

Melton Borough Council

MAJOR EMPLOYMENT SITES

Potential Use of Holwell Works & Asfordby Business Park



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Final Report

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1 INTRODUCTION

The Study

- 1.1 This study was commissioned by Melton Borough Council in June 2009 to consider the future use of two large brownfield sites in Melton Borough, Holwell Works and land in the centre of Asfordby Business Park. The study aims to assess what uses each site may be suitable and viable for, taking account of both policy and market requirements and the potential for public funding. This should provide the Borough Council with the evidence base to determine which uses it considers the most appropriate, informing Council policy and in particular the emerging Core Strategy.
- 1.2 The sites lie next to each other north of the village of Asfordby Hill to the west of Melton Mowbray. Asfordby Business Park (ABP) provides 16 ha of development land and is not identified for any use in the current Local Plan, but is the subject of a development brief, issued in 2000, which seeks 'employment-generating and leisure uses'. Holwell Works provides some 16.5 ha of development land and is mostly vacant. It is allocated for employment in the current Local Plan and the subject of a development brief aiming for such uses, also issued in 2000.
- 1.3 The Borough Council now wishes to reconsider the future use of the two sites, as part of its new Local Development Framework (LDF). This is partly because national, regional and local planning policies increasingly aim to focus development and employment in urban centres, so locating large numbers of jobs on out-of-town sites may no longer be considered sustainable. Another reason for thinking again is the advice received from higher authorities. In commenting on the Core Strategy (Preferred Options), which does not mention either Holwell Works or ABP, both the Government Office and the Planning Inspectorate suggested that the final version of the Strategy should state what the Council intends to do with the two sites. (Both also raised a wider and related issue about Melton's land supply, questioning why the Core Strategy is allocating so much land for employment when economic forecasts showed declining job numbers in industry and warehousing.)
- 1.4 The purpose of the present study is to provide an evidence base to inform LDF policies regarding ABP and Holwell Works. We set out this evidence in two parts below, considering first what uses would be supported by policy (Chapter 2) and then what uses would be delivered by market forces or public sector intervention (Chapters 3 and 4). Chapter 5 will provide our conclusions, identifying the options likely to be feasible for each site and the factors which weigh for and against each option. But first, to complete this introductory chapter, we describe the subject sites in more detail.

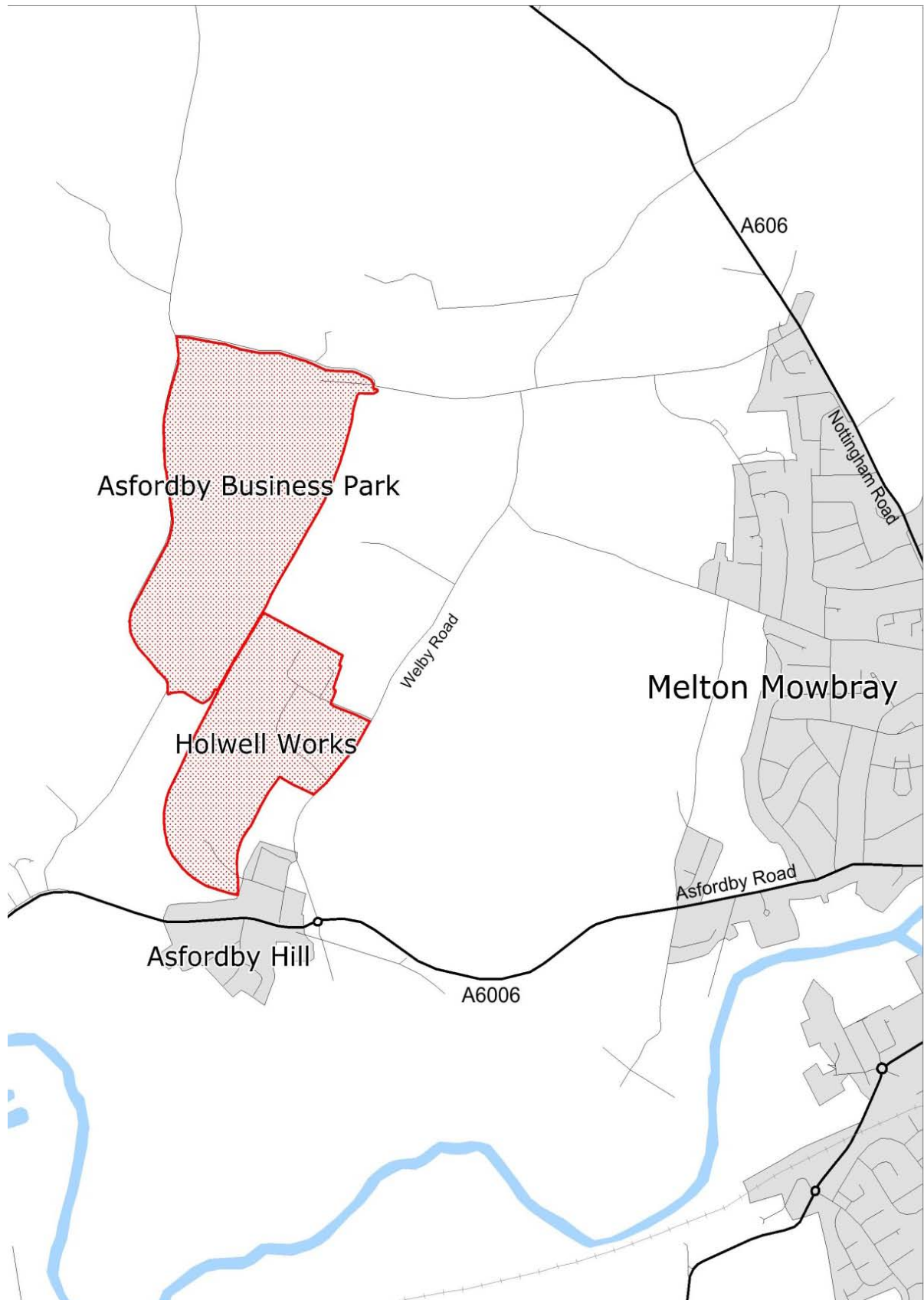


Figure 1.1 Location Plan

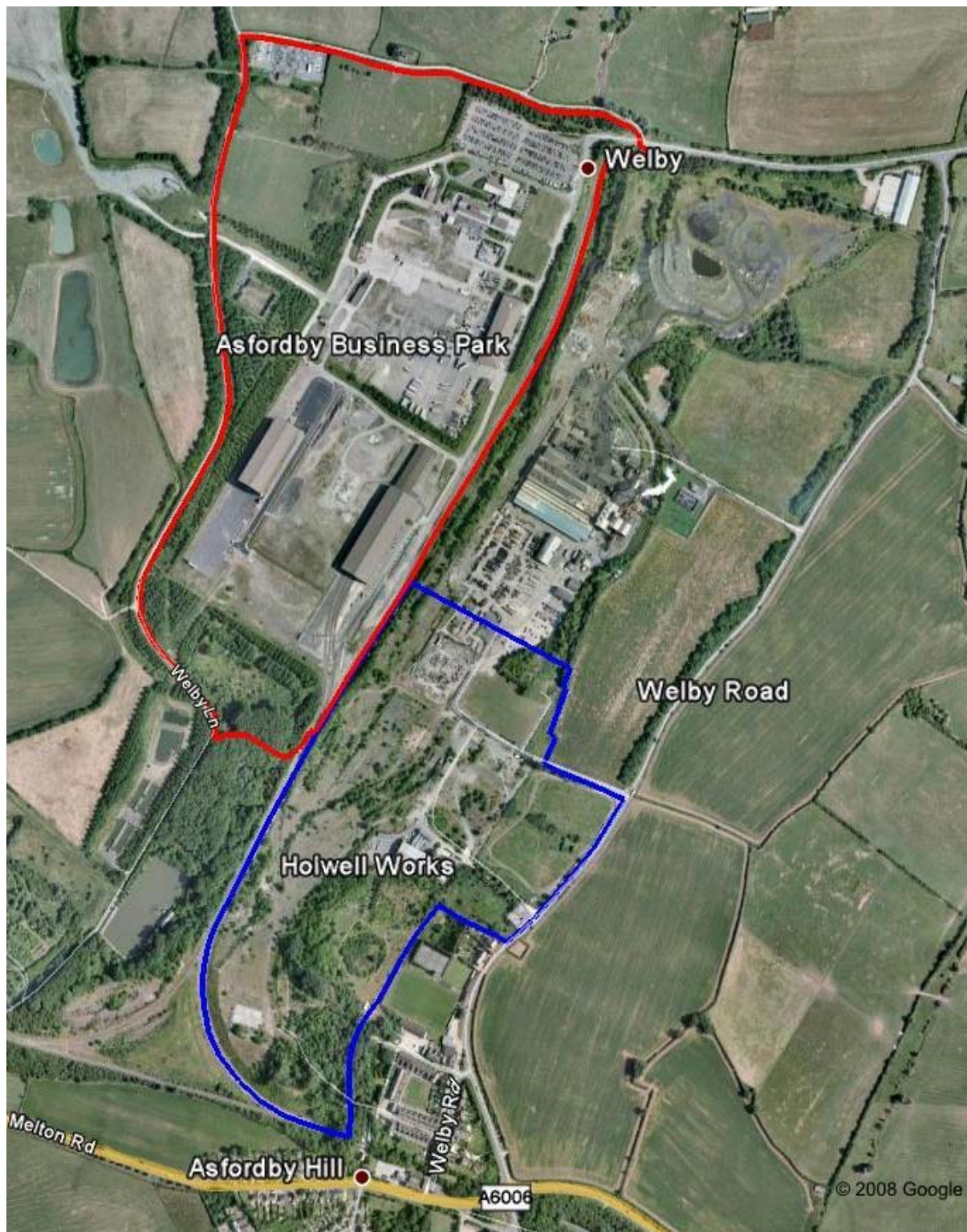


Figure 1.2 Aerial View

The Sites

Asfordby Business Park

- 1.5 ABP is the former operational area of the former Asfordby Superpit, a coalmine which closed in 1997 after just three years of operation, due to unforeseen geological problems. The site measures some 28 ha in total and is owned and managed by Harworth Estates, the property arm of UK Coal plc.
- 1.6 When the Melton Local Plan was being prepared the site was still a coalmine. Therefore, as mentioned earlier, the plan, published in 1999, does not identify it for employment or indeed for any use. In the three years following the closure of the mine, some of the buildings and plant on the site were cleared. Planning permissions were granted for employment use of the remaining buildings. The owners marketed space in these buildings, which businesses began to occupy. The partial clearance of the site left behind some 16 ha of open area, around and between existing buildings, on which infill development could take place.
- 1.7 In 2000 the Council issued a development brief aiming to secure development of the open parts of the site for 'employment-generating and leisure uses', together with re-use of the existing buildings of the site. Under the heading 'Reasons for Development', the brief noted that the coalmine when in full production was expected to employ about 1,500 workers, generating annual incomes of around £5 million in the local economy. Moreover, the site had been equipped with substantial, up-to-date infrastructure and modern office and workshop buildings. The development and re-use of the site would help replace these lost job opportunities and income, make efficient use of these infrastructure and buildings and reduce future demand for development on greenfield sites.
- 1.8 In the intervening years, the owners have continued to market space at ABP. The former pit buildings have continued to fill up and one new building has been developed, providing a 2,200 sq m bespoke unit for the chemical supplier Omnichem. The business park at present¹ provides 23,500 sq m of covered floorspace, of which the bulk is industrial and storage space and just 1,900 sq m is offices. Some 94% of this space is currently let and occupied. The site also features 20,300 sq m of open car parking and yard space, being used for open storage, and the former coal railway, which is in use as test track for London Underground. All the occupiers are tenants, since UK Coal's company policy is not to sell land and property. Tenure terms are flexible, with short leases available to those who want them.
- 1.9 Given the established employment uses on ABP, if the Council wished to put the occupied part of the site to alternative uses it would have to acquire it and relocate the current occupiers. We do not think this is a feasible option. Therefore, our discussion of alternative uses for ABP relates to the 16 ha portion of the site which is currently open and unused.

¹ The information below about present uses at ABP was provided by Harworth Estates.

- 1.10 The park houses 27 businesses in total in a wide variety of unit sizes; from 12 sq m to just under 5,000 sq m. The main activity on the site appears to be transport and distribution. Occupiers include haulage firms and suppliers of a wide variety of goods, mostly bulky goods including vehicles, plant and machinery, scaffolding, pallets and industrial chemicals. A handful of businesses occupy office space only; these office units are mostly small (the largest is 300 sq m) and their tenants' activities are varied, including for example ambulance services, fitness training and pipeline maintenance.
- 1.11 Employment on the site is estimated by Harworth Estates as approximately 200 workers, suggesting an employment density of around 110 sq m of covered floorspace per worker. This is much less dense than the standard for general industrial/warehouse property (other than strategic warehousing), which is generally estimated at around 35 sq m per worker. (Office densities are much higher, at around 18 sq m per worker.)
- 1.12 Vehicular access to ABP is off St Bartholomew's Way which is accessed via Nottingham Road or Welby Road. The development brief indicates that Welby Road is not wide enough to accommodate the amount of traffic which would be generated should the amount of floorspace it envisages be taken up. Therefore improvements to Welby Road are likely to be required before substantial additional development can take place.
- 1.13 Public transport, cycle and pedestrian access are poor. The nearest bus routes run more than a kilometre from the site on Nottingham Road, beyond a reasonable walking distance. While it in principle it would be possible to reroute a service via ABP there is unlikely to be the critical mass of passengers to justify doing so. Off-site footways provide a link to Nottingham Road, but pedestrians are forced into the road on reaching the business park, and in any case the distance from the junction of St Bartholomew's Road and Nottingham Road, the north western corner of the built area of Melton Mowbray, is beyond reasonable walk time. cyclists There are no dedicated cycle routes, so cyclists have to use the road network.
- 1.14 The development brief says that the site is reasonably well served by utilities, though surface water drainage requires improvement, through the use of balancing ponds and outflow controls. In addition, further development may require the establishment of new electricity sub-stations.

Holwell Works

- 1.15 The Holwell Road site, as allocated in the Local Plan², measures some 27 ha and lies to the east of ABP, from which it is separated by a railway line. The main part was originally occupied by an iron foundry and associated railway sidings and is now vacant and partly derelict, having seen a variety of industrial uses over the years. The site also includes 3.6 ha, at the eastern boundary, which is greenfield and in agricultural use, and a small area occupied by existing employment units, including a steelworks and small industrial/distribution businesses including Hanson Quarry Products.

² 'Holwell Works' in this report refers to the site allocated in the Local Plan, whose boundaries are shown in figures 1.1 and 1.2 above.

