Local Plan policies have been saved for development control purposes. One policy is relevant on this occasion.
- 2.11 Policy E2 (Protection of Industrial and Business Uses) states that on existing industrial and business sites, planning permission will be granted for alternative uses if the following criteria can be met:
- *The proposal will not prejudice the development potential of land identified for industrial or business purposes;*
 - *The proposal will not result in redevelopment for retail purposes, unless all relevant criteria in proposals S1, S2 and S3 can be met;*
 - *It can be demonstrated that an alternative use would result in the substantial relief of any serious environmental problems associated with the existing use of the site;*
 - *In respect of vacant sites, it can be demonstrated that the premises are no longer capable of providing an acceptable standard of accommodation for industrial or business purposes.*

Erewash Local Development Framework (LDF)

- 2.12 Work on the production of Erewash's Local Development Framework is at an early stage, with consultation currently being undertaken on the Issues and Options Core Strategy Document. Upon its adoption, the LDF documents will supersede the corresponding parts of the existing Local Plan, and will comprise the statutory development plan for the area.

Stanton Ironworks Area Action Plan

- 2.13 The former Stanton Ironworks site situated to the south of Ilkeston is allocated in the Erewash Local Plan, as a major centre of regeneration for employment purposes, to serve the borough and the wider region. As a result of this an Area Action Plan (AAP) for the site was devised, which sets out the preferred development of the site.
- 2.14 The Preferred Options report was produced in June 2006, however in 2007 Erewash Borough Council were advised by the Government Office for the East Midlands (GOEM) to delay further work on the AAP. Concerns were raised by GOEM suggesting that the proposed options for the Stanton site were so major that the scale and mix of land uses and issues raised were of wider significance than the area of the Stanton Regeneration Site alone, and could not proceed in advance of the Core Strategy.
- 2.15 The Council's vision for Stanton is that:
"Stanton will become a mixed use community that builds upon the industrial heritage and attractive landscape setting of the site. It will provide a new sustainable, residential community; new employment units for small business; retained facilities for the existing major employers, with scope for potential expansion; and a new parkland open space to be enjoyed by new and existing communities. These uses will exist without conflict and will all sit within areas of extensive tree planting. The regenerated site will be served with a movement strategy that will serve the existing and new uses whilst also resolving movement issues in the wider area."
- 2.16 The Council's Preferred Option for the development comprises of 15ha of employment land (7.55ha for small / medium businesses and 7.45ha of B2 employment land suitable for a single large employer), 26ha of residential land 23.83ha of parkland open space and a local centre including 700m² of retail floorspace and a new primary school.

- 2.17 Focusing on employment, the AAP states that the part of the site allocated for employment use forms a natural extension to the Quarry Hill Industrial Estate and is generally accessed from the existing road network in this area. A mix of 500 and 1000m² units should be provided with associated yard and parking/service space to serve small business and satisfy local need and these should be for B2 use only.

Other Material Considerations

Nottingham City Region Employment Land Study (2007)

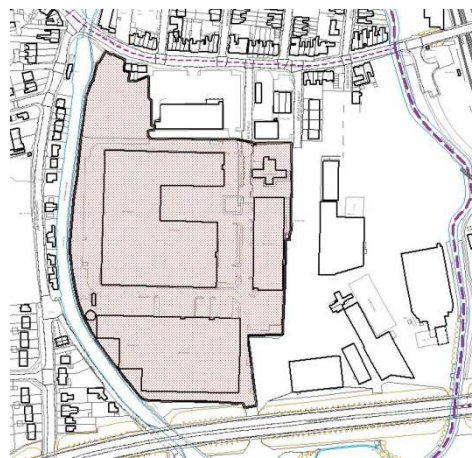
- 2.18 The Nottingham City Region Employment Land Study was undertaken on behalf of the six local authorities within the Nottingham HMA with the purpose of assessing the quality and quantity of employment land in the Nottingham City Area. The main purpose of the study was to assess whether the employment land identified in the study area meets current and future employment requirements to 2026 and if any further land was required. The study then identified potential new employment sites and existing employment sites which could be transferred to other uses.
- 2.19 The Study is considered in more detail in Section 4 of this report however in summary in terms of employment land stock for B8 warehouses, the Study states that in 2004 there was a stock (supply) of 391,000m² in Erewash. In terms of B2 uses, the supply equates to 764,000m² in Erewash.

