

Supplementary Statement on Strategic Centres Office Floorspace

Introduction

This statement responds to the Inspector's request for the Black Country Authorities to address three questions relating to office floorspace in the Joint Core Strategy:

- 1) *Justification for the quantum of office floorspace in the strategic centres;*
- 2) *What mechanisms would deliver this floorspace and would planning for this growth lead to the sterilisation of land?; and*
- 3) *What would be the implications for the strategy if demand for office floorspace didn't come forward during the plan period?*

We address each of these questions in turn.

1) Justification for the quantum of office floorspace in the strategic centres

Economic Justification for the figures

The Office targets are derived from the need to fundamentally transform the economy of the Black Country, to help close the output gap, attract and retain professional workers and AB households, to direct employment to Strategic Centres to enhance vitality and viability, and to deliver regeneration.

Evidence Base

The floorspace figures for B1(a) Office in Strategic Centres contained in the now revoked Regional Spatial Strategy and in the unadopted Panel Report to the Phase Two revision of the Regional Spatial Strategy were informed by a robust and credible evidence base. Even though the RSS has been revoked, the West Midlands Leaders Board (WMLB) in both their written submission to Matters 1&2 and at their verbal statement at the hearing on Matters 1&2 indicated that this evidence base is still an important material consideration and was subject to extensive public consultation, testing and examination. This has been confirmed in the ministerial guidance from DCLG provided since RSS revocation.

The RSS Phase One Revision 2006-2021 was incorporated into the WMRSS in January 2008 [CD 181]. Policy UR1C stated that: "growth of up to 745,000sqm is to be planned for in the 4 Strategic Centres", which equated to 186,000sqm in each Strategic Centre. Paras 8.2 – 8.8 and recommendation R8.1 of the Phase One Panel Report [CD E2] concluded that the office floorspace figures should be supported.

Para 8.3 of the Phase One Panel Report states:

"The basis of the figures is clear from the supporting studies (the Black Country Employment Land Capacity Study and the West Midlands Regional Centres Study) and explained in BCC Technical Paper 3. The floorspace targets for the Black Country, rather than being based on trends or projections of demand are driven by the Vision and regeneration strategy for the Black Country. They are based on the amount of space needed to accommodate the number of extra office jobs that will need to be created for full achievement of the aims of the strategy. A further policy decision is implicit in the distribution which spreads all the additional floorspace equally among the four strategic centres"

Please note, the BCC Technical Paper 3 “Office Floorspace Capacity” is included as an appendix to this statement.

The office floorspace figures are a translation of how the strategy contained in the Black Country Study [CD E1] will deliver the objective of providing a substantial gain of office jobs 2001-2021 in the Black Country. In addition, the Black Country Study paras C3.57 – 60 sets out the justification of why this growth in office employment in centres is crucial to the Strategy.

The RSS Phase 2 revision 2006-2026, updated the figures to 2026, resulting in a figure of 220,000sqm of B1(a) Office floorspace for each Strategic Centre. This is outlined in the Prosperity for All, Centres Background Paper, December 2007 for the RSS Phase 2 Revision Preferred Option consultation (see Section 4 and Table 4.4). The RTP Further Update to the Regional Centres Study, May 2009 [CD 146] discussed the implications of the economic downturn on office floorspace requirements (para 3.75). This included noting that the trajectory of office requirements means that demand will be delayed until later in the plan period or a few years beyond it. Para 3.76 gave recommendations to the RSS Examination including that explanatory wording should recognise that much of the projected demand will occur mainly after 2016. This wording is directly reflected in Policy CEN3 of the JCS.

The RSS Phase 2 Panel Report [CD 183] deals with Office Development in paras 5.46-5.49 and recognises that achieving the office figures would be challenging, but that: “it is imperative to support growth in the Financial and Business Services sector through provision of new office stock of appropriate quality” (para 5.46). This concurs with the priorities of the Black Country Study and the objectives and policies of the Joint Core Strategy. The RSS Phase 2 Preferred Option [CD 182] para 7.81 stressed the economic importance of focussing offices in centres; para 7.82 acknowledged that there may be difficulties in accommodating all of the proposed office provision in-centre and therefore suggested that accessible edge-of-centre locations should also be identified. This too is reflected in the wording of Policy CEN3 of the JCS.

The GVA Black Country Centres Study [CD144] paras 10.32 - 33 supported the recommendations of the WMRSS Update, acknowledged that additional floorspace is likely to come forward later in the plan period, and suggested that it would be appropriate to plan for edge-of-centre sites alongside mixed-use schemes.