- 1.16 We understand that the bulk of Holwell Works is now owned by the Rotherhill (Asfordby) Syndicate. The land occupied by industrial/warehouse units was owned by Hanson plc, but we believe has recently been leased or sold. A further small portion of the site is owned by St-Gobain PAM UK, who operate an iron works on adjacent land to the north.
- 1.17 Holwell Works is allocated for employment in the Local Plan and we understand from the Borough Council that it was similarly allocated in earlier development plans, from at least the 1980s. In 2000 the Council issued a development brief, which updated an earlier brief issued in 1993. The brief indicated that 'as the majority of the site has been previously developed, the allocation is considered a brownfield site'. Its main objective, defined by Policy EM3 of the Melton Local Plan, was to secure industrial development of Holwell Works. The brief estimated that around 16.5 ha of the site's land area was suitable for development. It stated that the Council wished the development to start before the end of the Local Plan period (2006), but added that:
- 'The Council recognises that, because of its size, location and characteristics, the site is unlikely to be developed comprehensively as a single project within the Local Plan period. The brief therefore allows for the development of the site on a phased basis, that will preclude the need for major infrastructure investment at the outset and enable piecemeal development in response to local demand.'
- 1.18 Despite the objectives of the 1993 and 2000 development briefs, no development has taken place on Holwell Works since the briefs were published. However, the Council in May 2009 received an application for 36,000 sq m of industrial/warehouse space on the site. This proposal will be discussed in Chapter 3 below.
- 1.19 The development brief indicates that the site is constrained by areas of ecological interest. The first is a long, linear area along the western boundary of the site, the second a centrally located area of 1.8 ha, and the third a former waste tip at the south east boundary of 4.0 ha.
- 1.20 Vehicular access to the site is off Welby Road, which is accessed via St Bartholomew's Way, Welby Lane or Melton Road. The development brief indicates that Welby Road is not wide enough to accommodate the amount of traffic which would be generated should the amount of floorspace it envisages be provided. Therefore improvements to Welby Road are likely to be required before substantial additional development can take place.
- 1.21 Public transport, cycle and pedestrian access are currently poor, but there is scope for improvement. The nearest bus stop is to the south of the site. At present there is no pedestrian link from the bus stop to the site; there is footpath off Welby Road but it stops short of the entrance. To provide adequate access would need a new pedestrian access. With this new access, the entrance would be within walking distance of the bus stop. There are no dedicated cycle routes, so cyclists have to use the main road.

- 1.22 The development brief indicates that the site is reasonably well served by utilities, though surface water drainage requires improvement, through balancing ponds and outflow controls. In addition, off-site water mains reinforcement is required and extension of the electricity supply network would be required. The brief also notes that parts of the site are known to be contaminated and would require remediation before development could take place.

2 POLICY CONTEXT

- 2.1 In this chapter, we set out the main national, regional and local policies that bear on the future use of ABP and Howell Works. We begin with core spatial policies, which deal with the location of development in general, across the different land uses. We then consider in turn policies relating to employment uses and non-employment uses.

Core Spatial Policies

National Policy

Planning Policy Statement 1: Delivering Sustainable Development

- 2.2 Planning Policy Statement (PPS) 1 sets out the Government's planning policies on the delivery of sustainable development through the planning system. Among other things, it says that planning authorities, in preparing development plans, should seek to bring forward 'sufficient land of a suitable quality in appropriate locations' to meet the expected needs for housing, industrial development, retail and commercial development, and leisure and recreation, as well as the exploitation of raw materials.
- 2.3 It also states the Government's commitment to 'promoting a strong, stable, and productive economy that aims to bring jobs and prosperity for all'. It says that planning authorities should promote national, regional, sub-regional and local economies by providing a positive planning framework for sustainable economic growth to support efficient, competitive and innovative business, commercial and industrial sectors.
- 2.4 It advises that local planning authorities should reduce the need to travel and encourage accessible public transport provision to secure more sustainable patterns of transport development, by actively managing patterns of urban growth to make the fullest use of public transport. It also says that developments that attract a large number of people, especially retail, leisure and office development, should be focussed in existing centres and near to major public transport interchanges.
- 2.5 In addition, PPS1 says that local planning authorities should
- Promote the more efficient use of land through higher density, mixed use development and the use of suitably located previously developed land and buildings
 - Promote urban and rural regeneration to improve the well-being of communities, improve facilities, promote high quality and safe development and create new opportunities for the people living in those communities
 - Promote communities which are inclusive, healthy, safe and crime-free, whilst respecting the diverse needs of communities and the special needs of particular sectors of the community
 - Enhance as well as protect biodiversity, natural habitats, the historic environment and landscape and townscape character
 - Address, on the basis of sound science, the causes and impacts of climate change, the management of pollution and natural hazards, the safeguarding of natural

resources, and the minimisation of impacts from the management and use of resources.

2.6 In noting that local planning authorities should bring forward sufficient land of a suitable quality in appropriate locations, PPS1 advises that they should take into account:

- accessibility and sustainable transport needs
- the provision of essential infrastructure, including for sustainable waste management
- the need to avoid flood risk and other natural hazards.

Planning Policy Statement: Planning and Climate Change - Supplement to Planning Policy Statement 1

2.7 the supplement to PPS1 says that, that in order to deliver sustainable development, regional planning bodies and all planning authorities should prepare, and manage the delivery of, spatial strategies that:

- make a full contribution to delivering the Government's Climate Change Programme and energy policies, and in doing so contribute to global sustainability
- in providing for the homes, jobs, services and infrastructure needed by communities, and in renewing and shaping the places where they live and work, secure the highest viable resource and energy efficiency and reduction in emissions
- deliver patterns of urban growth and sustainable rural developments that help secure the fullest possible use of sustainable transport for moving freight, public transport, cycling and walking; and, which overall, reduce the need to travel, especially by car
- secure new development and shape places that minimise vulnerability, and provide resilience, to climate change; and in ways that are consistent with social cohesion and inclusion
- conserve and enhance biodiversity, recognising that the distribution of habitats and species will be affected by climate change
- reflect the development needs and interests of communities and enable them to contribute effectively to tackling climate change
- respond to the concerns of business and encourage competitiveness and technological innovation in mitigating and adapting to climate change.

Planning Policy Statement 12: Local Spatial Planning

2.8 PPS12 provides national policy on local development planning documents, including LDF Core Strategies. The document explains that Core Strategies must be 'effective', that is:

- Deliverable
- Flexible
- Able to be monitored.

2.9 The first two of these features are particularly relevant. About deliverability, PPS12 says:

‘Core Strategies should show how the vision, objectives and strategy for the area will be delivered and by whom, and when. This includes making it clear how infrastructure which is needed to support the strategy will be provided and ensuring that what is in the plan is consistent with other relevant plans and strategies relating to adjoining areas...’

2.10 Turning to flexibility, it notes:

‘A strategy is unlikely to be effective if it cannot deal with changing circumstances. Core strategies should look over a long time frame - 15 years usually but more if necessary. In the arena of the built and natural environment many issues may change over this time. Plans should be able to show how they will handle contingencies.

It may not always be possible to have maximum certainty about the deliverability of the strategy. In these cases the core strategy should show what alternative strategies have been prepared to handle this uncertainty and what would trigger their use. Authorities should not necessarily rely on a review of the plan as a means of handling uncertainty.’

2.11 The Planning Inspectorate has recently issued a note entitled ‘Examining Local Development Documents: Learning from Experience’, which provides further guidance on flexibility and planning for uncertainty. These issues are important in the current context, because, as we shall see, there is much uncertainty about the future of the two subject sites. The Inspectorate’s note reads in part:

‘Some planning authorities give the impression of wanting the ‘perfect’ plan. This is not possible, particularly in the present difficult economic climate. A plan will not be found unsound just because uncertainty exists and is explicitly acknowledged in the DPD. The important things are for the implications of the uncertainty to be taken into account and the ‘what if’ situation considered. Some authorities have addressed the situation by making reference to a range of possible outcomes. This is acceptable if it is not possible to be more precise. Spurious precision is not helpful and is potentially misleading. Where uncertainties exist that may affect the delivery of strategic development requirements, planned contingencies with appropriate monitoring and trigger mechanisms need to be included.’

The East Midlands Plan

2.12 The Regional Spatial Strategy, known as the East Midlands Plan, was published in March 2009. Its aims, set out in Policy 1, include improvement of economic prosperity, employment opportunities and regional competitiveness through:

- the improvement of access to labour and markets
- ensuring that sufficient good quality land and premises are available to support economic activity in sectors targeted for growth by the Regional Economic Strategy.

2.13 The objectives listed at Policy 1 also include improved accessibility to jobs, homes and services through:

- promoting and integrating opportunities for walking and cycling
- promoting the use of high quality public transport

- encouraging patterns of new development that reduce the need to travel, especially by car.
- 2.14 Policy 3 of the plan sets out a hierarchy of areas across which development and economic activity should be distributed. The Region's five Principal Urban Areas (PUAs), within which and in adjoining areas new development should be concentrated, are at the top of the hierarchy. These are the built up areas centred on Derby, Leicester, Lincoln, Northampton and Nottingham.
- 2.15 Below the PUAs sit the three Growth Towns of Corby, Kettering and Wellingborough, within which significant levels of new development should be accommodated. Sub-Regional Centres, of which Melton Mowbray is one, are at the third level in the hierarchy, and it is expected that 'appropriate development of a lesser scale should be located in the Sub-Regional Centres'.
- 2.16 Other settlements, such as Asfordby Hill, and rural areas, within which the subject sites fall, form the lower tier of the hierarchy. The policy adds that new development in these areas should contribute to:
- maintaining the distinctive character and vitality of rural communities
 - shortening journeys and facilitating access to jobs and services
 - strengthening rural enterprise and linkages between settlements and their hinterlands
 - respecting the quality of tranquillity, where that is recognised in planning documents.
- 2.17 It goes on to say that priority should be given to making best use of previously developed land and vacant or under-used buildings in urban or other sustainable locations.
- 2.18 Policy 12 advises that outside Derby, Leicester and Nottingham employment and housing development should be located within and adjoining settlements. It adds that such development should be in scale with the size of those settlements, in locations that respect environmental constraints and the surrounding countryside, and where there are good public transport linkages.
- 2.19 Policy 19 relates to regional priorities for regeneration. It says that regeneration activity should be focussed on 'areas of greatest identified need' and lists those areas - which do not include Melton Mowbray. It adds that 'regeneration of all priority areas must conform with the strategy of urban concentration set out in Policy 3', which we have discussed earlier.
- 2.20 Policy 26 deals with protecting and enhancing the region's natural and cultural heritage. It notes that sustainable development should ensure the protection, appropriate management and enhancement of the region's natural and cultural heritage.
- 2.21 Policy 28 sets out regional priorities for environmental and green infrastructure. It advises that local authorities, statutory environmental bodies and developers should work with the voluntary sector, landowners and local communities to ensure the delivery, protection and enhancement of environmental infrastructure across the region. Paragraph 3.3.11 explains that environmental infrastructure 'comprises the networks of multi-functional

greenspace which sit within, and contribute to, the type of high quality natural and built environment required to deliver 'sustainable communities'.

Melton LDF Core Strategy (Preferred Options)

2.22 The Core Strategy (Preferred Options) was published in January 2008. Its long-term spatial vision is to:

'Manage development in a way which meets the needs of the local community, benefits the economy and maintains or improves the quality of the local environment. [The Council] will facilitate a sustainable pattern of high quality development which:

- Strengthens Melton Mowbray's role as a market town and as the main social and economic focus for the Borough
- Raises the quality and diversity of Melton Mowbray's town centre and reduces the impact of traffic
- Respects the individual character of Melton's villages and ensures that people benefit from having better access to key services and facilities
- Maintains the character of the countryside
- Addresses the causes and effects of climate change.'

2.23 In order to realise this vision, the Core Strategy sets a range of objectives for the Melton LDF, which are the same as the objectives in the Melton Sustainable Community Strategy. The first group of objectives, headed 'strengthening the economy', comprises:

- i) Create a diverse and competitive local business base, including support for 'embedded' sectors
- ii) Ensure a high level of skills and employment is maintained across the Borough
- iii) Provide appropriate employment space & infrastructure
- iv) Tackle financial exclusion
- v) Enhance the vitality and viability of Melton Mowbray town centre
- vi) Promote the tourism potential of the Borough through its food, equestrianism and heritage assets.

2.24 The second group of objectives is headed 'building communities'. The objectives are to:

- Help provide a stock of housing accommodation that meets the needs of the community, including the need for affordable housing
- Improve facilities for all the community
- Improve access to services and facilities, including health, social care, jobs, recreation, sport and education
- Encourage more people to take part in community activities
- To improve community safety and reduce crime and the fear of crime
- Reduce anti-social behaviour and problematic drug use

- Raise the image and profile of culture to residents of the Borough
- Increase physical activity
- Achieve an improvement in people's health
- Improve educational progress and attainment for all children
- Reduce traffic congestion in Melton Mowbray
- Promote civic pride

2.25 The final set of objectives deals with 'protecting the environment'. The objectives are to:

- Promote high quality and innovative design
- Reduce pollution
- Protect and enhance the built and natural environment
- Protect the rural character of the Borough
- Protect and manage the use of natural resources and mitigate activities that cause their loss or degradation
- Prepare for, limit, and adapt to climate change
- Reduce the risk of flooding and avoid development in areas adverse to flooding
- Reduce the amount of waste produced
- Improve the appearance of public spaces
- Reduce the need to travel by car and improve access to public transport.

2.26 On the question of where development should take place, the Core Strategy's preferred option is to concentrate development on Melton Mowbray. The strategy proposes to locate around 80% of new housing and other major development in the town, including new urban extensions adjoining the existing urban areas. In rural areas, including rural service centres, of which Asfordby is one, it proposes that development should be restricted to meeting local needs.

Conclusions

2.27 In summary, central principles set out in core spatial policies at national, regional and local level include

- Planning should promote sustainable economic growth, community well-being, social inclusion, environmental quality and environmental sustainability, including mitigating climate change.
- Planning should provide land to meet the expected needs for housing, employment, retail and leisure.
- The location of development should aim to minimise the demand for travel, especially by private car.

- Development, especially for uses that attract large numbers of people, should be concentrated in town centres and urban areas, and in places which can be accessed on foot, bicycle and public transport.
 - Brownfield land is a priority for development, provided it is in suitable locations.
 - Core strategies must be deliverable, which includes showing how their vision and objectives will be delivered and by whom, and how the infrastructure on which this delivery depends will be provided.
 - But core strategies must also be flexible, accepting that uncertainty is inevitable.
- 2.28 Consistent with these principles, the East Midlands Plan aims to focus development firstly in the Principal Urban Areas, secondly in the North Northamptonshire Growth Towns and thirdly in the Sub-Regional Centres, of which Melton Mowbray is one. Accordingly, within the Borough of Melton the emerging LDF Core Strategy seeks to focus development in and adjoining Melton Mowbray. In rural areas it seeks development to meet local needs only.