Existing B8 Stock	391,000
Existing B2 Stock	764,000
Total B2/B8 Stock	1,155,000

- 2.20 In terms of the take-up (demand) of this land, the following table shows annualised demand for both warehousing and industrial uses for 2001-2006. This shows highly volatile demand over this period (ranging from nil take up in 2001 to 20,129m² in 2004) which equates to an average annual take-up of employment land of 7,994m² between 2001-2006 (treating January 2007 as end 2006 for robustness).

2001	-
2002	218
2003	5,397
2004	20,169
2005	6,790
2006-Jan 2007	15,392
Total Take-up	47,966
Average Take Up	7,994

- 2.21 In respect of future employment requirements, the Study predicts at Table 5.1 that there will be a net increase in employment for office uses by 14% between 2003-2016 (equating to 518 additional jobs); a net decrease for industrial and warehouse jobs by 10% over the same period (equating to 1,790 jobs). The Study concludes that within the region there is enough, and most probably too much, industrial land to meet the forecast market requirement.
- 2.22 In respect of the application site, this forms part of a wider 5.85 hectare site referred to as E11. A plan of site E11 has been provided by EBC, and is included below:



- 2.23 This 5.85 hectare site forms part of the 240 hectare supply which have been scored in terms of market appeal, informed by the quality of buildings, accessibility, opportunities for improvement, as well as concluding comments on the proposal site.
- 2.24 Given that the existing stock of employment uses (office, factory and warehousing) at 2004 was 1,225,000m² we believe it likely that the overall employment land resource for Erewash is likely to be in the order of 306 hectares (assuming 40% plot ratio). This residual 66 hectares may well be comprised of a range of smaller sites which have not been formally scored as part of the evidence base underpinning the Nottingham City Region Employment Land Study.

3.0 Assessment of Existing Buildings for Continued Industrial Purposes

- 3.1 Having regard to the suitability of the existing buildings for continued employment purposes, an assessment of the application proposals against the policy objectives for the loss of buildings and land in employment use has been undertaken and it is considered that the proposals for this site fully meet with the requirements of Policy E2 (Protection of Industrial and Business Uses) of the Erewash Local Plan which establishes that planning permission may be granted for alternative uses on employment land where 'it can be demonstrated that the premises are no longer capable of providing an acceptable standard of accommodation for industrial or business purposes.
- 3.2 The application site is currently occupied by an existing industrial warehouse, which is split in three separate units. These units were previously occupied by TTS Limited but now the site remains unoccupied. The site has been subject to ongoing marketing and intermittent short term occupation of the three units.
- 3.3 In respect of the Nottingham City Region Employment Land Study, the site is defined (as part of a wider site parcel E11) as average in terms of market appeal.
- 3.4 However, our initial discussions with Economic Development Officers of EBC (Adam Reddish) confirms that for all sites classified as "average" or better, the general assumption would be for retention of the employment use on a given site unless the applicant could demonstrate to the contrary. Given that the Study defines the substantial majority as average (circa 96%) the EBC approach means that in practice the evidence base fails to provide cogent site by site analysis as to how Erewash should allocate land resources in response to changing market requirements.
- 3.5 In order to assess whether the site should be released from traditional employment use, the key consideration for this Review are the requirements of criteria-based Local Plan policy E2.
- 3.6 In terms of site viability considerations, we have regard for comments made by Lambert Smith Hampton (LSH) who have acted as the site's retained marketing

agents for a number of years. LSH also co-authored the Nottingham City Region Employment Land Study. It is our view that LSH are particularly well placed to make comment in terms of this site, given their involvement with the Employment Land Study and the site itself over an extended period. Their formal view is included at Appendix 2 to this Review. Although these comments are over a year old it is judged that they are still pertinent and valid to this review, this view was supported in a discussion with the relevant Planning Officer.

