

HB1/1

Economics Proof
of Evidence of
Stephen Nicol,
BA, MA



**NICOL
ECONOMICS**

HB (South Caldecotte) Ltd

LAND AT SOUTH CALDECOTTE

PINS Ref: APP/Y0435/W/20/3251121

LPA Ref: 19/01818/OUT

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Stephen Nicol, BA, MA

July 2020

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Appendices

HB1/3

A: Burbage Realty Market Report

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1. Qualifications of the Witness

- 1.1 My name is Stephen Leslie Nicol (BA, MA). I am an expert on economic development and the assessment of local economic need.
- 1.2 I graduated from Kings College, Cambridge in 1983 with a BA in Economics and then took an MA in Development Economics at Sussex University. In 1984, I entered the Government Economic Service where I worked in the then Department of the Environment and subsequently HM Treasury. In my time in the Government, I provided economic advice on public sector housing, roads, higher education and public sector investment appraisal. I was promoted to Economic Adviser (Grade 7) in 1987.
- 1.3 In 1989, I joined Pieda plc a firm of economic development consultants and was promoted to Director in 1993. Pieda plc merged with DTZ Debenham Thorpe in 1997 to form DTZ Pieda Consulting. I became Managing Director for the whole of the consultancy business. I left to form Regeneris Consulting in 2000. I worked as the Managing Director of Regeneris Consulting for 15 years. In June 2015, I sold my share in the business and became a Senior Associate working for Regeneris Consulting. In June 2017, my role changed and I now am the managing director of Nicol Economics an independent consultancy firm.
- 1.4 During my career, I have played a leading role in economic needs assessments and economic impact assessments. This includes:
- Providing advice on a wide range of employment land needs and supply assessments - I am currently acting as an expert advisor for the Greater Manchester Combined Authority on these matters for their Strategic Framework.
 - Assessments of the economic impact of a wide range of property development schemes, including schemes with large distribution warehouses.
 - Research and analysis into the logistics sector (including economic drivers and impact in an earlier Greater Manchester Logistics Study).
- 1.5 I have been an expert witness at many Public Inquiries, including giving evidence on local demographic change, housing supply, economic performance and economic impact in Bradford, Cumbria, Coventry, Doncaster, Essex, Lancashire, Luton, Manchester, Milton Keynes, North Norfolk, Ribble Valley, Southampton, Swindon and Warwickshire.

1.6 The evidence which I have prepared and provide for this appeal (APP/ Y0435/W/20/3251121) and the opinions expressed are my true and professional opinions, irrespective of by whom I am instructed. I understand that my primary duty is to the Inquiry is to ensure that the expert evidence provided by me:

- and must be, and must be seen to be, my independent and unbiased product, and fall within my expertise, experience and knowledge;
- and must state the main facts and assumptions it is based upon, and not omit material facts that might be relevant to my conclusions; and
- and must be impartial and uninfluenced by those instructing or paying me to give the evidence.

2. Scope of my evidence

2.1 The appeal site covers an area of some 57 hectares and forms the whole of the South Caldecotte site allocated within Policy SD14 in Plan:MK. The outline planning application submitted (LPA reference 19/01818/OUT) was submitted to Milton Keynes Council on 17th July 2019 and was for:

“The development of the site for employment uses, comprising of warehousing and distribution (Class B8) floorspace (Including mezzanine floors) with ancillary B1a office space, general industrial (Class B2) floorspace (Including mezzanine floors) with ancillary B1a office space, a small standalone office (Class B1) and small café (Class A3) to serve the development; car and HGV parking areas, with earthworks, drainage and attenuation features and other associated infrastructure, a new primary access off Brickhill Street, alterations to Brickhill Street and provision of Grid Road reserve to Brickhill Street”

2.2 My proof addresses the matters of:

- The need for employment land in Milton Keynes both quantitatively and qualitatively
- The supply of employment land In Milton Keynes, and
- The economic benefits from the proposed development.

2.3 The rest of this proof consists of the following sections:

- Policy support and considerations for the proposed development (Section 3)
- An overview of the Milton Keynes economy past and present (Section 4)
- A review of evidence on the need for employment land in Milton Keynes (Section 5)

- A review of evidence on the supply of employment land in Milton Keynes (Section 6)
- An assessment of the economic benefits of the proposed development (Section 7)
- An assessment of the consequences of not allowing the development (Section 8)
- A section on the implication of Covid-19 (Section 9)
- Finally, Section 10 sets out my overall conclusions.

3. Policy support and considerations for the proposed development

Relevant central government guidance

- 3.1 The National Planning Policy Framework (NPPF) clearly states the importance of supporting economic growth and the significant weight to be attached to this: *“planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development”* (para 80). NPPF also identifies the need to ensure the land use requirements of the storage and distribution sector is met:

*“Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for **storage and distribution operations at a variety of scales and in suitably accessible locations**”*. (para 82, my emphasis added).

- 3.2 NPPF does not state how business and economic needs should be assessed. This is set out in Planning Policy Guidance (PPG). The relevant guidance is set out in paras 25 to 30 in the section on *“Housing and economic needs assessment”*. PPG states that strategic policy-making authorities need to prepare a robust evidence base to understand existing business needs, which will need to be kept under review to reflect local circumstances and market conditions.
- 3.3 PPG sets out a number of ways in which plan makers can assess future economic needs including: sectoral and employment forecasts and projections (ie future labour demand); demographically derived assessments of future employment needs (ie labour supply techniques); an analysis based on the past take-up of employment land and property; and consultations with relevant

organisations, studies of business trends, and monitoring of business, economic and employment statistics¹. As I shall explain later, in the case of the current Milton Keynes Local Plan, the primary source of evidence used to assess future demand has been that of future labour demand translated into employment land needs as set out in CDs **F.2**, **F.3** and **F.4** which were the main evidence base used to inform future employment land needs and referred to by the Local Plan Inspector (see CD **E.2** paragraph 76 and 84). **I consider this approach (as did the Local Plan Inspector) to be entirely in line with government guidance.** Clearly, there is no dispute between the parties on this point.

Relevant current sub-regional and local policies towards economic development

- 3.4 There are a number of policies and strategies that provide support either directly or indirectly for the proposed development.

The Oxford-Cambridge Arc

- 3.5 The “Oxford Cambridge Arc” also known as the “Cambridge-Milton Keynes-Oxford growth corridor” is recognised as an area of national importance for growth and has Milton Keynes at its centre. This importance and its role has been articulated in a variety of documents including:

- *“Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc”* (National Infrastructure Commission, March 2018).
- The Government’s response to *“Partnering for Prosperity”* (October 2018).
- *“The Oxford-Cambridge Arc, Government ambition and joint declaration between Government and local partners”* (MHCLG, March 2019).

- 3.6 The Arc area is described in the 2019 joint declaration as *“first and foremost an area of significant economic strength and opportunity, which can further benefit its existing and future communities and businesses by realising its potential”* (page 7). Although the focus of the work around the Arc is around housing development and transport, the strategy is fully supportive and indeed predicated on maximising the growth potential of the area. Work carried out for the NIC estimated that the whole area could see the creation of 1.1 million jobs by 2050².

¹ Paragraph: 027 Reference ID: 2a-027-20190220

² *“Cambridge, Milton Keynes, Oxford, Northampton Growth Corridor, Final Report for The National Infrastructure Commission”*, SQW and Cambridge Econometrics, November 2016 <https://www.nic.org.uk/wp-content/uploads/Economic-analysis-Cambridge-Econometrics-SQW-report-for-NIC.pdf>

SEMLEP Policies and Strategies

- 3.7 Milton Keynes sits within the South East Midlands Local Enterprise Partnership (SEMLEP) area. A number of relevant plans and policies have been developed for this area.

Strategic Economic Plan

- 3.8 The latest Strategic Economic Plan (SEP) for the SEMLEP area was produced in 2017³. This set out the economic ambition for the area which covers Milton Keynes along with Bedford Borough, Central Bedfordshire, Luton and Northamptonshire⁴. The SEP identifies logistics as one of the area's key sectors and it is described in the SEP as a “*showcase sector*” where the area has “*particular strengths in terms of wide-reaching supply chains, historic growth, and the capability and assets for rapid future growth*”⁵. The SEP identifies the strong employment growth in the logistics sector in the SEMLEP area in absolute and relative terms. It also points out that the sector is changing by employing new technologies to meet rising demand and supply challenges, and that this change is in turn increasing demand for skilled employees in electrical and mechanical engineering, IT and analytics. The SEP states that one of the critical needs of the sector is “**appropriate employment land and transport infrastructure**” (para 3.2.2.18, my emphasis added).

The SEMLEP Local Industrial Strategy

- 3.9 Following the production of the government's National Industrial Strategy in 2017⁶ all LEP areas in England are required to produce their own Local industrial Strategies (or LISs) that are focused on ways of delivering productivity improvements. SEMLEP has been one of the earlier LEP areas to produce a LIS agreed with central government. This was produced in July 2019 as part of a suite of LISs covering the Oxford-Cambridge Arc⁷. The LIS builds on the earlier SEP and the logistics sector is again identified as one of the core strengths of the area, with the development of the logistics sector one of the core priorities - in particular the improvement of productivity in the sector. The LIS describes the areas as having an “*unrivalled location*” that has led to the creation of “*an extensive portfolio of logistics assets, including the Magna Park distribution centre in Milton Keynes*” (page 29).

³ “South East Midlands, Where Innovation Fuels Growth, Strategic Economic Plan” (SEMLEP, November 2017) (CD F.10)

⁴ From April 2020 Aylesbury Vale District Council is no longer part of the SEMLEP area (it is in the Buckinghamshire LEP area).

⁵ The other “showcase sectors” are: High Performance Technology, including ‘Next Generation Transport’; Manufacturing and Advanced Technology, including Food and Drink; and the Creative and Cultural sector

⁶ Industrial Strategy Building a Britain fit for the future, HM Government, December 2017

⁷ South East Midlands Local Industrial Strategy, A Partner in the Oxford-Cambridge Arc, July 2019 (CD F.16)

MK Futures 2050 Commission 'Vision' Report and 2050 Strategy

- 3.10 This document was published in 2016 (**CD F.9**) and helped inform the preparation of the now adopted Local Plan. It set out a vision for Milton Keynes by 2050 and six “big projects” including “Project One: Hub of the Cambridge-Milton Keynes-Oxford Arc”⁸. The Commission’s report made the point about the very strong historic and future jobs growth in Milton Keynes, but stated that there were *“real challenges that must be overcome to enable these job growth targets to be achieved....[including that]... There is only a limited supply of sites suitable for large logistics facilities”* (page 14). (my emphasis added)
- 3.11 MKC have, following on from the production of the current adopted Local Plan, started thinking about the response to the 2050 Vision report and in January 2020 produced a draft strategy to 2050⁹ for “engagement”. This represents very early stages in the development of a future spatial and growth strategy for Milton Keynes but sets out the potential direction of travel for the area.

Milton Keynes Economic Development Strategy 2017-2027

- 3.12 In July 2017, MKC produced a 10 year economic development strategy (EDS)¹⁰ which predated Plan:MK and was one of the document that informed its development. The vision for Milton Keynes is described as:

“A Place of Opportunity: strong inclusive economic growth benefitting businesses and residents, sustaining MK’s reputation as a prosperous, innovative and culturally vibrant place”.

- 3.13 The EDS identifies some of the factors that are the recipe for the economic success of the areas: one is its strategic location, described as *“part of the London mega-city region and at the centre of the UK’s Innovation Corridor being located almost midway between Oxford and Cambridge”*; another is described as the *“pro-growth policies”* of MKC that support the expansion of business and employment.

⁸ The other 5 were: MK:IT; Learning 2050;; Smart, shared, sustainable mobility; Renaissance: CMK; and Milton Keynes: The creative and cultured city

⁹ Milton Keynes Strategy for 2050, Draft for Engagement, MKC, January 2020 (**CD F.9**)

¹⁰ Economic Development Strategy 2017 – 2027, Milton Keynes Council, July 2017 (**CD F.6**)

- 3.14 There are four overarching priorities: brand, connections, enterprise and skills. Under enterprise the EDS notes the importance of *“facilitating access to the assistance and appropriate space that will enable businesses to start and which supports existing businesses, of all sizes and from across a range of sectors, to succeed and fulfil their growth aspirations”*.

The adopted Local Plan

- 3.15 The detail of the planning policies in the Local Plan (**CD E1**) are addressed within the Appellant’s planning evidence. However I note that number 5 of the 17 strategic objectives of the plan is particularly relevant to this appeal and is described as:

*“To allocate and manage the development of employment land and pursue a vigorous economic development strategy so that the **business sector and local economy are supported, existing firms can expand, new firms are attracted**, the level of working skills among the local population is enhanced and the area’s resident population can find employment locally”* (page 8, my emphasis added).

