



Real value in a changing world

Examination in **Public**
Woking Borough Council
Core Strategy Submission

Hearing Statement submitted on behalf of Stanhope Plc and
Eurohypo AG

Topic: 'Broadoaks', West Byfleet - Policy CS15
Hearing 3 - Question 5 and Question 2

March 2012

1 Question 5: ‘Broadoaks’ – West Byfleet – Policy CS15 Sustainable economic development

Is the CS15 sufficiently flexible, particularly in relation to Broadoaks in West Byfleet?

Is the CS consistent with the findings of the Employment Land Review?

Our Client’s Representation

1.1 This stated:

We believe that Policy CS15 is not sufficiently flexible to allow for changing economic circumstances in relation to Broadoaks.

Policy CS15 states that the council will ‘retain the Broadoaks site in West Byfleet as a high quality business park’. The supporting text states that the reason for this is that Broadoaks is the only site of this nature in the borough, and has unique characteristics being located in an attractive landscaped setting (para 5.128).

We documented briefly the planning history for Broadoaks which includes existing planning consent for 200,000 sq ft new offices and the refurbishment of the grade II listed Manor House for office use. At present, there are no occupiers at the site despite this planning permission being granted in 2000 by the Secretary of State.

In our representation, we sought a flexible and enabling approach to the Manor House but also a flexible approach to the other existing building (newly constructed), and the land further available for future office development under the original planning permission.

We suggested greater flexibility given the backdrop of the draft National Planning Policy Framework – where it states that ‘planning policies should avoid the long term protection of employment land or floorspace and applications for alternative uses of designated land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses’.

We commented that the Broadoaks site may provide a valuable asset to the borough in helping satisfy other pressing land use needs, such as housing for the elderly (and by implication or where care is required). We stated that a catalyst for development is required for the site.

We explained that the Inspector may wish to understand further detail on the history of economic inactivity at Broadoaks before accepting the council’s stance for this to remain singularly as a high quality office Business Park.

We stated in our representation that the following text might provide the flexibility needed for Broadoaks:

‘To retain the Broadoaks site in West Byfleet as a high quality Business Park maintaining flexibility to consider alternative use proposals that contribute to employment objectives on their merits throughout the plan period’.

We go on to develop our position in relation to this proposed suggestion in the following text. We believe that there is sufficient uncertainty within the local office market, thereby supporting a more relaxed policy approach to Broadoaks.

Council's Pre-Examination Response

1.2 None

Introduction

1.3 This representation raises general issues in relation to the approach to Policy CS15 but more specifically to the Broadoaks site, which is a strategic site at West Byfleet, and therefore considered to be an important reserve for employment generation or possibly in meeting the council's other planning policy objectives.

1.4 The background to the representation is the following:

- The site has had consent for offices since 2000. Some £20-30m has been spent including the construction of a major new building but the site is still completely unoccupied. It needs £10m of additional investment to finish off the implemented development to a credible occupational standard. Its appearance as a site is derelict.
- The grade II Manor House at the Broadoaks Estate is not considered suitable for Class B employment uses or for many other forms of quasi employment generating use. This view is supported by office letting agents (and we believe the Council acknowledge this). It is a special building with a wide range of room sizes, levels and architectural features, meaning that it is difficult to find a long term occupier. The landowner has explored whether hotel or leisure use might be suitable but advice by Savills confirms that viable occupier and developer interest is most unlikely.
- The site as a whole needs to be considered around a comprehensive solution that is viable and deliverable.
- The size of the Broadoaks offer is not of sufficient scale to generate interest for the Manor House for some form of related business activity – conference centre for example. In any event, such interest would only conceivably evolve once the rest of the site is developed, likely many years away and not assured.
- The Broadoaks office offer as a 'high quality business park' is not of sufficient scale to compete with other successful established Business Parks where tenants want to locate. This is a particular problem going forward, with or without solutions for the Manor House (worse without).
- Broadoaks is not suitable for speculative office development. Some £20 million has been spent on the one office building located at the site. The council has been helpful in allowing data centre use for this building but to date, a tenant has not been secured although active and positive discussions for data centre use are being progressed with interested parties. Further development of office space is not foreseeable.
- The Manor House is deteriorating and is an expensive problem to fix – estimates put this at £1m-2m. This needs a new use which should not be frustrated by a fixed approach to office or employment planning policy. There are alternative uses, with good employment generation that would provide a very likely long term solution for the Listed Manor House.
- The Broadoaks site is such that office development cannot 'enable' the restoration of the Manor House. The site needs up to £10m of expenditure just to create a credible occupational proposition and there is no immediate prospect of this being viable for full office use for the foreseeable future. Both the Manor House and the office opportunities need help and planning policy is one way to assist them.

