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Erewash Core Strategy Review Examination

Matter 8 Statement

Iceni Projects Limited on behalf of
GLP

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ON BEHALF OF GLP

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1. INTRODUCTION

- 1.1 This Hearing Statement has been prepared by Icen Projects on behalf of GLP, the promoters of land to the southwest of Junction 25 of the M1.
- 1.2 Representations were submitted at the Regulation 19 stage by GLP, classified under representation numbers 136 & 273.
- 1.3 This Statement builds upon those previous representations in response to the Inspector's Matter 8 questions.

2. MATTER 8 – EMPLOYMENT AND TOWN, LOCAL AND VILLAGE CENTRES

Employment Land Requirement

1. What is the employment land requirement figure?

- 2.1 The introductory text to Policy 2 suggests (at part b) that one of the policy aims is to provide at least 40 hectares of employment (B2 and B8) development. The subsequent text indicates that this figure originates from the 2021 Employment Land Need Study (EBE1). However, for the avoidance of doubt and to ensure the strategic requirements are clearly defined, it would be helpful to have a statement at the start of the policy defining what the employment need is, and what the requirement is for the Plan period.
- 2.2 As discussed below, we consider that the employment need for Erewash is significantly greater than 40 ha, and that the requirement identified in Policy 2 should be significantly higher to reflect this, given the need for strategic logistics development across the HMA.

2. Is the methodology used in the Employment Land Needs Study robust? Why?

- 2.3 The Employment Land Needs Study (ENLS) (EBE1) draws on (para 8.2) *“baseline forecast growth using Experian’s most recent, Covid-19 adjusted September 2020 econometric projections, we have also compared this more pessimistic model run with the March 2020 iteration as well as a regeneration, or ‘policy on’ scenario, as well as taking into account past delivery of employment space and the potential labour supply generated by housing growth scenarios.”* The study reports it is *“in line with the Planning Practice Guidance recommendations.”*
- 2.4 However it is not clear how market signals particularly *“evidence of market demand (including the locational and premises requirements of particular types of business) – sourced from local data and market intelligence”* (PPG Paragraph: 026 Reference ID: 2a-026-20190220) has been taken into account for each local authority. This is recognised as a shortfall of the ELNS itself at paragraph 8.8.
- 2.5 Another concern with the ELNS is the position (paragraph 8.35) *As per the previous 2015 ELNS, where a reduction in jobs is forecast (e.g. manufacturing), the associated negative floorspace was halved (in line with common methodological practice amongst ELRs undertaken elsewhere across the country).* Icenis do not consider this to be a common practice (no other examples are cited) nor one which has any evidence or technical basis provided.

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- 2.6 It would be beneficial to understand what the implications of the gross trend in employment space in Erewash would be. This reflects the total demand for (historic) employment space, which is referred to in figure 8.5, but not taken forward. This is unusual in employment land assessment terms¹ not least reflecting the PPG “*analysis based on the past take-up of employment land and property and/or future property market requirements” with gross deliveries reflecting past take up, and net deliveries reflecting take after deducting losses which may or may not be at replacement sites. To illustrate the importance of the issue, an example would be that if over the prior 10 years 20 ha of logistics are delivered, but a factory of 19 ha closes down elsewhere in a district, the net gain is 1 ha, or 2 ha rolled forward for a future 20 year plan. This completely masks the actual trend of need which would be represented by the 20 ha of logistics gained.*
- 2.7 For Erewash, the gross figure is not quantified on figure 8.5 making it difficult to estimate any implications. It appears to be around 3,500 sqm per annum or 0.9 ha at 0.4 plot ratio, over 20 years rolled forward being 17.5 ha. This compares to a net gain of 1.5 ha as per table 8.30. Taking into account the ELNS flexibility allowance and replacement demand calculations which are reported in the ELNS as 38.84 ha in table 8.30 (including a ‘negative 2.5ha’ flexibility factor for light industrial, which in itself defies logic) the total gross need would be 17.5 ha + 38.84 ha = 58.3 ha. This is not necessarily the ‘right’ number but examination of past loss and gains trends is needed to understand this.
- 2.8 An alternative assessment would be to consider market signals data of ‘net absorption’ which is market reported total change in occupied space. CoStar reports that the average gain in space 2011-2019 was 4,300 sqm. Rolled forward 20 years at a 0.4 plot ratio this is a need of 20 ha, again before the flexibility allowance and replacement factors. Of note, using a slightly longer period of 2010-2022 the trend rises to 27 ha.
- 2.9 The vacancy and availability rates for Erewash industrial market have been below 7.5% and in fact almost continuously below 5% since 2014 (see paragraph 3.35 of the 2022 Logistics Study (EBE2) and elsewhere). This means the market has been continually suppressed, with sub 5% being a market failure with lack of space for investment and growth. This at the least would warrant a 5 year rather than 2 year flexible margin.
- 2.10 It is recognised that much of the ‘need’ at the upper end of the range for Erewash’s total c.40 ha (table 8.30) is drawn from ‘replacement demand’ or replacement of anticipated losses and ageing stock. As set out in the 2022 Logistics Study (paragraph 6.24 and appendix table A1.4), ageing

