

Forest Heath ELR Supplementary Report Final Report

Forest Heath District Council

9 February 2018

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Contents

1.0	Introduction	1
	Examination of the Single Issue Review of Core Strategy Policy CS7	1
	Purpose of Report	2
	Structure of Report	2
2.0	Updated Demand/Supply Balance of Employment Land	3
	Quantitative Balance	3
	Sub-District Distribution	6
3.0	Conclusions and Implications	9

1.0 Introduction

1.1 Forest Heath District Council ('the Council') commissioned Lichfields to prepare an Employment Land Review Supplementary Report to assess and evidence the employment land implications arising from a number of potential main modifications to the Forest Heath Single Issue Review ('SIR') of Core Strategy Policy CS7.

1.2 This follows preparation of the Forest Heath Employment Land Review ('ELR') by Lichfields in October 2016 which provided a long term assessment of the need for business space and employment land within the District over a 20 year study period to 2031.

1.3 This report provides a partial update to the analysis set out in the 2016 ELR, namely in relation to the pipeline employment land supply available to help meet future employment needs in Forest Heath District over the plan period to 2031 to take account of the latest planning policy position, in particular new development options being appraised by the Council.

Examination of the Single Issue Review of Core Strategy Policy CS7

Background to the changed position

1.4 Following the hearing sessions for the SIR, which concluded in September 2017, the Inspectors wrote to the Council on 4 October 2017 setting out concerns that the balance of distribution of housing between Market Towns and Key Service Centres in the SIR is not consistent with Visions 1 and 2 and Policy CS1 of the adopted Forest Heath Core Strategy.

1.5 The Council responded to the Inspectors' concerns in a letter dated 13 November 2017, but following this correspondence the Inspectors wrote to the Council again on 10 January 2018 to set out their soundness concerns in further detail and indicate possible ways forward.¹

1.6 To address their concerns, the Inspectors set out three possible options open to the Council:

- a Re-consider the balance of distribution between the Towns and Key Service Centres and put forward main modifications accordingly;
- b Produce further evidence to justify the present housing distribution proposed; and
- c Withdraw the SIR.

1.7 The Inspectors strongly urged the Council to pursue option (a) above which they stated would be likely to involve increasing the housing in one or more of the towns and potentially decreasing it for one or more of the Key Service Centres. They suggest that in broad terms the level of housing associated with the Hatchfield Farm site (Newmarket) in the April 2016 preferred option (400 homes) might be in the order of that required to re-balance the distribution of housing.

Development of options

1.8 Following receipt of the letter, the Council has worked on developing reasonable alternative options which would seek to re-balance the housing between the Towns and Key Service Centres. The development of the options has involved assessing all of the sites in towns that contribute to the distribution in the submission version of the plan, as well as those sites that

¹ Letter from Inspectors, 10 January 2018, https://www.westsuffolk.gov.uk/planning/Planning_Policies/local_plans/upload/LettertoIPA10Jan2018.pdf

have been omitted, to assess whether any further sites/increased capacity could be identified. This resulted in the development of a number of options (attached at Appendix 1), all of which include distributing 400 homes to the Hatchfield Farm site in Newmarket.

- 1.9 The Hatchfield Farm site was proposed for inclusion in the SIR and for allocation in the Site Allocations Local Plan (SALP) at the 2016 preferred options stage (Site N1(c) in the preferred options SALP document). In the SALP the site was proposed for a 400 home mixed use development, to include 5 ha of employment land and 1.5 ha of land for a primary school.
- 1.10 Following the Secretary of State's decision in August 2016 to refuse planning permission for 400 dwellings on the site, the site was removed from the SIR distribution at the submission plan stage due to concerns around deliverability.
- 1.11 In their letter of 10 January, the Inspectors gave a clear steer that, "*...given the different legal framework and planning context involved, it is not appropriate to discount the potential for greater housing growth in Newmarket on the basis of the Hatchfield Farm planning appeal proceedings alone, regardless of the eventual outcome.*"
- 1.12 The Inspectors go on to state that, "*the level of housing associated with the Hatchfield Farm site in the April 2016 preferred option may well be in the order of that required to sufficiently rebalance the distribution of housing, at least insofar as it relates to increasing the provision in the Towns.*"
- 1.13 Following an update of the relevant parts of the Council's evidence base, it is therefore proposed that the Hatchfield Farm site is included in the SIR distribution and the SALP for 400 homes, along with the 5 ha of employment land and land for a primary school. The latter two elements will help meet the medium/long term employment needs of Newmarket and improve the sustainability of development in this location.