3.7 The site is unoccupied at this time, with all 3 three units currently unused. In terms of site marketing, we have also reviewed the marketing process undertaken by Lambert Smith Hampton and we and LSH believe this to be adequate for this site in terms of duration, extent of active marketing, and more than reasonable in respect of the leasehold terms proposed by the landowner. Specifically, the particulars of the site have been widely advertised on Lambert Smith Hampton's website and mailed to a wide range of potential occupiers. Adverts have also been placed in the local and regional papers and a 'To Let' board has been placed on the site. Finally as well as advertising the site on their own website, Lambert Smith Hampton have also placed adverts on other websites including EG Property Link.

3.8 Lambert Smith Hampton has commented that the existing warehouse buildings are beginning to deteriorate, and that refurbishment is unlikely to address the existing shortcomings. Redevelopment therefore represents the only option, and site redevelopment for B8 use may well prove to be unviable. They make comment that the site's location means that it would be "in principle" attractive for distribution uses, albeit that this would require a flexible approach by any landowner given that such tenancies are often strongly related to contract-led requirements which are typically short-term. Longer term arrangements are likely to require some reduction in rental values which would make the site unviable for any reasonable landowner. The following extracts from their letter dated 2nd September 2009 are particularly relevant:

"The existing buildings were constructed in the 1960s and are of functional form, initially designed to suit a single occupier, with minimal investment other than reactive maintenance in the intervening period. These buildings are now moving beyond their economic life and significant investment is required in order to ensure that they remain fit for purpose, or would be replaced, to support modern employment uses into the medium term."

"Unit A3 is of particular concern, having suffered from subsidence over an extended period. This has proved extremely difficult to let."

"Despite the proximity to the trunk road network, the deficiencies of the existing building (sub division, relatively low eaves height, subsidence, thermal integrity) has meant that rental values have had to be offered markedly below the local average in order to secure occupation."

- 3.9 The nature of the site in the marketplace is also a key consideration. There are a number of alternative sites located within Sandiacre and the surrounding area that provide competitor locations for both industrial and distribution uses. These include existing employment sites, as well as future opportunities including the strategic Stanton Ironworks site which is allocated for employment use in the Local Plan. Stanton is one of several sites allocated in the 2005 Local Plan for employment use (both proposed uses and safeguarded sites), but the proposal site is not allocated.
- 3.10 A draft AAP has been prepared for this 168 hectare site, and this suggests a major redevelopment scheme located to the north of Sandiacre and includes approximately 74,500m² of B2 employment land as well as other employment and residential uses.
- 3.11 The extent of other employment buildings and sites in Erewash means that there will be a practical over-supply of employment uses in the locale, particularly in respect of industrial and warehousing where there is forecast to be a net reduction in aggregate requirements. If all of these were to be brought forward to the market, it is likely that this oversupply would result in both significant vacancy levels as well as a probable drop in rental levels to secure occupation. This does not represent a viable approach at the macro-level, or at the site level.
- 3.12 The loss of the site will not create such discernible impacts upon employment land supply (in qualitative and quantitative terms) to arrest the overwhelming oversupply of industrial and warehousing uses over the Plan period. We also acknowledge the additional supply of such land and buildings within neighbouring parts of Broxtowe which would form part of the natural working catchment despite being in a different administrative area.
- 3.13 In addition, we note that the Local Plan does not allocate the site for employment use. Whilst it is acknowledged that the requirements of Policy E2 still apply in such

circumstances, this must be viewed as tacit recognition that this site does not represent such a high quality employment land resource to justify its retention, particularly given the existing supply of other facilities in the Sandiacre area, in other parts of Erewash, as well as those in neighbouring authorities and proposals such as Stanton Ironworks.