The GVA Grimley 2008 Employment Land Review (CD 28) also provides further justification for the floorspace requirements. Tables 5.3 and 5.4 of this report show that office floorspace requirements rise from 1.8m sqm in 2005 to 2.9m sqm in 2026 for the whole of the Black Country. Table 5.1 of (CD 28) details the anticipated growth in jobs that underpins this figure. Significant growth is forecast in a range of service sector activity, in particular real-estate and business service activity (SIC 70), other business activity (SIC 74) and health and social work (SIC 85).

These evidence documents and material considerations have been reflected in the proposed wording in Policy CEN3 regarding Office development:

- The wording in CEN3: “Each Strategic Centre will accommodate *up to* 220,000 sqm of B1(a) floorspace between 2006 and 2026” is acknowledging that these figures are challenging, that the demand might emerge later in, or beyond, the plan period, and as such the figures can be

read as upper limits rather than targets to plan for. The Black Country Authorities feel that this wording is flexible enough to enable Local Authorities to plan for a lower figure of office provision through their AAPs if evidence supports this, and still be in conformity with Policy CEN3. For example, this is already acknowledged in Policy 52 of the submitted Brierley Hill AAP.

- The wording in CEN3: “Delivery of this floorspace will be planned for within, or on the edge of the Strategic Centres” reflects the former RSS Phase 2 Preferred Option of acknowledging that there may be difficulties of accommodating office floorspace in centres (para 7.82), and means that by extending the area of search for offices to include edge-of-centre the potential for B1(a) office provision competing with other Centre Uses (particularly retail and leisure) is reduced. For example, Policy SH4 in the adopted Wolverhampton Unitary Development Plan (June, 2006) defines the specific areas where different uses are considered to be ‘in-centre’ and provides a clear progression for different centre uses to ensure that competition between land uses are minimised – for Retail uses this is the Primary Shopping Area; for Leisure uses or other centre uses which attract a significant number of trips from members of the public, this is the ring road; and for Offices this is the Inset Map boundary. Edge-of-centre locations for relevant uses extend beyond these boundaries.
- The wording in Policy CEN3: “...particularly as much of the demand for B1(a) floorspace is expected to occur after 2016” directly reflects the recommendation of the RTP Further Update (para 3.76 CD146), recommendation R5.25 in the RSS Phase 2 Panel Report (CD 183); and para 10.32 of the Black Country Centres Study (CD144).
- The wording in CEN3 listing AAPs and commitments in Walsall outlines the future policy mechanisms for how offices will be delivered.

2) What mechanisms would deliver this floorspace and would this lead to the sterilisation of land?

We address this question in terms of physical capacity, deliverability and in the context of the 4 Strategic Centres.

Physical Capacity

During the hearings the Black Country Local Authorities have demonstrated we have the physical capacity for up to 220,000 sq m of office floorspace within or on the edge of the strategic centres. For example, Policy 52 in the Brierley Hill AAP Publication document (CD 149).

Deliverability

There has been very significant and successful office development within the Black Country in recent years, but this has tended to focus in out-of-centre locations e.g. the 30 acre c45,000sqm at Wolverhampton Business Park near Jn 2 of the M54, which was built on a speculative basis and attracted a number of private sector occupiers. The priority and effect of the JCS will be to direct such future investment into centres to deliver regeneration.

As referred to above, the majority of the demand for office floorspace is not expected to emerge until after 2016 by which time the AAPs will be adopted and will allocate sites and phase delivery.

It is anticipated that much of the office floorspace will be allocated in the AAPs in the form of mixed use development sites, e.g. as set out in the Brierley Hill AAP. This means that if little office demand

arises during the plan period land will not necessarily be sterilised as other appropriate town centre uses can come forward, consistent with their mixed use designation.

In addition, it is the case that the majority of sites that could accommodate future office provision are already in existing beneficial use across the four centres and therefore it is unlikely that land will be blighted. As mentioned, one example of this is the existing Waterfront Car Park in Brierley Hill. This means land will not be lying vacant and derelict in anticipation of demand for office development being delayed until later in the plan period.

The Black Country Authorities are confident that other development needs in Strategic Centres e.g. retail and residential can be met in addition to offices. Existing outline permissions/mixed-use developments reduce the risk of land being sterilised by a lack of demand for offices as they allow other parts of the schemes to come forward before a substantial proportion of the office floorspace has been built, for example at Walsall Gigaport.

