

Local Plan Panel Meeting		Agenda Item: 5
Meeting Date	20 th September 2018	
Report Title	Swale Employment Land Review	
Cabinet Member	Cllr Gerry Lewin, Cabinet Member for Planning	
SMT Lead	Emma Wiggins	
Head of Service	James Freeman	
Lead Officers	Gill Harris	
Key Decision	No	
Classification	Open	
Recommendations	1. Recommend to Cabinet that they agree the Employment Land Review as part of the LP evidence base.	

1 Purpose of Report and Executive Summary

- 1.1 This report outlines the main findings of the Employment Land Review (ELR) – a key part of the Local Plan (LP) evidence base. The ELR provides the evidence for the employment policies and site allocations that will support future economic development in the Borough. Ensuring that Swale allocates enough employment land is important to enable the Local Plan to create sustainable communities, alongside housing and community facilities.
- 1.2 The study evidences the scale and quality of new land needed to support the Borough's growth over the period of 2016 – 2038 to cover the current and next plan period. It also reviews the quality and quantity of the Borough's existing employment stock.
- 1.3 As well as planning and economic development officers, the report has had input from the local development industry.
- 1.4 Members are asked to recommend to Cabinet that they agree the ELR as part of the LP evidence base.

Please note: The consultant will undertake a 15 minute presentation of the main findings with an additional 20 minutes afterwards for Member questions.

2 Background

- 2.1 The Employment Land Review (ELR) is a technical evidence document that will be used, along with other evidence, to inform the preparation of the Local Plan.
- 2.2 The purpose of an ELR is to:
- assess the future demand for and supply of employment land;
 - to assess the suitability of sites, whether existing, permitted or proposed for future employment land;
 - to identify sites which are unlikely to be needed by the market or are now unsustainable for employment development; and
 - to help develop appropriate future policies and proposals for strategic planning.
- 2.3 The focus of the ELR is B class employment (offices, light industry, general industry and storage/distribution), but the report recognises that this is only part of Swale's economy. The report also looks at the visitor economy, the agricultural sector and the energy to waste sector. Retail need is looked at in a separate study which is due to be finalised by the end of the year.
- 2.4 The report sets out the planning policy context, the current state of the local economy and property market evidence. Property market professionals generally take a short term view of demand and the health of the local economy, so the report balances this with a longer term view informed by data from the economic forecasters and an analysis of past trends.
- 2.5 The report then reviews all of the stock of employment sites (See Appendix II): existing employment sites, Local Plan allocations, sites submitted through Swale's 'call for sites' and areas of search (which the Council drew up for areas where we felt employment would be suitable.) It also considers two of Swale's significant employment spaces, the Port of Sheerness and Kent Science Park, in more detail.

Main Findings of the ELR

- 2.6 A number of economic trends were identified through the document which inform the final findings:
- 2.7 **Resident economy:** The latest official data on unemployment, the July 2018 Claimant Count, shows that the Swale workforce is nearly fully employed. The data for July showed there were 2,475 residents, who were eligible to work, claiming job seekers allowance. The workplace economy is one of the smallest in Kent. However, the Borough grew the stock of jobs from 48,000 in 2000 up to 59,000 in 2016. Employment density is the number of jobs in an area divided by the resident population aged 16-64 in that area. Official 'Employment Density' statistics show that there are only 0.66

workplace jobs in Swale for each working age resident. This is lower than England as a whole (0.85), but higher than several other Kent authorities. The reason for Swale's comparatively low density is that around 10,000 residents (net) commute out of Swale to work.