Employment Uses³

National Policy

Planning Policy Statement 1: Delivering Sustainable Development

- 2.29 As we note in our review of the core spatial policies, PPS1 states the Government's commitment to 'promoting a strong, stable, and productive economy that aims to bring jobs and prosperity for all'. It also says that planning authorities should promote national, regional, sub-regional and local economies by providing a positive planning framework for sustainable economic growth to support efficient, competitive and innovative business, commercial and industrial sectors.

Planning Policy Guidance 4: Industrial, Commercial Development and Small Firms

- 2.30 Planning Policy Guidance Note (PPG) 4, published in 1992 but still in force, deals with industrial and commercial development and small firms. It advises that development plan policies should provide for choice, flexibility and competition. It adds that in allocating land for industry and commerce, planning authorities should:
- be realistic in their assessment of the needs of business
 - aim to ensure that there is sufficient land available which is readily capable of development and well served by infrastructure
 - ensure that there is a variety of sites available to meet differing needs.
- 2.31 It adds that offering a choice of suitable sites will facilitate competition between developers, and that this will benefit end-users and stimulate economic activity.

³ Employment uses cover the B use class, comprising industry, warehousing and offices, and physically similar sui generis uses.

2.32 Regarding the location of economic land uses, PPG4 advises that:

‘Industry and commerce have always sought locational advantage in response to various external factors. These include: the demands of customers; access to raw materials and suppliers; links with other businesses; the workforce catchment area; and various transport considerations.

The locational demands of businesses are therefore a key input to the preparation of development plans. Development plan policies must take account of these needs and at the same time seek to achieve wider objectives in the public interest... Development plans offer the opportunity to:

- encourage new development in locations which minimise the length and number of trips, especially by motor vehicles
- encourage new development in locations that can be served by more energy efficient modes of transport (this is particularly important in the case of offices, light industrial development, and campus style developments such as science and business parks likely to have large numbers of employees)
- discourage new development where it would be likely to add unacceptably to congestion
- locate development requiring access mainly to local roads away from trunk roads, to avoid unnecessary congestion on roads designed for longer distance movement.’

2.33 PPG4 also advises that:

‘Planning authorities should consider carefully whether particular proposals for new development may be incompatible with existing industrial and commercial activities. The juxtaposition of incompatible uses can cause problems for the occupiers both of the new and of the existing development.’

Draft Planning Policy Statement 4: Planning for Sustainable Economic Development

2.34 A consultation paper on a replacement for PPG4, draft PPS4, with associated impact assessments, was published in May 2009. The introduction to the consultation paper notes that, ‘Economic growth in both urban and rural areas generates wealth and raises living standards.’ With that in mind, the draft PPS requires regional planning bodies to ‘positively and proactively encourage sustainable economic growth, in line with the principles of sustainable development’. Local planning authorities are required to do the same, both in urban and rural areas. Local planning authorities should identify a range of sites, to facilitate a broad range of economic development where necessary to safeguard land from other uses.

2.35 The document says that planning authorities should prepare and maintain robust evidence bases, so they understand current business needs and predict future business needs. However, it cautions that:

‘There is a limit to the extent local planning authorities can predict the future of their local economies and so a flexible approach to the supply and use of land will be important.’

- 2.36 In identifying sites for employment development, draft PPS4 says that local planning authorities should:
- prioritise previously developed land which is suitable for re-use, facilitating a broad range of economic development including mixed use
 - support existing business sectors, taking account of whether they are expanding or contracting
 - ensure that site allocations for economic development, particularly if they are for single or restricted uses, are not carried forward from one version of the development plan to the next without evidence of the need and reasonable prospect of their take up during the plan period
 - encourage new uses for vacant or derelict buildings and seeking to make the most efficient and effective use of land and buildings.
- 2.37 The draft also proposes that Regional Spatial Strategies set minimum targets for the provision of employment land down to the level of individual districts.
- 2.38 The impact assessment of the draft PPS4 notes that the aim of the proposed policy is to provide a positive framework to planning for sustainable economic development, including ensuring that there is a 'good supply of land which provides for the differing needs of business while being flexible enough to respond to changing market conditions, including new sectoral requirements'. It adds that the proposed policy requires 'a more proactive approach to providing employment land, which has regard to market demand'.

The East Midlands Plan

- 2.39 At Policy 18 the RSS sets out regional priorities for the economy:
- 'Local authorities in all parts of the region should work together with emda and other organisations with relevant responsibilities to encourage the regional economy through implementing the Regional Economic Strategy. It will be especially important to raise skill levels, develop the service sector and high-value manufacturing and create innovative businesses, so that the region is better placed to maintain economic competitiveness.'
- 2.40 Policy 20 of the RSS reads:
- 'Local authorities, emda and sub-regional strategic partnerships should work together in housing market area groupings to undertake and keep up to date employment land reviews to inform the allocation of a range of sites at sustainable locations. These allocations should:
- be responsive to market needs and the requirements of potential investors, including the needs of small businesses
 - encourage the development of priority sectors as identified in the Regional Economic Strategy, namely transport equipment, food and drink, healthcare and construction, together with specific sectors which have local economic significance
 - serve to improve the regeneration of urban areas
 - ensure that the needs of high technology and knowledge based industries are provided for

- promote diversification of the rural economy
 - assist the development of sites in the Priority Areas for Regeneration
 - be of a scale consistent with the essential policy of urban concentration as set out in Policy 3.'
- 2.41 Unlike many Regional Spatial Strategies, the East Midlands Plan does not set quantitative targets for employment land provision.
- 2.42 Policy Three Cities SRS 4 deals with employment land the Three Cities sub-area. It says that, in reviewing employment land allocations in the sub-area, local planning authorities should have regard to Policy 20 and to the following factors:
- the housing distribution set out in Three Cities SRS Policy 3, in particular the sustainable urban extensions
 - supporting the regeneration of the city centres, including large scale office developments, leisure and retail
 - the need to provide for the regeneration of deprived communities
 - the needs of high technology sectors, and to support Science City proposals
 - the need to serve the airport related development requirements of East Midlands Airport
 - the need to promote local employment opportunities that will reduce out commuting
 - opportunities to address the green infrastructure deficit in the sub-area.

Melton LDF Core Strategy (Preferred Options)

- 2.43 The Core Strategy Preferred Options sets a provision target of up to 30 hectares of land for industrial and warehouse development to 2026. This target is based on the employment land study update produced by Roger Tym & Partners in 2007. It is discussed at length in Chapter 3 below.
- 2.44 The Preferred Options explains that in order to reduce commuting, this development land to be on the edge of Melton Mowbray, close to existing and planned housing. The Core Strategy (Preferred Options) shows two options for the locations of this extension.
- 2.45 The Council's Rural, Economic and Environmental Affairs Committee on 1 April 2009 resolved to take forward the Option 2 - West, providing all of the 30 hectares of industrial and warehouse development close to the existing employment area at Leicester Road. The officer's report notes that a location close to Melton Mowbray will reduce commuting, by locating new employment development close to existing and planned housing.
- 2.46 Accordingly, if ABP and Holwell Works were taken forward as sites for industrial and warehouse development, the borough's total supply would exceed the Core Strategy target. To determine whether this may be acceptable, we need to look closely at the thinking behind the target. We do this in Chapter 3 below.

Conclusions

Policy Summary

- 2.47 The policy analysis above shows that key principles in current strategic policy include:
- Planning should positively support sustainable economic growth and competitiveness.
 - It should respond to market requirements, while at the same time seeking to achieve wider objectives in the public interest, including minimising the need to travel, especially by private car.
 - Employment development, like many other types of development should be concentrated in urban. This is particularly important for high-density employment uses such as offices.
- 2.48 The emerging PPS4 reinforces these principles and makes two further important points:
- While trying to predict business requirements, planning must recognise that predictions are uncertain and therefore it must be flexible.
 - Sites should not be allocated for employment unless there is a reasonable prospect of them being taken up during the plan period.
- 2.49 At local level, the emerging Core Strategy sets a target for industrial/warehouse land, aiming to provide up to 30 hectares for these uses in the plan period to 2026. It proposes to allocate all this land in an employment extension adjacent to Melton Mowbray, close to the existing Leicester Road employment area.

Implications

- 2.50 We now consider if anything in the above policies either supports or precludes the development of the subject sites for employment uses. Three main issues arise.
- 2.51 Firstly, current and emerging policy indicates that planning should respond to market requirements (while at the same time pursuing wider objectives in the public interest), and sites should be identified for employment only if they have reasonable prospects of being taken up. Therefore, to see if the sites are suitable for employment we need to consider how far the subject sites are attractive to the market and likely to be taken up. We will discuss this in Chapter 3 below.
- 2.52 Secondly, if the subject sites are allocated for employment (industry and warehousing) Melton's total land supply for that use will be far higher than the provision target of up to 30 hectares set in the emerging Core Strategy, to see if this would have adverse consequences, we need to examine the basis and wider context of the provision target. We do this also in chapter 3 below.
- 2.53 The third issue relates to geography and access:
- In general, as we have seen, policy indicates that employment development, especially if it is high-density, should be preferably located in or adjacent to urban areas and in places accessible by sustainable transport modes.

- More specifically, in Melton the emerging Core Strategy aims to locate all new employment development in an urban extension to Melton Mowbray close to Leicester Road, and proposes that development in rural areas should be to
- 2.54 Together, these factors might be considered sufficient to dismiss both subject sites as locations for employment development, because both sites are rural, neither is part of Melton Mowbray or the proposed extension, and their development for employment would clearly serve more than local needs.
- 2.55 However, the employment likely to be attracted at the subject sites is low-density; if new occupiers are similar to the existing occupiers of ABP, which seems probable, they will use around 110 sq m of floorspace per worker, which is three times as much the standard for general industry/warehousing and six times the standard for offices (see paragraph 1.11 above).
- 2.56 Moreover, ABP is only 1.5 km from the edge of Melton Mowbray, and Holwell Works is even closer. Drivetime maps attached at Appendix 1 suggest that there is a similar number of potential workers living within a 20 minute drivetime of ABP and Holwell Works as there is within a 20 minute drivetime of the approximate location of the proposed employment extension to Melton Mowbray. It is, however, hard to draw a firm conclusion on likely travel patterns without more detailed comparative analysis, and then only once the exact location and access arrangements for employment extension are known.
- 2.57 In terms of public transport, ABP is poorly served, and this is likely to remain the case. Holwell Works would be reasonably well served, however, by buses on Asfordby Road (A6006). We cannot tell how well the employment extension would be served by buses until its exact location and layout is known, but it is unlikely that it would support a bus service by itself, as the number of people working there would be insufficient.
- 2.58 Turning to cycling, both the subject sites can be accessed by cycle, and it is very likely that the employment extension would be accessible by cycle. It is likely that the employment extension would, as a proportion of employees, attract more trips by cycle, as the resident population in the immediate area is likely to be greater.
- 2.59 Finally, in terms of walking, pedestrian access to both ABP and Holwell Works is poor. We cannot tell how easily the employment extension could be reached on foot until its exact location and layout are known.
- 2.60 In summary, therefore, employment development, like most kinds of substantial development at the subject sites, would go against the letter of the emerging Core Strategy, because it would be located in a rural area but would meet more than local needs. But in terms of wider sustainability criteria, because ABP and Holwell Works are so close to the edge of Melton and because they would attract low-density employment, it is not clear that they are less sustainable as employment locations than the proposed employment extension. We conclude that, in terms of geography and location, the arguments for and against employment development at the subject sites are finely balanced.

- 2.61 Any proposals for employment development at Holwell would need to demonstrate that a satisfactory standard of residential amenity could be maintained, reflecting guidance in PPG4, given that the site is close to existing housing.

Non-Employment Uses

- 2.62 Should the Council choose not pursue the use of Holwell Works or the remaining vacant land at ABP for employment development, it may wish to consider alternative uses. We discuss the main options below.

Housing

- 2.63 PPS3 sets out the Government's policy on planning for housing. One of its key objectives is to secure the re-use of previously developed land (PDL) and it sets a national target that at least 60% of new housing is to be provided on PDL. Housing development should also be in locations 'which offer a range of community facilities and with good access to jobs, key services and infrastructure' and it should be 'easily accessible and well-connected to public transport'.
- 2.64 The East Midlands Plan sets a target of some 3,400 net additional dwellings between 2006 and 2026 in Melton Borough. It goes on to say that the additional dwellings should be located mainly at Melton Mowbray, and may be located within sustainable urban extensions if necessary. Accordingly, the emerging Core Strategy seeks to focus development at the town, including in an urban extension. This was informed, in part, by a SHLAA⁴, which considered both the subject sites and concluded that neither was suitable, available and achievable for housing - ABP due to planning policy, access and ownership and Holwell Works due to planning policy and ownership. The SHLAA does not say on which specific planning policies it has excluded the subject sites.
- 2.65 Even leaving aside the conclusions of the SHLAA, developing housing at either site would be contrary to the policy in the emerging Core Strategy that development in rural areas, including Asfordby, should be for local need only. In our view, housing development at the subject sites would also induce a large number of trips by unsustainable means, because there would be few day-to-day facilities within walking or cycling distance of the new housing, and neither site would be large enough to justify the provision of new on site facilities. Therefore, in our opinion housing development at the subject sites would induce more trips, and more trips by private car, than would low-density employment development.
- 2.66 There is, therefore, little support for the development of significant numbers of new homes in the Borough at any location other than Melton Mowbray. Development of the subject sites for housing would go against current and emerging planning policies.