¹ See L&L HENA

logistics and industrial stock is a significant problem in the HMA and it is appropriate to take this factor into account in full.

- 2.11 Finally it is important to acknowledge that the ELNS recognises its own limitations, concluding that in terms of large scale warehousing needs at paragraph 9.24 *“Certainly, for the Core HMA at least, the B8 net requirements appear insufficient to meet likely needs and are likely to relate to localised distribution requirements only.”* This very clearly highlights the importance of marrying together the ELNS (EBE1) and the Logistics Study (EBE2).
- 2.12 Much literature and a range of studies now acknowledge the difference between local employment need and strategic need. This includes the ELNS and 2022 Nottinghamshire Logistics study. There are other examples, including the adjacent Leicestershire authorities which comprise a ‘Housing and employment needs assessment²’ and separate ‘warehousing study³’ for large units. Similar examples can be found across the South East Midlands authorities (separate local⁴ and strategic employment studies⁵) and again for the West Midlands. As a result a number of Local Plans are questioned in Plan making where they seek to avoid responding to strategic needs. This has resulted in a number of main modification policies including ‘criteria based’ policies in North West Leicestershire (Policy EC2(2)) and North Warwickshire (LP6).

3. Is the allocation of at least 40 hectares of employment land in Strategic Policy 2 justified compared with the assessment of need set out in the Employment Needs Study?

- 2.13 In response to Question 2 above we have set out some technical points on the ELNS methodology. We would conclude that 40 ha is an absolute minimum to meet local need before strategic needs are taken into account. Most of this 40 ha is derived from a ‘replacement demand’ of older stock, which we agree is necessary given much of the stock is very aged and not able to meet the requirements of modern business. However we are concerned that it ignores other factors such as the gross completions trend (actual amount of new land delivered, around 20 ha before flexibility allowance and replacement demand) and absorption trend (actual amount of new stock occupied, around 20 ha before flexibility allowance and replacement demand) without considering the fact that the market

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https://www.nwleics.gov.uk/files/documents/housing_and_economic_needs_assessment_june_2022_executive_summary/2020-20HENA-Exec-Summary-June-22.pdf

³ https://www.nwleics.gov.uk/pages/strategic_distribution_study

⁴ <https://www.northnorthants.gov.uk/planning-strategies-and-plans/north-northamptonshire-strategic-plan/evidence-base>

⁵ <https://www.semlep.com/warehousing-and-logistics/>

has been very suppressed in the local area in recent years. This would put the needs at 58 ha when maintaining the ELS flexibility and replacement allowance.

- 2.14 Paragraphs 9.24 and 10.24 of the 2021 ELNS (EBE1) explain that forecasting need purely on past trends will significantly underestimate the scale of demand, given the lack of large-scale strategic sites coming forward over the last decade. It therefore recommended a further study (the 2022 Logistics Study (EBE2)) which would identify this additional need. Consequently the 40 ha minimum requirement identified in Policy 2 only seeks to meet this base need figure, before the strategic B8 need is taken into account, and thus will not meet the full need – only a figure that the evidence indicates is a significant underestimate.
- 2.15 Taking the above into account, in terms of both the ELNS methodology and its acknowledged shortcomings, the evidence points to a substantially greater need than the 40 ha reported. As such, the Plan cannot be positively prepared, having regard to paragraph 35 of the NPPF, as it is not seeking to meet the identified need. Erewash with its considerable potential at M1 J25 should be making a proportionate contribution to the strategic employment needs. Plans (as cited above) where main modifications have been made to respond to strategic needs have been done so in absence of an actual figure for large scale B8 requirements. However in the case of Erewash, there is a defined quantum of large scale distribution to be met.