- 2.8 The resident economy is therefore reasonably healthy, with low unemployment, albeit marginally above county and national averages. Its main defining characteristics are the comparatively low job density and the 10,000 (net) out commute, albeit these are generally short distance commutes. Resident wages are in line with neighbouring authorities. This suggests there is nothing structurally deficient in the resident economy that the Council, through the LP, needs to address.
- 2.9 However, this does not mean that there are no pockets of local deprivation that the Council ought to address through wider interventions; including skills and local regeneration.
- 2.10 **Workplace economy:** By sector, most Swale sectors have outperformed the rest of Kent. Swale's employment strength is in transport and storage; the sector is larger in Swale than the County average, and one that has been growing. The Information and communications sector has experienced strong growth, but the sector is small in size compared to Kent as a whole. In contrast manufacturing jobs are double the County average.
- 2.11 Traditionally Swale was considered more affordable than Medway or Maidstone for industrial uses but in recent years a lot of the Borough's supply has reduced, increasing rents and bringing them more in line with surrounding areas. Therefore, the Borough is competing for occupiers with those neighbouring areas. Within the sub-regional market, there are footloose occupiers that will take space as and when it becomes available, rather than seek to choose one location over another.
- 2.12 For offices it is apparent that Swale has a very small market, in comparison to its neighbours. It has however been growing, starting from a comparatively low base of 70,000 sq m in 2000, the stock had risen to 93,000 sq m by 2016. The key office sectors, public and professional services, have grown slightly faster than the County.

Recommendations of the ELR

- 2.13 The study has concluded that Swale needs an additional 15 ha of **office space**. The report recommends not providing any additional allowance (i.e. additional margin) over this number because there is ample 'headroom' in the plot ratio it has adopted for higher density development to come forward should the market be strong enough to deliver it.
- 2.14 It has also concluded that 41ha of **industrial and warehouse land** is required, over and above that already planned in the adopted LP. This 41 ha is caveated in that the current planned supply is sufficient to last into the medium term, and it is only towards the end of the 20-year plan period 26ha of the 41ha is required. So the land sought in the next LP does not need to be deliverable in the short or even medium term. Whatever new

land is identified needs to be attractive to strategic warehouse sectors. This is in contrast to real market conditions where immediate supply is perceived to be restricted.

- 2.15 The report notes the importance of the **Port of Sheerness** for Swale's economy and the employment opportunities it provides. Development within the port boundary itself is difficult for Swale BC to directly influence through the planning system as ports are subject to permitted development rights and are allowed to develop within their operational land so long as the development is related to shipping or the transportation of goods inland. However, given the aspirations of Peel Ports, they are likely to require development land outside of their current operational area. The increase of available land for the port is vital to the ongoing success of the area. Imports are forecast to increase to the port and both property and infrastructure within and outside the port boundary will have to be improved to meet the increased demand. There is an opportunity around the port going forward for industrial space which could be brought forward as part of their wider regeneration plans. Any new industrial space would benefit from being located near to the reconfigured railhead at the Wellmarsh site.
- 2.16 The report assesses the current use of the **Kent Science Park** and the future options for it. It states that if the Council consider taking this site forward there is scope and technical merit to consider that any new employment land here could form part of the 'normal' land supply and meet 'normal' need; with a Science Park core. A similar approach has been adopted at one of the UKs most successful 'hybrid' sites at Milton Park, Didcot. With a new motorway junction the site would be attractive to the market for a range of employment uses including warehousing, industrial and some offices. The Science Park could also accommodate the office need and part of the industrial and warehousing need. However, the report highlights that there are significant infrastructure issues regarding this site.
- 2.17 Until recently national policy was drafted in such a way as to discourage Councils from over-allocating land or adopting very aspirational scenarios for employment land. This is because a too high economic target can be misinterpreted to inflate housing numbers. But policy has shifted and economic and housing needs are now disconnected in the new Guidance. The downside to this is that over-allocation could only really be justified where there is evidence that the land identified will meet a different market – in this case a distinct Science Park demand.
- 2.18 In general, the ELR finds that most of Swale's employment sites remain attractive and suitable for ongoing employment use. For industrial property, this is best evidenced by the very low level of vacancy in the market. While the vacancy rate is so low there is no rationale to proactively release property – even with an allocated pipeline of new supply. However, it recommends that 5 sites should no longer be considered suitable for employment uses and should have a managed release from employment use.
- 2.19 For office demand vacancy rates are higher, but not so high to suggest that there is an oversupply of property which needs to be addressed by proactively releasing sites from the stock.
- 2.20 The sites recommended for managed release are:

- BMM Weston, Brent Hill, Faversham (Recommends a Mixed-Use scheme rather than solely employment, which is in line with the allocation in the Faversham Creek Neighbourhood Plan.)
- Queenborough Shipyard, West Street, Queenborough (Recommends a Mixed-Use scheme rather than solely employment, which is in line with the allocation in the Queenborough and Rushenden Masterplan.)
- The Klondyke, Rushenden Road, Queenborough (Recommends managed release which is in line with the residential allocation in the Queenborough and Rushenden Masterplan.)
- Otterham Quay, Upchurch (Recommends managed release due to remote location and relatively poor access. A Prior Notification has been granted on part of the site for office to residential.)
- Former Funton Brickworks, Raspberry Hill Lane, Lower Halstow (Recommends managed release due to remote location and poor access.)

- 2.21 The report considers that the Public Sector has a role to play in bringing forward the new portfolio of land and property in Swale. However, in practice Council's powers to intervene in the market are limited. The findings of the ELR broadly align with the Swale Economic Development Framework (Swale Regeneration Framework 2018).
- 2.22 The ELR also reviewed the employment policies within the adopted LP. It states that they are 'sound' but suggests some changes for the next LP. It suggests a suite of policies to manage B classes (and associated Sui Generis) and separate policies to manage other economic land uses.
- 2.23 The first of these policies should 'set the scene'; outlining that the Council will support the local economy by protecting the existing stock of property and allocating new sites to meet economic needs. This policy should also address strategic objectives around the Port of Sheerness and the Kent Science Park.
- 2.24 The second should outline how the Council will manage the stock of property and provide development management guidance. It also suggests that the stock of existing land is 'allocated' on the proposal map.
- 2.25 A new 'loss' policy is recommended which requires applicants to demonstrate that they have tried to market a site before concluding it should be lost. Such a criterion is in line with the NPPF 'reasonable prospects' test and is proportionate.
- 2.26 Another policy should outline the quantum of new land allocated and that carried into the new plan and provide guidance as to the type of employment expected on each allocated site.
- 2.27 A new 'rural exceptions' policy is recommended to allow small scale rural development which arises outside the normal plan allocation route. This recognises that rural businesses cannot always foresee their future property needs and make applications for allocations in development plan reviews. Such a policy could assist those sectors outside the traditional employment uses but are important to the rural parts of Swale – including the tourist and leisure economy.

3 Proposals

3.1 Members are asked to agree the ELR as part of the LP evidence base.

4 Alternative Options

4.1 Members could not agree the ELR as part of the LP evidence base. However, this would delay the progress of the LP and leave the Council open to challenge at the Examination stage.

5 Consultation Undertaken or Proposed

5.1 A workshop was held with the business community, developers and key members in November 2017 at the start of the process. The consultant has also liaised with local property agents on current market signals and conditions in Swale and Kent.

6 Implications

Issue	Implications
Corporate Plan	Supports the Council's corporate priorities for a borough and a community to be proud of.
Financial, Resource and Property	Within Local Plan budget.
Legal and Statutory	None anticipated at this time.
Crime and Disorder	None anticipated at this time.
Sustainability	The Local Plan process will be subject to Sustainability Appraisal.
Health and Wellbeing	None at this time.
Risk Management and Health and Safety	None at this time.
Equality and Diversity	The Local Plan process will be subject to a Community Impact Assessments at appropriate points.

7 Appendices

Appendix I: Swale Employment Land Review August 2018

8 Background Papers

8.1 None