⁴ See www.melton.gov.uk/pdf/Melton%20Strategic%20Housing%20Land%20Availability%20Assessment%202008.pdf (Appendix 5) Access date: 14 August 2009

Retail/Town Centre Leisure Uses

- 2.67 Any development for retail or leisure, as defined in PPS6 as 'town centre uses', would need to comply with PPS6, the East Midlands Regional Plan and the Core Strategy.
- 2.68 PPS6 indicates that the Government's key objective for town centres is to promote their vitality and viability by:
- planning for the growth and development of existing centres
 - promoting and enhancing existing centres, by focusing development in such centres and encouraging a wide range of services in a good environment, accessible to all.
- 2.69 In selecting sites for new retail and leisure development, PPS6 says that local planning authorities should:
- assess the need for development
 - identify the appropriate scale of development
 - apply the sequential approach to site selection
 - assess the impact of development on existing centres
 - ensure that locations are accessible and well served by a choice of means of transport.
- 2.70 These criteria are considered further in the East Midlands Regional Plan. Section 3 of the Plan notes that there is no identified need for additional regional-scale out-of-town retail floorspace. Policy 22 advises that local planning authorities should 'prevent the development or expansion of additional regional scale out-of-town retail and leisure floorspace'. The Plan does not define 'regional-scale', but PPS6 characterises regional shopping centres as out-of-centre, generally over 50,000 square metres gross retail area, and typically comprising a wide variety of comparison goods stores. Even if a development of this scale could be physically accommodated at the subject sites, a large-scale retail or leisure development at either of these sites therefore finds little support in regional policy. It would also be contrary to the emerging Core Strategy, which says that development in rural areas should be only for local needs.
- 2.71 Might a smaller-scale development, such as a superstore or factory outlet centre, be acceptable? This too would find little support either in PPS6 or in the Regional Plan or the emerging Core Strategy - which, as discussed earlier, say that Melton Mowbray should be the focus for development in the Borough, while rural development should be restricted to what is required to serve local needs.
- 2.72 At the subject sites, even a smaller-scale development would be likely to have an unacceptable impact on the rural character of the area (particularly if it were to be located at the Holwell Works site close to Asfordby Hill). In addition, given that housing is and will continue to be concentrated in Melton Mowbray, a development at either of the two subject sites is likely to increase travel distances: PPS6 encourages local authorities to have regard to the impact on car use in selecting sites for allocation for town centre uses.

- 2.73 Similarly, the emerging Core Strategy emphasises that developments that attract a large number of people, especially retail, leisure and office uses, should be located in Melton Mowbray town centre, in order to promote its vitality and viability, social inclusion and more sustainable patterns of development. Out-of-centre retail at either of the subject sites would be at odds with this aspiration.

Non-Town Centre Commercial Leisure Uses - Informal

- 2.74 Another option is to pursue informal, non-town centre commercial leisure uses on the Holwell Works site, such as go-karting/quad-biking, paintballing or shooting. For the vacant land at ABP, quad-biking is unlikely because it generally requires a rugged terrain, and shooting or paintballing would be incompatible with the safe operation of the existing employment uses. Go-karting may be possible at ABP but may also be incompatible with the operation of some existing businesses.
- 2.75 PPS7, which deals with development in rural areas, notes that tourism and leisure uses can be a means of stimulating rural economies. But it also says a balance should be struck between maintaining traditional rural activities and exploiting new leisure and recreational opportunities that require a countryside location.
- 2.76 PPS7 also advises that new development should not harm the character of the countryside, including its towns, villages, buildings and other features, and that where possible new development should make use of existing or replacement buildings, particularly where they are located outside existing settlements.
- 2.77 The East Midlands Regional Plan takes a similar approach to PPS7. While promoting diversification and further development of the rural economy, it cautions that such development must be consistent with a sustainable pattern of development and the environmentally sound management of the countryside.
- 2.78 It may, therefore, be consistent with current policies to use Holwell Works for non-intensive, commercial leisure uses. Any proposals would need to demonstrate that a satisfactory standard of residential amenity could be maintained, given the proximity of the site to existing dwellings. There is also no objection in principle to go-karting on the vacant land at ABP.

Non-Town Centre Commercial Leisure Uses - Formal

- 2.79 Another possibility is to accommodate formal non-town centre leisure uses on one or both sites, such as a five-a-side football centre⁵ or tennis centre. But locating this kind of use would, in our view, be at odds with the policy aspiration to reduce the need to travel by private car as they would induce a significant number of trips - almost certainly many more than low density employment uses. Such uses should, where possible, be located closer to residential areas and accessible by public transport.

⁵ See, for instance, www.kingsturge.co.uk/commercial/news/goals-soccer-centre-accelerates-uk-expansion-drive.htm
Access date: 11 September 2009

Greening

- 2.80 It might be possible to green Holwell Works, and perhaps provide public access to the resulting open space for informal recreation. This would be consistent with national and regional policy, which seeks the provision of good quality open space. But, given that it would generate no commercial revenue, greening would require public funding.
- 2.81 At ABP, even if it were physically practical to green the vacant land at the centre of the estate, it is very unlikely that the land could be open to the public. Therefore the policy support for greening would be weaker.

Agricultural Use/Paddocks/Stabling

- 2.82 Another option is to use Holwell Works for agriculture or as paddocks or stabling for horses. There is no in-principle objection to the land being put either use. Indeed, equine-related activity is broadly encouraged in PPS7 and the emerging Core Strategy.
- 2.83 Such uses would be incompatible with ABP, because much of the site is already in employment use and agricultural or equine uses would physically conflict with these existing uses.

Sustainable Energy Generation

- 2.84 Finally, there is an option to develop a renewable/low-carbon energy facility at one or both of the sites. This would reflect the aspirations of the Supplement to Planning Policy Statement 1, which notes the opportunity for local planning authorities to 'identify suitable areas for renewable and low-carbon energy sources, and supporting infrastructure'.
- 2.85 The selection of sites for this kind of infrastructure is addressed at paragraph 24 of the PPS1 Supplement. The Supplement notes that planning authorities should take into account:
- the extent to which existing or planned opportunities for decentralised and renewable or low-carbon energy could contribute to the energy supply of development
 - whether there are, actually or potentially, a realistic choice of access by means other than the private car and opportunities to service the site through sustainable transport
 - the capacity of existing and potential infrastructure (including for water supply, sewage and sewerage, waste management and community infrastructure such as schools and hospitals) to service the site or area in ways consistent with cutting carbon dioxide emissions and successfully adapting to likely changes in the local climate
 - the ability to build and sustain socially cohesive communities with appropriate community infrastructure, having regard to the full range of local impacts that could arise as a result of likely changes to the climate
 - the effect of development on biodiversity and its capacity to adapt to likely changes in the climate
 - the contribution to be made from existing and new opportunities for open space and green infrastructure to urban cooling, sustainable drainage systems, and conserving and enhancing biodiversity

- known physical and environmental constraints on the development of land such as sea level rises, flood risk and stability, and take a precautionary approach to increases in risk that could arise as a result of likely changes to the climate.
- 2.86 Paragraph 25 adds that, in deciding on areas and sites to identify for development, priority should be given to those that will perform well against these criteria. But it suggests that performing poorly against the criteria need not mean that the site should be immediately ruled out, rather the planning authority should consider whether the site's performance could be improved.
- 2.87 PPS22, which addresses renewable energy, also makes brief reference to the selection of sites. It advises:
- ‘As most renewable energy resources can only be developed where the resource exists and where economically feasible, local planning authorities should not use a sequential approach in the consideration of renewable energy projects.’
- The PSS emphasises flexibility, taking opportunities where they emerge, and it says that many sites unsuitable for other uses could be suitable for renewable energy projects.
- 2.88 The development of an energy facility finds in-principle support in the East Midlands Regional Plan. Policy 40 of the Plan, Regional Priorities for Low-Carbon Energy Generation, indicates that local planning authorities and others should promote the development of a distributed energy network using local low-carbon and renewable resources ‘in locations where environmental, economic and social impacts can be addressed satisfactorily’⁶. It goes on to list considerations that should be applied to the location of such facilities, dealing first with wind:
- Landscape and visual impact, informed by local Landscape Character Assessments
 - The effect on the natural and cultural environment (including biodiversity, the integrity of designated nature conservation sites of international importance, and historic assets and their settings)
 - The effect on the built environment (including noise intrusion)
 - The number and size of turbines proposed
 - The cumulative impact of wind generation projects, including ‘intervisibility’
 - The contribution of wind generation projects to the regional renewables target
 - The contribution of wind generation projects to national and international environmental objectives on climate change.
- 2.89 It then turns to factors which should be considered in relation to the location of other renewable energy infrastructure:
- The proximity to the renewable energy resource

⁶ The Plan also supports Combined Heat and Power (CHP), but this is not relevant to the subject sites, because CHP plants are not free-standing, but rather part of other developments.

- The relationship with the existing natural and built environment
- The availability of existing surplus industrial land in close proximity to the transport network
- The benefits of grid and non-grid connected micro-generation.

2.90 Policy 40 of the East Midlands Plan also advises that DPDs should consider former power station and colliery sites as sites for low-carbon energy generation. ABP is one such site.

2.91 In summary, there is strong policy support for the development of renewable energy infrastructure at both Holwell Works and ABP.

Conclusions

2.92 Our policy analysis suggests that housing, retail, town centre leisure and non-town centre formal leisure uses at the subject sites would be incompatible with current policy. But policy does not rule out non-town-centre informal leisure uses, agricultural or equine uses (only physically possible at Holwell Works), greening (only physically possible at Holwell Works) or sustainable energy. Chapter 4 below will consider how far these policy-compatible uses are also in demand and deliverable.

3 NEED AND FEASIBILITY: EMPLOYMENT USES

- 3.1 In Chapter 2 above we concluded that, to help determine whether the subject sites are suitable for employment, we needed to answer two questions:
- Are the sites commercially attractive and therefore deliverable?
 - What would be the consequences of providing employment land over and above the 30-hectare Core Strategy target?
- 3.2 To answer both questions, in this chapter we consider the demand and need of employment land in Melton, and what the subject sites can contribute to meeting that demand and need. We approach these issues in two ways. First, we look at the long-term position over the plan period to 2026, considering demand forecasts, provision targets and the planned land supply. Second, we use direct market evidence to assess how far the sites are commercially attractive and viable for Class B development.
- 3.3 These two approaches are mutually complementary. The long-term analysis relies on economic forecasts, which are the only way we have of looking 10 or 20 years ahead, but are highly uncertain and provide only an indirect measure, or proxy, of the demand for land. The market analysis is relatively short-term (there is no market intelligence on the distant future), but it does use direct evidence and provide qualitative information which is absent from economic forecasts.

Demand, Supply and Policy Targets in the Long Term

- 3.4 The demand and supply of employment land were considered in the Melton Employment Land Study (July 2006, partially updated November 2007), produced by Roger Tym & Partners for the Borough Council, which we referred to earlier. The question was revisited in the Leicester and Leicestershire HMA Employment Land Study produced by PACEC for the Leicester Shire Economic Partnership (June 2009). Below, we look at both these studies. Our discussion focuses on industry and warehousing, because no one is suggesting that ABP or Holwell Works are suitable locations for offices.

The Melton Employment Land Study

- 3.5 The Melton Employment Land Study ('the ELS') comprises two documents: the original ELS (July 2006) and the ELS Update Note (2007). Below, we consider these documents in turn⁷.

The 2006 ELS

- 3.6 The Melton ELS follows an analytical sequence common to most Employment Land Reviews. This comprised three main stages, of which the first two were quantitative and the third qualitative:

⁷ Numbers mentioned in this discussion are rounded.

- Firstly, the ELS derived a *quantitative target*, or *requirement*, for the total provision of employment land in the Borough over the plan period, in this case 2001-16.
- Secondly, it compared this target with the *planned land supply* (outstanding allocations and permissions) to see if more or less land would be required. At this stage, the analysis remained purely quantitative.
- Thirdly, the study considered *qualitative factors* including the characteristics and availability of sites, leading to recommendations for specific sites and areas, and in this case to reconsideration of the quantitative target.

3.7 Below, we discuss these three stages in sequence.

3.8 To derive a land provision target, the ELS started from forecasts of future market demand - the amount of land that the market would absorb if the planning system provided it.

3.9 A provision target based on demand targets assumes that the planning authority's objective is to meet market demand in full, so that economic activity and jobs in the area are not constrained by a shortage of land. Land provision targets are not always market-led. Sometimes they are policy-led, so the authority aims to under-provide market demand, usually for one of two reasons: to avoid too large a surplus of jobs over resident workers or to divert demand to neighbouring areas, which may have more land or offer more sustainable locations. But in Melton the Council did not aim to constrain employment in this way, probably bearing in mind that the Borough had fewer jobs than workers and there was no regional or sub-regional policy that required it to 'export' jobs to other local authorities.

3.10 To predict demand for employment land, the original ELS started from employment forecasts produced by Experian Business Strategies for emda. These forecasts, called *the baseline scenario*, represented an independent view of local economic prospects. For industry and warehousing, they showed a loss of 1,100 jobs between 2001-16, which would lead to a net fall in the required stock of land (negative demand) of some 8 ha.

3.11 The study noted that the decline would have been at odds with the recent history of industrial/warehouse employment in Melton, which since the mid-1990s had been on a rising trend. So it constructed an *alternative scenario* which simply projected forward this recent history, ignoring the Experian forecasts, assuming that the trend growth of recent years would continue to 2016.

3.12 The alternative scenario forecast net growth of some 2,000 jobs, resulting in positive demand for 16 ha of net additional land in 2001-16. The 2006 ELS noted that the alternative was 'very much at the upper limit of reasonable expectation', and it might be that actual demand would fall short of the alternative scenario.

3.13 The Melton ELS went on to assess Melton's committed supply of allocated and permitted development sites suitable for industry/warehousing at the 2003 baseline date. It estimated this supply at 33 ha. Virtually all of this total was at the two subject sites, comprising 16 ha at ABP and 15 ha assumed to be developable at Holwell.

- 3.14 In quantitative terms, this supply was far in excess of the (negative) demand shown in the baseline scenario, and just enough to meet demand in the alternative scenario. But qualitatively the ELS found that the outstanding land supply was unsatisfactory, because virtually all of it was in the Asfordby area, whereas most of the demand was in Melton Mowbray. Moreover, the offer at ABP was restricted, because it did not offer land or property for sale, and at that time did not offer speculative space either, but only design and build. To fill these qualitative gaps in supply, the study advised that new land for industry and warehousing be identified in or adjoining Melton Mowbray, preferably next to the existing industrial areas at Leicester Road or Saxby Road.
- 3.15 Based on the above analysis, the ELS recommended that, if the Council wished to ensure that future demand would be fully met, it should adopt a land provision target based on the alternative forecast, aiming to provide 16 ha of net additional land in 2001-16. The report acknowledged that this risked a quantitative oversupply. But it suggested that, in the particular circumstances of Melton, over-provision would not have damaging circumstances, because:
- ‘In strictly quantitative terms the land supply already identified is considerably above the requirement, it seems that this supply consists of land for which there are no competing uses, and furthermore there are strong qualitative grounds of identifying additional sites for employment - which, yet again, would be on land not required for alternative uses.’
- 3.16 The 2006 ELS further advised that any future land releases be phased and the provision target to be reviewed every 2-3 years, ‘which would avoid the risk of massive over-provision should the target prove over-optimistic’.
- 3.17 With regard to the subject sites, the Melton ELS recognised that, even if the alternative scenario were correct, adding a further allocation to the existing sites would result in a Borough-wide oversupply of land for industry/warehousing over the plan period. Nevertheless, the study advised that ABP be allocated for employment, on two grounds: it was assessed as high quality (partly due to the high standard of modern infrastructure inherited from the former superpit) and it appeared to have no alternative use, due to its comparatively isolated location and ‘heavy industrial’ environment. But for Holwell Works the study took the opposite view, recommending the site be de-allocated from employment use and greened. The reason was that the site was believed to be seriously contaminated, so it could not be viably developed without public funding, and it would be difficult to justify such funding given that Melton already had more than enough employment land.

