

Examination of the Horsham District Local Plan 2023-204

Further Statement in Relation to:

Matter 7: Economic Development

Submitted on behalf of:

Wates Developments Limited

November 2024

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For and on behalf of Wates Developments Limited

1. Introduction

- 1.1 This Matter Statement has been jointly prepared by Avison Young (AY) and Genesis Town Planning Ltd (GTP) on behalf of Wates Developments Limited (Wates) in response to Matter 7: Economic Development.
- 1.2 Avison Young comments on Matter 7, Issue 1 Q1 and Q2, and GTP comments on Matter 7, Issue 2, Q2.
- 1.3 Wates has interests in the District across 5 no. sites as set out below, and has submitted representations at earlier stages of Plan preparation at the Regulation 18 and 19 consultations:
- Land west of Worthing Road, Tower Hill, Horsham (Southwater Parish)
 - Land west of Centenary Road, Southwater (Shipleigh Parish)
 - Land east of Marringdean Road, Billingshurst
 - Land west of Shoreham Road, Small Dole (Henfield Parish)
 - Land north of Melton Drive, Storrington
- 1.4 Two of the above sites are allocated for residential development in the Submission Plan these are:
- Land west of Shoreham Road, Small Dole (Strategic Policy: HA16 (SMD1))
 - Land north of Melton Drive, Storrington (Strategic Policy: HA18 (STO1))

2. Issue 1: Whether the approach to employment land and supply is justified, effective, consistent with national policy and positively prepared?

Q1 Is Strategic Policy 29: New Employment sound?

- a) What is the overall employment land requirement (hectares and floorspace) over the plan period, is this justified and effective, and should this be more clearly specified in the Plan?
- b) What is the total employment land supply (hectares and floorspace) over the plan period including sites allocated in the Plan, is this justified and effective and should this be more clearly specified in the Plan?
- c) Are the overall employment land requirements and supply provided by the Plan justified and effective? What is the evidence that the employment supply will be delivered within the plan period and that the employment requirement will be met?
- d) Is it clear whether proposals must meet all criterion 1-10? Is the detailed wording of each of these criteria effective?
- e) Are allocations EM1-EM4 soundly based, with particular regard to the mix of uses and constraints identified?
- f) Is the geographical application of this policy clear?

Q2 Is Strategic Policy 30: Enhancing Existing Employment sound?

- a) The Policies Map identifies “Key Employment Areas” and “Sites for Employment” and the policy also refers to “Other Existing Employment Sites” Is it clear which type of sites each criterion is applicable to?
- b) Should criteria 1 also refer to intensification?
- c) Does criterion 1 b) require effects not caused by a development proposal to be mitigated, if so, is this consistent with national policy?
- d) Are there potentially other impacts which should be considered which are not covered by criterion 1 c) and is the policy effective in this regard?
- e) Is the geographical application of this policy on the submission Policies Map accurate?
- f) Are the requirements set out in criterion 7 justified and effective?

2.1 Wates Developments Ltd (“Wates”) does not believe that, in its current form, the submission draft Local Plan can be considered sound. In line with the NPPF to be considered sound the Local Plan should set out a clear strategy for both what the future quantitative and qualitative employment land needs of the District are and what the spatial strategy is to meet these needs. Further the Local Plan should identify and allocate sufficient land that is viable and achievable within the Plan Period. Based on draft Policy 29 and its supporting evidence base we do not believe these policy requirements are met and therefore the Plan cannot be considered sound.

EMPLOYMENT LAND NEEDS

2.2 The Local Plan does not clearly set out a quantum of additional employment land required in the borough to meet the objectively assessed needs of the economy. Policy 29 considers land supply but neither within it or the supporting text does the Policy establish the level and nature of need to which this land supply position is a response. As such it is not clear what the Plan Period requirement for space is and how this relates to specific needs for office, R+D, industrial and distribution space

2.3 This presents two key challenges in terms of the soundness of the Plan. Firstly, from a plan making perspective, it provides no basis on which to understand whether the identified land supply offers sufficient capacity to accommodate needs and, equally importantly, whether it is the right ‘type’ of land to meet the qualitative requirements of businesses.

2.4 Secondly, from a delivery perspective, the Policy as drafted doesn’t provide clarity for either land owners or the LPA decision maker in any future planning application process about how sites will be considered that do not form part of the identified portfolio set out in the Policy. Neither the LPA nor landowners have a clear basis to understand whether ‘enough’ land has been brought forward in the District to meet specific needs and how any employment development proposal will be considered by the LPA.