4. Is the Plan making any contribution to the strategic need? Is this justified?

Whether the Plan is Making any Contribution to the Strategic Need

- 2.16 The Council indicated in its response to the Inspector's Initial Questions (EBC01) (Question 15) that the provision of B8 is not a cross-boundary issue, with the implication being that there is no requirement to make a contribution towards the strategic need. Notwithstanding, the Duty to Cooperate Statement of Common Ground with the Nottingham HMA (CD3a) suggests that Stanton North will provide additional land for strategic warehousing and distribution needs. We assume that this is based on the allocation delivering the maximum 55 ha identified in the policy, with the 15 ha exceeding the 40 ha minimum requirement counting towards the strategic B8 need for the wider HMA.
- 2.17 We consider that any such case would be flawed. Firstly, Stanton North may not deliver the 55 ha assumed maximum capacity. The Reserved Matters applications submitted to date⁶, covering Plot 1, propose a 33% reduction in the floorspace compared to the illustrative masterplan (submitted

⁶ Erewash planning application references ERE/0423/0018 & ERE/0923/0002

under application ERE/1221/0002)⁷. Furthermore, the units proposed in the Reserved Matters applications are smaller than the illustrative masterplan assumed, with the majority of units under 2,000 sqm (GIA).

2.18 Secondly, Stanton North is not located in a prime strategic location. The Area of Opportunity identified by the 2022 Logistics Study (EBE2) was focussed on Junction 25 of the M1, given the importance of strategic road network access to strategic B8 sites. In contrast, Stanton North is some distance from the junction and is not served by major roads.

2.19 Consequently we do not consider that the Plan is making any meaningful contribution to the strategic need. This is not surprising given the Regulation 19 version of the CS Review was published before the publication of the 2022 Logistics Study, and the CS Review has not subsequently been updated to reflect the 2022 Study's findings or the failure of the emerging Greater Nottingham Strategic Plan to meet the HMA need in full.

Whether the Lack of Contribution is Justified

2.20 We do not consider that this failure to contribute towards the strategic need is justified, given this need is clearly defined in the Council's evidence base, and it will not be met in full elsewhere.

2.21 The strategic need is significant at 425 ha. The emerging Greater Nottingham Strategic Plan indicates a significant proportion of this need (between 63 ha and 79 ha) will remain unmet across the HMA as set out in the Preferred Approach consultation document⁸. However this figure in itself cannot be relied upon as it includes:

- Two allocations in the Regulation 18 draft Ashfield Local Plan of 40.9 ha, which cannot be relied upon at this time given the uncertainty in the Local Plan status.
- The Stanton North site contributing 110,000 sqm or 31 ha. The latest information regarding that site coming forward in reserved matters submissions indicates that a lower, if any, contribution to strategic logistics needs will be brought forward (as discussed above).

2.22 As a result, a further 71.9 ha is required in addition to the 63 – 79 ha cited in the Strategic Distribution Background Paper Appendix 4⁹. The residual need is therefore **134.9 – 150.9 ha** which would be 3-

⁷ 14,748 sqm proposed in the Reserved Matters applications compared to the 21,984 sqm assumed in the hybrid illustrative masterplan for Plot 1

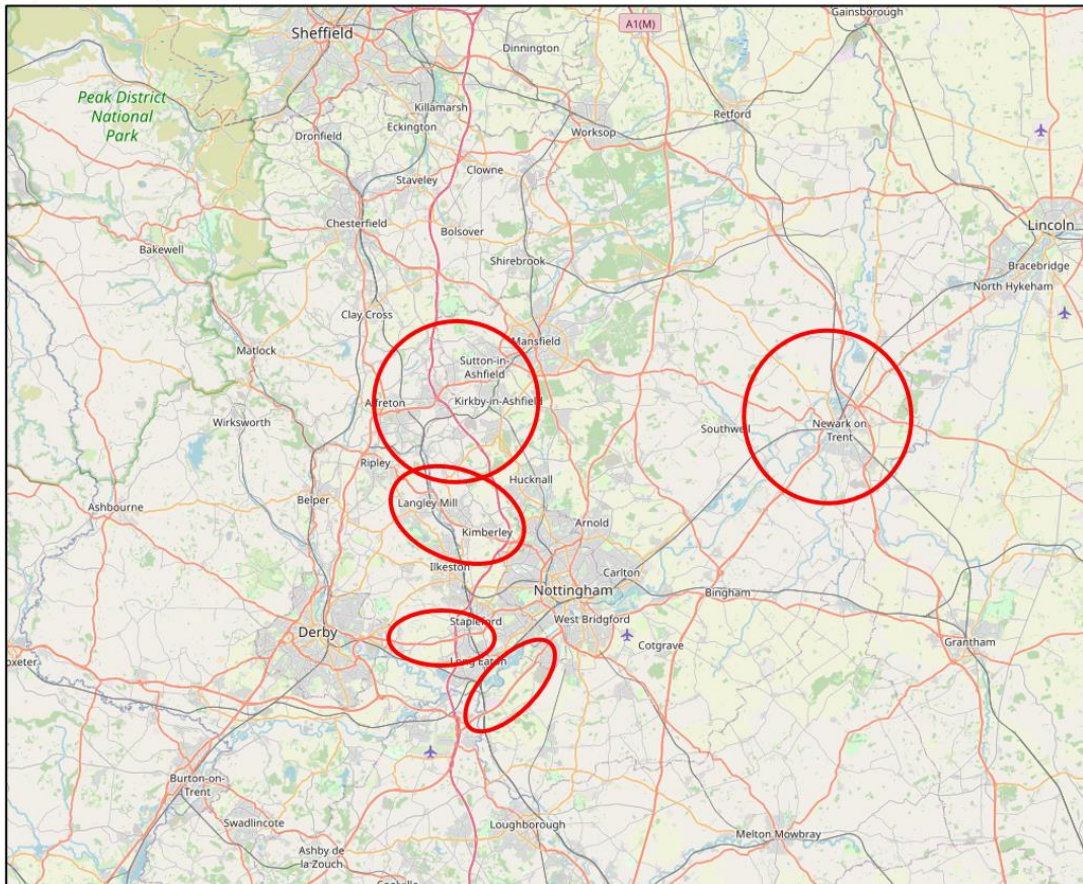
⁸ [Strategic Distribution and Logistics \(September 2023\)](#)