The 2007 Update

- 3.18 In 2007, the Council commissioned RTP to provide a partial update of the ELS, to bring into line with the emerging Regional Spatial Strategy (RSS). The update provided quantitative analysis only. It changed the demand forecasts of the original ELS in two ways. Firstly, it was based on new employment forecasts, produced by Experian as part of the RSS evidence base, and incorporating the housing proposals in the emerging RSS. This in practice did not make a significant difference to Melton. Secondly, and more

important for Melton, the Update rolled forward the demand-supply calculations, to cover the period 2003-26.

- 3.19 For industry and warehousing, this updated forecast (the baseline scenario) showed a loss of 1,200 jobs between 2003-26, which would lead to a net fall in the stock of land (negative demand) of -9 ha. To translate this net figure into a gross requirement, the study added the land required to replace existing industrial/warehouse sites that might be lost in future. Based on past losses, which had been small, this replacement demand was estimated at just 4 ha, producing a gross requirement (negative demand) of -5 ha.
- 3.20 Like the original ELS, the 2007 update also provided an alternative scenario, which simply projected forward Melton's recent history of rising employment, ignoring the Experian forecasts and simply assuming that the trend growth of recent years would continue to 2026. In the alternative scenario, the Borough in 2003-26 would gain 3,400 industrial/warehouse jobs, resulting in a requirement for 26 ha of net additional land. Adding 4 ha to replace future losses, a gross requirement for some 30 ha for industry/warehousing in 2003-26, made up of 14 ha between 2003-16 and a further 16 ha in from 2016-26.
- 3.21 The update recommended that for the early part of the plan period, 2003-2016, land provision targets should still be based on this alternative scenario, for the same reasons set out in the original report, and based on the same assumption that the Council wished the planned land supply to meet future demand in full. But about the longer term the Update was more cautious, concluding that:
- 'If the Council is looking at longer-term land allocations, past 2016, it may need to make provision for, although not necessarily release for development, more land than the 14 ha, perhaps 30 ha [in total] for the whole period 2003-26. This would allow further trend-based growth should monitoring prove that it is required.'
- 3.22 Before translating these numbers into land allocation decisions, the Council should update its analysis again, to take account of changing supply between the update's survey date, 2005, and the most recent date for which supply data are available. Two kinds of supply-side changes should be taken into account: any net development occurring since 2005, and any changes in outstanding supply (allocations and permissions) since 2005. But in the case of Melton, these adjustments would make no significant difference. Monitoring reports show that, between 2005 and 2008, the amount of net industrial/warehouse development (space gained less space lost) in 2005-2008 was only about one hectare, and outstanding supply has not changed significantly either: it still amounts to around 32 ha, of which nearly all is accounted for by the two subject sites. So, the demand for additional land for 2008-26 will be the same as for 2005-26.
- 3.23 The Council's decision to identify up to 30 ha for Class B development close to the Leicester Road industrial estate is based on this advice, together with the qualitative assessment in the 2006 ELS, which identified Leicester Road and Saxby Road as the best locations for new land allocations.
- 3.24 As noted in Chapter 2 above, the Regional Spatial Strategy was published in 2009. In its final form, the RSS does not include any forecasts or provision targets relating to

employment land. Rather, at Policy 20 it indicates that the allocation of employment sites should be informed by sub-regional Employment Land Reviews, undertaken by local authorities working in Housing Market Area (HMA) groupings. By the time the final RSS was published the authorities in Leicester and Leicestershire had already implemented this advice, commissioning a sub-regional Employment Land Review which produced its findings in June 2009. We summarise these findings in the next section.

The Leicester and Leicestershire HMA Employment Land Study

- 3.25 The Leicester and Leicestershire HMA Employment Land Study ('the sub-regional ELS') was commissioned to underpin joint planning and delivery for employment land across the HMA, as required by the RSS. The study covers the period 2007-26 and was published in June 2009.
- 3.26 The sub-regional ELS follows the same logical sequence as the Melton ELS, firstly setting quantitative land provision targets, secondly comparing these targets with the quantity of supply, and thirdly considering qualitative sectors (the qualitative analysis is limited, as one would expect in a study that covers seven districts).
- 3.27 The sub-regional ELS, like the Melton ELS, bases its proposed land provision targets on expected market demand. To predict that demand, the sub-regional ELS uses the same Experian forecasts as the Melton ELS, but in a later version, issued in May 2008. Like the earlier forecast, this predicts falling employment in industry and warehousing, though at a much slower rate, resulting in negative demand of just -6 ha over 21 years. This is close to the Melton ELS's baseline estimate of -9 ha over 23 years and does not seem a significant reduction. But, like the Melton ELS, it does suggest that no net additional land will be needed for industry/warehousing over the plan period.
- 3.28 Also like the Melton ELS, the sub-regional ELS goes on to predict the gross demand for employment land, by adding to the net figure above the land required to replace future losses of existing employment space. But it estimates these losses by a different method, assuming that the property stock is renewed at fixed rates:
- 0.75% of the industrial stock is renewed (i.e. lost and replaced) each year, and 50% of the replacement floorspace is built on new land (land not previously in employment use).
 - For warehousing, the annual renewal rate is 1% and 75% of the replacement floorspace is built on new land.
- 3.29 In our opinion, these assumptions are not robust, because they are not based on empirical evidence. Moreover, even if the assumed renewal rates held true for the sub-region as a whole, they would not apply to individual districts, because the need for replacing old sites with new will depend on the quality and suitability for employment of existing sites, which is bound to vary across the sub-region.
- 3.30 For Melton, the sub-regional ELS predicts replacement demand for 18 ha of new land over the 19-year plan period. This may be an overestimate, bearing in mind the evidence from the Melton ELS, which estimated that past loss of industrial sites had been only a quarter of a hectare a year..

- 3.31 In the sub-regional ELS, the replacement demand turns Melton's negative requirement of -6 ha for 2007-26 into a positive gross requirement for 12 ha⁸. There has been no significant net development between 2007 and 2008, so the requirement for 2008-26 would be virtually the same.
- 3.32 On the supply side, the sub-regional ELS produces virtually the same figures as the local ELS, showing a committed supply of 32 ha, almost all of which is at Holwell Works and ABP. The study finds that in terms of quantity supply including the subject sites is enough to satisfy demand. But in qualitative terms it comments:
- 'The market analysis undertaken [as part of this study] identified the Leicester Road industrial estate in Melton as the focal point of the District's industrial property market. It further noted the sites at Holwell Works and ABP have poor access and are less sustainable than future development options in and around the Leicester Road area... [and] may be unlikely to be taken up in future.'
- 3.33 Based on this view, the sub-regional ELS excludes the subject sites from the 'effective supply'. It then shows that, once these sites are excluded, there is a quantitative supply shortfall. Consequently it recommends that new land should be allocated for industry and warehousing in future, and this new land should be in Melton Mowbray, 'at a site capable of meeting market requirements while reducing the need to travel and providing opportunities for access by sustainable modes of transport'. The study makes no recommendation about ABP or Holwell Works.
- 3.34 To our knowledge, Melton Council has not yet considered the recommendations of the sub-regional ELS or made any decisions based on them, possibly because they are very recent. The Council is free to accept or reject these recommendations in whole or in part, as would be the case for any evidence base study.

Conclusion

- 3.35 Two evidence base studies have been carried out in recent years to inform planning for employment land in Melton. The Melton ELS, made up of the original 2006 study and the 2007 update, considered Melton Borough only. The sub-regional ELS, published in 2009, aimed for a consistent view across the Leicester and Leicestershire sub-region.
- 3.36 There is just one important difference between the conclusion of the two studies, and it concerns the gross quantity of employment land that may be required to meet demand to 2026. The Melton ELS produced a figure of up to 30 hectares, noting that this is very much an upside scenario, while the sub-regional ELS estimated 12 hectares. The Council's emerging policy to provide up to 30 hectares of new land in the Leicester Road area, which would be released in phases to match demand, is based on the figure in the Melton ELS.

⁸ One implication of this finding, which is not mentioned in the sub-regional ELS, is that 18 ha of existing industrial/warehouse land (the difference between -6 and +12) will be released for other uses over the plan period.

- 3.37 Except for this difference, the two studies' conclusions and recommendations for Melton are very similar. Both studies estimated the outstanding supply of employment sites (which has been almost unchanged since at least 2003) is around 32 ha, of which nearly all is at our subject sites, ABP and Holwell Works. Both studies considered that these sites had qualitative deficiencies against the profile of demand, in that both were outside Melton Mowbray, and furthermore Holwell Works was constrained; and infer the subject sites might not come forward in the plan period, or they might come forward only in part. Therefore, both studies recommend that the Council allocate new employment land and that land be in Melton Mowbray. The Council's emerging policy to situate the new allocation at Leicester Road follows this recommendation.
- 3.38 Of the two studies, only the Melton ELS made recommendations about the two subject sites. It recognised that if ABP or Holwell Works, or both, remained part of the Borough's planned land supply, the total of that supply would be well above the forecast demand for the plan period. It judged that this oversupply was acceptable, on the assumption that the two sites were not required for alternative uses, so if they remained vacant for some time nothing will be lost. For this reason, and because it was assessed as a good-quality site, the Melton ELS recommended that it be allocated for employment. But for Holwell Works it recommended that the employment allocation be removed, on the assumption that the site could not come forward unless its reclamation was subsidised by public funding, on the grounds that such funding could not be justified given the oversupply of employment land in Melton.
- 3.39 In this study, we reconsider the above argument, including its key underlying assumptions - that the subject sites have no alternative uses and that Holwell Works cannot be developed without public sector subsidy. Before drawing conclusions, in the remainder of this chapter we look at the plans and aspirations of the sites' owners and assess their market prospects.

Current Proposals and Market Assessment

Asfordby Business Park

Owners' Proposals

- 3.40 As part of this study, we asked Harworth Estates, the owners of ABP, about their plans and aspirations for the future of the site. In this section, we summarise the information Harworth provided in return, both through written documents and in discussion with our team. This summary does not express any views, but simply reports on material provided to us by Harworth Estates. Our own assessment will follow in later sections.
- 3.41 Harworth Estates propose to provide additional buildings on the business park in coming years, up to the site's full capacity. Their masterplan they have prepared shows infill development on portions of the site which are now vacant, to develop a total site area of 9.8 ha for 42,000 sq m of industrial/warehouse space. If this proposed new floorspace were occupied at the same density as the existing space at the site, as estimated by the owners, it would support around 400 additional jobs. Proposed unit sizes range from 94 sq m starter units to c 9,400 sq m. Harworth Estates expect to offer the larger units as

design and build but might build smaller, terraced units speculatively. The tenure terms offered will be flexible, as they are at the existing properties at the site, and will include short leases. Harworth's company policy is not to offer land or buildings for sale.

3.42 Harworth Estates say that the site has two major assets, which competing business parks do not offer:

- Large power supply, providing tenants with 7-40 MVA.
- A rail connection, which could be used for distribution.

3.43 In support of, they also argue that:

- The site is close to Melton Mowbray and also to Asfordby, which is a category 1 village.
- In order to create balanced and sustainable communities, it is necessary to provide jobs near to where people live.
- The priority for development should be previously developed land, particularly vacant and derelict sites and buildings.
- The Borough should provide jobs for its growing population.

3.44 Below, we provide our own assessment of the market potential for further development at ABP. We first discuss likely occupier demand and secondly whether development is likely to be deliverable

Demand

3.45 Demand for new buildings is likely to be relatively indigenous unless bespoke, for example, connected to the railway potential use. Due to the location and accessibility of the site, we consider it unlikely that any large non bespoke inward investment occupiers will be attracted, especially high bay distribution.

3.46 Occupiers will therefore predominantly be connected in some way to the local Melton & surrounds market. There may be some demand from the wider local market; we consider that this would primarily comprise the area to the west, up to around the A46.

3.47 The types of occupiers are likely to be more industrial but maybe incorporating storage rather than straightforward warehousing, although that use cannot be totally discounted. Office contents are likely be lower than average. The existing predominance of transport and storage occupiers is more related to either open land and/or cheaper existing buildings. In terms of new build, costs will be higher and unaffordable for such lower cost warehousing occupiers. We consider it unlikely that unlikely a rail connected warehouse/freight terminal facility would be attracted as such would probably have to be of significant size which wouldn't be conducive to the location in terms of motorways/accessibility.

3.48 The type of occupier is unlikely to require a high quality design and specification but more of a basic functional building, possibly with more land than is normally usually provided, for outside storage, tanks, etc. The resultant buildings and sites may therefore resemble more of a traditional industrial estate rather than business park environment. In size

terms, demand is likely to be predominantly for units of say 90 - 465 sq m but with some up to say 1,850 sq m. There may be some demand at larger sizes but unlikely to be in excess of say 3,500 sq m.

- 3.49 The availability of high electricity supply is an attraction. This is important for some industrial operations, such as plastic injection and manufacturing of large machinery, and has become more expensive and difficult to obtain in other locations. High electricity consumers, could therefore be attracted to the location; especially for relatively smaller buildings, where cost elsewhere would be very prohibitive.
- 3.50 Apart from the Holwell Works site there are no similar competing sites in Leicestershire with capacity for new development. One possible exception is Old Dalby, where some undeveloped land remains, though on a much smaller scale than ABP. In general, the sub-region provides little land for value-driven industrial/warehouse requirements of the kind that would be attracted to ABP, because most of it has high strategic accessibility, so employment sites and buildings there tends to be relatively high-value. To find sites directly comparable to ABP and with significant available capacity, one would have to go beyond the sub-region, perhaps north towards Mansfield. To that extent, Asfordby Business Park may provide space for occupiers who otherwise could not find what they are looking for in the sub-region.
- 3.51 The current business environment and outlook is poor and hence it is unlikely that any design and build, let alone speculative development, will be undertaken in the near future. In the longer term, once market conditions return to normal, we expect that the average annual take up is likely to be relatively small, reflecting the market, say 0.5 - 0.75 ha. In the absence of any significant single building therefore the completion of the site could take some time.
- 3.52 Our conclusion is that there will be demand for this site. A question is, would such compete with the proposed new employment allocation on the outskirts of Melton near to Leicester Road? This will largely depend on the accessibility and quality of this new site - which we cannot be certain about, because the exact location and boundaries of the site have not yet been defined. Here, we assume that the Leicester Road site will be well located, with high accessibility and in a high-quality setting, and hence would provide higher quality design and specification than ABP, and more expensive buildings, in more of an attractive business park environment.
- 3.53 If this assumption is correct, we consider that the competition between ABP and the new site would be limited, because the two sites are likely to attract different types of occupier. The new site would attract businesses seeking higher quality, more attractive buildings, and also possibly the sort that would seek to acquire their own freehold, whereas Asfordby Business Park is likely to be leasehold.