Prospects for Employment Use upon the Site

- 3.14 Lambert Smith Hampton has also commented on the likelihood of demand if the existing units were to be marketed for a freehold interest. They state that whilst there would be some interest in the freehold if it were to become available, this would most likely be from a property company rather than an end occupier (given the nature of contract-led requirements). Property company interest would be based on one of three key business models.
- 3.15 The first of these would be to secure the site through acquisition, and then continue to seek to market the existing buildings without refurbishment. For the aforementioned reasons, recent history would suggest that there is little confidence that ongoing use could be sustained (particularly in respect of longer term leaseholds at improved rental terms which would give the landowner the ability to invest in and manage the site in the longer term).
- 3.16 Given the deficiencies of the existing premises, this again would suggest that rental terms would continue to be low as compared to the market average, and/or that the duration of leaseholds would be relatively short given contract-led requirements. This business model assumes relatively low income levels, which in real terms are non-viable. Logical progression of this business model is that it only becomes viable through freehold acquisition at a price well below standard market terms. This would represent a substantial and unreasonable loss for the landowner.
- 3.17 The second business model is to seek redevelopment of the existing for traditional employment uses. It has been outlined above that the likely costs will be highly significant, alongside extensive and growing risk in terms of occupation and income levels. This represents an excessive risk for the landowner and will not be taken forward due to the adverse liability.
- 3.18 It is accepted that third parties may see this as an investment opportunity subject to terms. However, the same principles of supply and demand would of course apply.

The only method to offset such adverse conditions would be an ability to acquire the site considerably below market levels. This would represent a significant and unreasonable loss for the landowner and is therefore unacceptable.

- 3.19 The final business model would be for a speculative developer to acquire the site for alternative end uses, which are more likely to be viable subject of course to planning and highways considerations. In reality, for the reasons outlined above, this is likely to veer towards uses other than traditional employment uses. To that extent, whilst the proposal may be different in form to that proposed by this application it would still represent the loss of an existing employment use.
- 3.20 The only potential "business" use would of course be office use. The scale of the site (3.13 hectares) would suggest that it could accommodate 12,520m² of footprint office development (assuming a 40% plot ratio). This compares to a District requirement of 16,326m² for the entire Plan period 2003-2016. This would represent more than 76% of the entire District requirement to 2016 on one site, located at the edge of Sandiacre. The Draft Core Strategy Issues and Options Paper hierarchy places Sandiacre as District Centre, with Ilkeston and Long Eaton strengthened as Major District Centres. It would ordinarily be envisaged that the majority of office accommodation would be directed towards larger centres and accessible locations. With this in mind, as well as any office proposals which may come forward at Stanton, there appears to be no logical planning justification for the site's dedication to office uses.
- 3.21 Given that the site's ongoing commercial viability for employment uses is in serious doubt, it is considered that there is no compelling justification for the retention of these buildings or indeed the site for employment use. Based upon this evidence, it is considered that the proposed redevelopment of this site would be in accord with the various requirements of the criteria-driven Policy E2 of the Local Plan, and as such should be approved.

4.0 Availability of Employment Land

- 4.1 The previous section of the report assessed the existing site and the lack of demand for long term tenants and this section will show that the re-use of this site for retail uses will have no discernible effect upon the overriding thrust of an oversupply of employment land within Erewash. Given the conclusions drawn within Section 3 of this report, and this general oversupply, it follows that the application site should be released for retail development. Indeed, PPS4 recognises that retail is an employment generating use and the net employment effects of the proposal should be viewed as a material consideration which will weigh in favour of the proposal.
- 4.2 To reach a conclusion on the supply of employment land, consideration has been given to the regional Employment Land Study (January 2007) as well as identifying potential other sites in Erewash that could be used for industrial uses. Both of these are considered in more detail below.

Nottingham City Region Employment Land Study (2007)

- 4.3 In terms of employment land stock for B8 warehouses, the Study states that in 2004 there was a stock (supply) of 391,000m² in Erewash. For B2 uses, the equivalent figure is 764,000m². In terms of the take-up (demand) of this land, we have previously set out (at 2.27) that take-up has been volatile, but on a trend basis this equates to an annualised take-up of 7,944m² across B2 and B8 uses (relying on the 2001-2006 data within the 2007 NCRELS).
- 4.4 In terms of modelling land requirements, there are two key approaches. The traditional approach uses trend data to plan for new supply based on historic take-up to model future demand over the Plan period. This approach tends to mis-represent employment requirements for the following reasons:
- It takes no account of "churn" whereby businesses move from one unit to another in the same locality for business reasons;
 - It can fail to recognise the impact of "significant" developments that either resolve latent demand or indeed catalyse significant inward investment;
 - It takes little account of changes to the business model of operators, whereby they may move to more intensive or less intensive patterns of work based upon their circumstances (i.e. move to automated distribution may move to larger warehouses but creating less employment per unit area); and