- There are solutions for bringing Broadoaks into economic use but it should not be a policy requirement to consider its comprehensive redevelopment in a single office approach – the policy should be made flexible to support mixed use development and further development at the Manor House. This would be the most positive way to support any future prospect of some office use. There are current options for the Manor House that could act as a catalyst for the regeneration of the site as well as for further future development (no office occupier wants to be part of an Estate that contains a redundant Listed building). The landowner has interest from a party wishing to use the Manor House for residential care purposes, where further investigation should be supported by planning policy, and the ability to consider such an option ‘run its merits’. This use includes important and meaningful contributions to employment in the Borough and would require additional adjoining enabling development to secure the Manor House future. It would be an institutional use but also economic development under PPS4.
 - Importantly, such a use for the Manor House would require new build development on one of the office plots for the overall package to be viable.
 - The retention of an ‘office only’ approach to site is likely to restrict further enabling investment in the site for the foreseeable future.
- 1.5 Policy CS15 is entitled ‘Sustainable economic development’. Paragraph 5.121 states that it is important to ensure that there is an appropriate quantity and range of employment land in the borough to enable the local economy to function efficiently and to contribute to the region’s long-term competitiveness. This means that any flexibility shown to Broadoaks needs to consider this context.
- 1.6 Policy 5.123 recognises that the majority of existing employment floorspace in the borough is provided in Woking Town Centre, West Byfleet District Centre and the designated employment areas.
- 1.7 The Core Strategy Reasoned Justification refers to:
- The Town, District and Local Centres Study and Employment Land Review (ELR) setting out the likely demand for employment floorspace over the plan period
 - A need for 28,000 sqm of offices, some 20,000 sqm for warehousing, and to plan for a loss of 31,000 sqm of industrial space
 - An overall office vacancy rate of 19% in 2009
 - Focusing office development in the town centres and protecting employment areas for industrial and warehouse space

Conformity with other Policy

- 1.8 Broadoaks is on the edge of West Byfleet within the Green Belt. It is accepted as a Major Developed Site (MDS). In this context, it is appropriate for policies to be prepared by the borough council as considered suitable.
- 1.9 In the section below headed ‘Soundness’, we draw comparisons with the council’s policy approach and national planning policy.

Soundness

1.10 PPS12 requires the Core Strategy to be 'founded on a robust and credible evidence base' (Paragraph 4.37). To be sound, a Core Strategy should be justified, effective and consistent with national policy (Paragraph 4.52). A pertinent question is whether the policy is consistent with national planning policy. This is now examined in relation to:

- Planning Policy Statement 4 – Planning for Sustainable Economic Growth
- Draft National Planning Policy Framework

Planning Policy Statement 4 – Planning for Sustainable Economic Growth (2009)

1.11 Under this PPS, virtually all uses that provide employment opportunities are termed economic development. The PPS is specific in that it states that it excludes housing. The aim of the Statement is to use the town centre as a focus for new economic growth and town centre uses.