Conclusions

- 3.16 My review of policies has identified the following key points that are extremely supportive of the proposed development at South Caldecotte:
- The importance of Milton Keynes as **growth location** in national policy as part of the Ox/MK/Cam Arc
 - The recognition of the key importance and success of the **logistics sector** in the **sub-regional area** (ie the South East Midlands LEP area) within which Milton Keynes sits
 - The pro-growth policies and approach of MKC including its **recognition of the importance of suitable business space for the logistics sector** (and other sectors).

4. An overview of the Milton Keynes economy

4.1 I have carried out a review of the economy focussing in particular on the transport and logistics sectors as these are most relevant to the appeal site. There has been an updated local economic assessment (LEA 2019) of Milton Keynes carried out in 2019 for MKC on which I also draw¹¹. Whilst it self-evidently predates the economic shock of the Covid-19 crisis it is nonetheless a useful baseline upon which judgments can be formed.

The economy overall

4.2 The LEA 2019 provides a very useful summary of the Milton Keynes economy which I have updated where more recent data is available:

- In 2018 there were 182,000 employees working in Milton Keynes and there were an estimated 17,400 self-employed people who lived in the borough or, according to the Office for National Statistics (ONS), an estimated 198,000 jobs located in the area¹².
- The area has a highly productive economy, generating over £14.3 billion of GVA¹³ in 2018¹⁴ which represents 0.9% of the total economic output in England and 5.2% of that of the South East region in which Milton Keynes is located. Work for the Ox/MK/Cam corridor has shown that productivity levels in Milton Keynes are some of the highest in the UK.
- The economy of Milton Keynes has been growing at a much faster rate than nationally and also that of the regions in which it sits or is located close to (see Figure 4.1).

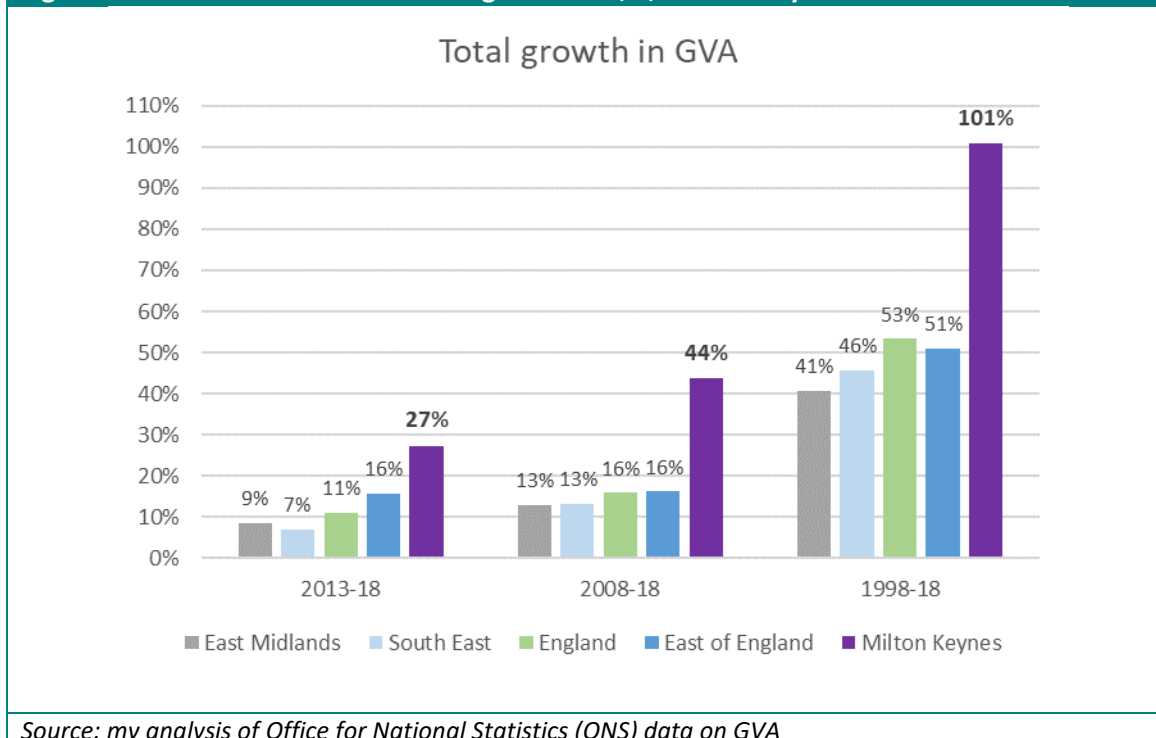
¹¹ Milton Keynes Local Economic Assessment 2019, July 2019 (CD F.17)

¹² ONS estimate of the “jobs density” in Milton Keynes in 2018 (covering employees and the self-employed)

¹³ Gross Value Added is the measure of overall economic activity used at a local level that measures the value of the total output produced less the bought in goods and services used

¹⁴ Source: Office for National Statistics “Regional gross value added (balanced) by industry: all NUTS level regions” published in December 2019. This is the source for all the GVA data quoted in my proof

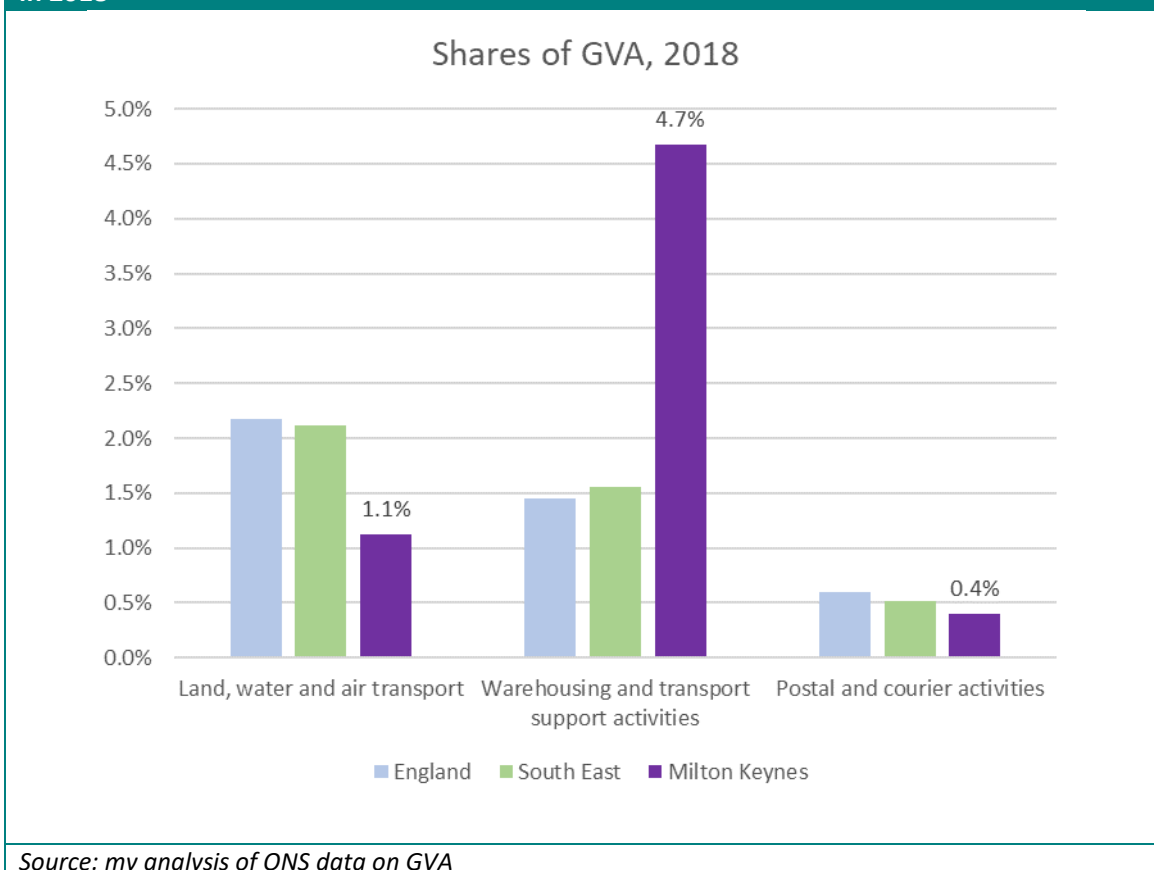
Figure 4.1: Overall levels of economic growth last, 5, 10 and 20 years



The transport and distribution sector

4.3 Overall in 2018 the overall transportation and storage sector accounted for £890 million or 6.2% of the total GVA generated in the Milton Keynes economy (ie £1 in every £16). Of this economic contribution, by far the largest share is from the “warehousing and transport support activities” sector (covering the logistics sector). In 2018 this sector produced £670 million or 4.7% of total economic output in Milton Keynes (or £1 in every £21 of economic output). As Figure 4.2 shows this is, in relative terms, far more important than nationally or in the South East region.

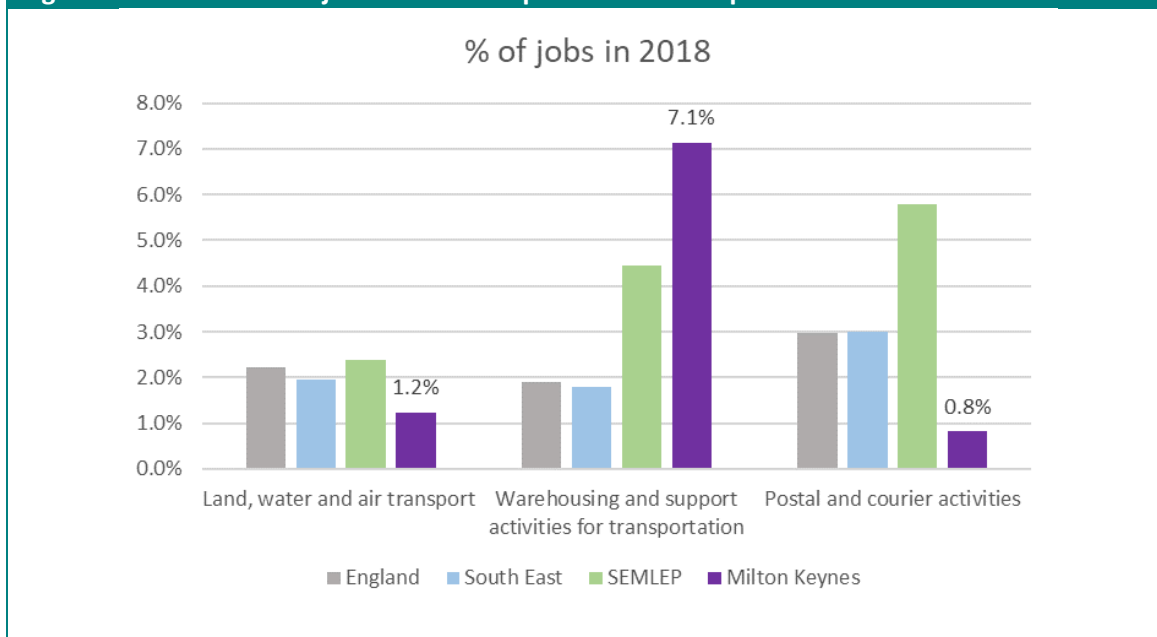
Figure 4.2: Economic contributions of different parts of the transport and distribution sector in 2018



4.4 In 2018 there were an estimated around 18,000 employees working across the whole transport and distribution sector in Milton Keynes or 9.3% of all jobs in the area. This level of employment represented, as with GVA, a significant degree of specialisation of the area¹⁵. Within this sector, as with GVA, the warehousing and transport support services accounted for the lion’s share of jobs in Milton Keynes with 13,000 or 7.1% of all jobs in the local area (see Figure 4.3).