2.5 On both accounts it is therefore challenging to see how the policy can be considered clear and effective in delivering future economic growth or a positive tool in steering the delivery of the appropriate mix of office, industrial and distribution space.

2.6 With no clarity within the Policy on the scale and nature of future land needs it is left to the published evidence base to provide guidance on the quantitative and qualitative requirements of the District in the future. However, this itself is challenging given the nature and age of the evidence base.

2.7 As set out within Paragraph 9.10 (Pg. 106) the Economic Growth Assessment for West Sussex (EC02, Jan 2020) and a subsequent Focused Update for Horsham (EC01, Nov 2020) provide the evidential base for the Local Plan’s employment land position. Whilst, in principle, these documents provide a robust and proportionate basis for policy development there are limitations and issues with them that are not overcome by Policy 29 itself.

2.8 Fundamentally, as would be expected in such documents, the evidence base does not set out a singular position on employment land needs instead, as noted in Paragraph 9.12 of the Local Plan, it considers a range of scenarios that result in considerably different amounts of future land need – between 0ha and 45ha. The scenarios also establish some different ‘mixes’ of future need between office, industrial and warehouse space and therefore where quantum may be similar qualitative needs will be different.

2.9 Given the above the evidence base does not ‘fix’ the shortcomings of Policy 29 in terms of setting a clear requirement for employment land over the plan period.

- 2.10 More broadly, there is also a concern that the evidence base, and therefore the Local Plan, do not fully provide an up to date understanding of current and future economic need in the District. Significant time has passed since the publication of these documents. In this period the UK economy has faced major challenges that have precipitated considerable changes to the nature of growth, sectoral mix and investment landscape of the business base. As such it is unlikely the Local Plan fully reflects economic and market conditions as they are today, or how they impact the future nature of the local economy.
- 2.11 The limitations of needs forecast was noted within the EGA Horsham Update itself. It observes that the Q3 2020 forecasts are likely to underplay future employment land requirements, and are an 'outlier' to the all the other forecasts in terms of the scale of need identified. The recommendation therefore is to dismiss the forecasts and instead rely on the previous base labour growth model as the basis for future planning.
- 2.12 These factors present a challenge to the soundness of the Local Plan as it is not clear that it is planning for the appropriate scale and mix of future employment land in terms of sectors and related property typologies. For example, the logistics sector has been through significant growth in the period since the EGA was published, and continues to grow albeit at a slower rate, yet it is not clear how Policy 29 and the identified land supply responds to this dynamic. Indeed it is likely it doesn't respond given those trends would not have been captured in the supporting evidence.
- 2.13 Failure to recognise and address this context within the Local Plan presents unnecessary risks to the district's economic prospects as it could result in an under provision of sites to meet needs, most notably within the industrial and distribution sectors which the evidence base itself note were already underserved based on needs in 2020 and are likely to have been increased now as a result of macro shifts in the UK economy.
- 2.14 It is appreciated that no Local Plan can, in detail, fully reflect changes in the economy however they can provide sufficient clarity and flexibility to enable a district to respond to changes positively. In Horsham changes to the Local Plan could be made that assist in more clearly directing the employment land supply in the future.

EMPLOYMENT LAND SUPPLY

- 2.15 Irrespective of the issues discussed above around the clarity and appropriateness of the need figures the approach to employment land supply set out in Policy 29 is both unclear and presents a high risk of non-delivery, undermining its effectiveness in meeting the identified needs of District.
- 2.16 The fundamental issue with the way Policy 29 is drafted is that it is not clear what the Policy is seeking to achieve and the role the sites and the criteria play in that context. It is also unclear from the Policy how the (unspecified) level of need will be accommodated and whether:
- Criteria 1-10 offer the policy 'tests' against which any site can be considered (i.e. the strategy is to encourage market led proposals) or
 - The list of proposed allocation sites is considered to provide the full capacity to meet future needs (i.e. the Council is directing the entirety of future needs to those sites).
- 2.17 Based on the Local Plan and its evidence base, whichever approach the Council is seeking to take places challenges to the soundness of the plan.