Brierley Hill

The AAP has identified and allocated capacity for 220,000 sq m of offices. Recognising that this is an ambitious figure, para 5.11 of the AAP states, "given fluctuations in the market it is recognised that there may not be sufficient demand to deliver office uses on all the sites where this [offices] is identified as a preferred use. Whilst priority will be given to securing office development in the Town Centre it is not desirable to blight land waiting for demand to increase and a flexible approach will be taken where information and ongoing monitoring indicates that this would be appropriate".

Policy 52 'Offices' in the AAP provides a policy mechanism to release sites allocated for offices for alternative uses subject to a reserve office capacity of 70,000 sq m being maintained. That 70,000 is equivalent to the capacity that could be generated from the redevelopment and intensification of the existing Waterfront West Business Park. As the Business Park is currently in active use, this reserve will not have the effect of sterilising or blighting land.

Of the remaining 150,000 sq m of capacity, 111,550 sq m are on sites allocated for mixed uses including housing. Under the provisions of Policy 52 these sites could come forward without a B1(a) element, provided that certain criteria are met, including if: "it can be demonstrated that there is no market demand for such a use; or the alternative proposed use would generate jobs and benefit ... economic growth". Therefore, this would ensure that land would not be sterilised.

The remaining 38,500 sq m of land allocated for primarily offices is on land that is in active use at the moment: sites W4 (existing car parking), W10 (currently in active industrial use), W1 (in existing use as restaurant and associated car parking), W2 (existing Waterfront car park) and W3 (existing Waterfront car park) so therefore the issue of blighting land is unlikely to arise.

Wolverhampton

The Core Strategy proposes very substantial retail and office development in the City Centre, with associated leisure and residential development. The Strategic Centre (UDP Inset Map) covers a substantial area, totalling 235 ha. There are currently 2,100 housing commitments in the City Centre (on 29ha of land), including 1,200 in the Canalside Quarter, and the modest target for an additional 1,100 dwellings is expected to come forward on under-used land as part of primarily mixed use developments. Much of this is expected to be high density development, expected to come forward later in the Plan period when the market for flats improves. The 13ha of development

opportunities in the housing-led Canalside Quarter Implementation Plan could deliver all of the additional 1,100 housing target (at 80 dwellings per ha as set out in the Wolverhampton SHLAA). This means there is less pressure for city centre development opportunities to accommodate housing requirements and thus reduces scope for competition between land uses.

The Strategy for the City centre focuses retail and leisure development within the ring road, while residential development will be concentrated into an arc of regeneration based on the Canalside Quarter. The retail core is 31 ha and the retail core extension will add another 5 ha. Office floorspace will be planned for within or on the edge of the Strategic Centre (a total area of search of approximately 563ha). The remaining maximum office floorspace requirement of 195,000 sq m is likely to take up 20-26 ha of land, (assuming a density of 4 storeys and 7,500 – 10,000sqm of development per ha and allowing for 20% for other uses, accepted as an industry model set out in Appendix 4 of 2005 Employment Land Capacity Study (CD 26)).

The Local Authority are confident that sufficient sites can be identified in or on the edge of the Strategic Centre, particularly in the areas west of the City, identified by Wolverhampton Development Company as a major development opportunity, including 'City Centre West' and 'Chapel Ash' identified in the Wolverhampton Strategic Centre Map Appendix 2 of the JCS and the northern part of the ABCD area identified in RC3 . There is also scope for intensification in the existing Office/Civic Quarter in the Strategic Centre. Examples of types of sites that could be suitable for offices include, isolated employment sites within the Strategic Centre that were not included in the GVA Employment Land Study; Car Parks e.g. Fold Street Car Park adjoining Darlington Street; land owned by the Local Authority, and sites around the University. Such locations are likely to be allocated for predominantly mixed-use sites in the forthcoming AAP, and as much of the land that could become allocations is currently in some form of economic use, (although they may be in low intensity use) land will not necessarily be sterilised or blighted if little demand for offices emerges over the plan period.

Walsall

There is already outline planning permission for 149,118 sq m of additional B1(a) floorspace in the strategic centre. Further sites that might be suitable for B1(a) floorspace are marked on the map of the strategic centre in Appendix 2 of the JCS and will be considered in more detail through the AAP.