- It takes no account of structural changes in the national and regional economy whereby sectors will tend to contract or expand through time.
- 4.5 The alternative approach focuses more predominantly upon future employment requirements based upon macro-economic forecasting, which are then translated into employment land and floorspace requirements through the use of the ARUP approach to job density calculations. Whilst this approach is based upon a 2001 report, itself based on 1997 data from the London area, it is recognised to represent the best available dataset and is the industry standard.
- 4.6 However, we point out that the job densities vary markedly according to both the use class and the business model. In terms of B uses, office uses create the most jobs per unit area (1 per 19m² net internal area), B2 uses in the order of 1 per 34m² gross internal area, with B8 the least intensive in the order of 1 job per 80m² gross internal area. With this in mind, a given site supporting B2 uses is likely to create more than double the amount of jobs as would be the case for a B8 use.
- 4.7 Such an approach ordinarily takes account of "churn", and requires key data such as overall quanta of existing floorspace, committed developments and the extent of occupation/vacancies. From this it is relatively straightforward, at a macro level to identify the extent to which land can be released, or alternatively additional land to be required for specific employment uses. The next step is of course to direct how these macro-level policies should be achieved through choices at a district and indeed site level.
- 4.8 The 2007 Study does take account of "churn" (estimated at 5% of existing stock for industry and warehousing, 10% for office uses) and macro-changes to the economy. In terms of Erewash this suggests a 14% increased requirement for office uses between 2003-2016, and a 10% decrease in B2/B8 uses (1790 jobs).
- 4.9 In numerical terms, Table 5.5 makes clear that the macro-economic changes (reduced requirement for B2/B8 uses) would effectively result in a requirement to de-allocate land that could support 55,494m² over the Plan period. This is offset by the assumption in terms of "churn" which would require 57,750m² of additional floorspace. In net terms, taking no account of commitments, this equates to a net requirement for 2,256m² of new B2/B8 accommodation over the period 2003-2016.

- 4.10 However, once account is taken of commitments (151,800m²) this equates to a net oversupply in the order of 149,544m². There is therefore a pressing requirement for rewash, as the authority with a statutory duty to plan for the future economic well being of its residents, to consider extensive release of employment land. We note that the EBC stance of "retain unless applicant demonstrates to the contrary" makes it less likely that this compelling objective will be achieved.
- 4.11 The Study sets out two scenarios for future demand and regardless of the scenario chosen, all local authority areas are greatly oversupplied with industrial / warehouse land up to 2016 (paragraph 5.60 of the Study).
- 4.12 The Study concludes that in strictly qualitative terms Nottingham City Region could release considerable amounts of industrial/warehousing land to other uses over the plan period, while still meeting market requirements. Thus, in strictly quantitative terms for the study area as a whole there is enough, and probably too much, industrial land to meet the forecast market requirement.

Other Employment Sites in Erewash

- 4.13 As part of the Nottingham Employment Land Study, an assessment of employment sites in the City Region, covering both development sites identified for employment uses and existing, occupied employment areas.
- 4.14 For both categories of site, the assessment focuses of the market appeal of the site i.e. its attractiveness to occupiers and developers. The assessment aimed to see if the site was offered for employment use how likely was it to be brought into employment use within the planning period.
- 4.15 For development sites, this meant assessing whether the site is likely to be developed and occupied. For existing employment sites, the question was whether, in the even of the site falling vacant, it would be likely to come back into employment use, either through re-occupation of existing buildings or redevelopment of these buildings to create new space.
- 4.16 For the purpose of this review, we have assessed those sites that are at least broadly equivalent in size to the application site, and also those located within a four mile radius of the application site. These are:

Existing Sites

- Hallam Fields Road, Ilkeston
- Lows Lane, Stanton
- Station Road, Sandiacre

Development Site

- Meadow Lane, Long Eaton

4.17 A brief assessment of each of these sites now follows and the location of them is shown at Appendix 3.

Hallam Fields Road, Ilkeston

4.18 This site is 7.49ha in size and is currently occupied by a cluster of industrial buildings within a residential area. The Employment Land Study suggests it could be marketed for mixed use but mainly general industrial use, with it deemed to be a natural extension to the existing industrial estate. The study gives it an average score and it is considered that light industrial and general industrial occupiers would locate to it.