⁹ [Strategic Distribution and Logistics Background Paper \(September 2023\)](#)

6 sites of 25-50 ha each. The 2022 Logistics Study (EBE2) identified 5 specific Areas of Opportunity (see Figure 1 below), 3 of which are on the M1 including Erewash's M1 J25. In this context it is clear that Erewash should be making a contribution of 25-50 ha to meet the strategic need, in order to be positively prepared and thus sound in accordance with paragraph 35 of the NPPF.

Figure 1: Areas of Opportunity

(Source: 2022 Nottinghamshire Core & Outer HMA Logistics Study, p102)



2.23 In addition to the 2022 Logistics Study, GLP prepared their own evidence on requirements in the M1 corridor in Nottinghamshire (see Appendix A2 of the Icenl Regulation 19 representations). This draws upon the J24-J28 corridor take up in the last 5 years and rolls forward to 2037, indicating a need of between 1.9m and 3.2m sqm or 543 ha to 914 ha. This is higher than the 425 ha in the 2022 Logistics Study which uses different metrics. Even taking into account all supply for the HMA area (including Newark not on the M1) and the proposed Former Bennerley Coal Disposal Point in Broxtowe and Ratcliffe on Soar Power Station (part) in Rushcliffe, the supply only reaches around 380 ha including draft allocations at Ashfield. As such, a very significant shortfall remains to be fulfilled even at the lower end of the GLP assessment.

2.24 At the present time there is no indication as to how the shortfall for strategic logistics in the HMA will be met, since the shortfall is acknowledged but not addressed in the Greater Nottingham Strategic

Plan. If Erewash are able to 'go first' with their Local Plan without meeting the PPG and NPPF requirements in this way, then other authorities will be able to follow suit. This contrasts with Plan making in many other parts of the Midlands where authorities have been expected to meet the local and strategic requirements.

Employment Site Allocation

5. How were different sites considered for allocation for employment purposes? What site selection process did the Council undertake when deciding what land to allocate?

- 2.25 The Council indicated in response to the Inspector's Initial Questions (EBC01) (Question 14) that it did not undertake a site selection exercise, and instead the employment strategy was based on a desire to find a viable use for a long term allocation which had not been delivered. Employment was considered a more realistic prospect than residential, and thus the allocation was identified, with a hybrid planning application subsequently being approved.
- 2.26 The Council goes on to explain that it did not consider the release of Green Belt as an alternative option, given its judgement that Stanton North would be able to accommodate all of the Borough's employment needs.
- 2.27 As discussed below, we do not consider that this approach was robust or appropriate.

6. Was the site selection process robust? Was an appropriate selection of potential sites assessed and were appropriate criteria taken into account?

- 2.28 As highlighted above, there was no site selection process as such, with Stanton being identified as the only reasonable option. We do not consider that the screening out of Green Belt sites was justified, given it was based on a flawed assumption about the scale of the employment need.
- 2.29 Given the significant need for additional strategic B8 sites to be identified, in our view the Council should have assessed whether Exceptional Circumstances existed, and considered potential Green Belt sites as a reasonable alternative. The potential for identified sites to contribute to the strategic need should also have been considered, in terms of site location and size.