Delivery

- 3.54 Physically, our investigations show little in the way of constraints that would make development undeliverable. We understand there are some underground ducts crossing part of the site but these areas could be utilised for roadways etc as opposed to actual

buildings. There is no gas to the site but this is not considered a major issue. Therefore the site is considered to be physically deliverable.

- 3.55 Financially there are no reasons why the development would not be viable. The owner/developers will consider relatively short term/flexible lease terms, which is what the market requires. The rent levels achieved and envisaged at approx £59 per m (£5.50 per sq ft); although not low they appear to be at market level for new build, albeit it may not be possible to achieve such in today's market conditions. Moreover the current owner/developers do not intend selling the resulting investment and hence are not reliant on that exit route/market. It is understood that Harworth Estates are of a size whereby funding should not prove to be too much of an issue.

Holwell Works

Owners' Proposals

- 3.56 The Rotherhill (Asfordby) Syndicate in May 2009 submitted a planning application for development of 36,152 sq m of industrial/warehouses space (B1c/B2/B8) on the main part of the Holwell Works site, which is in their ownership. Of the land owned by others, only the Saint-Gobain-PAM site is vacant. We asked St-Gobain-PAM about their aspirations for this site. The company replied that they might in future use part of the site for expansion of an existing facilities elsewhere in the UK, but had no definite plans for this at present.
- 3.57 Below, we summarise the development proposals of the Rotherhill (Asfordby) syndicate. Our discussion is based on documents submitted with the recent planning application, further documents that the Syndicate provided to us and discussion with representatives of the Syndicate and their professional advisors. In this section, we do not provide our own analysis or views, but simply report on the material provided by the Syndicate.
- 3.58 The Syndicate's outline planning application was submitted in May 2009 and proposes development of the Holwell Works site. The masterplan submitted as part of the application shows 32 units in a mixture of free-standing and terraced buildings, ranging from around 300 sq m or less to around 7,000 sq m. To illustrate the appearance of the development, submission documents provide sample photographs of similar buildings, of which one is reproduced below.



Example of Similar Building

- 3.59 Below, we use at the material provided by the Rotherhill Syndicate for evidence of the site's market potential for employment uses in general. Our analysis is not an assessment of the merits of the syndicate's specific proposals.
- 3.60 With regard to demand, the applicant has submitted a marketing report from property consultants Budworth Hardcastle. The report says that the site is suited to industrial/warehouse uses rather than offices, because users seeking offices in the Borough are more likely to locate on the edge of Melton Mowbray. It adds that the Rotherhill Syndicate will offer a choice of freehold or leasehold tenure and also serviced plots for sale to owner-occupiers looking to develop their own premises - an option not offered at ABP or anywhere else in the Borough.
- 3.61 In our discussions, the Rotherhill Syndicate and their advisors argued that this offer of freehold plots was a major advantage that would attract businesses to the site. A further key advantage, in their view, is that Holwell Works can cater to the 'secondary' or 'value-driven' market. This market comprises low-value, space-intensive businesses who cannot afford more expensive locations. Some of these businesses may also not be welcome in more expensive locations, if they cause noise, hazards or visual intrusion from open storage or unsightly structures.
- 3.62 The applicant considers that Melton and the wider area have few if any sites that cater to this secondary demand, so their proposed development would fill a large gap in the market. ABP in their view does not fill this gap, because it does not offer land (or indeed buildings) for sale.
- 3.63 To illustrate the potential demand, the applicant's marketing report provides a schedule of enquiries which have been 'tentatively progressed in respect of the Holwell site [and] have

indicated initial interest in relocation to bespoke facilities in the event of a satisfactory and deliverable planning consent being secured on the site’.

- 3.64 The schedule lists seven businesses, whose possible requirements total up to 36,000 sq m and range individually from 600 to 12,000 sq m. Only one business is named, as Discovery Foods, and seeking to locate ‘in an area of food excellence in the Midlands/South East’. All the remaining enquiries are from businesses currently based in the East Midlands - two in Melton, two in Leicester and one each in Nottingham and Rutland - and are looking to relocate or expand not too far from their current premises. From this limited evidence, it seems that the proposed development at Holwell Works would be likely to serve a sub-regional or wider market, rather than just Melton. However, other possible requirements were discussed at a meeting we held with the Rotherhill Syndicate, which were largely local.
- 3.65 As regards deliverability, the syndicate notes that the 2006 Employment Land Study assumed that Holwell Works could not be developed without public subsidy, because of contamination. The syndicate therefore commissioned geo-environmental assessments, submitted with its planning application, which concluded that the site represents ‘a moderate-to-low risk to controlled waters and a moderate risk to human health, set in the context of the proposed development’. According to the marketing report, the syndicate costed the necessary remediation works before buying the site from Corus, so the price it paid reflected the cost of bringing the site forward.
- 3.66 The marketing report includes a comment, reiterated in discussion with the site owners and advisors that Holwell Works can deliver commercially viable industrial/warehouse development at competitive prices, with no need for financial support from the public sector. Moreover, due diligence undertaken shows that the costs associated to bringing the site up to a standard for development are at an economic level. Hence, the development is financially viable. This is in direct contrast to what had been envisaged, largely due to perceived contamination and remediation costs and issues.
- 3.67 The costs of the remediation, services and roads etc would be relatively high but in discussion, the syndicate added that it was not necessary to develop the site out in one go, and that part of the development could be delivered immediately, using the greenfield front section of the site.
- 3.68 Below, we provide our own analysis of the site’s market prospects. We discuss first demand and then deliverability, as we did for ABP above.

Demand

- 3.69 Holwell Works is a similar site to Asfordby Business Park in terms of the likely level and type of demand, which we envisage as being relatively indigenous, attracting occupiers from Melton itself and the wider local market, mainly comprising areas to the west as far as the A46 - which are largely rural. In our view, the site is unlikely to appeal primarily to inward investment. Thus, in our opinion, the potential market for the site is likely to be more geographically restricted than is suggested by the quantitative analysis of enquiries at paragraph 3.64 above.

- 3.70 The main difference to Asfordby is the availability of freehold sales, especially of serviced plots of land. Putting current market difficulties aside, this would be an important element in the demand as by definition most occupiers are envisaged to be local and hence largely small/medium sized. Many of these occupiers tend to want to own their own property and/or wish to acquire land without a developer tie. Many wish to purchase more land than is absolutely necessary to facilitate the immediate development; because of expansion land or external storage or other requirements. This low density is difficult to achieve on a site with a developer build tie. Therefore we would envisage demand from parties wishing to purchase and own their own premises.
- 3.71 The conclusion is that there will be demand for this site, with the demand likely to be weighted towards purchasing either a completed building or serviced land. Where properties are leased to occupiers rather than sold to them, the developers will probably seek to sell them on to long-term investors. In the current market, this would be difficult to achieve. But, even ignoring current market difficulties, we consider that property in this location will be relatively unattractive to investors. Therefore it will be in the Syndicate's commercial interest to fulfil their undertaking that land and property will be offered for sale to owner-occupiers. However, there can not be any guarantee that the owner will continue to offer freehold sales of serviced plots of land not tied into any build contract.
- 3.72 We also need to consider whether Holwell Works, if developed for employment, would compete with a new allocated employment site on the outskirts of Melton near to Leicester Road. This is more difficult due to the availability of freeholds, as it is likely such would also be available on any new Leicester Road site. Whether serviced plots would be available at the new site is conjecture, but on balance probably unlikely as developers tend to wish to offer turn key packages. Many local occupiers may well prefer a location on more of the outskirts of Melton. We consider that Holwell is likely to attract the more economical end of the market, especially as regards low site density developments.

Delivery

- 3.73 The physical deliverability of Holwell at an economic cost is the major issue, as it has always been generally perceived the site is contaminated to the extent as to make development unviable. The site has been vacant for some considerable time and regarded as being available to purchase from the former owners, believed to be Corus. The question must arise, therefore, as to why during much better property markets the site was not sold and/or definite plans submitted for development?
- 3.74 That question cannot be answered although the inference is that the previous owners had no desire to develop and only relatively recently decided to sell. In discussion with the current owner and their advisors it appears considerable due diligence has been undertaken as regards contamination and other issues including costing. We are advised the contamination is not as onerous as envisaged and that hence the site is deliverable. The investigations have been undertaken by reputable professionals and hence we must assume are correct in the conclusions. Moreover, the owner has clearly incurred considerable costs in undertaking not only the due diligence but also the site purchase which one could conclude would not have otherwise have taken place.

- 3.75 From discussions with the owner and their advisors, it appears the land cost to include acquisition and subsequent budgeted costs is at a level to enable freehold sales of plots to be offered at what could be deemed a reasonable level for the target market, i.e. at a competitive level. This would also imply competitive turnkey sales of completed buildings could also be offered. Therefore our conclusion is that industrial/warehouse development at Holwell Works appears, on the information available, to be financially viable.

4 NEED AND FEASIBILITY: NON-EMPLOYMENT USES

- 4.1 In this chapter, we assess the deliverability of non-employment uses for ABP and Holwell Works. We first consider whether the market is likely to deliver different uses and then, where the answer is negative, whether public sector funding might be available to close the gap. We leave aside those uses which are not physically feasible and those which were shown in the last chapter to be precluded by current planning policies, such as housing and retail.

Non-Town Centre Commercial Leisure Uses - Informal

- 4.2 As we noted in Chapter 2, there is no policy objection in principle to non-intensive, informal commercial leisure uses, such as go-karting/quad-biking, paintballing or shooting. These uses are likely to be physically possible at Holwell Works, though not at ABP (with the possible exception of go karting), because part of ABP is in established employment use. At Rufford Colliery, where Harworth Estates (part of UK Coal and the owners of Asfordby Business Park) intend to submit a planning application in summer 2009 for an off-road motorcycle facility and business park⁹ on a site described variously as 16 hectares¹⁰ and 23 hectares¹¹. Assuming the application is permitted, this raises the question of whether another off-road facility at Holwell Works would be viable, given that Rufford Colliery is only 45 minutes' drive from Holwell Works, and both sites lie around 30 minutes from Nottingham. It would almost certainly need to be of a scale and offer a range of activities which do not overlap with those proposed at Rufford Colliery.
- 4.3 One key question in relation to Holwell Works is whether the site would require decontamination before go-karting, quad-biking or paintballing could take place, and if so whether the land value which would arise if the site were to be allocated for these uses would be sufficient to persuade the existing owner to sell while still allowing for decontamination. Land values for these uses are similar to agricultural values, and thus we think there is little prospect of non-intensive commercial uses being viable if decontamination is required.
- 4.4 If decontamination is not required, informal leisure uses may be commercially viable, but this would depend critically on the value of the site. At both subject sites, in the short term owners are likely to be refuse to sell at a price low enough to make such uses viable; they will prefer to retain the sites, in the hope that in the medium to long term they may obtain permission for more valuable uses. In the longer term, even if owners were willing to sell the land, it is likely that they would want some overage, in case a better consent was eventually forthcoming.

⁹ See www.ukcoal.com/ds-forward-planning Access date: 8 September 2009

¹⁰ See www.ukcoal.com/news-item&item=131698729698516 Access date: 8 September 2009

¹¹ See www.thisisnottingham.co.uk/sneinton/Rufford-Colliery-regeneration-plans/article-1204234-detail/article.html Access date: 8 September 2009

- 4.5 We conclude that for the foreseeable future neither of the subject sites is likely to be either available or commercially viable for informal commercial leisure uses, unless the Council could negotiate their sale at lower than open market value, or provide funding to close the gap between the open market value of the sites and the lower value at which leisure use would be viable. These are not realistic options.

Greening

- 4.6 We noted in Chapter 2 that greening the Holwell Works site, perhaps providing access for non-intensive leisure uses such as walking and cycling, would be physically possible and supported by policy. As this would not generate commercial revenue, public or third sector funding would be required. The most likely vehicle for securing funding would be the Land Restoration Trust. The Trust aims to restore derelict, neglected or underused sites and maintain them for the community in the form of publicly accessible green space.
- 4.7 The Trust makes use of endowments, which if correctly structured can provide for site maintenance in perpetuity¹². But the Trust is not a grant giving body. It works with partner organisations to help secure the funding necessary for individual projects¹³. Funding sources may include local authorities, the regional development agency, the National Lottery and the private sector. Of course, each organisation will have its own criteria for providing funding, but we understand that each will wish to be assured that (a) the benefits which can be gained from greening the land and providing public access cannot be secured more cost effectively at another location, and (b) the site cannot be put to a commercially viable use which is in the public interest. It is also likely that it would need to be demonstrated that greening the site would have wider benefits. For example, if it was a gateway site to the town, greening it might improve the image of Melton and encourage investment. But Holwell Works is not visible from the main road into Melton Mowbray, and thus this argument would not bear scrutiny.
- 4.8 In any case, for Holwell Works to be greened the existing owner would need to be prepared to sell the land at lower than open market value, or else the Council would need to provide funding to close the gap between the open market value of the sites and the low commercial value which greening would achieve. Once again, we do not think these are not realistic options.

Agriculture/Paddocks/Stabling

- 4.9 We note in Chapter 2 that Holwell Works could be used for agriculture, paddocks or stabling, consistent with current policies. But land values associated with agriculture and paddocks are low. If, as is likely, decontamination of the site is required, these uses are unlikely to be viable. The use of the land for stabling would offer a slightly higher land value, but again it is unlikely to be sufficient to allow for decontamination.

¹² See www.landrestorationtrust.org.uk/files/documents/publications/Brochure.pdf Access date: 9 September 2009

¹³ See www.landrestorationtrust.org.uk/files/documents/publications/LRT_A4_FAQ.pdf Access date: 9 September 2009

- 4.10 Once again, the existing owner would need to be prepared to sell the land at lower than open market value, or else the Council would need to provide funding to close the gap between the open market value of the sites and the lower value at which agricultural use/paddocks/stabling would be viable. Again, we do not think these are not realistic options.