Lows Lane, Stanton

4.19 This site forms the Stanton Ironworks regeneration site discussed in Section 3, which includes employment space as well as residential and retail floorspace. The site is 167ha in size and the Study recommends that it could be used for general industrial purposes. The Employment Study states that there is likely to be demand for industrial space in this area as it is well located and there is a large labour pool nearby. The site also benefits from easy access to the motorway.

4.20 The planned redevelopment has already been set out in more detail earlier in the report however the site includes approximately 74,500m² of B2 employment land as well as a number of other employment uses and residential properties. The development is currently on hold; however the Council propose to resume work on the AAP for the site, once the Core Strategy has progressed to a suitable stage.

Station Road, Sandiacre

4.21 This extensive is comprised of the proposal site, as well as land to the east of Mark

Street and the large distribution warehouse (occupied by Great Bear) to the south. The site is 5.85ha in size and is currently partially vacant brownfield land, with the remainder of the site established as large-scale employment premises (currently B8 operations) within an industrial area. The Employment Study scores it as average in terms of market appeal when compared to other sites in the Nottingham City Region.

- 4.22 The site is classed as "average" and the following comments are made in terms of market appeal, the buildings and the site in turn.

"This is a difficult site to evaluate. It provides a cheap warehouse option, 1 mile from J25. However, the buildings require refurbishment or redevelopment and as such an increase in rent would be required. The awkward access through Sandiacre is the dictating factor for the viability of the site. Office premises may be suitable on a proportion of the site, however demand may be limited. Trade counter uses may be appropriate on the site should the buildings become obsolete and difficult to let."

"1960s warehousing, asbestos roof, relatively low eaves and showing signs of age. LSH are marketing the space and due to problems with the floor they are difficult to let. The site is far from prime for warehouse occupiers and the cost of works or full redevelopment against an increase in rent is likely to be unviable. Cheap rent and flexible terms will obtain interest."

"Despite being only 1 mile from J25 of the M1, it can take 10 minutes to get there. Access for commercial vehicles is through Sandiacre."

Meadow Lane, Long Eaton

- 4.23 This is a long-standing designated employment site (3.70ha in size) in a wider industrial setting. The site is currently vacant and available for development. Again the Employment Study gives the site an average score.

- 4.24 In summary, having regard to the supply of employment / industrial land within the district, it has been demonstrated that a significant amount of land exists, but that there is insufficient demand to make it realistic that it would all be taken up over the Plan period. Further to this the regional Employment Land Study identifies a number of other sites in Erewash which are considered to be more suitable for industrial use. Therefore the application site should be released for retail development.

5.0 Other Material Considerations

- 5.1 There are a number of other factors that must be considered as part of this review and these include job creation and the regeneration of a brownfield site.

Job Losses

- 5.2 The proposal site has previously supported B8 employment floorspace in the order of 14,747m². However, the site is now entirely vacant. On the assumption that this site would be released from such uses, this would result in the lost opportunity for B8 employment which previously supported circa 80 jobs. It is noted that this is below the figure which would be supported by application of the ARUP approach to job density (circa 180 jobs) but this is reflective of part vacancy, and the qualitative deficiencies of the existing resulting in only being able to attract the previous end occupiers.
- 5.3 There is no loss of existing employment supporting development as a result of implementation of this development. Whilst one could allude to the loss of circa 80 potential B8 jobs, which is of course unlikely and in any event wholly temporary in nature, compares to the pressing requirement for EBC to plan for the de-allocation of sites towards the forecast fall in B2/B8 jobs within Erewash in the order of 1790 jobs by 2016. This equates to less than 5% of the requirement). Given that there are very significant existing commitments to provide yet further additional B2/B8 space, there can be no suggestion that the loss of this site will represent such a significantly material impact upon the proper supply of employment land resources at District level, in order that EBC can properly plan for economic well-being.