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- 2.30 The joint evidence base supporting the Greater Nottingham Strategic Plan¹⁰ identified land at J25 of the M1 as a reasonable alternative, and Erewash should have done the same as part of its Core Strategy Review process, taking account of the evidence.

9. Overall, does the Plan allocate a sufficient amount, mix and choice of employment sites to meet future needs and has the Plan's economic strategy been positively prepared? Are the Plan's economic and housing strategies aligned?

Amount, Mix and Choice

- 2.31 As discussed above, we do not consider that the Plan allocates a sufficient amount of space, given the need for B8 development is significantly higher than the 40-55 ha proposed for allocation at Stanton North.
- 2.32 Furthermore, as explained in our response to Question 4, we do not consider that the Plan provides an appropriate mix, given its reliance on just one new major employment site. Stanton North is unlikely to make any meaningful contribution to the strategic B8 need, and given its strategic location within the HMA, Erewash should be making a contribution of 25-50 ha to meet the strategic need, with sufficient space for larger units over 100,000 sqft.
- 2.33 As highlighted in our previous representations, the reliance on a single site also raises the risk of slow delivery, given the control by one developer and the need for remediation of the site, and the lack of choice in the market for occupiers.
- 2.34 Consequently we do not consider that Policy 2 will meet identified employment needs over the Plan period, and will therefore not be positively prepared or justified.
- 2.35 If the Plan were to be adopted in its current form (which we would strongly object to on soundness grounds), it would need to be immediately reviewed, given the emerging Greater Nottingham Strategic Plan is not seeking to meet the identified strategic need in full, and thus Erewash would need to plan to address its share of the shortfall arising. Given the Erewash Core Strategy would be almost immediately out of date upon adoption, it would clearly not provide a sustainable long term strategy in relation to employment matters.

Relationship to Housing Strategy

- 2.36 The ELNS (EBE1) attempts to provide a reconciliation between the housing strategy in labour supply terms and the employment requirement, at table 8.13 and table 8.14. This indicates a jobs growth of 1,607 but a negative industrial need of between 45,300 sqm and 51,600 sqm for Erewash based on

¹⁰ [Strategic Distribution and Logistics Background Paper \(September 2023\)](#)

delivering its standard methodology housing requirement. This is summarised as around -12 ha industrial need in table 8.19 alongside a positive need for around 5,000 sqm of offices.

- 2.37 It is questionable whether these 'negative need' outcomes are meaningful, as they do not provide an insight into the relationship and reconciliation between the increase in labour supply arising from the standard method and the employment land delivery strategy. Given that the Plan allocates the New Stanton site for up to 55 ha of employment, what is the relationship between the jobs arising at this site and the employment sector trends arising from labour supply that lead to the -12 ha? This is not explained. Clarity should be provided including addressing patterns of commuting in the authority to ensure a sustainable and sound strategy as part of the HMA.

10. Does the Plan set out a positively prepared, justified and effective strategy for the economy and for the vitality and viability of town, local and village centres?

- 2.38 We do not consider that the employment strategy identified in Policy 2 is positively prepared, as it is not seeking to meet the area's objectively assessed needs in full, taking into account the contribution that Erewash should be making to the strategic B8 need. Furthermore, there is no evidence of an agreement or strategy with the other HMA authorities regarding how the strategic B8 need can be accommodated in full.
- 2.39 As discussed in our Matter 3 Statement, we do not consider that the Plan is justified, as the preparation of the strategy did not consider reasonable alternatives and there was no site selection exercise. The strategy does not acknowledge the strategic employment need as identified in the evidence base (i.e. the 2022 Logistics Study).
- 2.40 Meanwhile the Plan is not effective, given its reliance on a single large allocation at Stanton North, which risks slow delivery and a lack of diversity and choice in the market. There is no evidence of effective joint working on the cross-boundary issue of strategic logistics, as Erewash has argued that this is not a strategic issue and it has effectively been deferred to a future Plan. The Statement of Common Ground with the HMA (CD3a) was agreed before the 2022 Logistics study (EBE2) was published, and the subsequent work by the Greater Nottingham Planning Partnership indicates that there will be a significant residual B8 need that will not be accommodated in the Strategic Plan.
- 2.41 As a result, we do not consider that the employment strategy as identified in Policy 2 of the submitted Plan is sound, having regard to the requirements of paragraph 35 of the NPPF.