Purpose of Report

- 1.14 The purpose of this Employment Land Review Supplementary Report is to revise the employment land demand/supply position set out in the 2016 Forest Heath ELR to reflect the current pipeline supply position within Forest Heath. In particular, this demand/supply balance update includes the proposed addition of a 5 ha employment allocation at Hatchfield Farm in Newmarket and the latest outstanding planning permissions for B class development (as at December 2017).
- 1.15 The resulting conclusions will form the basis for examining the employment land implications arising from the development options identified by the Council. As such, it will allow reconsideration of the balance of distribution of future growth between Forest Heath's Towns and Key Service Centres.
- 1.16 It should be noted that this Supplementary Report presents selected updates to the analysis set out in the 2016 ELR, and much of the analysis contained within the 2016 ELR (including future growth scenarios) remains unchanged.

Structure of Report

- 1.17 This report is structured as follows:
- **Section 2.0** updates the demand/supply balance of employment land in Forest Heath based upon the District's current pipeline supply position; and
 - **Section 3.0** provides updated conclusions and implications for employment land arising from the proposed main modifications to the Forest Heath Single Issue Review of Core Strategy Policy CS7.

2.0 Updated Demand/Supply Balance of Employment Land

2.1 This section updates the employment land demand/supply balance analysis outlined in the 2016 Forest Heath ELR to reflect the District's latest employment land supply position; in particular, the supply side implications associated with a number of proposed main modifications to the Forest Heath SIR of Core Strategy Policy CS7.

2.2 The 2016 Forest Heath ELR considered three different scenarios of future employment space requirements based on a range of lower and higher growth conditions that could arise in the District in future. These three growth scenarios remain unchanged, and are compared here against the Council's latest employment land supply pipeline, which now includes the addition of 5ha of employment land at Hatchfield Farm and outstanding planning permissions for B class development in the District (as at December 2017).

Quantitative Balance

2.3 The 2016 ELR identified a need for between -8,280sq.m and 94,050sq.m of employment space up to 2031 in net terms. The land requirements associated with this quantum of employment floorspace (after applying a 10% buffer or margin) were estimated at between -3.1ha and 20.3ha, reflecting a relatively wide variation in the level of growth that could be supported by Forest Heath's economy over the plan period.

Pipeline Supply

2.4 The updated supply of employment space in the development pipeline comes from current proposed employment land allocations identified by Forest Heath District Council, either in part or in whole, and from sites with outstanding planning permission for B class development (at December 2017). Where there is flexibility in the proposed employment allocations, the Council has assumed a split of B-classes. This updated supply position also now includes the proposed 5ha employment allocation at Hatchfield Farm in Newmarket.

2.5 Based on this updated position, the space available to help meet future needs in Forest Heath is estimated to comprise 25.8ha of B class space in net terms as shown in Table 2.1 below.

2.6 The majority of available supply (17.2ha or 67%) relates to industrial (B1c/B2/B8) uses, with office (B1a/b) uses comprising the remaining 8.6ha (or 33%).

2.7 As previously, proposed allocations make up the vast majority (99%) of the pipeline supply, with proposed mixed use allocations and proposed employment allocations making the greatest contribution. Outstanding planning permissions for B class development comprise just 1% of the total pipeline supply, equivalent to 0.3ha in total.

2.8 The total pipeline supply figure of 25.8ha is 20% higher than the equivalent figure set out in the 2016 ELR of 21.5ha.