¹⁵ Compared to 4.9% of all employees in England, 4.7% in the South East region and 7.8% in the whole SEMLEP area. Therefore Milton Keynes is roughly twice as specialised in this sector than the whole of England or the South East

Figure 4.3: Share of total jobs of different parts of the transport and distribution sector in 2018

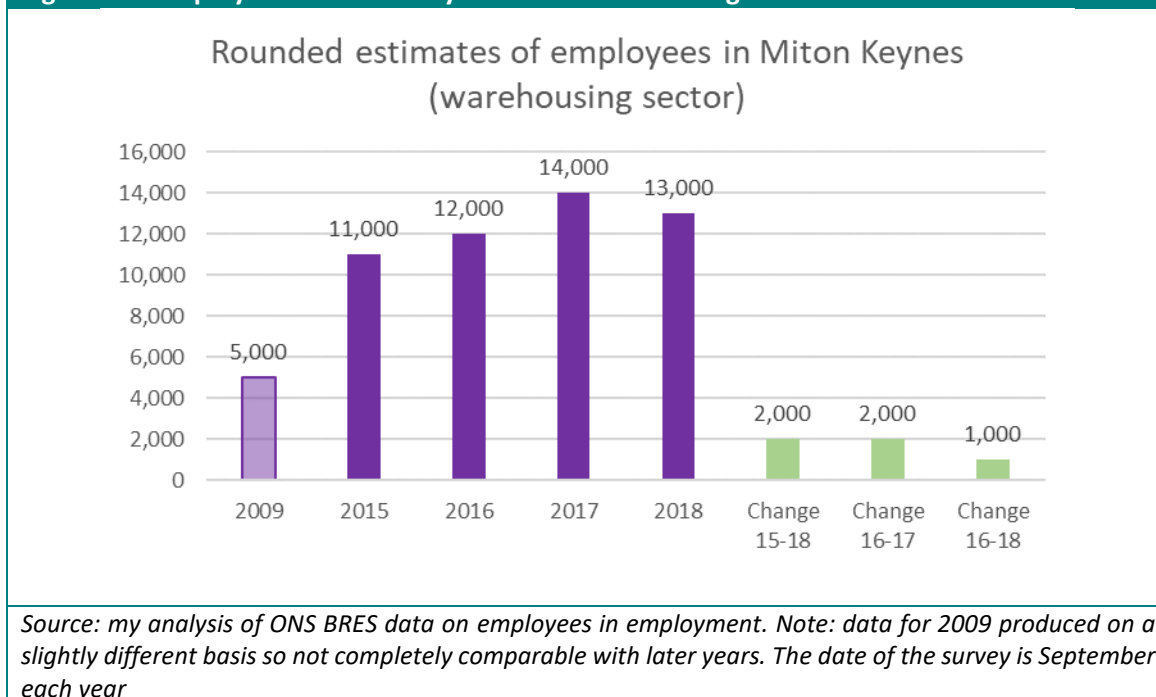


Source: my analysis of ONS Business Register and Employment Survey (BRES) data on employees in employment

- 4.5 As well as accounting for a significant part of the economy of Milton Keynes, the economic data I have looked at suggests that there has been significant jobs growth in the logistics sector. The ONS produce estimates of employment by sector and location using a survey called BRES¹⁶. This survey has margins of error which tend to be larger for smaller geographies and for sectors within smaller geographies. The values are also rounded. I reproduce the data in Figure 4.4. As can be seen, depending on the start and end point chosen for the last four years, total employment may have risen by as much as 3,000 (2015 to 2017) or just 1,000 (2016 to 2018).
- 4.6 Given the evidence on trends in the development of B8 logistics space in Milton Keynes over the last few years, the apparent fall in employment shown between 2017 and 2018 is very unlikely to have happened and is much more likely to reflect a standard sampling errors of the survey methods used for BRES¹⁷. I consider that since 2016 (which is the start of the current Local Plan period), total employment in the warehousing sector is likely to have increased by **at least 2,000 jobs to 2018** (the last year for which there is official ONS data).

¹⁶ Business Register and Employment Survey

¹⁷ Each year BRES is based on a sample of around 80,000 businesses out of the total population of around 2 million businesses in Great Britain registered for VAT and/or PAYE (or a 4% sample at a national level). ONS guidance is that the margins of error are considerably higher for estimates of sub-sectors of the economy at the level of a local authority area

Figure 4.4: Employees in Milton Keynes in the warehousing sector

Range and types of jobs in the logistics sector

4.7 The logistics sector supports a wide range of jobs at different occupational levels and wage levels, which I show in Figure 4.5 below. This analysis uses data from the Annual Survey of Hours and Earnings (ASHE) undertaken by the ONS. This survey is based on a national sample of 1% of PAYE records and shows the mean, median and the distribution of earning across sectors by decile. I set out the data for the warehousing sector in 2018 for the UK and for the South East region¹⁸. As can be seen, there is a wide range of earnings levels:

- Median annual earning levels for all employees in the sector (both full and part time) were £27,900 for the UK as a whole and £33,200 for the South East region.
- For those employees working full time only in the sector, median earnings levels were £29,250 for the whole UK and £35,800 in the South East region.

4.8 To put these figures into context, for all sectors of the economy the median earnings levels for full-time workers was £29,600 in the UK and for the South East £30,800. Therefore for the South East region on average full-time earnings levels in the warehousing sector are well **above the all-industry average** for the region (ie £35,800 compared to £30,800)¹⁹.

¹⁸ The data is not reliable by sector below the level of a region

¹⁹ Note: I have checked the data fore 2019 which is now released and a similar differential applies (£36,460 compared to £32,120 or 14%)

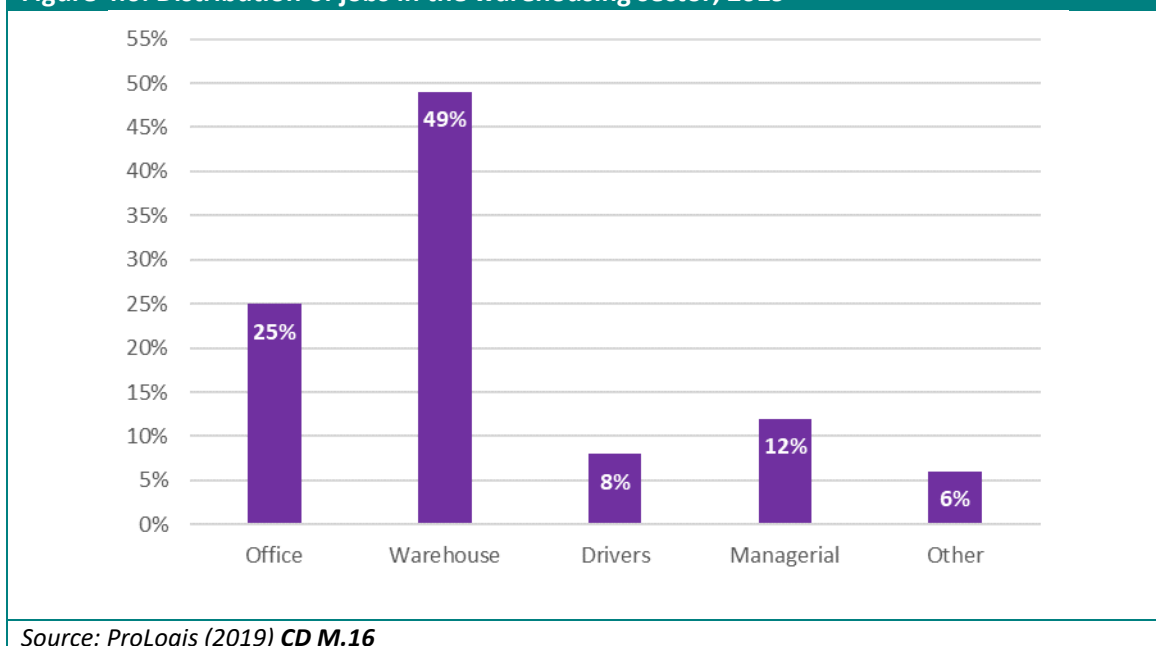
4.9 There is no comparable data available for Milton Keynes, but I have no reason to believe it will differ markedly from the overall picture for the South East region. I have seen it stated elsewhere that wages in the logistics sector are poorly paid or significantly below average earnings. My analysis of official data shows that this is not the case in the South East.



4.10 Further useful light is shed in the nature of jobs in the logistics sector by some national research by ProLogis²⁰. This work is based on a survey of business operating from 33 distribution centres located on Prologis Parks throughout the Midlands, South East and London and can be compared with previous surveys in earlier years. The total of 7,300 employees were covered by the survey working in 7.5 million sqft (700,000 sqm) of space. The report found that 25% of employees filled “office” roles and 12% managerial roles as well as the often stereotypical warehousing and driving roles. This finding is in line with trends in the nature of many new logistics buildings, where there are significant office-functions linked to the business that are an integral part of the building offering a range of managerial and technical jobs.

²⁰ “Delivering the future: the changing nature of employment in distribution warehouses”, ProLogis, September 2019 CD M.16

Figure 4.6: Distribution of jobs in the warehousing sector, 2019



- 4.11 The ProLogis survey also provides an indication of the number of jobs per sqm of floorspace. Across the sample the figure works out at an estimated one person for every 95 sqm of floor space within its facilities. The survey suggests that, at least for the businesses covered by the survey, the average employment density is similar to the level set out in the widely used HCA Employment Densities Guidance for National Distribution Centres (see Section 0 later on in my proof).

Logistics market update

National and regional evidence to 2020

- 4.12 The Milton Keynes area sits within one of the key areas for the logistics sector in the UK. Many of the national property advisory firms produce market useful reviews of the sector. I look at the most up-to-date version of these in more detail in later on Section 9 when I review the impact of Covid-19. However, earlier reviews in 2020 provide useful information on logistics sector demand and supply to the end of 2019.
- 4.13 The Savills Big Shed review in January 2020 (see my HB1/3 C1) covers individual regions. In the East Midlands (located close to Milton Keynes) the Savills report notes that 2019 saw the “*second record year of take-up in succession*” with take-up of 9.57 million sq. ft (890,000 sqm). The vacancy rate in the region stayed stable in spite of a large increase in supply at 5.74%. For London and the South East [the area in which Milton Keynes sits] the levels of take-up in 2019 are described as at “*record levels*” at “*7.88 million sq. ft for 2019*” [this is 730,000 sqm]. This level of take-up is “*a 9% increase on 2018 and a 56% increase above the long term average for the region*”. The report notes that the

average vacancy rate across the region was just 5.0% at the end of 2019 and this had fallen slightly during the year. The vacancy rate they record was the lowest of any region in the UK (followed by the East Midlands) and was well below the national vacancy rate of 6.65%.

4.14 The Colliers Viewpoint (see my HB1/3 C2) was produced at the beginning of March 2020. At an overview level they note that *“the industrial sector out-performed all other property asset classes in 2019, partly driven by very strong rental growth in London and key South East locations”* [my emphasis added]. The report provide a detailed regional overview for the London and the South East market where it notes:

- The region had a *“strong year”* in 2019 with take-up for distribution warehouses larger than 100,000 sq. ft reaching 6.1 million sq. ft. [9% up on 2018] . Take-up in the wider South East market (including London) accounted for a national share of 21%, the second largest share after the Midlands (45%).
- They note what they describe as a *“recurring theme over the past few years”* which is the *“lack of sites and limited choice for occupiers to fulfil their requirements”*. They also state that there is less than 10 months’ worth of supply in the wider London and South East market.

Local evidence on the market in Milton Keynes

4.15 I append to my proof of evidence as **Appendix HB1/3 A** a recent market report commissioned by my client from Burbage Realty (BR) who are a specialist logistics and industrial property consultant. The key findings in the report about the overall logistics marketplace in and around Milton Keynes echo those I have gleaned from other research set out above and are as follows:

- Burbage Realty state the *“prior to Covid-19, the logistics occupational market was in a robust state”*, by which they mean there was strong demand relative to supply, characterised by continued occupier demand set against a lack of supply. They point to national and regional levels of demand well above the 10 year average.
- They do identify a drop in take-up for warehousing in Q1 2020 which they ascribe to the uncertainty surrounding Brexit. However, Burbage Realty note that, despite Covid-19, Q2 2020 is showing signs of strong recovery. They specifically point out that *“a significant number of existing buildings being leased on the M1 corridor and many retailers and third-party logistics operators showing interest in existing buildings and pre-lets”*.

- The report brings out examples of recent take-up including Tesco re-occupying around 600,000 sqft (c. 56,000 sqm) at Fenny Lock Milton Keynes to accommodate the increase in supermarket spending since the Covid-19 lockdown and the take-up by M&S of the 360,000 sqft (33,500 sqm) MK360 building at Snelshall East.
- Burbage Realty also consider the longer term nature of demand post Covid-19 and state that in the *“medium to longer term, a requirement for greater supply chain resilience and a potential shortening of supply chains that are more reliant on UK suppliers may lead to increased demand for warehouse space to hold a greater inventory of just-in-time products. The lockdown period has also increased households’ reliance on online deliveries, and this is likely to increase e-commerce activity in the future, further underpinning the sector in the medium to longer term through heightened demand for more warehouse space”*.

4.16 The report also highlights the benefits of the area in which the site is located in accessing markets: *“sitting on the boundary of both the East Midlands and South East markets, the site is an ideal location for occupiers looking to service local, South East, national and international market”*. The report sets out around 20 significant and, at the time the report was produced, live requirements for large scale warehousing in the market area covered by the proposed development.

4.17 Finally, the report sets out 12 large requirements that could have located in Milton Keynes had suitable sites been available, some of which specifically wished to locate/remain in Milton Keynes. These include: Makita who are a distributor of power tools based in Milton Keynes with a 350,000 sqft (32,500 sqm) requirement that it has been unable to satisfy its needs in Milton Keynes); West Coast a distributor of IT equipment with a 340,000 sqft (31,600 sqm) requirement that has now been met in Andover in Hampshire; and a number of large scale retail related requirements.

Conclusions

4.18 There are some very clear conclusions that I draw from this review:

- First, the Milton Keynes economy has performed well over a long period of time acting as a key growth engine for the wider South East and indeed nationally.
- Second, logistics is a particularly important part of the Milton Keynes economy accounting for 5% of GVA and 7% of all jobs.
- Third, there is evidence of strong growth in recent years of the order of at least 2,000 extra jobs since 2016 (the baseline date for previous employment forecasts used to assess future need for employment land in Milton Keynes).