Committed and Allocated Sites

- 2.18 Starting with the Commitments and Allocations approach there are a number of issues relating to their suitability and achievability that undermine the confidence that can be applied in terms of their delivery. A number of these issues were identified within the Local Plan evidence base (including the EGA and the Site Assessment Report, H11), which articulates the potential risks and qualitative shortcomings in the land portfolio that mean there is a high risk that sites won't deliver as planned within the plan period and identified needs may go unmet. There is no evidence presented to suggest these issues have been overcome.
- 2.19 Critically the evidence base identifies, through its analysis of market data and engagement with locally active property agents, a strong demand for industrial and distribution premises. It also notes that there are clear spatial preferences from those uses within the District, which primarily relate to the proximity to key markets and the improved accessibility the major trunk road network provides. This has driven a significant focus of activity to be in the north of the District close to the A23 and Horsham town. These spatial preferences have been reflected in our own analysis of the market, undertaken by Avison Young in early 2024. This report formed Appendix 3 of the Boyer Regulation 19 representations relating to the Land west of Worthing Road, Tower Hill.
- 2.20 However, as observed by Avison Young the draft Local Plan provides no additional capacity to the north of the borough for industrial and distribution businesses, with the existing Commitments and allocations for industrial space predominantly located to the south of the borough in broadly rural locations.
- 2.21 This creates potential issues for the District in effectively meeting future needs from a qualitative perspective. The area around the Horsham urban area offers significant locational advantages to businesses in terms of its accessibility to the trunk road network and A24/A23/M23 which allow servicing of regional/national markets. The location is also attractive as it provides access to Gatwick Airport and the businesses that cluster close to it, meaning specific sectors and activities can be more efficiently serviced.
- 2.22 Conversely accessibility to/from the south of the District is more challenging given the changing character of the A roads, which become single lane and more 'rural' in character. For some sites this accessibility challenge is further heightened by their location relative to the main roads, which require access via smaller B roads and lanes or through villages. For a number of businesses in the sector this is a critical consideration given restrictions around HGV driver times and the need for reliable, consistent and efficient routes for servicing.
- 2.23 The existing Commitments also present other challenges for businesses who often have very clear space and operation requirements. Many of the planning consents for development in rural areas have been granted with a series of regulatory conditions that restrict how operations can be undertaken and the form of development.
- 2.24 For example Nowhurst Business Park has restrictions in place that limit the hours of operation in order to reduce impacts on the sites neighbours and also restricts the eaves heights on buildings to reduce visual impact in the rural setting. Land at Brinsbury College has similar restrictions and also includes a restriction in terms of the type of use permitted, requiring a limit on 'noise generating uses (albeit these are not specified) which most likely means little 'external' activity can take place, for example the use of yard space.
- 2.25 Whilst in and of themselves each restriction is justified by the need to manage neighbourly relations and protect the peace/tranquillity of the countryside, they also serve to demonstrate that a large

portion of the identified land supply is not functionally suitable to accommodate the identified needs of the District's economy – undermining the suitability of the Local Plan's site strategy.

- 2.26 From a business perspective these limitations can be challenging and place a barrier to them locating within the District. Ultimately they place major constraints on how a business can operate and increase risk as not all operational issues are within the businesses control, again this suggests qualitative needs have not been considered in setting the Policy approach and sites are not appropriate or suitable to meet demand.
- 2.27 The quantitative contribution each site can make to meeting future needs is also unclear. Many of the Committed and Allocated sites are presented as 'flexible' across the broad industrial use classes, predominantly consented or allocated for B2/B8/E(g)(iii) use without an accompanying land use budget for each classification. There are further issues with the portfolio in terms of the scale of sites and, therefore, the diversity of unit sizes the District's land can offer to the market. The majority of allocations are below 4ha in scale which therefore limits their capacity to accommodate larger units. The Committed sites have potentially more capacity, but are located in locations where building scale may be limited and, in the case of Brinsbury College, is defined in the planning consent. Given these issues there is no clear demonstration that the sites identified provide the capacity needed to accommodate all future needs across the industrial and distribution sectors.
- 2.28 Deliverability of sites is also unconfirmed. The Committed sites benefit from consents however they have not all been progressed and, where they have, there is less focus on meeting industrial land requirements than delivering other uses. For example at Land North of Hilland Farm Phase 1 has not delivered any industrial space, focused entirely on trade counter and foodstore space, suggesting that the capacity of the site is overstated.
- 2.29 Deliverability of the Allocations is also less than certain. All allocations are noted to have significant infrastructure requirements in order to enable delivery and as yet none are consented, indicating that any physical delivery of space could only come forward in the medium term.
- 2.30 These issues were identified within the EGA Horsham Update, which noted the complexity of delivery of sites that formed part of larger, more complex development sites and therefore less certainty around timing and deliverability. The EGA Update considered these to carry a reasonable risk of not delivering as planned within the plan period.
- 2.31 Given all of the supply issues it is impossible to conclude that the sites provide the requisite qualitative or quantitative capacity to meet all needs going forward and therefore the approach taken in Policy 29 cannot be considered a sound land use strategy for employment land delivery.