1.12 Policy EC1.3 sets out the need for an evidence base for economic development:

- Assess the detailed need for land or floorspace for economic development, including for all main town centre uses over the plan period
- Assess the existing and future supply of land for economic development

1.13 There are some key messages set out in Policy EC2.1:

- (d) – seeks to make the most efficient and effective use of land, prioritising previously developed land which is suitable for re-use reflecting the different location requirements for business use such as the size of the site required, site quality, access and proximity to markets, as well as locally available workforce
- (h) – Existing site allocations should not be carried over from one version of the development plan to the next without evidence on the need and reasonable prospect of their take-up during the plan period. If there is no prospect of a site being used for the allocated economic use, the allocation should not be retained, and wider economic uses or alternative uses should be considered.

1.14 These key messages form the context of the analysis that now follows under 'Effectiveness' and 'Justification'.

Draft National Policy Framework (NPPF) – 25 July 2011

1.15 The draft NPPF sets out the government's planning policy, albeit in draft form. It is appreciated that this will change given the widespread and diverse reaction it has generated. However, there are themes common with PPS4, which are already well established principles:

- Planning policies and decisions should make effective use of land, promote mixed use developments that create more vibrant places (para 19)
- Local planning authorities should prepare Local Plans on the basis that objectively assessed development needs should be met, and with sufficient flexibility to respond to rapid shifts in demand or other economic changes (para 14)

- Planning should be genuinely plan-led (para 19). Local Plans should be aspirational but realistic (para 22).
- Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan (para 22)
- Local authorities should have a clear understanding of business needs within the economic markets operating in and across the area. They should work closely with the business community to understand their changing needs and identify and address barriers to investment (para 29)
- Local authorities should ensure viability and deliverability (para 39)
- Policies should be flexible enough to accommodate requirements not anticipated in the plan and to allow a rapid response to changes in economic circumstances (para 73)
- Planning policies should support economic development (para 73). Planning policies should avoid the long term protection of employment land or floorspace (para 75)

1.16 Again, there are a number of principles that underpin this representation, which question the policy objectives for a Business Park, when there are uncertainties about the suitability of Broadoaks as well as wider market conditions.

Effectiveness

1.17 Paragraph 4.44 of PPS12 states that Core Strategies are effective when they are deliverable, flexible and able to be monitored. A strategy is considered *unlikely to be effective if it cannot deal with changing circumstances*.

1.18 This section of the representation considers 'deliverability' as a key factor in terms of the effectiveness of the Core Strategy. Under this heading we return to the financial and viability matters mentioned briefly in the above Introduction. Such factors include:

- Office availability locally
- The role of Woking Town Centre
- The removal of potential pressure for green belt releases
- Economic feasibility/Availability of development finance

1.19 The council's Employment Position Paper and the Market Appraisal each set out findings relevant to each of these headings.

1.20 Each of these factors point to uncertainty in terms of assessing demand and take up over the plan period. If anything, the position is one of decline for office use principally in the towns centres. The case for Broadoaks needs to be considered in this context.

Employment Position Paper

1.21 It is considered that Policy CS15 for Broadoaks has reasonable policy alternatives and that these would not undermine the council's wider objectives for employment generation and employment land supply.

Employment Position Paper – Woking Borough Council (Jan 2010)

The findings from the Employment Position Paper are now illustrated.

- At the end of July 2009, there were outstanding planning permissions of 26,869 sqm of additional B1 in Woking. *This is set against a stated need of 28,000 sqm of office floorspace.*
- Research carried out for the council by Lambert Smith Hampton (see also below) on the property market in Woking, in June 2009, showed a total vacancy rate for all B use floorspace in the borough of approximately 19% (para 4.14)
- Figure 16 confirms a steady decline in the take up of employment floorspace since the beginning of 2005 (see para 7.12)
- Disparities between the growth projections for the different office, light industrial and warehousing categories are provided
- Within the B use category, Labour Demand Projection 2 (*considered to be more realistic as based on more recent data and reflecting 2009 uncertainties in the economy*) shows a decline in employment between 2006 – 2016
- Table 14 states that Labour Demand Projection 2 reflects a provision of 17,276 sqm of office floorspace between 2009 – 2026 based on take up rate (page 39)