- Fourth, the logistics sector produces a wide range of jobs at different wage levels (not just lower paid jobs as is sometimes assumed). Indeed in the South East the median wage levels for those working full time in the sector is significantly above that of all sectors of the economy. As well as the traditional “blue collar” occupations of warehouse operative and drivers, warehousing supports significant numbers of office based jobs, technical jobs and managerial jobs which are an integral part of the business operation that can include HQ functions.
- Finally, the market evidence points to healthy and continued demand for warehousing especially in the South East of England. There is a wide range of live requirements seeking sites for large scale distribution uses and past un-fulfilled requirements that have been unable to find space in Milton Keynes and located elsewhere. As I explain later on in Section 9, the evidence to date of the impact of Covid-19 is that it has boosted demand and need for well-located warehousing and logistics space.

5. A review of evidence on the need for employment land in Milton Keynes

Review of how the overall need figure for Milton Keynes was calculated

5.1 The assessment of the future need for employment land in Milton Keynes evolved over the period during 2015 and 2018 as evidence on future demand and the supply developed. I will quickly review this evidence to demonstrate that its conclusions remain soundly based (as found by the Local Plan Inspector). The evidence was developed and set out in the following documents

- Milton Keynes Economic Growth and Employment Land Study November 2015 Study²¹ (EGELS 2015) sets out estimates of future employment land need. It was in two parts a Technical Report (Part 1) (**CD F.2**) and a Delivery Strategy (part 2) (**CD F.3**). This work relied on the use of forecasts from both Experian and Oxford Economics (via the East of England Forecasting Model (EEFM)). The study used these forecasts to provide an assessment of need for the period 2011 to 2031. The figures from this study were as shown in Table 5.1. The overall need for employment land was assessed as being 124 to 159 hectares over the 20 year period and 94 to 119 hectares for the warehousing sector.

²¹ “Employment Land Review and Economic Growth, Study Phase 1, Technical Analysis: Final Report”, November 2015, GVA Bilfinger for Milton Keynes Council and Milton Keynes Development Partnership

| Table 5.1 Milton Keynes Economic Growth and Employment Land Study 2015 | | | | |
|--|----------------|----------------|-------------|----------------------|
| Sector | Experian-based | | EEFM-based | |
| | Total (has) | Per annum need | Total (has) | Per annum need (has) |
| Office | 21 | 1.1 | 20 | 1.0 |
| Industrial | 9 | 0.5 | 19 | 1.0 |
| Warehouse | 94 | 4.7 | 119 | 6.0 |
| Total | 124 | 6.2 | 159 | 8.0 |

Source: EGELS, 2015 (CD F.2)

- Milton Keynes Economic Growth and Employment Land Study 2017 Update²² (EGELS 2017) (CD F.4) provided a brief update of the supply situation and revised and updated both sets of forecasts covering the period 2016 to 2031.
- Milton Keynes Council evidence submitted to the Examination in Public of Plan:MK in 2018²³ (CD F.1 and CD F.15).

5.2 The final evidence used to underpin the Local Plan was in EGELS 2017 (CD F.4) and this was summarised by MKC in its Hearing Statement (CD F.15). The methodology used was a robust and standard one of using employment forecasts and then translating these into net demand for floorspace followed by the addition of an allowance for losses of employment land and for the need to satisfy “churn” in the market. As in EGLS 2015, two sets of forecasts were used which provided two differing views on the overall rate of jobs growth across those sectors generating demand for employment floorspace in B use classes and especially in the growth in employment in sectors generating demand for B8/warehousing space.

5.3 The two forecasts used produced a range of estimates of the overall need for employment land and over the 15 year Plan period (87 to 132 hectares) (and in particular the requirement for land for B8 uses (66 to 104 hectares). The two sets of forecasts assumed broadly similar growth in overall employment change allocated to B Use classes (13,400 to 14,400) but differed in **assumed growth in employment in warehousing related sectors**. This was the reason for the range in the estimates. It is interesting to note that the higher forecasts for need for employment land were reversed compared to the 2015 study (when Experian-based forecasts had produced higher estimates than the EEFM based ones). This emphasises the margin of error around all forecasts.

²² “Milton Keynes Economic Growth and Employment Land Study Supply & Demand – Partial Update”, June 2017, GVA CD F.4

²³ Written Statement on Matter Four: The Overall Need And Requirement For Jobs And The Strategy And Land Supply To Meet The Requirement, Milton Keynes Council, June 2018 CD F.15

5.4 As Table 5.2 shows, the 2016 Experian forecast were for around 3,800 extra “B8 jobs” over the 15 year period (ie around 250 per year on average); whilst the EEFM forecasts were for around 2,000 extra jobs (around 130 per year on average).

| Table 5.2: Projections of demand for floorspace by use class 2016-2031 | | | | | | | |
|--|---------------------------------|-------------------------------|---------------------|-----------------------|----------------|----------------------|----------------------|
| Source of projection | Net Floorspace Demand 2016-2031 | Allowance for windfall losses | Allowance for churn | Change in floor-space | Change in land | Implied jobs change* | Implied plot density |
| Experian | | | | | | | |
| Office | 130,777 | 89,455 | 30,532 | 250,764 | 17 | 10,900 | 148% |
| Industrial | -8,275 | 49,429 | 5,706 | 46,860 | 12 | -200 | 39% |
| Warehouse | 320,807 | 34,874 | 60,165 | 415,846 | 104 | 3,800 | 40% |
| Total | 443,309 | 173,073 | 97,244 | 713,626 | 132 | 14,400 | |
| EEFM | | | | | | | |
| Office | 151,720 | 89,455 | 30,532 | 271,706 | 18 | 12,600 | 151% |
| Industrial | -45,462 | 49,429 | 5,706 | 9,673 | 2 | -1,300 | 48% |
| Warehouse | 169,398 | 34,874 | 60,165 | 264,437 | 66 | 2,000 | 40% |
| Total | 275,656 | 173,073 | 97,244 | 545,973 | 87 | 13,400 | |

Source: **CD F.4** and my calculations. Note: * based on applying the employment densities used in EGELS 2015 to the forecast change in net floorspace needed. These are: B1a/b (office) 12 sqm NIA per full-time equivalent employee; B1c/B2 (industrial) 36 sqm GIA per FTE; and B8 (warehousing) 85 sqm GEA per FTE

5.5 The estimates of need were then compared to the assessed supply of employment land. In the ECLS 2015 study the conclusion was:

- In overall quantitative terms there was sufficient supply of employment land in Milton Keynes to meet demand but this was not the case in qualitative terms.
- The report advised that many employment sites were not in prime geographical locations to “meet the needs of the market, most notably for logistics based employment”.
- They identified that, based on the supply of sites then assessed, that there was “a shortfall of circa 49 hectares to meet the identified demand of 94 hectares” [for the logistics sector].
- They recommended that the Council would need to give “serious consideration to the allocation of additional land (in close proximity to the motorway) for logistics sector use”.

5.6 Although ECLS 2017 updated the forecast of need it did not review the earlier qualitative assessment of supply. However, it is clear that conclusions of the 2015 study remained valid in respect of the need for a supply of suitable logistics sites. As far as I am aware this conclusion was accepted in full by MKC.

5.7 At the Examination in Public of the Local Plan, MKC stated in its Written Statement on employment land matters (**CD F.15**) that:

*“However, as the ELS [referring to DC XX] identified although Milton Keynes can meet the needs for office and industrial needs over the plan period it **cannot meet the forecasted need for warehousing floorspace**. Plan:MK therefore has allocated additional land for warehousing at South Caldecotte and is prepared to see additional employment development coming forward alongside housing at MKE” (para 4.3.5 my emphasis added).*

Examination Inspector’s Report

- 5.8 The Local Plan inspector accepted the overall evidence on need for employment land and stated (CD E.2):

*“A consistent theme in the analysis is that when applying either the EEFM or Experian forecasts (87ha and 132ha respectively) the pipeline of available employment land has generally been sufficient for future demand. Whilst there may be a sufficient quantitative supply to support the needs of general employment uses, there **are quantitative and qualitative issues regarding the land supply for larger warehouse and distribution uses**. This is an issue which Plan:MK must positively address”. (para 78) [my emphasis added]*

*“Applying the more positive Experian forecast of a gross need for 104 ha of land for warehouse and distribution uses, the existing supply pipeline of 56.5ha leaves a net requirement for 47.5ha. Given the healthy supply of employment land for general, established employment needs and the opportunities in and around CMK to bolster a cluster of KIBS, the **quantum of land supply identified to address qualitative need for additional warehousing and distribution uses at 47.5 hectares is soundly based**”. Para 79. [my emphasis added]*

*“The Plan seeks to accommodate the provision for employment land on larger strategic sites rather than disaggregating provision over a number of sites. This is a sound approach given the **need for larger land areas for storage and distribution** and the infrastructure required to service these sites” (para 81).*

- 5.9 It was on the basis of the need to ensure a future supply of large sites suitable for storage and distribution use given the forecasts scale of need/demand that the appeal site was allocated. The Inspector fully accepted the key role that would be played by South Caldecotte

“I deal with strategic site options in detail below in Matter 4 but at this strategic level it is clear that South Caldecotte would be the most appropriate option for meeting the identified need for additional employment land in the short term” (para 83).

“The future jobs numbers and assessment of employment land supply are robust. The focus on CMK, existing employment sites and strategic additional provision at first South Caldecotte and then MKE is justified and would be effective in enabling the local economy to grow and develop in line with local, SEMLEP and wider caMKox ambitions appropriate to the Plan period”. (para 84)

*“South Caldecotte would be the **principal employment land allocation to meet the identified need for mainly warehousing and distribution uses**” (para 120).*

Conclusions on the evidence used to justify the allocation of South Caldecotte

- 5.10 MKC based its assessment of the future need for land for large scale storage and distribution uses on the evidence base in EGLS 2015 and EGLS 2017. This evidence base was accepted in full by the Local Plan Inspector and led to the allocation of South Caldecotte.
- 5.11 It is important to note that the assessment of the future need for sites for B8 uses was based on forecasts of between 2,000 and 3,800 extra jobs in the sector (130 to 250 jobs per year on average from the 15 years from 2016). It is a readily straightforward matter to compare these forecasts with the evidence of actual change since 2016 (see para 4.6 in the previous section). I accept that the data for overall changes in jobs in the logistics sector in Milton Keynes is not totally accurate as it is based on the ONS’s Business Register and Employment Survey nor fully up to date as it is currently only available up to September 2018. Nevertheless, my early analysis suggested that of the order of at least 2,000 extra jobs had been created in the sector between 2016 and 2018. This growth represents respectively already either just over 50% (2,000/3,800) or 100% (2,000/2,000) of the total jobs growth forecasts for the 15 year Local Plan period used to assess future need.
- 5.12 In short the evidence shows that the **assessment of need in the Local Plan has already proven to be very much on conservative side for this sector.**

6. Review of evidence on the supply of employment land in Milton Keynes

The Plan:MK Supply Assessment

- 6.1 The adopted Local Plan set out its assessment of the supply of new vacant employment land. This was included in Table 6.1 that is part of Policy ER1 (Employment Sites Within the Borough of Milton Keynes). The table (which I reproduce below for ease of reference) does not show individual sites, rather it sets out the available (ie vacant employment land) in each local area (Grid Square area) of Milton Keynes. The supply assessment was dated as at April 2018. The supply assessment excluded areas of less than 1 hectare and also land for mixed use development in Central Milton Keynes. Neither of these sources of supply is of course relevant for the appeal site or for the distribution sector.

| Table 6.1 Assessed overall employment land supply (vacant land), Adopted version of Plan:MK, March 2019 | | |
|--|-----------------------------------|--------------------|
| Grid Square Area | Amount of land in hectares | Use classes |
| Bletchley, Brickfields/Newton, Leys | 2.4 | B1/B2/B8 |
| Caldecotte | 2.5 | B1/B8/C2 |
| Crownhill | 1.2 | B1/B2/B8 |
| Eagle Farm North | 25.2 | B1/B2/B8 |
| Fox Milne | 1.0 | B1/B2/B8 |
| Knowlhill | 5.9 | B1/B2/B8 |
| Linford Wood | 5.1 | B1 |
| Magna Park - Glebe land | 9.8 | B2/B8 |
| Milton Keynes East | 105.0 | B1/B2/B8 |
| Mount Farm | 1.9 | B1/B2/B8 |
| Pineham | 10.9 | B2/B8 |
| Redmoor | 1.7 | B2/B8 |
| Rooksley | 1.3 | B1/B2/B8 |
| Shenley Wood | 10.8 | B1/B2/B8/C2/D1 |
| Snelshall East | 4.7 | B1/B2/B8 |
| Snelshall West | 5.1 | B1/B2/B8/C1 |
| South Caldecotte | 56.8 | B2/B8 |
| Walton | 2.2 | B1/B2/B8 |
| West Ashland | 1.1 | B1/B2/B8 |
| Western Expansion Area | 17.0 | B1/B2/B8 |
| Willen Lake | 1.1 | B1 |
| Wolverton | 2.6 | B1/B2/B8 |
| Wolverton Mill East & South | 5.6 | B1/B2/B8 |
| Wymbush | 1.2 | B1/B2/B8 |

Table 6.1 Assessed overall employment land supply (vacant land), Adopted version of Plan:MK, March 2019

| Grid Square Area | Amount of land in hectares | Use classes |
|--|----------------------------|-------------|
| Total | 282.1 | |
| Total excluding South Caldecotte | 225.3 | |
| Total excluding South Caldecotte and MK East | 120.3 | |
| <i>Source: Table 6.1, Plan:MK</i> | | |

6.2 The overall supply of employment land was far from equally distributed across Milton Keynes but was concentrated in the seven key sites/areas with 10 hectares of more of land. These areas accounted for 83.5% of the then assessed supply in the Local Plan and were (in descending order of total site area):

- 1) Milton Keynes East (105.0 hectares for B1/B2/B8, or 37% of the total)
- 2) The appeal site of South Caldecotte (56.8 hectares for B2/B8, or 20% of the total)
- 3) Eagle Farm North (25.2 hectares for B1/B2/B8 or 9% of the total)
- 4) Western Expansion Area (17.0 hectares for B1/B2/B8 or 6% of the total)
- 5) Pineham (10.9 hectares for B2/B8 or 4% of the total)
- 6) Shenley Wood (10.8 hectares for B1/B2/B8/C2/D1 or 4% of the total)
- 7) Magna Park - Glebe land (9.8 hectares for B2/B8 or 4% of the total).