Job Creation

- 5.4 The proposal represents a mixed use commercial scheme which is retail-led, whilst also including office uses.
- 5.5 Job creation estimates are based primarily on an exercise relying on a report produced by English Partnerships and Arup in 2001 entitled: '*Employment Densities: Full Guide.*' This report sets out employment densities for various types of developments that are typical of economic development. An extract showing the relevant densities can be found at Appendix 4.

- 5.6 The ARUP approach is relied upon with the exception of the proposed Tesco store. In terms of this use, we are advised by our client of the likely employment generation given their extensive experience. Tesco Stores advises that the proposed development is likely to create in the order of 150 jobs.
- 5.7 The proposal provides office uses at upper floor level above two non-food retail units. This office space, with a gross internal area of 547m² (95% of gross external) would create an additional 28 jobs (based on one job created for every 19m²).
- 5.8 PPS4 formally recognises and defines retail use as being economic development. This forms part of a more comprehensive (and realistic) set of employment generating uses such as leisure, offices, industrial uses, warehousing and construction.
- 5.9 The NCRELS confirms that as part of macro-economic changes in the economy, employment will gravitate towards retail as it moves away from B2/B8 uses. To that extent, the use of this land resource to support retail-led employment rather than B2/B8 employment should be viewed as a microcosm of the wider economy, as directed by the regional evidence base.
- 5.10 The change in employment use (from industrial to retail) will significantly increase the number of jobs the site generates.
- 5.11 In terms of retail the English Partnerships report states that for non food retail units the ratio is one person per 20m², which on this occasion would equate to 27 additional jobs created given that the proposal incorporates two non food retail units fronting Sandiacre Canal (gross internal floor area 547m²).
- 5.12 Therefore whilst no end occupiers have yet been identified for the office space and non-food retail, it is envisaged that the proposed development could support 206 jobs in total, which is an increase of 206 as the current warehouses are vacant.

Local Plan Allocation

- 5.13 The majority of the site is unallocated within the Erewash Local Plan therefore the Council has not chosen to safeguard the site for continued employment use, as it has done for a number of other sites.

- 5.14 The northern part of the site falls within the defined town centre, and therefore the proposed non-food retail units and office units are entirely appropriate in locational terms.
- 5.15 The Local Plan states that although it is important to protect the stock of industrial and business sites within the Borough, there may be occasions where the redevelopment of an industrial and business site would remove a non-conforming use. Each case will be considered on its merits against local policy.
- 5.16 The Local Plan also draws attention to mixed use development and states that the principal aim of such development is to provide jobs close to where people live in order to reduce journeys to work and to foster a more sustainable way of life less dependent on the car as a means of transport. Typically, mixed use developments will be close to town centres and developed on brownfield sites where a high density of residential development would be envisaged.

Regeneration

- 5.17 The proposal provides a huge opportunity for investment, employment creation and physical regeneration to drive forward Sandiacre in a way that can begin to make it perform in the way which would be expected given its place in the centre hierarchy.
- 5.18 The application proposals are expected to provide around 206 permanent jobs, as well as temporary construction employment. A significant proportion of these permanent jobs will be sourced from the local area. The specific terms of this can be agreed in due course with the Council, benefiting from Tesco's track record in delivering local employment benefits.
- 5.19 The proposals will provide buildings of modern design and construction that will physically regenerate the whole site, and be a testament to new investment and confidence in the town. In this manner it is considered that the proposals support the objectives of national policy which seek to encourage investment to regenerate areas, provide new employment opportunities and improve the physical environment.