Market Appraisal – Lambert Smith Hampton (April 2010)

- Some 10,900 sqm of refurbished office space was available at the survey date (para 6.28)
- Some 58,786 sqm of available office floorspace in the borough, representing an availability rate of 30% - very high when compared with Guildford at 15% (para 4.12)
- The Market Appraisal report provides a recommendation for a loss of minus 5.13ha to minus 20.04ha of offices depending on the demand methodology chosen (para 6.23)
- Woking appears to have suffered from relatively high vacancy rates for some time (para 4.17) and there is a broad range of options available to office occupiers (para 4.14)
- New occupier practices means that there will be a fall in demand for offices even assuming the same future employment rate growth projections prove to be correct.

The Role of Woking Town Centre

- 1.22 Given the priority for the town centre, the role of Broadoaks should be more relaxed in contributing to the level of office or business space.
- 1.23 Under PPS4, the focus for office use should be the town centre, and of course this is where the majority of office floorspace is located. The council's Employment Position Paper seeks to maintain this approach. The vacancy rate can be explained to some extent by the condition and quality of the office space, but this is also indicative of the lack of investment and achievable rental levels.

- 1.24 This means that Broadoaks needs to compete with Woking Town Centre as well as the other regional town centres such as Guildford and other established and much more attractive 'Business Park' type developments. It is recognised that Broadoaks provides a different offer compared to the town centre but it is against this broader context that this needs to be considered. The attractiveness of Woking Town Centre and other town centres are their accessibility to London and for local employees.

The removal of potential pressure for green belt releases

- 1.25 Broadoaks is quoted in the Core Strategy as the only major employment site allocation in the Woking Local Plan. However, reducing its office role would not require releases from the green belt. This is because the Labour Demand Projection 2 suggests a level of office space during the plan period significantly below the floorspace contained in sites with outstanding planning permission.

- Within the B use category, Labour Demand Projection 2 (*considered to be more realistic as based on more recent data and reflecting 2009 uncertainties in the economy*) shows a decline in employment between 2006 – 2016
- Table 14 states that Labour Demand Projection 2 reflects a provision of 17,276 sqm of office floorspace between 2009 – 2026. *This is against a stated need of 28,000 sqm of office floorspace*

Economic Feasibility / Availability of development finance

- 1.26 As explained above, the conversion costs for Manor House are estimated to be £1m-2m whilst the one office building on the site was constructed at a cost of £20m. An additional £10m of investment is needed to create a credible office proposition. These costs cannot be sustained by the office rental levels achievable locally. There are more economically viable and deliverable solutions if other uses, as well as future potential office use are allowed for the site. A catalyst is needed.
- 1.27 It is well known that the credit crunch has led to a significant shortage of bank finance for construction projects. There are limited sources available and at premium rates, these are virtually non-existent for speculative office developments.

Justification

- 1.28 Core Strategies should be justifiable, founded on robust and credible evidence base. The proposed strategy should be the most appropriate when considered against reasonable alternatives (PPS12, paragraph 4.36).
- 1.29 We do not agree with the recommendation contained in the Market Appraisal that the office land and floorspace projections should be based on the Labour Demand Projection 1. The preferred scenario for this in para 7.15 is not justified as a basis for office and employment floorspace need. In any event, the 28,000 sqm for B1 office is already available and the focus for the strictest policy regime should be in the town centre.
- 1.30 With significant uncertainty in the office market, Broadoaks should be given greater flexibility across the site including the Manor House, which because of its listed nature should not be potentially put at risk by unachievable planning requirements.
- 1.31 With the information available on market conditions and the site specific matters at Broadoaks, it is considered that there is a policy alternative.

Suggested Change

1.32 It is suggested that consideration be given for the following wording for Broadoaks:

- 'The council's aspirations for Broadoaks are for a high quality business environment that combines a range of employment uses (not just Class B1), and to provide greater flexibility for the grade II listed Manor House and related enabling development in terms of use and timing, thereby ensuring its long term occupation and viability.'