The largest allocation was the 5.9 hectares at Knowlhill

6.3 Figure 6.1 below shows the overall location of these sites for the benefit of the Inspector. (Note: the general location but not relative size of the sites is shown).

Figure 6.1: Location of Key Sites in Milton Keynes



Source: Bing Maps

KEY:

A = appeal site (South Caldecotte), B= Milton Keynes East
 C= Eagle Farm North, D= Magna Park Glebe Lands
 E= Pineham, F= Western Expansion Area, G= Shenley Wood

6.4 The specific supply role for South Caldecotte identified in the Local Plan was explained in the text proceeding Policy ER1 where the Local Plan states:

“The 2015 Employment Land Study concluded the Council has sufficient land to meet its needs for office and industrial floorspace over the plan period, but it has a shortfall in the amount of land allocated for warehousing. To remedy this deficiency, the Council proposes to allocate around 57 ha of land for B2/B8 development on land between the A5 and Brickhill Street and south of the Bletchley to Bedford Railway line to meet the needs of large footprint employment uses and to widen and diversify the supply of large employment sites within the Borough”. (CD E.2, para 6.13, my emphasis added)

6.5 The Local Plan does not explicitly state which sites (other than South Caldecotte) were regarded as suitable for large scale distribution/warehousing use. However, based on the earlier analyses by and evidence prepared for MKC, there were just four areas deemed suitable for large scale distribution use in the overall supply included in the Local Plan (see Table 6.2 below). South Caldecotte accounted for 55% of the total land suitable for large scale distribution allocated in the plan (at least that seen as available in the short to medium term).

| Table 6.2: Supply of sites suitable for large scale distribution use in the adopted Local Plan | | |
|---|-----------------|------------|
| Sites suitable for large scale logistics | Area (hectares) | % of total |
| Eagle Farm North | 25.2 | 24.5% |
| Magna Park - Glebe land | 9.8 | 9.5% |
| Pineham | 10.9 | 10.6% |
| South Caldecotte | 56.8 | 55.3% |
| Total above | 102.7 | 100.0% |
| <i>Note: this table excludes any land at Milton Keynes East as the assumption in the Local Plan was that this would take some considerable time to be delivered. This point is discussed further below.</i> | | |

Update of employment land supply position

6.6 It is now over two years since the date of the assessed supply in the Local Plan. I have therefore updated the supply position on a site by site basis for the seven areas covering 83.5% of the vacant employment land allocated in the Local Plan. As can be seen from my analysis below, there has been significant fall in the available supply as a result of strong demand from the logistics sector (which was apparent from my review of economic data and the market in Section 5).

Milton Keynes East (MKE)

6.7 This represents the largest single employment allocation in the Local Plan. The Local Plan envisaged 105 hectares of employment land for B1/B2/B8 uses as part of a “sustainable urban extension after 2031” (Policy SD12) that includes a “mix of employment uses, complementing the role and function of CMK”. It is therefore clearly relevant for the consideration of the supply of land for large scale employment in Milton Keynes. However, it is also clear that Policy SD12 (and the subsequent Development Framework) envisage a **range of employment uses** and that the area allocated for employment was not intended to be dedicated primarily to large scale uses.

6.8 The MK East Development Framework was produced for consultation in July 2019 and finally adopted in March 2020²⁴. This adds a little more detail on the planned employment uses in Milton Keynes East. In term of the economic role of the site it states:

*“The site should provide for a **range of employment generating uses**, maximising its prime location with high accessibility to the strategic road network and making provision for a wide range of new local employment opportunities. The site should deliver a sustainable blend of uses and activities to fit with modern ways of living and working”* (page 34, my emphasis added).

6.9 The Development Framework envisages employment uses being developed along the M1 corridor to act as a buffer for motorway noise.

6.10 Part of this allocation had come forward in a planning application (19/02402/FUL²⁵). This application was for the development of a 19.3 hectare site by SEGRO (which is therefore around 18% of the total employment land allocation at MK East). The site covered by this application formed part of the Milton Keynes East expansion area on a triangle of land formed by the M1, the A422 (H3 Monks Way) and Willen Road The application, described as “Caldecote Farm - Newport Pagnell” - was for two large B8 distribution units totalling some 84,000 sqm.

| Table 6.3: SEGRO/Caldecote Farm proposed development (sqm) | | | | |
|--|-------------|-------------------|-----------|---------|
| Plot | Warehousing | Ancillary offices | Gatehouse | Total |
| Plot 1 | 44,954 | 2,447 | 34 | 47,435 |
| Plot 2 | 34,286 | 2,136 | 34 | 36,456 |
| Combined | 79,240 | 4,583 | 68 | 83,891 |
| Site area (gross) | | | | 193,000 |

Source: Design and Access and Planning Statement for 19/02402/FUL

6.11 The Planning Statement for the application noted:

“The lack of suitable sites for large scale logistics in Milton Keynes (i.e. sites of a suitable size, location and quality) has meant that a number of occupiers who might otherwise have secured accommodation in Milton Keynes have had to locate elsewhere, with the loss of jobs and investment. Other occupiers have also been interested in the site but have also gone elsewhere.

²⁴ Milton Keynes East Strategic Urban Extension Development Framework, Supplementary Planning Document, Milton Keynes Council, March 2020 (CD G.6)

²⁵ Full planning application for the erection of two storage and distribution units (use class B8), with associated access, car parking, servicing, landscaping, earthworks, on and off-site drainage and off-site highway works

The market continues to be buoyant and the form of development proposed through this application would help to meet this existing demand.”

6.12 If the application had been approved, then this site would have formed part of the more immediate employment land supply for Milton Keynes suitable for large scale distribution use. However, this application was recommended for refusal by officers and was then refused on the 30th June 2020 on five grounds (see **CD G.7**). The refusal notice stated:

- Under refusal reason 1 (principle) the notice states *“the allocation can only come forwards once the funding for strategic infrastructure required to make the site deliverable has been secured and once this infrastructure is being delivered. The funding for this strategic infrastructure has not yet been secured and there is no planning application or permission in place for the delivery of the strategic infrastructure”*.
- The officer’s report to the planning committee also notes: *“while funding has been **offered** for the MKE allocation via the Housing Infrastructure Fund (HIF) for the highways infrastructure as of March 2020, the Council and Government are in the process of agreeing funding conditions, and the **funding cannot be formally accepted until this has been agreed**. Only once this funding has been accepted would this criterion be met”* (page6, 5.6, **CD G.8** my emphasis added).
- Under refusal reason 4 (Planning Obligations), it states that *“the location of the site as part of the Milton Keynes East Strategic Urban Expansion requires the establishment of a Tariff Framework Agreement to ensure equitable contributions by developers across the site, and in the absence of this Framework the necessary contributions a cannot be agreed”*.

6.13 It is possible that the applicants may appeal or attempt to modify the scheme. However, there are two fundamental “in principle” reasons for refusing the application. They relate to, in effect, the application and so the development’s prematurity in the absence of substantial progress on the delivery of the new infrastructure needs for the whole of the whole MKE sustainable urban extension (SUE) as well as the development of a new tariff agreement for funding developers contributions across the whole SUE area.

6.14 As this planning application and its refusal shows, the development of the full 105 hectares of employment land at MKE allocated in the Local Plan is dependent on the funding and delivery of the necessary infrastructure (which includes a new bridge over the M1 and two strategic grid roads and a three form entry Primary School and Community Health Hub). In the March 2020 Budget, Milton Keynes received the welcome news that it had been successful in its Housing Infrastructure Funding (HIF) Forward Funding bid for £94.6 million towards the development of the sustainable urban extension.

6.15 There are important steps that need to be completed before the works can commence that include:

- 1) An agreement between MKC and the Government on the **funding conditions** for the HIF monies (a process that has been the cause of considerable delays in some HIF Forward Funding projects schemes of which I am aware).
- 2) Submission of the proposed **hybrid planning application** (covering housing and infrastructure) (in the Development Framework this is stated as Summer/Autumn 2020).
- 3) Approval of the hybrid planning application (in the Development Framework this is stated as Winter 2020/2021).
- 4) **Design of the scheme and appointment of contractors** and commence enabling highway infrastructure works (in the Development Framework this is stated as Summer 2022).

6.16 The Development Framework (**CD G.6**, page 59) therefore suggested that there could be commencement of enabling highway infrastructure works for MKE in **Spring 2022**. At this point, based on comments by MKC officers in **CD G.8**, the infrastructure would be considered as “being delivered²⁶” enabling new development to take place. However, I consider that this delivery timetable is challenging for several reasons:

- First, the timetable for the development and approval of the proposed hybrid planning application is very ambitious and is not at all consistent with the likelihood of slippage for a complex scheme of infrastructure works of this nature.
- Second, the need to establish a new Tariff Framework Agreement for the MKE area and its various landlords is a complex legal matter.
- Third, as noted above MKC needs to agree the details of the HIF funding with government.

²⁶ The term used in Policy SD12 (A) in the adopted Local Plan

- 6.17 Since the Local Plan was adopted there has undoubtedly been welcome progress on MKE and it is now very likely that it will come forward before 2031 (as envisaged as being possible in the adopted Local Plan). However, in practical terms it is difficult to see the process of progressing the necessary infrastructure advancing at a pace that would lead to it “being delivered” for at least two and half years and potentially three years from the summer of 2020 (ie by the start of 2023 or possibly into 2024). Even if the infrastructure is “being delivered”, actual development on potential large scale employment sites in the SUE are unlikely to be completed until the new highways infrastructure was completed. Although a revised proposal for the SEGRO site could be progressed more quickly.
- 6.18 A recent report to MKC Delegated Decision Committee highlights the process associated with approving and using HIF²⁷. This states that the agreement is expected to be signed with MHCLG in September 2020 and that the planning application for infrastructure and housing would be submitted in March 2021 (at least 6 months later than proposed in the Development Framework). The report highlights the number of uncertainties and challenges around delivery, but in fairness it outlines MKC’s determination to progress this important strategic investment. A particular challenge faced by MKC is that the deadline for spending HIF is, currently, by the end of March 2024. However, if there is programme slippage and MHCLG do not agree to extend the deadline for HIF grant then MKC identify that this would entail “*Tariff 2 funding being applied to this infrastructure reducing the amount of funding being available for recycling into further and wider infrastructure*”.
- 6.19 Therefore I consider that **the MKE allocation is certainly not an effective part of the overall short term supply of employment land and may not form part of the medium term supply**. This was an area of disagreement in the Statement of Common Ground on Economics matter.

Eagle Farm North and Magna Park - Glebe land

- 6.20 These two areas combined amounted to 35 hectares of employment land or around 13% of the total supply set out in the adopted Local Plan. They were both site areas identified as being suitable for large scale distribution uses. These areas are either fully developed out or development is underway and no significant plots are left for development. The overall Magna Park employment area has been successfully developed out over the last 10 to 15 years as a major distribution location initially by Gallagher Estates and now by IMI Gazeley. Key occupiers now include Waitrose,

²⁷ Housing Infrastructure Fund – Decision to Accept Grant Funding, 28 July 2020, **CD M.16**

John Lewis, Amazon, UK Mail, River Island, H&M and AJ Barr (a bottle manufacturing and warehouse facility).