Table 2.1 Emerging Supply of Employment Floorspace in Forest Heath

Source of Supply	Location	Net Additional Employment Space (ha)		
		Offices (B1a/B1b)	Industrial (B1c/B2/B8)	Total
Existing General Employment Areas	Mildenhall	0.6	1.3	1.9
Proposed Employment Allocations	Mildenhall	2.0	2.0	4.0
	Newmarket	-	1.6	1.6
Proposed Mixed Use Allocations	Mildenhall	1.7	3.3	5.0
	Red Lodge	2.7	5.3	8.0
	Newmarket	1.7	3.3	5.0
Allocations Sub Total		8.6	16.9	25.5
Extant Planning Permissions (as at December 2017)	Newmarket	-0.03	0.28	0.25
	Mildenhall	0.01	0.02	0.03
	Elsewhere in the District	-0.07	0.04	-0.03
Permissions Sub Total		-0.1	0.3	0.3
Total Employment Space (ha)		8.6	17.2	25.8

Source: Forest Heath District Council / Lichfields analysis (Note: totals rounded)

Land figures (in ha) associated with extant planning permissions have been estimated using the same plot ratios described in Chapter 7.0 of the 2016 ELR Report (para 7.54)

Extant planning permissions have been cross checked with proposed allocations to ensure that there is no double counting of pipeline supply

2.9 A broad comparison of estimated demand for B class space (taken from the 2016 ELR) against currently identified supply, as shown in Table 2.2, implies that Forest Heath would have sufficient employment space in quantitative terms up to 2031 to meet the needs arising from all three future growth scenarios. The potential surplus of space would vary from 5.5ha to 28.9ha depending upon the scenario.

Table 2.2 Demand/Supply Balance of B Class Employment Space in Forest Heath to 2031 (ha)

	1. Baseline Job Growth (2016 EEFM)	2. A11 Growth Corridor Higher Job Growth	3. Labour Supply (2012 Based SNPP)
Requirement for B Class Space (ha)	-3.1	20.3	5.3
Available Employment Space (ha)	25.8		
Surplus (ha)	+28.9	+5.5	+20.5

Source: Lichfields analysis

2.10 The demand/supply comparison for the A11 Growth Corridor Higher Job Growth scenario should be considered with caution due to the way in which the scenario has been derived. The total figure of 25.8ha identified employment land supply includes a number of strategic employment sites that were considered as part of the A11 Growth Corridor Feasibility Study and

which form the basis of Scenario 2 (in terms of their ability to accommodate B class jobs and floorspace over the plan period).

Needs of Different Employment Uses

- 2.11 Ensuring an adequate choice of types of sites is also important to meet the needs of different employment sectors and the aims for diversity of employment opportunities at different skill levels. Potential supply of employment space for both industrial and office uses is therefore compared with estimated requirements for these uses.
- 2.12 Table 2.3 compares the demand and supply situations for industrial and office uses separately. This indicates that there should be enough supply available, in purely quantitative terms, to meet industrial needs arising under all three demand estimates. The surplus ranges from 8.9ha to 22.9ha depending upon the scenario.
- 2.13 A similar surplus position is also identified for office uses for two of the three scenarios, with a slight shortfall of office space identified under the A11 Growth Corridor higher growth scenario (Scenario 2). This reflects the particular focus of this scenario upon office based sectors.

Table 2.3 Demand/Supply Balance for Office and Industrial Space to 2031 (ha)

	1. Baseline Job Growth (2016 EEFM)	2. A11 Growth Corridor Higher Job Growth	3. Labour Supply (2012 Based SNPP)
Industrial			
Industrial space requirement (ha)	-5.7	8.3	-0.3
Potential supply of industrial space (ha)	17.2		
Surplus(+)/Shortfall(-) (ha)	+22.9	+8.9	+17.5
Offices			
Office space requirement (ha)	2.6	12.0	5.6
Potential supply of office space (ha)	8.6		
Surplus(+)/Shortfall(-) (ha)	+6.0	-3.4	+3.0

Source: Lichfields analysis

- 2.14 This analysis assumes that all proposed employment allocations and outstanding planning permissions (at December 2017) come forward in full for employment development over the plan period. Any deviation from this assumption could reduce the existing surplus of industrial space, or potentially result in a deficit of office space under the baseline job growth and labour supply based scenarios depending upon the scale of deviation.
- 2.15 This comparison makes an allowance for a 10% buffer or margin within the demand based requirements although, as noted in section 7.0 of the 2016 ELR, the Council may take a view that additional space should be planned for over and above these requirement figures to make additional allowance for factors such as delays in development coming forward, for replacing employment space that is lost in future and to take account of other qualitative market factors.