Sustainable Energy Generation

- 4.11 We noted in Chapter 2 that the provision of a renewable/low-carbon energy facility might be possible on the Holwell Works and perhaps at ABP, and in principle would be supported by policy. We examine below the different kinds of sustainable energy and the potential to generate them at this location. Except when otherwise stated, our information is taken from a recent report produced by IT Power for Melton and other local authorities¹⁴.

Dry Biomass

- 4.12 There are three types of dry biomass resource, energy crops (short rotation coppice, dedicated annual combustion energy crops, and co-product from arable crops), woodland and forestry, and waste from parks and highways.
- 4.13 **Energy crops:** Mapping by Defra¹⁵ suggests that the potential yield from *short rotation coppice* in the Melton area is high, and that there is also likely to be a reasonable yield from miscanthus crops, a dedicated annual combustion energy crop. However, these perennial crops have limited application because they restrict farmers' ability to rotate crops, an important tool which can radically reduce cost and improve yield, as well as reducing the risk of disease and maintaining soil fertility. Nevertheless, there is an opportunity to exploit dedicated *annual combustion energy crops*, including the hybrid Triticale and energy oats. Trials would be necessary to assess their suitability. There is some scope for use of *co-product from arable crops* (various types of straw), with current levels of straw production expected to increase. Some demand already exists from the Ely biomass plant and there is expected to be further demand from the Sleaford Renewable Energy Plant in Lincolnshire. Straw constitutes over 60% of the total dry biomass resource.
- 4.14 **Woodland and forestry:** The potential resource from woodland is substantially less than that available from energy crops. Currently available wood fuel resource has the potential to heat only 85 homes in Melton; a further 97 could be heated as young trees mature.
- 4.15 **Waste from parks and highways:** The resource available from parks maintenance is thought to be small though not insignificant. It may, however, be difficult to utilise as a sole source due to its dispersed nature. It could be used with other dry biomass.

¹⁴ IT Power, 'Renewable Energy Opportunities for Blaby, Harborough, Hinckley and Bosworth, Melton, North West Leicestershire, Oadby and Wigston and Rutland', May 2008

¹⁵ See www.defra.gov.uk/farm/crops/industrial/energy/opportunities/em.htm Access date: 13 July 2009

4.16 A 1.5 MW plant for the combustion of dry biomass would require a site area of 0.5 hectares and a 40MW plant may require five hectares. Holwell Works could accommodate a larger plant, and ABP may also be able to accommodate a facility. In principle, therefore, a biomass plant could be developed on the Holwell Works or ABP site, probably exploiting energy crops. However:

- Although there is evidently substantial arable land surrounding the site, more detailed investigation would be required to confirm that appropriate crops can be grown nearby.
- It is likely that the operator of any renewable energy facility would need to make a clear commitment to building and operating the biomass facility in order for farmers to commit to supplying fuel.
- Regular fuel deliveries will be required, and upgrading of the road network may be required (as indeed it may well be for employment development)
- Access to water for cooling would be required, and further investigation of the availability of large quantities of water would be necessary.

Wet Biomass

4.17 A study for Leicestershire County Council in 2007 identified the opportunity for exploiting wet biomass¹⁶. It concluded that the smallest size of plant that is viable is one which could process the slurry from at least 3000 cattle plus food waste. Melton was identified as a 'hot spot' of livestock production, and thus there may be an opportunity to exploit wet biomass.

4.18 However, the IT Power study cautions that although the treated liquid from anaerobic digestion plants (the 'digestate') has the potential for use as a fertiliser and soil conditioner, which can provide an additional revenue stream for the operators of anaerobic digestion plants, it is currently subject to waste management controls. This is a significant barrier to the growth of this technology. Therefore the prospects for a wet biomass plant at Holwell Works or ABP appear weaker than for dry biomass.

Hydro

4.19 Given the lack of moving water there is, evidently, no opportunity to exploit water as an energy resource at the Holwell Works or ABP site.

Wind

4.20 The East Midlands Regional Plan says that the opportunity for energy provision from wind on a large-scale in the region is thought to be limited. But the IT Power study notes that, in terms of wind speeds, Melton specifically offers very good potential for wind energy generation. IT Power also notes that a wind speed of six metres per second or more is generally required for a large project to be regarded as economically viable. It is not clear from the map in the report whether wind speed at Holwell Works is sufficient to allow the

¹⁶ Biogas in Leicestershire, A Technical Feasibility Study for Leicestershire Anaerobic Digestion - A Renewable Energy Resource'

installation of wind turbines. Further analysis would be required, though in any case the site could accommodate only a small number of turbines.

Conclusions

- 4.21 The above discussion suggests that in physical terms Holwell Works, and perhaps ABP, may be suitable for sustainable energy generation infrastructure, subject to detailed specialist investigation. However, for a renewable energy facility to be taken forward the existing owner would need to be prepared to forward the project itself or sell the land to an organisation which is.
- 4.22 If the value of the land as a site for sustainable energy generation infrastructure is lower than that for employment use (albeit the hope value), the Council would need to provide funding to close the gap, or else public sector funding from another source would be required.
- 4.23 Assuming that the existing landowner was content to take forward the project, or was willing to sell site to someone who is, there appears to be potential for a biomass plant (drawing on energy crops), and possibly power generation from wind. This is, however, subject to further specialist assessment.
- 4.24 Leaving aside the land purchase costs, private sector investment in technology innovation in the low carbon energy sector has generally been low in comparison with other sectors of the economy¹⁷. It is possible, therefore, that some public funding would be required.
- 4.25 The starting point would be to identify a commercial operator who could draw on the Environmental Transformation Fund (ETF)¹⁸, which is administered jointly the Department for Environment, Food and Rural Affairs and the Department for Business, Enterprise and Regulatory Reform. The ETF draws together UK government support for demonstration and pre-commercial deployment of technologies for the sustainable generation and use of energy (including transport fuel).
- 4.26 The ETF strategy¹⁹ advises that for technologies at the demonstration stage direct ETF funding (usually in the form of capital grants) is often most suitable, because of the high initial costs and uncertainty of outcomes. But, for technologies already in deployment other instruments may be more suitable, such as loans and revolving funds for technologies facing capital market failures, technology certification/labelling, displays, demonstration and service provision for technologies facing transaction/hidden costs or ignorance/inertia.

¹⁷ See www.berr.gov.uk/files/file47575.pdf Access date: 2 September 2009

¹⁸ *ibid*

¹⁹ *ibid*

5 CONCLUSIONS

- 5.1 In drawing conclusions below, we consider ABP and Holwell Works in turn. For each site, we first provide a shortlist of options, comprising those uses which are likely to be physically possible, subject to normal planning criteria, and are not clearly precluded by policy. For each short-listed use, we go on to assess
- Deliverability, drawing on the discussion of practical and financial factors in Chapters 3 and 4 above;
 - Policy-based considerations for and against, judged against the current and emerging policies summarised in Chapter 2.
- 5.2 The baseline against which options are judged is the do-nothing option, in which the sites are not identified for any use and remain in their present state, with no new development.
- 5.3 On a technical note, to assess the impact of any option against this do-nothing baseline we need to know, or assume, the *alternative locations* of the development being considered. Thus, if the option considered is employment use, we need to assume where the businesses that would locate at the subject sites would go if these sites do not come forward. For employment, our broad assumption is that the main alternative locations are similarly low-value sites. Therefore, if the new Leicester Road employment site proposed in the Core Strategy is well located and developed to high quality standards, it will be an alternative site for few or none of the occupiers that might go to the subject sites.

Asfordby Business Park (ABP)

Short-Listed Options

- 5.4 Like the discussion earlier in this report, our conclusions on ABP relate to that part of the site which is at present undeveloped and unused. (To remove existing users, so that the whole business park can be redeveloped for other uses, is not a realistic option and we do not consider it further.)
- 5.5 Leaving aside the do-nothing option, there are three short-listed uses for this land:
- Employment
 - Informal leisure, comprising go-karting
 - Renewable energy generation
- 5.6 Below, we consider the short-listed uses in turn. For each use, we first discuss deliverability and go on to assess policy fit, setting out positive and negative factors.

Employment

Overview

- 5.7 The analysis in Chapter 3 above concludes that development for employment uses - specifically industry and warehousing - is likely to be deliverable, though demand prospects are not certain and we expect take-up will be slow, so the site may not fill up for a number of years.

- 5.8 In the light of the policies set out in Chapter 2, the first consideration in favour of employment development is that it would respond to market demand and so generate economic benefits, in the form of outputs, incomes and jobs. As we have seen, national and regional policy say that local planning policies should support economic growth. In this context, one particular contribution ABP is that it can provide space at short notice, being immediately available for development. This could potentially relieve a constraint on economic development in Melton, because, as we have seen, the Borough at present does not provide any other significant development sites for B-class uses.
- 5.9 It is also important to note that development of ABP would re-use both previously developed land and the modern, high-quality infrastructure which is already present at the site. From a sustainability perspective this is favourable consideration, because some of the alternative sites that may be developed if ABP is not may be greenfield or need new infrastructure.
- 5.10 There are possible negative considerations, which may weigh against development of ABP for employment: its rural location, its contribution to an oversupply of employment land, the fact that its delivery is uncertain and the nature of jobs it would provide. Below, we discuss these unfavourable considerations in turn.

Location and Access

- 5.11 If ABP is identified for employment, by the time it is fully developed it will result in some hundreds of additional jobs locating out of town. This goes against the policy objective of concentrating development in the urban areas including edge-of-town extensions, while restricting rural development to what is required to meet local needs. A related factor is that the site is poorly served by public transport.
- 5.12 To begin with location, ABP lies in a rural area. In the light of current policies, this counts against it as an employment development site. Indeed, this is largely the basis on which we have discounted the possibility of developing the site for housing. But in relation to employment uses this disadvantage is mitigated by the fact that the site is only 1.5 km from the edge of Melton Mowbray and therefore its labour catchment is probably similar to that of many edge-of-town sites. Moreover, Holwell Works, like ABP, is likely to attract low-density uses - and hence relatively few trips to work - and activities which may not be happy or welcome in an urban setting. A housing development would, in our opinion, generate many more trips.
- 5.13 But in terms of public transport: ABP is almost certainly at a disadvantage: we expect that it is, and will remain, less well served by public transport than an edge-of town site situated on a main thoroughfare such as Leicester Road.
- 5.14 In defence of ABP, however, one would argue that the type of employment that the Park attracts is likely to be low-density. Moreover, the profile of existing occupiers at ABP and the market analysis in Chapter 3 suggest the type of business it attracts would not necessarily be either happy or welcome in a more built-up area. To help ensure that this is the case, the Council could impose a planning condition that limits the office content of buildings to be constructed at the site.

- 5.15 A related point is that, as we have seen, ABP is unlikely to compete directly with the key development opportunity in the Borough, the proposed new site at Leicester Road. Thus it is unlikely to divert jobs from a more sustainable to a less sustainable location.
- 5.16 In summary, therefore, substantial employment development at ABP would go against current policies on the sustainable location of such development. But this adverse impact is mitigated by the site's closeness to the urban area and the low density of the uses it is likely to attract. How far these mitigating factors are enough to justify employment development is a matter for the Council.

Oversupply

- 5.17 As mentioned earlier, identifying ABP, or indeed other sites, for employment development would lead to an oversupply of employment land. There are different versions of this view, depending on the benchmark that is used to define the correct supply. Thus, the Planning Inspectorate and Government Office imply that no development land should be required for industry/warehousing, because the sector's employment is expected to fall. This view does not relate specifically to the subject sites, but questions the need to provide any land for industry/warehousing. The two evidence base documents provide four possible arguments to counter it:
- i) Best-case (upside) forecasts, which take account of Melton's exceptional performance in the past, suggest there is a possibility that employment may increase after all (Melton ELS).
 - ii) The land being supplied is not to cater for net employment growth, but to replace existing floorspace which will be lost (sub-regional ELS).
 - iii) Although in strict quantitative terms land supply exceeds the foreseeable demand, new land is required on qualitative grounds (both studies).
 - iv) Oversupply will not cause any damage if the sites identified for employment are not wanted or needed for other uses (Melton ELS).
- 5.18 There are two further views on the level of future industrial/warehouse demand and hence what the correct supply would be:
- The Melton ELS suggests that demand until 2026 could be up to 30 hectares, noting that this is an upside scenario, at the top of the range of possible outcomes.
 - The more recent sub-regional ELS, prepared in compliance to the Regional Spatial Strategy, provides a single, best-guess scenario, showing demand for 12 hectares to 2026.
- 5.19 Regardless of which of these figures is accepted, we need to consider how far oversupply - that is, identifying land in excess of the figure - is a bad thing. To this end, we discuss below the consequences of such oversupply. This discussion expands the analysis in the Melton ELS, to take account of more recent policy and evidence.
- 5.20 One reason why oversupply might be undesirable is regional planning policy. In some regions, a local authority that overshoots the RSS land supply targets would fall foul of policies that aim to limit this supply. There are two main reasons for such policies. The

first is to prevent poaching demand from neighbouring authorities (territorial competition) and the second reason is to avoid labour market imbalances, where places have more jobs than workers, so journeys to work lengthen and pressure for housing development increases.

- 5.21 But in the East Midlands these strategic policies do not exist. As we have seen, the Regional Spatial Strategy does not set targets for employment land provision, but only says that local authorities should determine their own targets, working together in groups based on housing Market Areas. The authorities in Leicester and Leicestershire have done this, commissioning a study which shows future requirements by district. But there is no policy requirement that authorities should plan to these figures, and certainly no suggestion that the figures should be treated as maximums, or that employment growth in any area should be held back, either to avoid poaching from other areas or to preclude labour market imbalances. Similarly, emerging national policy, in draft PPS4, in advising that Regional Spatial Strategies should set employment land targets for local authorities, only refers to minimum targets.
- 5.22 Turning to local issues, we need to consider the possible consequences for Melton Borough of providing employment land far above forecast demand. One possibility is that the forecasts are correct and remain correct despite the extra land provision. In this case, some of the allocated land will not come forward in the plan period (or maybe ever), because of insufficient demand. Whether this has adverse consequences, depends on the site's alternative uses. We concluded earlier that the site has just one alternative use that is policy-compliant and may be deliverable: for sustainable energy generation. If indeed the site is suitable and wanted for such uses, there will be an opportunity cost, in terms of the public interest, to leaving it vacant while waiting for employment.
- 5.23 If the new Leicester Road allocation comes forward slowly, this seems unlikely to cause problems: the allocation is intended as a phased land release anyway, and it should not need a particular critical mass before it can start, being an extension to an existing employment area. In any case, as noted earlier it is likely that ABP and Leicester Road will serve largely separate markets. Nor is excess supply at ABP likely to empty existing employment areas in Melton, because as discussed earlier ABP caters to a specialist market sector.
- 5.24 Alternatively, the forecasts could be wrong, in the sense that the extra land allocation attracts demand over and above the forecast. This could be considered a bad thing by the Council if it results in too many jobs in the area, causing pressure on housing and transport. But so far as we know this is not an issue for Melton Council the 30-hectare Core Strategy allocation, which responds to the highest possible demand scenario, seems motivated by a wish to maximise the number of jobs in the borough.
- 5.25 Finally, in some places oversupply of land is a problem because it makes it difficult to protect existing employment areas against pressure to redevelop for other uses. We do not think this is likely in Melton, because ABP is qualitatively different from other sites in the Borough and likely to come forward only slowly, so it should not be counted in the same way as 'mainstream' supply.