6.21 **Eagle Farm North** forms part of a major mixed-use strategic land allocation for approximately 2,900 homes and 28 hectares of employment land allocated in the Milton Keynes Core Strategy (adopted July 2013). Having secured planning permission for the substantial housing element, Gallagher Estates subsequently gained outline planning permission for 126,000 sqm (1,356,000 sqft) of B1(c), B2 and B8 floor space in close proximity to the M1. The B8 land was part-serviced by Gallagher Estates before being sold to IDI Gazeley as an extension to their existing Magna Park Scheme.

6.22 The original site marketing plans developed by IMI Gazeley in 2016 for the whole area (marketed as Magna Park) envisaged three large buildings (Site 510 57,700 sqm, Site 520 53,400 sqm and Site 530 14,500 sqm or a total of 125,600 sqm). In the event, the whole site has been developed out by IMI Gazeley for two large B8 buildings, these are:

- A large warehouse called “Altitude” which was developed speculatively and completed in February 2018. It is now let to Amazon and consists of a 50,350 sqm building with 46,476 sqm of distribution space and was occupied in autumn 2019.
- A new 72,000 sqm design and build warehouse let to H&M. The Design and Access statement submitted for the reserved matters planning application states: *“when the facility first becomes operational a total of 400 people will be employed. Of these, 300 will be warehouse personnel; 40 will be administrative; 20 will be drivers; 20 will be managerial with a further 20 in ancillary positions. It is expected that the majority of the positions will be recruited locally. After a 5 year ramp up period it is expected that total employment will rise to about 1,000”*.

6.23 The **Magna Park Glebe Land** site was marketed in 2016 by IMI Gazeley for four smaller warehousing units²⁸. However, the site is now to be almost entirely occupied by a single large speculative built distribution building called “Magnitude 312” which totals 29,050 sqm (312,700 sqft) and occupies an area of 9.025 hectares. This development received full planning permission in November 2018²⁹. IMI Gazeley are currently on site with this development and, as I understand it, are due to complete in Q3 2020. This site is therefore currently certainly not vacant and available for development, rather the speculative unit will form part of the vacant stock in Milton Keynes (and so will be available for those occupiers seeking space where this meets their requirements).

²⁸ Called Sites 410, 420, 430 and 440 totalling 31,000 sqm across the four buildings

²⁹ 17/02052/FUL

- 6.24 Once this development is complete, this leaves a small residue plot for development. A planning application³⁰ was submitted in early 2020 by IMI Gazeley for a 8,000 sqm unit on this remaining 2.0 hectare plot (at the time of preparing this proof this application had yet to be determined by MKC).
- 6.25 There is therefore no suitable land left for large warehousing development across these two areas. To all extents and purposes **these areas no longer fulfil their roles as sites to provide choice for large scale warehousing development**. It is of course the case that Magnitude 312 will provide potential space for a new occupier when complete (if its size/specification meets their needs). The development provides employment space but not vacant employment land.
- 6.26 When the Local Plan was being examined, the total area then available for development across these two areas was 35 hectares. This represented a substantial portion of the overall employment land supply (12.4%), but more relevant for my evidence, these sites were a key part of the supply of employment land suitable for large scale B8/distribution uses. There has been a rapid take-up in employment land since April 2018. Across the 35 hectares only one plot remains for development, this is the 2 hectare plot on the Glebe Land site, which as I note above is subject of a planning application for a small scale 8,000 sqm warehouse.

Western Expansion Area (WEA)

(17.0 hectares for B1/B2/B8 or 6% of the total)

- 6.27 These sites are that part of the Western Expansion Area identified for employment uses as part of the development of this large expansion area that will provide for 6,550 homes. The Development Policy SD6 in the adopted Local Plan notes that proposals for the Western Expansion Area must include housing and ancillary uses (about 200 hectares) and B1/B2/B8 employment uses (10-20 hectares). There is therefore slight inconsistency between the 17 hectares allocated for employment uses under policy ER1 and the range set out in Policy SD6.
- 6.28 The overall developer for the Western Expansion Area is L&Q Estates (formerly Gallagher Estates). Their website indicates that in addition to the 6,550 houses they are “*also delivering a primary substation, new grid roads and 20 hectares of employment land*”. The proposed employment land consists of two plots.

| Scheme Name | Use Class | Area (ha) |
|----------------------------------|-----------|-----------|
| Western Expansion Area 11 | B1/B2/B8 | 9.1 |
| Western Expansion Area 10.1-10.3 | B1/B2/B8 | 7.9 |

³⁰ 20/00476/FUL

6.29 Based on the experience of Magna Park Glebe Lands each plot could, potentially, accommodate a warehouse of around 30,000 sqm. However, based on the evidence I have seen I consider that sites in the WEA would **not be suitable for large scale distribution uses**.

6.30 There are two reasons for this assessment:

- First, these sites were not included in the assessment of suitable large scale sites by the consultants who carried the EGLS 2015 (and 2017) studies nor by MKC.
- Second, the approved 2005 Development Framework for the WEA noted that *“the landscape, locational and commercial characteristics”* of the areas made it *“most suited to.....smaller scale, sub-regional and regional commercial companies....it is not well suited to large footprint development, which are better located in the EEA”* [ie Eastern Expansion Area that covers Magna Park] (para 3.4, **CD G.9**)

6.31 In summary, although these sites still form part of the overall employment land supply in Milton Keynes, I conclude and it is acknowledged by others that they are not suitable for large scale distribution uses. This is agreed by MKC in the Statement of Common Ground on Economic Matters.

Pineham

(10.9 hectares for B2/B8 or 4% of the total)

6.32 The site is owned by the Milton Keynes Development Partnership (MKDP) and a Development Brief for the site was adopted in August 2016 (**CD G.10**). This states that a *“B2/B8 employment development would best fulfil the planning requirements for this site”* and that *“the site could be developed by a single occupier, or split into more than one parcel. In the event of development of the site being phased, the northern section should be developed first”*.

6.33 I understand from reviewing the Development Brief, from discussions with local agents and my client that there are a number of site constraints which include:

- Access: this is required over third party land (in the ownership of the Parks Trust)
- Topography: there is a 5m slope across the site which adds to construction costs
- Landscaping:
- Flooding: part of the site in Flood Zones 2 and 3
- Location: the site is adjacent to sewage works which might put off a number of potential occupiers.

- 6.34 The parameters plan in the Development Brief (Figure 5, page 19 in **CD G.10**) suggests that the net developable area is actually around 66% of the gross area or around 7.2 hectares. The assessment by Burbage Realty in Appendix HB1/3 A to my proof is that the site could therefore accommodate at most a single warehousing unit of some 28,000 sqm to 31,000 sqm (ie a single unit of 300,000 to 330,000 sqft or a number of smaller units).
- 6.35 This site remains part of the overall supply for Milton Keynes. It is of a size and location (just off Junction 14) where it could be attractive to large scale distribution occupiers. However, there are several development constraints which is likely to limit its interest to the market for the largest B8 warehouse occupiers or developments.

Shenley Wood

(10.8 hectares for B1/B2/B8/C2/D1 or 4% of the total)

- 6.36 As I understand it, this allocation consisted of five separate sites in the Shenley Wood area.
- Site A is 3.2 hectares in area and MKC has recently prepared a draft Development Brief (January 2020) for the site which suggests roughly half the site would be allocated for C2 uses and the rest mixed B1/B2 (reducing the employment land supply by approximately 1.5 hectares). According the MKDP web site this site is under offer.
 - Site D (0.95 hectares) and Site E (2.3 hectares) have been sold by MKDP to Integral Powertrain for the construction of a new head office and R&D facility and so are no longer available.
 - Site B (2.9 hectares) is available for development for a mix of employment uses.
 - Land south of the Santander Computer Centre (Childs Way, Wildacre Road) totalling 3.5 hectares is still vacant and available. This land is owned by Santander and has been retained by the company as potential expansion land. I consider that it therefore is not available for general use by other businesses. However, it is possible the Santander may sell the site in the future and, so long as its planning designation does not change, it would remain available for employment uses
 - Therefore around 8 hectares of land is in theory still available for employment uses in this employment area however in practice, given the ownership of the Santander site (for expansion use) there is just 4.5 hectares available.

6.37 There is employment land remaining in this employment area. However, excluding the Santander expansion land only 4.5 hectares remains available. More importantly for my evidence, none of the sites is suitable for large scale distribution uses. The largest unconstrained site (Shenley Wood B) could at most accommodate a single 10,000 to 12,000 sqm warehousing unit.

| Site Name | Ownership/Status | Permitted Use Class | Area (ha) |
|--|--|---------------------|-----------|
| Site South Of Santander Computer Centre, Shenley Wood | Owned by Santander Bank and retained | B1/B2/B8/C2/D1 | 3.5 |
| Shenley Wood E | Both sites sold by MKDP to Integral Powertrain for a new head office and R&D facility | B1/B2/B8/C2/D1 | 2.3 |
| Shenley Wood D* | | B1/B2/B8/C2/D1 | 1.0 |
| Shenley Wood A | A draft Development Brief has been prepared suggesting around half the site could be used for C2 institutional residential uses with the remainder seeing “careful transition to employment and or light industrial towards the southern part of the site” | B1/B2/B8/C2/D1 | 3.2 |
| Shenley Wood B | No Proposal | B1/B2/B8/C2/D1 | 2.9 |
| Total | | | 12.9 |
| Total excluding site D | | | 11.9** |
| Area remaining*** (including Santander site) | | | 8.0 |
| Area remaining*** (excluding Santander site) | | | 4.5 |
| Notes: * site not shown on Adopted Plan Allocations map as a new employment site; ** total excluding Site D does not quite accord with the 10 hectares in the Local Plan; ***.based on all of Santander site, Site B and 50% of Site A | | | |

Statement of Common Ground (SoCG) on Economic Matters

6.38 In the SoCG there was large measure of agreement between myself and MKC on the current supply situation. Apart from the 105 hectare MKE allocation that I covered earlier there were two areas of disagreement which I address below.

6.39 MKC introduced the notion of the **redevelopment of existing employment sites**. Three examples where development was planned or occurring outside the employment allocations in Plan MK are included in the SoCG. I address the relevance of each of these below:

- 1) Development of 5.4 ha on land at **Snelshall East** for a distribution warehouse with ancillary offices totalling around 22,120 sqm for DHL who will have relocated from the Willen House/Fox Milne site (see below). This particular development is relevant but was not covered in the rest of the SoCG because of the relatively small size of the overall site. I consider this is simply another example of the strength of the market for logistics in Milton Keynes and indeed more evidence of reductions in the supply of employment land.

- 2) Re-use of a site at **Willen House/Fox Milne** involving the planned demolition of a single existing warehouse of 19,350 sqm GIA to be replaced with two new warehouses and ancillary office accommodation totalling around 24,000 sqm GIA (on a site of around 5.4 hectares). This could be seen as an example of the intensification of the use of this site or alternatively about the re-configuration of space to meet specific business needs. As such I do not see it is relevant to the overall issue of the supply of new land for employment uses.
- 3) Finally, there is an application to develop 4.4 ha on **land off Bletcham Way**, north of the Fenny Lock roundabout for two distribution warehouses and ancillary offices totalling around 17,000 sqm. This site is not allocated for employment uses in the adopted Local Plan and had previously been allocated as a gypsy and traveller site. This site is clearly not an existing employment site and I am not aware of what stance MKC will take on the planning merits of the use of this unallocated land. I do not consider it is relevant for the purposes of considering the overall supply of allocated employment land in Milton Keynes, especially that for large scale logistics uses.

6.40 The second area of disagreement related to the treatment of built employment space as opposed to employment land. In the SoCG the Council and I agree that the new 29,050 sqm speculative Magnitude 312 warehousing building is being built on the 9.8 hectares plot at Magna Park Glebelands by IMI Gazeley. Once complete there will be a large new warehousing building that will add to the overall supply of warehousing space in Milton Keynes. However, quite clearly and unequivocally once construction started the **land is no longer available for development**. The whole assessment of the need and supply in the adopted Local Plan and its evidence bases used **land** as the key measure of supply as is completely standard in my experience.

6.41 In any area I would expect a certain portion of the existing stock of warehousing (or offices) to be **vacant and available for occupation** at relatively short notice. This is what property agents call the churn in the market and reflects the need for flexibility and adaptability as occupier requirements change. According the Valuation Office Agency statistics for Milton Keynes, in 2018/19 the total stock of the industrial and warehousing buildings³¹ was 2,931,000 sqm (or 31.5 million square feet). Since 2018/19, to my knowledge, the stock has increased by at least 122,350 sqm (at Eagle Farm North) or to 3,053,000 sqm of space.

³¹ The VOA data does not distinguish separately between industrial and warehousing buildings

- 6.42 In this context, a very low vacancy rate of 5% across this total stock would amount to over 150,000 sqm of space, within which Magnitude 312 would sit very comfortably (and amount to less than 1% of the existing stock) and help contribute to a more “normal” level of vacancy and increase occupier choice. The logistics market is either looking for existing warehousing units (often which need to be adopted and re-purposed) or space to build new bespoke units to meet specific requirements as in the H&M and John Lewis distribution centres.