2.16 It should also be noted that not all of the sites included within the identified pipeline of supply currently benefit from allocated status and it is recommended that the Council revisits the employment land demand/supply balance analysis presented here once the Forest Heath Site Allocation Local Plan (SALP) is adopted and the status of individual sites is confirmed.

2.17 An indicative quantum of employment land has been identified by the Council for a number of mixed-use allocations and this has been included within the analysis presented above. This quantity and mix of employment land is however subject to change as site specific masterplans and delivery strategies are developed and agreed with the Council for these developments.

Sub-District Distribution

2.18 A key aim of this Employment Land Review Supplementary Report is to examine the distribution of allocated sites across Forest Heath and the appropriateness of this supply to meet future land requirements. As such, this section provides an overview of market views on demand for different uses, locations of stronger/weaker demand across the District and seeks to identify where any gaps or mismatches in future provision may occur.

2.19 A summary of the anticipated demand/supply situation over the plan period for the District’s main settlements² is presented in Table 2.4 below, accompanied by a summary by sub area. This analysis has been undertaken within the context of an identified employment land requirement of between -3.1ha and 20.3ha and a quantitative over supply of employment land over the 20 year time period 2011-2031 in overall B class terms. As noted in the 2016 ELR, it is recommended that the Council consider planning to accommodate at least the employment land requirement associated with the labour supply based scenario, equivalent to 5.3ha over the plan period.

Table 2.4 Comparison of Employment Land Supply and Demand to 2031 by Sub Area

Sub Area	Available Employment Land Supply (ha)	Reported Level of Market Demand		Demand / Supply Balance to 2031
		Office	Industrial	
Newmarket	6.9	Moderate	High	
Mildenhall	10.9	Low/ Moderate	High	
Brandon	0.0	Low	Low/ Moderate	
Lakenheath	0.0	Low	Low	
Red Lodge	8.0	Low	Low/ Moderate	
Elsewhere in the District	-0.03	Low	Low/ Moderate	
District Total	25.8	Low/Moderate	Moderate	

Source: Lichfields analysis

KEY = adequate supply = over-supply

2.20 **Newmarket** represents one of Forest Heath’s largest business locations, accommodating over half of the District’s office space and around a third of its industrial space. The town benefits

² As defined by the settlement hierarchy in Policy CS 1 of the 2010 Forest Heath Core Strategy

from strong strategic connectivity and continues to represent an attractive location for a wide range of businesses, including those linked to the horse racing industry in some way.