- 5.26 To sum up, there is no question that identifying ABP for employment development would result in a Borough-wide oversupply of employment land against both existing demand forecasts, provided respectively by the Melton ELS and the sub-regional ELS. There are two main grounds on which this may reasonably be considered a problem.
- 5.27 Firstly, the Council may consider that the target in the sub-regional Employment Land Study should be interpreted as a maximum, and that this target should be considered binding, in the interests of a consistent basis for planning across Leicester and Leicestershire, as advised by the Regional Spatial Strategy. Whether this argument is correct is a matter of judgment. Against the argument, it should be noted that neither the RSS nor the sub-regional ELS suggest that employment land targets should be treated as ceilings, and moreover the regional ELS does not actually recommend that ABP (or indeed Holwell Works) should be withdrawn from the planned land supply. If, nevertheless, the Council wishes to treat the ELS figure as a binding maximum, it should reduce the total supply to 12 hectares, which would mean reducing the proposed provision of up to 30 hectares at Leicester Road.
- 5.28 The second reason for considering oversupply a problem is that, if ABP is identified for employment and remains vacant for a long period, this will prevent the site's development for alternative uses. As demonstrated below, the only possible alternative use is likely to be sustainable power generation. Whether the argument is correct depends on whether the site is deliverable and wanted for power generation - a question which we cannot answer at this stage. It also depends on the weight accorded to the resulting benefits, which is a matter for the Council's judgment.

The Quality of Jobs

- 5.29 One argument advanced against employment development at ABP is that it would attract to Melton relatively low-skilled, low-paid jobs. It has been suggested that this is seen as contrary to the Council's economic development policy, which aims to encourage knowledge industries and high-skilled jobs, in order to reduce the outflow of high-skilled residents to workplaces outside the Borough.
- 5.30 In our view this is not a strong argument, because these different kinds of job growth are not mutually exclusive. Melton Borough can see growth in both types of job; adding new low-skilled jobs at ABP will make no difference to how many high-skilled jobs are created elsewhere in the Borough.
- 5.31 Admittedly the different kinds of job growth could be mutually exclusive, if policy were to set a ceiling for total employment growth in the Borough - as is the case in some areas, where policy-makers are concerned about overheated labour and housing markets or excessive in-commuting. Where the total number of jobs is capped, growth of low-skilled jobs of course would displace growth of high-skilled jobs. But, as we have seen, in Melton policy does not seek to cap total employment growth.

Uncertainty

- 5.32 As we have seen, there is no certainty about the level or timing of take-up at ABP, and it is likely that full development of the site will take a long time. It has been suggested that this uncertainty could undermine the soundness of the Core Strategy.
- 5.33 We disagree with this view because we cannot see anything in strategic policy to support it. Admittedly, PPS 12 emphasises that deliverability is at the core of the planning system and Core Strategies must be deliverable. But as we understand it this requirement relates to the Core Strategy as a whole and to critical elements of it, such as major infrastructure provision. As the passage illustrated in Chapter 2 above illustrates, the requirement does not imply that every single component of the strategy should be cast in stone. On the contrary, PPS 12, as well as the recent Planning Inspectorate note on examining DPDs²⁰, advises that Core Strategies should be flexible, respond to changing circumstances and deal with uncertainty, which is unavoidable, through contingency planning.
- 5.34 These principles are especially important in planning for the economy, because economic activity and jobs are mostly generated by markets, and markets do not work effectively without flexibility and choice. As shown in Chapter 2 above, this is reflected in PPG4 advice that the supply of land for economic development should offer choice and variety. The emerging PPS4 strengthens this message, indicating that planners cannot predict the future perfectly, and therefore planning must be flexible, so it can respond to unforeseen circumstances and changing market requirements. If planning only made available sites whose development could be predicted with certainty, it could not offer choice or flexibility.

Informal Leisure

- 5.35 Our analysis suggests that development at ABP for go-karting would be physically feasible. But in practical and financial terms it is unlikely to be deliverable, because the owner would need to be prepared to sell the land at lower than open market value, or else the Council would need to provide funding to close the gap between the open market value of the sites and the lower value at which go-karting would be viable. In our opinion there would be no convincing rationale for such funding.
- 5.36 If it were delivered, provided that it complies with normal planning requirements and does not adversely affect existing businesses on the site, leisure use at ABP would be consistent with current policies. In particular, it would generate economic benefits through producing a service and creating jobs and incomes, though on a lesser scale than employment use. It would not go against policies that discourage development at rural locations, because the site would not attract large numbers of people, and in any case the sports in question would not be acceptable in a built-up area.

Sustainable Energy Generation

- 5.37 Renewable/low-carbon energy generation may be physically possible at ABP, though to confirm this would need specialist investigation. It may not be practically and financially

²⁰ The Planning Inspectorate, Examining Development Plan Documents: Learning from Experience, September 2009

deliverable, because if the owner would need to be prepared to sell the land at lower than open market value, or else the Council would need to provide funding to close the gap between the open market value of the sites. To determine whether the development of either site for sustainable energy generation is a possibility would need discussion with operators and more detailed, specialist investigation.

- 5.38 Renewable/low-carbon energy generation is of course strongly supported by policy.

Holwell Works

Short-Listed Options

- 5.39 Leaving aside the do-nothing option, we have short-listed five possible uses for Holwell Works:

- Employment
- Informal leisure, such as go-karting, quad biking, paintballing or shooting (there are more possibilities in this area at Holwell Works than ABP, because of the former sites' open setting.)
- Sustainable energy generation
- Agriculture/paddocks/stabling
- Greening

- 5.40 Below, we consider each of these uses in turn. The discussion of the first three uses is brief, because much the same considerations apply to Holwell Works as ABP.

Employment

- 5.41 Our findings on the deliverability of employment development at Holwell Works and the considerations that favour such development are similar to those for ABP. Employment development at Holwell Works is likely to be deliverable, though the volume of demand is uncertain and take-up is likely to be slow. A major policy consideration that supports such development, judged against current strategic policies, is that it would generate economic benefits by generating output, jobs and incomes. Another favourable consideration is that, by re-using a brownfield site, development of Holwell Works would contribute to sustainability objectives. But this last consideration carries less weight for Holwell Works than ABP, because a section of Holwell Works is greenfield. (The final positive consideration supporting employment at ABP - that it would re-use existing infrastructure - does not apply to Holwell Works.)
- 5.42 The considerations that could potentially weigh against employment are also similar at Holwell Works to ABP. These possible negative factors are the site's rural location, its contribution to an oversupply of employment land, the nature of the jobs it would provide and the uncertainty surrounding its delivery.
- 5.43 To begin with location, Holwell Works, like ABP, lies in a rural area. Its public transport access is currently poor, but, unlike ABP's, it could be improved to the point where the site is within reasonable walking distance of a bus stop. In the light of current policies Holwell

Works' rural location counts against it as an employment development site. Indeed, this is largely the basis on which we have discounted the possibility of developing the site for housing. But in relation to employment uses this disadvantage is mitigated by the fact that the site is close to the edge of Melton Mowbray (a few hundred metres closer than ABP) and therefore its labour catchment is probably similar to that of many edge-of-town sites. Moreover, Holwell Works, like ABP, is likely to attract low-density uses - and hence relatively few trips to work - and activities which may not be happy or welcome in an urban setting. A housing development would, in our opinion, generate many more trips.

- 5.44 In summary, therefore, substantial employment development at Holwell Works would go against current policies on the sustainable location of such development. But this adverse impact is mitigated by the site's closeness to the urban area and the low density of the uses it is likely to attract. How far these mitigating factors are enough to justify employment development, is a matter for the Council.
- 5.45 Turning to oversupply, if Holwell Works is identified for employment, the Borough's planned land supply would exceed both available forecasts of demand to 2026: the Merton ELS's upside 30 hectares and the sub-regional ELS's best-guess 12 hectares. As discussed in relation to ABP in paragraphs 5.17 onwards above, we consider that there are two main reasons why this oversupply may be considered a problem:
- First, the Council may consider the demand figure in the sub-regional ELS as binding and interpret it as a maximum target, although there is no support for this interpretation in the study itself or in policy documents. In this case, the Council should aim for industrial/warehouse supply of 12 hectares over the plan period, which would mean cutting back the Core Strategy proposal for 'up to 30 hectares' to be identified at Leicester Road.
 - Secondly, if Holwell Works is allocated for employment but the market is oversupplied, the site may not taken up for a long time, or at all. This would be a waste of land if there are alternative uses for which the site is suitable and wanted. The weight given to this consideration depends on what alternative uses are possible and the benefits that these alternative uses would deliver. As demonstrated below, the only alternative use that may be deliverable for Holwell Works is sustainable power generation, and to demonstrate whether it is feasible would require more detailed study. The comparative benefits of employment and sustainable energy generation are a value judgment for the Council.
- 5.46 We see little merit in the third argument against employment use, that the uncertainty about volume and timing of take-up would undermine the Core Strategy. As discussed in relation to ABP earlier, there is nothing in national policy to suggest that planning should aim for absolute certainty on the delivery of individual sites. On the contrary, Government documents stress that uncertainty is unavoidable and encourage planners to deal with it through flexible policies and contingency plans. Documents that deal with economic development especially encourage flexibility and choice. The 2000 development brief for Holwell Works reflects the acceptance of uncertainty and flexibility when it notes that the site is likely to be developed piecemeal and over a long period.

- 5.47 Similarly, in our view the last argument against employment use, that the site would attract low-skilled jobs while Melton needs high-skilled ones, is not convincing, for the same reason as at ABP: the two kinds of job are not mutually exclusive. Providing new low-skilled jobs at Holwell Works will make no difference to the Borough's ability to attract high-skilled jobs at other sites.

Open Space Uses: Informal Leisure, Agriculture/Paddocks/Stables, Greening

- 5.48 We discuss the 'open space' uses as one group because they share similar advantages and disadvantages. Our analysis suggests that these uses would be physically feasible at Holwell Works and are supported by policy. Informal leisure, agriculture and equine activities would produce economic benefits, though on a lesser scale than employment. Greening would provide opportunities for informal recreation and a more attractive environment - though this would be a relatively small benefit, because the site is not prominent. However, our analysis concludes that the open-space uses would not be deliverable in practice, because the owner would need to be prepared to sell the land at lower than open market value, or else the Council would need to provide funding to close the gap between the open market value of the sites and the lower value at which these uses would be viable.

Sustainable Energy Generation

- 5.49 Renewable or low-carbon energy generation may be physically possible at ABP, though to confirm this would need specialist investigation. It may not be practically and financially deliverable, because it the owner would need to be prepared to sell the land at lower than open market value, or else the Council would need to provide funding to close the gap between the open market value of the sites. To determine whether the development of either site for sustainable energy generation is a possibility would need discussion with operators and more detailed, specialist investigation.
- 5.50 Renewable/low-carbon energy generation is of course strongly supported by policy.

Summary

ABP

- 5.51 For Asfordby Business Park, our analysis produced a shortlist of three land uses which are likely to be physically feasible (subject to normal planning criteria) and are not clearly precluded by current planning policies. These uses are:
- Employment
 - Informal leisure such as go-karting
 - Sustainable energy generation.
- 5.52 Of these three uses, informal leisure is unlikely to be practically deliverable.
- 5.53 Thus, in addition to the do-nothing option, the Council has a final choice of two possible uses: employment and sustainable energy generation.

- 5.54 Employment development is likely to be deliverable, though take-up is not certain and may take a long time. In terms of policy, there are two main arguments against employment development:
- Firstly, such development would result in the Borough's employment land supply being far above the 30-hectare target set out in the Core Strategy and the lower 12-hectare target in the more recent sub-regional Employment Land Study. There is nothing in policy documents to say that either of these targets is a maximum, but the Council may choose to treat them as such (we discuss the case for this above).
 - Secondly, employment development at the site would be contrary to policies that aim to concentrate such development in the urban area of Melton Mowbray, including urban extensions. This is partly mitigated by the site's closeness to the urban area and the low-density nature of the use that it is likely to attract.
- 5.55 How far these negative factors outweigh the benefits of employment development is a judgment for the Council.
- 5.56 Sustainable energy generation at ABP is clearly supported by current policy at all levels. But we cannot be certain that it is deliverable. To determine this would need specialist investigation to confirm that the site is suitable and a financially feasible scheme can be put forward.

Holwell Works

- 5.57 For Holwell Works, the shortlist of possible land uses that are likely to be physically feasible (subject to normal planning criteria) and do not clearly go against current policy comprises:
- Employment
 - Informal leisure, such go-karting, quad-biking, painting or shooting
 - Sustainable energy generation
 - Agriculture/paddocks/stabling
 - Greening
- 5.58 Of these uses, our analysis concludes that informal leisure, agriculture/equine activities and greening are likely to be undeliverable. Employment development is likely to be deliverable, though take-up is even less certain than at ABP and may take even longer. In terms of policy, there are two main arguments against employment development:
- Firstly, such development would result in the Borough's employment land supply being far above the 30-hectare target set out in the Core Strategy and the lower 12-hectare target in the more recent sub-regional Employment Land Study. There is nothing in policy documents to say that either of these targets is a maximum, but the Council may choose to treat them as such (we discuss the case for this above).
 - Secondly, employment development at the site would be contrary to policies that aim to concentrate such development in the urban area of Melton Mowbray, including

urban extensions. This is partly mitigated by the site's closeness to the urban area and the low-density nature of the use that it is likely to attract.

- 5.59 How far these negative factors outweigh the benefits of employment development is a judgment for the Council.
- 5.60 Sustainable energy generation at Holwell Works is clearly supported by current policy at all levels. But we cannot be certain that it is deliverable. To determine this would need specialist investigation to confirm that the site is suitable and a financially feasible scheme can be put forward.

APPENDIX 1

Drivetime Maps