Summary of revised employment land supply

- 6.43 I have updated the Table 6.1 in the Local Plan under Policy ER1 to reflect the new overall supply situation. This is set out in Table 6.4 below. For simplicity I have excluded all areas where the vacant land supply identified in the Local Plan was less than 6 hectares as of April 2018 (as I have not reviewed any change in employment land supply for these sites). As well as making a relatively modest contribution to overall employment land supply (16% overall), none of these sites or areas is of the scale suitable for large scale distribution uses, although clearly they have important roles in the Milton Keynes economy. The key points that I have identified are as follows:

Overall Supply Position

- 2) There has been at least a 39 hectares reduction in the potentially available employment land supply across Milton Keynes in the last two years. On the face of it this is a 14% reduction in the supply.
- 3) Milton Keynes East area is part of the supply only in the medium to longer term which is only going to become available for development after extensive infrastructure is funded in full and delivery has started.
- 4) Excluding the MKE area, the fall in overall supply of at least 39 hectares represents a 22% fall in just two years.

Supply of Available Sites for Large Scale B8 Uses

- 5) The change is more pronounced when considering the supply of land for **large scale B8 uses**. Nearly all of the losses of employment land I have assessed are on the larger sites suitable for large scale distribution uses. Apart from South Caldecotte, the only other remaining site for large scale B8 uses is the 11 hectares Pineham site which, as I note earlier,

has development constraints. The site would not be suitable for very large distribution centres³².

- 6) My analysis shows that the supply of land suitable for B8 use in the short to medium term has fallen by 33 hectares, leaving South Caldecotte now representing over 80% of the remaining supply suitable for the short to medium term for large scale B8 uses.

Table 6.4: Overview of updated short to medium term employment land supply across Milton Keynes

| Grid Square Area | Vacant land in as in Local Plan (as at April 2018) | | Of which suitable for large scale B8 short to medium term | | Overall updated supply - updated June 2020 | | |
|--|--|---------------|---|-------------|--|----------------------------------|----------------------|
| | Has. | % of total | Has. | % of total | All Has. | Suitable for large scale B8 Has. | % for large scale B8 |
| Milton Keynes East * | 105.0 | 37.2% | | | 105.0 | | |
| South Caldecotte | 56.8 | 20.1% | 56.8 | 55% | 56.8 | 56.8 | 81% |
| Eagle Farm North | 25.2 | 8.9% | 25.2 | 25% | | | |
| Western Expansion Area | 17.0 | 6.0% | | | 17.0 | | |
| Pineham** | 10.9 | 3.9% | 10.9 | 11% | 10.9 | 10.9 | 16% |
| Shenley Wood | 10.8 | 3.8% | | | 4.5 | | |
| Magna Park - Glebe land | 9.8 | 3.5% | 9.8 | 10% | 2.0 | 2.0 | 3% |
| All other sites (less than 6 hectares) | 46.6 | 16.5% | 0.00 | 0% | 46.6 | | |
| Total | 282.1 | 100.0% | 102.7 | 100% | 242.8 | 69.7 | 100% |
| Total excluding Milton Keynes East area | 177.1 | 62.8% | 102.7 | 100% | 137.8 | 69.7 | |
| Change on position as recorded in adopted Local Plan (April 2018) | | | | | -39.3 | -33.0 | |
| <i>Source: my analysis. Notes: assumes current planning application is approved. Notes: * not included in short to medium term supply, but potentially available before the end of the Local Plan period; **net developable area more like 7 hectares, but full amount included to compare on a consistent basis</i> | | | | | | | |

Evidence on demand for employment land

- 6.44 The evidence of demand is of course largely the converse of the reduction in supply. Based on my monitoring of the seven largest employment areas there has been, as shown in Table 6.4, around 39 hectares take up of supply over the last two years of which 6 hectares is in Shenley Wood leaving 33 uptake of employment land in the two sites seen a suitable for large scale B8 uses (Eagle Farm East and Magna Park Glebe lands). This represent an **annual rate of take of 16.5 hectares** of this type of employment land across Milton Keynes. This level of take up is also consistent with the strong growth in measures of economic activity on the logistics sector in the area I noted earlier in

³² As I note earlier, it could accommodate a single development of around 30,000 sqm

my proof. Somewhat surprisingly, in the Statement of Common Ground on Economic matters, MKC refused to accept that this level of take-up of vacant employment land (on which there is no dispute) was evidence of “significant” levels of demand for B8 uses in the local area. I consider that this is self-evidently evidence of “significant” demand.

- 6.45 It is instructive to note that the majority of the demand for employment land take up identified in Milton Keynes over the last two years has come from very large scale distribution centres of 30,000 sqm or more.

Conclusions

- 6.46 My analysis of the evidence over the last two years in relation to the supply of and demand for employment land in Milton Keynes provides some very clear conclusions:

- First, the assessments in EGLS 2015 and then EGLS 2017 about the scale of demand for employment land for B8 uses over the period to 2031 have **proven to be fully supported by subsequent events**. (Indeed it would appear that the assessments understated the overall potential level of demand and the speed of its manifestation). As I note later on, the impact of Covid-19 has not checked the level of demand for logistics space.
- Second, the **allocation of the South Caldecotte site and the recognition of the need to make provision for the demand for site for large B8 uses** in the adopted Local Plan has also been fully borne out by events.
- Third, the rate of take up and level of demand since 2018 has highlighted the **immediacy of the demand and the strength of Milton Keynes as a location for distribution**. Based on the take-up rates over the last two years the South Caldecotte site could have the potential to meet of the order of three to four years of demand.
- Fourth, the supply of available sites for large scale distribution uses is now significantly diminished compared to 2018. The range of choice to potential occupiers is therefore now much more limited.

7. An assessment of the economic benefits of the proposed development

- 7.1 The proposed development that is the subject of this appeal is set out in the planning application 19/01818/OUT. The outline application was for 241,548 sqm of floorspace as set out in Table 7.1. The indicative masterplan for the scheme identifies a range of buildings on site with three between 30,000 and 60,000 sqm (57,000, 44,000 and 34,000 sqm GIA) and three between 10,000 and 30,000 sqm (26,000, 24,000 and 15,000 sqm GIA) and four smaller buildings.
- 7.2 The Design and Access Statement (**CD A.14**) for the proposed development describes the vision for the site as *“high quality, environmentally advanced, modern and well-serviced logistics hub that can meet the needs of national and local companies for well-designed space to add value to their business and to the local economy”*.

| Table 7.1: South Caldecotte scheme | |
|------------------------------------|--|
| Use class | Total gross new internal floorspace proposed (sqm) |
| B8 - Storage or distribution | 192,159 |
| B2 - General industrial | 48,040 |
| B1 (a) - Office (other than A2) | 999 |
| A3 - Restaurants and cafes | 350 |
| Total | 241,548 |
| <i>Source: CD A.14</i> | |

Initial assessment of economic impact

- 7.3 The estimated employment impact of the scheme in the Planning Statement supporting the planning application (**CD A.13**) was 2,050 jobs. This figure was based on applying the employment density for National Distribution Centres (NDCs) from the HCA Employment Densities Guidance³³ to the adopted Plan:MK requirement for the site that it should *“provide at least 195,000 square metres of employment land, primarily within warehousing and industrial categories”*. The employment density for NDCs is 95 square metres GEA for every full-time equivalent job (compared to 77 sqm per FTE job for “Regional Distribution Centres”). The Planning Statement noted that *“warehousing is generally footloose, and that these businesses would seek to locate elsewhere if they do not locate in Milton Keynes. (And as a consequence, the benefits would be lost).”*
- 7.4 I note several points on this assessment:

³³ “Employment Density Guide, 3rd edition”, Homes and Communities Agency (HCA), November 2015

- 1) The employment density assumed in the work underpinning the Local Plan is actually 85 sqm per FTE job for warehousing (not the higher 95 sqm per FTE assumed in the planning application). So the comment in the Planning Statement that the derived jobs figure was “based on job densities within Plan:MK” (para 7.110) is based on a slight misunderstanding of the work for Plan:MK.
- 2) The density was applied to all the proposed space in the development whether it was B8, B2 or B1(a) or A3.
- 3) The density was applied to the minimum development figure for the site allocation in Policy SD14 not the actual quantum of development applied for.

Overview of the site benefits

- 7.5 Clearly it is one thing to have a planning application and proposals for a site that produced potential economic benefits, it is another to see the actual delivery of those benefits. The delivery of any benefits in a property development scheme depends on development and take-up rates. As I have demonstrated, there is very clearly strong demand for the development of major logistics sites in the Milton Keynes area. So what of the potential role of South Caldecotte itself?
- 7.6 The first and obvious point is that MKC have identified and seen the site as eminently suitable for large scale development and to meet need in the earlier part of the Plan period. Indeed it would be rather odd if MKC did not accept this was the case. This view was endorsed, as I have summarised by the Local Plan Inspector.
- 7.7 The report appended to my proof by Burbage Realty also supports the attractiveness of the site for employment. The basis of this view is Burbage Realty’s experience of key drivers for occupier requirements for National Distribution Centres (NDC) and Regional Distribution Centres (RDC) which are:
- Excellent **proximity and connectivity** to the motorway/trunk road network
 - Maximisation of **access to potential markets**
 - Minimisation of **drive times to potential markets**
 - Availability and accessibility to an appropriate **skilled workforce**
 - Ability of a **site to accommodate the necessarily large footprint** and building height involved with units of this size, and

- **Absence of neighbouring uses** where conflict is likely to arise/restrictions may be placed on business operations (e.g. adjacent residential use, which may result in conditions limiting hours of deliveries).

7.8 Burbage Realty further state: *“for the sites to be truly appealing to the logistics market they need to be well located for access to the motorway and main trunk roads, ideally exceed 10 hectares in order to provide the scale of the units required by the market and have suitable planning permission to appeal to the logistics sector (i.e. have a B8 planning consent).”*

7.9 Set against this background of occupier drivers, the report states the site:

- *“is an ideal location to service a wide range of logistics and warehouse requirements. Its prominent location immediately adjacent to the A5 provides occupiers with exceptional connectivity to the country’s major commercial markets, container ports, international air and rail terminals, this accessibility to the strategic road network is key”.*
- *“excellent location in relation to the A5 and its central position in relation to major population centres, means that an operator with a logistics facility on this site has the capability of reaching a substantial proportion of the total GB population and consumers’ expenditure within a 4.5 hour HGV drive time.”*

7.10 In addition to these key points made by Burbage Realty there are three other important benefits of the appeal site:

- First, the site is located immediately adjacent to the Bletchley to Bedford **railway line**. This is part of the route of the so-called “Varsity line” the new East-West Rail route between Oxford and Cambridge. The site will be therefore accessible by rail for passengers to many locations along the important Ox-Cam corridor.
- Second, the site is well located in relation to the **existing settlements** of Bletchley and Fenny Stratford, this will assist in modal shift for travel to work compared to sites that are less well located to residential areas.
- Finally, the site is dedicated to large scale employment uses and is a **self-contained** site that does not rely on any interface with other uses and forms of development. This means it can be delivered rapidly once approved.

Updated assessment of economic impact

Gross on-site employment and other effects

- 7.11 The estimate of potential for on-site jobs made with the outline planning application was a relatively conservative one. It applied the highest possible ratio of floorspace to jobs to the minimum scale of development required on the site – rather than the actual scheme proposed which is some 24% greater in floorspace term than the minimum required on the site. I have considered different assessments of potential on-site jobs which are summarised in Table 7.2 below.
- 7.12 The lowest figure I estimate is 2,500 FTE jobs based on the blanket application of the very low jobs density usually applied to National Distribution Centres (95 sqm per FTE job) across all elements and land uses in the proposed scheme. Even this approach produces an on-site job figure that is 450 FTE jobs or 22% above that in the Planning Statement. The highest figure I estimate is 3,400 FTE jobs based on applying the standard HCA densities for the specific uses proposed. The reason the figure is much higher is that the standard jobs density for the B2 uses is higher than for warehousing. I consider this is relatively unlikely (but not impossible) as my expectation is that B2 occupiers on the site are more likely to have a degree of warehousing attached to their operation and so operate at employment densities closer to warehousing ones.
- 7.13 Having this sort of range of potential on-site jobs is not unusual in my experience when the precise parameters of development and occupiers are yet to be determined. In Section 4 para 4.11, I reviewed the information from ProLogis on employment densities in warehouses on their developments based on actual occupancy rates in 2018. This produced a figure of 95 sqm per employee, in line with the lower level of estimates in Table 7.2.
- 7.14 I noted earlier in the proof the evidence on the range of jobs that are now typical in large scale logistics buildings, including technical, administrative and managerial/professional. Clearly at this stage I cannot predict the pattern of jobs that would arise as the scheme is developed out. This will depend on the occupiers who move there and the functions they carry out. Nevertheless, a significant proportion of these jobs will be managerial, technical and administrative. Furthermore it is likely that overall average earnings will be above the all-industry average for the area.