- 2.21 The town accommodates two of the Council's proposed allocations for employment uses. The proposed 1.6ha allocation at St Leger, effectively representing an extension to the existing industrial estate to the north of the town, scores relatively well in the 2016 ELR in terms of suitability for accommodating employment uses in future. The proposed 5ha at Hatchfield Farm is also located to the north of Newmarket, and could provide 1.7ha for office development and 3.3ha for industrial, in line with the identified level of market demand for these uses within the sub area. Together with extant planning permissions for B class development, Newmarket has the potential to provide approximately 6.9ha of employment land to meet future needs, which would appear to be plenty sufficient given the scale of requirements identified within the 2016 ELR.
- 2.22 **Mildenhall** is home to a significant cluster of businesses with a particular focus on industrial uses and accommodates one of the largest stocks of industrial space (particularly with regards to manufacturing and workshop space) in the District. The town has grown to become a successful and popular industrial location characterised by relatively strong market demand.
- 2.23 A total of 10.9ha of employment land supply has been identified in and around Mildenhall, spread across Existing General Employment Areas (1.9ha extension to Mildenhall Industrial Estate), Proposed Employment Allocations (4ha Mildenhall Academy and Dome Leisure Centre site), Proposed Mixed Use Allocations (5ha of employment land within Land west of Mildenhall) and 0.03ha of extant planning permissions for B class development in the town. In quantitative terms, this supply would appear to be more than sufficient in order to meet local business needs, and some of these sites would appear to be more suited than others to meeting future needs. For example, the extension to Mildenhall Industrial Estate would seem to provide a low risk opportunity to accommodate employment expansion within an already successful business location, while the position of the Mildenhall Academy and Dome Leisure Centre site in an untested market location away from Mildenhall's existing cluster of employment activity represents a key risk to the site coming forward for employment development at least over the short term.
- 2.24 **Brandon** plays an important role in servicing Forest Heath's industrial market and accommodates around a fifth of the District's industrial stock. Nevertheless, market demand is reported to be relatively low (partly due to the town's comparatively poor road access and strategic connections) and the town tends to operate within a 'Brandon / Lakenheath / Mildenhall Triangle' which is largely localised in nature. No employment land supply is identified in Brandon, so any new development going forward will need to make use of existing space in the town, for example through redevelopment, intensification and consolidation.
- 2.25 **Red Lodge** has undergone significant expansion in recent years although the focus to date has been on residential development. Whilst the settlement currently lacks any critical mass of existing business occupiers and strong profile as a business location, over the medium to longer term it has the potential to build upon its strategic locational advantage and help to meet wider business needs arising along the A11 corridor.
- 2.26 The settlement accommodates one of the largest quantum of identified employment land supply in Forest Heath, with 8ha located within the Proposed Mixed Use Allocation at Kings Warren. Compared with the scale of identified future demand, this quantity of employment land supply would appear to be higher than what is required in quantitative terms to meet needs over the period to 2031. This site represents a longstanding allocation that has failed to attract B class development over this time (with the exception of the recent Hamelin Brands Limited

facility/development) and may come under pressure from other uses if it remains undeveloped over the coming months and years.

- 2.27 **Elsewhere in the District**, within the smaller settlements of Lakenheath, Kentford, Barton Mills, Exning and Beck Row (amongst others), occupier demand is relatively limited, generally comes from local businesses and can be variable by site/location. Extant planning permissions in these locations could involve the loss of 0.03ha of land, although there is not considered to be a specific need to identify additional space within these locations to meet the expected limited demand for business space over the plan period.
- 2.28 Beyond this, it is recommended that the Council continues to adopt a responsive approach to supporting rurally based employment activities and encourages the conversion and re-use of rural buildings for non-agricultural uses in order to grow and diversify the employment offer in Forest Heath's rural economy over the plan period.

Role and Suitability of Hatchfield Farm, Newmarket

- 2.29 Hatchfield Farm lies on the north eastern periphery of Newmarket and the site covers 64.7ha in total. The 2016 ELR notes that the allowance for some provision of employment uses would appear appropriate given local market demand trends and the site's close proximity to the A14 Newmarket Bypass and existing employment area at Newmarket Business Park.
- 2.30 A minimum of 5ha of employment land was previously proposed at Hatchfield Farm as part of a mixed use development to include 400 dwellings, and a 1.5ha school site. Following the Secretary of State's decision in September 2016 to refuse planning permission for housing on the site, there remains some uncertainty about deliverability of the 5ha of employment land although the Council is now reconsidering its allocation status as part of proposed modifications to the SIR of Core Strategy Policy CS7.
- 2.31 Given Newmarket's status and role as a defined and successful employment location, with a critical mass of firms within the town centre and northern industrial estate, provision of employment land within this sub area will be important to meeting both local and the wider District needs. Table 2.4 above identifies Newmarket as attracting the greatest levels of occupier demand for B class space in the District, and the employment allocation at Hatchfield Farm could complement the smaller St Leger extension by offering a greater level of choice and flexibility to the market, as well as a scale of space that does not exist elsewhere in the town.
- 2.32 Although the inclusion of an additional 5ha of employment land at Hatchfield Farm within the latest pipeline supply adds to the overall surplus of employment land identified in the 2016 ELR in quantitative terms, its inclusion is not considered to adversely affect the balance within Newmarket specifically which benefits from stronger occupier demand and only one other (relatively small) site within the supply pipeline.