In addition to 127,000 sq m of additional B1(a) floorspace, the Gigaport scheme also has outline planning permission for a data centre, a hotel with conference facilities, 23,195 sq m of live/work space, a 5,890 sq m health and sports facility and 621 sq m of A1/A3 uses (retail or non-retail). The recently opened Walsall College Wisemore Campus is also an integral part of Walsall Council's vision for the Gigaport area. Land within the Gigaport boundaries is largely in use and will remain so until further phases are commenced.

Waterfront North is also a mixed use scheme. The site has outline planning permission for leisure (3,809 sq m), convenience goods retail floorspace (2,679 sq m), A2 uses and apartments as well as up to 17,139 sq m of B1(a) floorspace. In addition, there is also full planning permission in place for a 120-bedroom hotel and a restaurant. The likely occupier is understood to be Premier Inn.

The mixed use schemes set out above illustrate land will not necessarily be sterilised or blighted if reduced demand for offices emerges over the plan period.

West Bromwich

The All Saints Development has planning consent for approximately 10% of the West Bromwich figure and two major occupiers are secured. The Eastern Gateway also has planning consent and a secured occupier and when coupled with the sites being brought forward through the AAP within Office Quarter will provide a further 10% of the office floorspace figure for West Bromwich.

To the south, within the expanded centre, the AAP has identified a further office location at the Lyng. The AAP will also be utilising the particular relationship West Bromwich has with the Motorway Junction to bring forward significant opportunities for additional office development.

As set out on Day 8, which focused on West Bromwich Strategic Centre, the sites identified for the further phases of office development are currently in beneficial use, thus ensuring that land is not sterilised while planning for office growth.

3) What would be the implications for the strategy if demand for office floorspace didn't come forward during the plan period?

The Black Country Authorities consider that if large scale office growth does not occur over the plan period, this does not mean that the strategy will be undermined, but there may be greater levels of out-commuting from the Black Country, for example to Birmingham, if employment growth has not been secured. It is already acknowledged that demand for offices and associated growth in employment might arise after the plan period, and the wording of Policy CEN3 includes the flexibility to reflect this.

In Conclusion:

- The evidence base prepared to inform the policy on offices in the JCS has a demonstrated pedigree, was examined and supported through the RSS process, and has been recently refreshed through the Black Country Centres Study with a consistent policy recommendation;
- Proactive planning for targets will not unnecessarily sterilise sites or compromise the delivery of the strategic centres;
- Most of the potential office locations within the four centres are currently in beneficial use. The phasing of office development later in the plan period will allow these uses to remain;
- There is flexibility in the wording of Policy CEN3 to deliver the scale of office growth required in the strategic centres without land being sterilised; and
- There are mechanisms for monitoring and managing this issue, as demonstrated by the submitted Brierley Hill AAP, and future AAPs are expected to adopt a similar approach.

It is also important to note that other Strategic Centres in the West Midlands are planning for ambitious growth in office floorspace - for example, the submitted Coventry Core Strategy has a target for 250,000sqm of Offices, and has been found sound.

The JCS Policies are aimed at addressing the under performance of the Black Country local economy. The future competitiveness of the Black Country is dependent upon the ability to increase productivity by shifting the economic focus towards knowledge-based and growth sectors. The scale of office growth that could be planned for in the JCS is essential to provide job diversification, new opportunities for Black Country people, skill development, and to off-set the loss of jobs in local manufacturing and contribute to the sustainable homes/ jobs balance in the Black Country. The

stated focus for developing offices in our strategic centres, has led to some of the first schemes to come forward in many years. An adopted Core Strategy will enable us to build on this momentum.

The policy provides a sufficient steer for AAPs to deliver large scale office developments over the plan period. The Black Country Authorities are committed to revisiting the Employment Land Review in 2016. This will test the data inputs and econometric modelling and will help to ascertain if the assumptions and consequently the employment levels and floorspace figures are still appropriate.

However, the Local Authorities could suggest a number of possible minor changes to the wording of Policy CEN3 to provide further flexibility if it is considered necessary. For example,

- Explicitly stating that the 220,000 sq m of office floorspace is a maximum and not a target;
- Stating that office provision is expected to be delivered predominantly through mixed use schemes e.g. “Delivery of this floorspace will be planned for within or on the edge of each of the strategic centres through predominantly mixed use allocations...” thus minimising the risk of sterilising or blighting land that is allocated for exclusively B1(a) office uses in future AAPs if there is slow growth in the office market in the future.