6.0 Conclusions

- 6.1 The key policy tests are comprised of the four criteria which result in Local Plan Policy E2. The findings of the NCRELS and the recommendations of PPS4 should also be afforded significant weight.
- 6.2 Policy E2 (Protection of Industrial and Business Uses) states that on existing industrial and business sites, planning permission will be granted for alternative uses if the following criteria can be met:
- *The proposal will not prejudice the development potential of land identified for industrial or business purposes;*
 - *The proposal will not result in redevelopment for retail purposes, unless all relevant criteria in proposals S1, S2 and S3 can be met;*
 - *It can be demonstrated that an alternative use would result in the substantial relief of any serious environmental problems associated with the existing use of the site;*
 - *In respect of vacant sites, it can be demonstrated that the premises are no longer capable of providing an acceptable standard of accommodation for industrial or business purposes.*
- 6.3 Taking these in turn, the majority of the site is not allocated for employment uses in the Local Plan. The northern part of the site is allocated as Town Centre.
- 6.4 The non-food retail units and office units are located within the town centre, and these are entirely appropriate town centre uses. The remainder of the site is unallocated, and given that it has not been "identified for industrial or business purposes" it cannot be adjudged to prejudice any development potential.
- 6.5 The proposal is therefore compliant with criterion 1 of Policy E2.
- 6.6 In respect of compliance with policies S1, S2 and S3 of the Local Plan it is firstly worth noting that Policy S2 has not been saved. In this interregnum we suggest that national policy guidance in the form of PPS4 should apply. The applicant has provided a comprehensive Planning and Retail Statement which provides a thorough analysis and works through the PPS4 tests which cover all of the tests which would previously have formed Policy S2, as well as the less onerous requirements of S1 for the part of the proposal located in-centre. None of the proposal site lies out of centre, and

therefore S3 does not apply. This provides a compelling conclusion that there is an overwhelming argument that all relevant PPS4 considerations have been investigated and demonstrated to be acceptable.

- 6.7 The proposal is therefore compliant with criterion 2 of Policy E2.
- 6.8 In terms of the third criterion, this suggests a test in respect of whether the proposal would mitigate “*any serious environmental problems associated with the existing use of the site*”. We have set out that the existing buildings upon the site are functional at best, and fail to contribute to their canalside setting. Ongoing decline is resulting in a gradual deterioration in the physical appearance of the site, its prospects for continued employment use, and its relative contribution to the character and appearance of the Conservation Area. It is our view that inaction will result in the site’s longer-term disuse and that prolonged vacancy will rapidly increase the site’s decline and detrimental impacts.
- 6.9 To that extent, we conclude that the site’s redevelopment will mitigate an adverse environmental impact that will inevitably intensify without intervention.
- 6.10 Whilst we would take the view that criterion 3 of Policy E2 is an excessive requirement in reality, we conclude that the proposal would be compliant with its underlying aims and objectives.
- 6.11 In terms of criterion 4, our analysis has been reinforced by advice from Lambert Smith Hampton. The existing units are moving beyond their economic life, and short term leaseholds have only been sustained through the landowner accepting occupier terms well below market levels (in terms of income and duration of leases) principally to obviate liabilities under the new Business Rates regime.
- 6.12 Whilst the site is well located for distribution uses, the qualitative offer of these premises is poor. This is comprised of factors such as:
- low eaves height,
 - poor thermal integrity,
 - general wear and tear,
 - requirement to replace asbestos sheeting, and
 - subsidence.

- 6.13 It is considered unlikely that higher rental levels could be achieved in the current and emerging market, and it is acknowledged that the existing rental levels are non-viable.
- 6.14 The proposal is therefore compliant with criterion 4 of Policy E2.
- 6.15 Furthermore, it has been demonstrated that a reasonable supply of employment land exists and is currently available within the Erewash area and it is therefore concluded that this area of unallocated employment land is not required in order to meet any unmet local demand for such land within the area.
- 6.16 More generally, the proposal represents an opportunity to enable the effective and efficient use of brownfield land within a sustainable location. The existing buildings provide a poor qualitative offer which means it is difficult to attract any long term occupiers to them on terms which make the site viable. Other options for employment use have been considered, and none of these give confidence that these would be viable and realistic in the marketplace.
- 6.17 It is therefore considered that the proposed redevelopment of this site fully complies with the purposes of Policy E2 of the Erewash Local Plan, which states that planning permission will be granted for alternative uses if it can be proven that the premises are no longer capable of providing an acceptable standard of accommodation for industrial or business purposes.
- 6.18 The application proposes a retail-led development which will significantly increase the job opportunities offered on the site, and the foodstore will try to ensure that these are made available for local residents.
- 6.19 In conclusion, for the aforementioned reasons outlined in this statement, it is considered that the proposal complies fully with all relevant local, strategic and national planning policy and that planning permission should be granted for the proposed redevelopment of this site.