3.0 Conclusions and Implications

- 3.1 This Employment Land Review Supplementary Report re-visits the employment land demand/supply position set out in the 2016 Forest Heath ELR and updates it to reflect the current pipeline supply position, and in particular the supply position associated with a number of proposed main modifications to the Forest Heath SIR of Core Strategy Policy CS7.
- 3.2 Based upon the District's latest employment land supply position, Forest Heath would appear to have sufficient available employment space in quantitative terms to meet future needs up to 2031 under all three growth scenarios considered by the 2016 ELR. Overall, the demand/supply position to 2031 remains largely unchanged from that calculated previously, with a slight increase to the supply of available land and therefore a slight increase to the surplus of employment land identified in the 2016 ELR. This can be attributed to the addition of 5 ha at Hatchfield Farm and an increased quantum of employment space assumed to come forward at Land west of Mildenhall. Availability of additional employment land through extant planning permissions has reduced since the 2016 ELR was prepared.
- 3.3 As concluded in the 2016 ELR, the District's overall demand/supply balance is echoed for both office and industrial uses individually, notwithstanding the minor shortfall of office space required to accommodate the higher A11 Growth Corridor scenario. The latest supply data indicates that the surplus of industrial land identified in the 2016 ELR is now even greater.
- 3.4 Whilst there is a projected overall surplus of employment land within Forest Heath to meet identified employment needs to 2031, the pattern of demand and availability varies significantly across the District's sub areas and key settlements. In particular, Newmarket and Mildenhall are attracting the highest levels of occupier demand and pipeline employment land supply. Prior to the inclusion of 5ha of employment land at Hatchfield Farm, the 2016 ELR identified the future supply of available land in Newmarket as being limited despite this sub area experiencing greatest demand from occupiers.
- 3.5 The proposed inclusion of 5 ha at Hatchfield Farm offers a key opportunity to provide additional employment land in a successful business location characterised by stronger levels of market demand and strategic connectivity. The site is considered to be suitable for accommodating employment uses in future and could complement the smaller St Leger extension by offering a greater level of choice and flexibility to the market, as well as a scale of space that does not exist elsewhere in the town.
- 3.6 Although the inclusion of an additional 5ha of employment land at Hatchfield Farm within the latest pipeline supply adds to the overall surplus of employment land identified in the 2016 ELR in quantitative terms, its inclusion is not considered to adversely affect the balance within Newmarket specifically. It may however, provide further scope to consolidate employment land supply in other parts of the District that attract more limited levels of market demand, subject to ongoing monitoring by the Council of how its portfolio of allocations and other development opportunities support delivery of new space over the short, medium and long-term of the plan period.

Annex 1: Alternative Options for the Re-distribution of Housing Provision

Based on the above options for increasing and reducing capacity in Newmarket and the Key Service Centres, four alternative options have been developed. It was considered that all four options should include the 450 additional homes distributed to Newmarket, as this is the only way that the distribution in the towns can be sufficiently increased to meet the concerns raised by the Local Plan Inspectors in their letter of 10 January 2018. These options will be presented to Full Council at a meeting in February 2018, with a recommendation that proposed modifications for the SIR and SALP are taken forward on the basis of option 4 in Table 3.1 below.

Table 3.1 Alternative options for the re-distribution of housing provision

Options	Changes to SIR Distribution	% Distribution Between Settlements
1	+450 Newmarket	Towns 38%, KSC 37%
2	+450 Newmarket -50 Red Lodge	Towns 38%, KSC 37%
3	+450 Newmarket -165 Lakenheath	Towns 39%, KSC 36%
4	+450 Newmarket -50 Red Lodge -165 Lakenheath	Towns 39%, KSC 35%

Source: Forest Heath District Council

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