Criteria Based Approach

- 2.32 Turning to the Criteria set out in Policy 29 there is a lack of clarity of their purpose and how they would be applied via the development management process. In particular, as written, they present the following challenges:
- The Policy does not establish the situations in which the criteria apply. Given wider issues in terms of how the Local Plan articulates future needs and land capacity these criteria could be used as a basis for assessing the appropriateness of unallocated/committed sites – however this has not been explicitly stated and therefore the policy provides no certainty for landowners.
 - There is no clear alignment between the Criteria and any published evidence on the unmet land needs or the specific requirements of businesses. Whilst some locational needs/factors are considered in the EGA these do not directly align with Policy 29 and therefore the Criteria do not

appear to be comprehensive in terms of how they unlock different opportunities for businesses beyond the Committed/Allocated sites.

- The spatial approach within the Criteria is not an appropriate response to locational dynamics of the District's economy and the requirements of key sectors. The reliance on the settlement hierarchy as the primary driver of location 'appropriateness' fails to understand/reflect the specific needs of the industrial/distribution sector despite this being set out in the Plan's evidence base.

2.33 Given the lack of clarity in terms of the Criteria and their use they offer no confidence or direction to the sector in bringing employment sites forward outside of the Commitments/ Allocations, potentially limiting the appetite of landowners and developers to promote sites that could make a significant contribution to District's future economic success. As such, the Criteria cannot be considered effective in facilitating future delivery.

CONCLUSIONS

2.34 Given the Local Plan evidence makes it clear that more industrial/distribution land is needed to meet future needs, address undersupply, replace outmoded stock and provide headroom to account for both demand and supply side risks the current policy position cannot be considered sound or effective in facilitating the delivery of appropriate employment land and floorspace as it fails to provide either a suitable and deliverable portfolio of sites or set effective and clear criteria against which development proposals can be considered.

2.35 To overcome these issues there are a number of modifications that could be made to the Policy 29 including:

- Identifying and allocating additional industrial/logistics sites which can broaden the portfolio and provide a different offer to the sector in terms of scale, unit mix, location and deliverability.
- Make clear that the identified Commitments/Allocations are not the only sites that can be brought forward for development.
- Clarify the purpose of the Criteria and provide supporting text to how these will be used in the development management process.
- Include clear requirements for additional land over the plan period for office, R+D, industrial and distribution use. This should be presented as a 'gross' figure not net of allocated sites.
- Include wording that makes it clear that need figures are considered 'minimums' and that delivery above that level will be considered / based on clear demonstration of need. The latter criteria in Policy 29 can be used as a basis for demonstrating need.

3. Issue 2: Whether the other economic development policies are justified, effective, consistent with national policy and positively prepared?

Policy 32: Conversion of Agricultural and Rural Building to Commercial, Community and Residential Uses

Q2 Is Policy 32: Conversion of Agricultural and Rural Building to Commercial, Community and Residential Uses sound?

A) IS THIS POLICY ONLY CONCERNED WITH CONVERSION TO RESIDENTIAL USE?

- 3.1 In most circumstances the conversion of agricultural and rural buildings are either to Class C3 dwellinghouses or to Class B2 (General Industry), Class B8 (Storage and Distribution) or Class E (Commercial, Business and Services). As Policy 31: Rural Economic Development provides for the use of/conversion of rural buildings to employment uses and given the suggested modification to the title of Policy 32 which deletes the words *Commercial, Community* it suggests that the modified policy only relates residential use.

B) IS THE GEOGRAPHICAL APPLICATION OF THIS POLICY OR INDIVIDUAL CRITERION CLEAR AND HOW DOES THE POLICY RELATE TO SITES ALLOCATED IN THE PLAN?

- 3.1 According to criterion 1, this policy only applies to buildings that are in established agricultural or forestry use. This wording is too prescriptive as it would exclude buildings that were previously in agricultural or forestry use (plus other rural buildings not related to agricultural or forestry activities) but are now redundant or vacant. These types of building are a valuable resource that can make a valuable contribution to the supply of new homes and in some cases their conversion has the potential to enhance the immediate setting.
- 3.2 The proposed wording of this policy is too restrictive in only applying to buildings in agricultural or forestry use and is not therefore consistent with national policy set out in paragraph 80c) of the NPPF which provides for new homes in the countryside where the development would reuse redundant or disused buildings and where this enhances the immediate setting. This part of the policy should be amended to reflect national policy.

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