Table 7.2: My assessment of potential on-site jobs (FTE jobs)

| Uses | Floorspace GIA (sqm) | Standard HCA densities (sqm per FTE job) | Estimated on-site jobs when development is fully built out and let (FTEs) | | |
|------|----------------------|--|---|--|--|
| | | | Applying standard HCA figures | Applying EGELS assumed density for all B8 ⁽³⁾ | Apply lowest jobs density across the scheme ⁽⁴⁾ |
| | | | | | |

| | | | | | |
|---------------------------------|---------|-------------------|-------------------|--------------|--------------|
| B8 - Storage or distribution | 192,159 | 95 ⁽¹⁾ | 2,023 | 2,261 | 2,023 |
| B2 - General industrial | 48,040 | 36 | 1,334 | 565 | 506 |
| B1 (a) - Office (other than A2) | 999 | 12 | 71 ⁽²⁾ | 12 | 11 |
| A3 - Restaurants and cafes | 350 | 17.5 | 17 ⁽²⁾ | 4 | 4 |
| Total | | | 3,445 | 2,842 | 2,543 |
| Rounded | | | 3,400 | 2,800 | 2,500 |

Source: my calculations. Notes: (1) this is the HCA density for National Distribution Centres; (2) based on net internal areas so discount area by 15% which is standard practice; (3) that is 85 sqm per FTE; (4) that is 95 sqm per FTE

Multipliers

- 7.15 The Planning Statement did not assess the potential effect of multipliers on employment effects. At the level of an area such as Milton Keynes in my experience a conservative appropriate multiplier figure would range from 10% to 15%³⁴ for a development of this nature (so for every 100 on-site jobs a further 10 to 15 jobs would be supported locally by supply chain and spending effects across Milton Keynes). This could add a further 250 to 375 jobs to the total on-site jobs for the completed development (based on 2,500 FTE jobs on site).

Additionality and displacement

- 7.16 In assessing the economic impact of any development in an area it is standard practice to distinguish between what economists call “gross” and “net” impacts. The former take the jobs and economic activity estimated at face value with no adjustments, the latter take account of the additionality (would the development go ahead anyway) and displacement (will the development simply relocate economic activity in full or part from elsewhere in the area considered). At a national level most property developments have a large element of displacement, however this is not true at a local or sub-regional level. The overall national economic benefits stem from the great degree of efficiency in business operations as a result of being to access more suitable premises³⁵.
- 7.17 However, at a local level it is standard practice to describe the jobs located in a property development as being “supported” or “created” locally. This is true so long as, in the absence of the development, the business located there would not be located in the area. As my review shows there is very strong demand indeed for B8 sites in the Milton Keynes area. Therefore in the absence of the development of South Caldecotte the evidence would suggest that the occupier

³⁴ This is based rules of thumb in the 2014 HCA Additionality Guide and my experience from calculating multipliers from economic impact work for individual companies in local areas

³⁵ So the development of large distribution warehouses in accessible locations enables businesses to organise and distribute goods more efficiently benefitting consumers and the economy alike

requirements would have to be satisfied elsewhere in the wider region or even further afield. To avoid this eventuality was the very reason why the Local Plan allocated South Caldecotte. I therefore conclude that there would be very limited displacement at the local level if South Caldecotte is developed (in other words the requirements would not be satisfied elsewhere in Milton Keynes). Or put another way, I would expect the great bulk of jobs on site to be **extra jobs for the local area** created by inward investment or by the expansion of existing local firms.

Estimates of the potential economic output contribution of the scheme

7.18 Economists measure the value of economic activity via a variety of concepts; below the level of the nation the measure used is GVA. I have assessed the potential economic benefits of the proposed development by applying the most recent estimate of GVA per FTE employee in the sector (£54,000 in 2018³⁶). Based on the range of employment estimates in Table 7.2 this produces a range of annual GVA contribution to the Milton Keynes economy of between £135 million to £184 million.

Scale of development and construction impacts

7.19 I am advised by my client that the total construction cost of the scheme the whole project including the expected infrastructure costs is circa is £140 million (this excludes professional fees). This level of investment would represent a very substantial economic boost for the local area. I have converted this into construction employment using the following methodology:

- I have used former DCLG co-efficients of employment - which are the number of jobs supported per £1m of construction spend and were supplied in a HCA Best Practice Note³⁷.
- This note provides estimates of jobs created per £1m of spend by different activities. The appropriate ones to use is the co-efficient for private industrial construction activity (which were based on 2011 prices and data).
- I have reduced the co-efficient by the 34% increase in turnover per employee across the construction sector between 2011 and 2018 (based on Annual Business Survey data which is available up to 2018).

³⁶ Based on total GVA as estimated by the ONS of £669 million for Sector 52 (warehousing and support activities for transportation) divided by the 12,400 FTE employees in 2018 (FTE jobs are 95% of total employees jobs as in Milton Keynes the great majority of jobs are full time in the sector)

³⁷ Calculating Cost Per Job, Best Practice Note (3rd Edition), Homes and Communities Agency, 2015

- Using this co-efficient, I estimate that the construction of the whole development would lead to the equivalent of around **1,050 person years of employment** over the period of the build out.
- These jobs would be a mixture of short term employment on site, some longer term on-site employment and the jobs would be filled by a variety of different trades and skills as the work progresses. These jobs would be filled by a variety of construction sector businesses and employees including residents of Milton Keynes.

| Table 7.3: Estimates of temporary construction employment from the proposed scale of development at South Caldecotte | | | | |
|--|------|--------------|----------------------------------|-------|
| | £ms | Coefficient* | Total person years of employment | |
| Construction of buildings and infrastructure | £140 | 7.5 | Estimate | 1,046 |
| | | | Rounded | 1,050 |

Source: Nicol Economics estimates based on: (1) information on construction costs provided by Hampton Brook ; (2) DCLG co-efficients of employment are the number of jobs supported per £1m of construction spend and are supplied in HCA Best Practice Note using the private industrial co-efficients. These co-efficients have been reduced by the 34% increase in turnover per employee across the construction sector between 2011 and 2018 (based on Annual Business Survey data)

Non-domestic rates

7.20 Under the current local government finance regime, local authorities are, in effect, able to retain some of the increase in non-domestic rates base in their area as a result of net new development. I have reviewed other large warehouses in Milton Keynes and the typical rateable values per square metres are around £55. On this basis, the total rateable value for the completed development would be some £13.2 million and, based on the current (2020/21) business rates multiplier of 51.2p in the £1, total rates payable would be £6.76 million per annum. The precise parameters for how much of the extra rates base a local authority retains is evolving, but at present it is a minimum of 50%. The completed development would therefore provide, potentially, at least £3.38 million of local tax revenue for use on local services every year.

Conclusions

- 7.21 There are some very clear conclusions from my analysis:
- 1) The site is well located and has the size and all the other attributes necessary to appeal to large scale logistics or manufacturing occupiers.
 - 2) There has been and is currently is strong demand in Milton Keynes for this type of site and it is therefore likely it would be developed out and occupied over a fairly short period of

time. The impact of Covid-19 might does not appear to have slowed down the rate of occupier interest in Milton Keynes at all and I see no evidence that it will undermine the market fundamentals for this sector in this location (see Section 9).

- 3) The original planning application understated the potential scale of employment that would be supported by development at the site. The number of full-time equivalent jobs that would be supported by the completed development would range from a likely minimum of **2,500 FTE jobs up to, potentially, 3,400 FTE jobs**. On average wages are likely to be above the regional average and will include a range of technical, managerial and support roles as well as the traditional “blue collar” roles.
- 4) The completed development could support an **annual additional GVA** contribution to the Milton Keynes economy ranging from **£135 million to £184 million**.
- 5) The construction build cost of the proposed development of the site as set out in the planning application would amount to around £140 million and support just over 1,000 years of construction employment.
- 6) The completed scheme would provide around at least £3.4 million pa of extra local tax revenues.

8. Impact of not allowing the development

- 8.1 So far my proof has explained the very sound reasons for allocating the South Caldecotte site in the first place and the very strong evidence of demand and take-up of land for large scale distribution uses in Milton Keynes. In this context, the key question is what is the impact of not allowing the development of this scheme as proposed in the application?

Experience of Hampton Brook

- 8.2 My client, Hampton Brook, is a very experience privately owned property development and investment company who have been active in the Milton Keynes area and across the wider surrounding area since 1996. They have a strong record of delivery of schemes for which they have obtained planning permission. They have, in the past, worked collaboratively many landowners including English Partnerships, the Homes and Communities Agency (HCA), the Milton Keynes Development Partnership and MKC on schemes. I attach extracts from their corporate brochure as Appendix B in HB1/3.

- 8.3 Hampton Brook have completed over 6 million sqft (around 600,000 sqm) of commercial floor space in the region over the past 20 years and have over 4 million sqft (around 400,000 sqm) in their strategic land pipeline. The property product they have developed is wide ranging from institutional to very bespoke and has been delivered for a wide range of occupiers.
- 8.4 Their track record includes the delivery of facilities for many large employers in and around Milton Keynes³⁸. As Appendix B records, Hampton Brook worked closely with the French Bakery, Brioche Pasquier to develop their UK headquarters and first manufacturing facility in Milton Keynes. They worked with MKC and were able to meet the occupier's bespoke needs. This ensured that Brioche Pasquier chose Milton Keynes rather than a number of other locations being considered.

Meeting current need

- 8.5 If the current application is granted this will enable the rapid development of the site. Hampton Brook have funding arrangements in place with an international property investor to develop the site. However, this funding and the development are unable to be progressed in the absence of receiving planning permission. I am advised by my client that, assuming a positive decision by the Inspector to this Inquiry by the end of October 2020, the development timetable would be as follows:

- Completion of funding agreements - end of 2020.
- Procurement of contracts for the enabling /access works and the S278 Highway works so by summer 2021.
- S278 Highway works agreed and contractor appointed with earthworks starting September 2021 which may take up to 6 months.
- A Reserve Matters Planning Application would run in parallel from summer 2021 and determined by end 2021.
- Site available for occupation and development by spring 2022.
- Therefore the site would be available for development of individual plots within 18 months of approval of the planning application.

³⁸ Including Great Bear, Radstone Technology, Matalan, Aldi, Trek Cycles, Morgana Systems, Travis Perkins, Deloitte, Dentons Solicitors, Baker Tilly, Catapult Transport Systems, MacIntyre Hudson, Handlesbanken, Tollers Solicitors and Brioche Pasquier Baker

- 8.6 In the context of the scale of demand that has been experienced in Milton Keynes, early progress of the scheme is desirable from the point of view of the local economy and meeting the needs of a range of existing and new businesses.
- 8.7 At the time of writing this proof, apart from the Pineham site there are no other sites able to accommodate large scale distribution developments given the rapid development out of the Eagle Farm and Glebe Land sites. This means that that there is **extremely limited choice** for the sector in Milton Keynes.
- 8.8 There is of course, as I identified earlier, the speculative 29,000 sqm IMI Gazeley Magnitude 312 warehouse at the Glebe Land site which will be complete during the third quarter of 2020. However, this new facility may not be suitable for many occupiers in term of size or configuration, nor where a preferred route for the occupier would be design and build.
- 8.9 The EGLS 2015 study which MKC relied on to develop the need for new allocations for large scale development made the key point that these requirements are footloose. Therefore in the absence of suitable sites in Milton Keynes they would locate elsewhere (a point restated in the adopted Local Plan in para 4.61 **CD E.1**). This is of course true both for new business seeking to locate in Milton Keynes but also business already located in Milton Keynes where, as I note in para 4.16 earlier, there is evidence that they have had to seek locations elsewhere due to a lack of available suitable sites.
- 8.10 The adopted Local Plan makes the very clear statement in support for the allocation of South Caldecotte which is *“to meet the need for warehousing development and provide more **flexibility** in accommodating ‘large footprint’ employment developments that **cannot be located elsewhere**”* (para 4.63 my emphasis added). This clear logic in making the allocation surely also must apply to approving the development of the site. An allocation itself cannot meet need, it has to be progressed into an **approved scheme** that can then be developed and available for occupation.
- 8.11 I note that in the Officer’s Report on the planning application that recommended refusal recorded the following comments from the Milton Keynes Economic Development Team:

“The application will provide significant employment space which is consistent with the vision for the Council Plan 2016-2022 as a place that supports the growth of business.

*“The site was allocated for employment development within Plan: MK and **strongly supports the priorities and aims** of the Economic Development Strategy 2017-2027.*

The proposals will create approximately 2,050 new full-time jobs” (para 5.15 **CD D.2**, my emphasis added).

- 8.12 Finally, I also note that in their Statement of Case (**CD K.12**) MKC “*acknowledges the economic benefits of the site allocation and the Proposal*”,

Ensuring development happens

- 8.13 My client has prepared the application to make maximum use of the site and provide a commercially viable scheme. Given the clear scale and continued strength of demand for logistics space in Milton Keynes it clearly makes sense to develop as much of the site as possible to meet this need.
- 8.14 The development of the site requires substantial on site and off site infrastructure works. Hampton Brook have spent considerable time and effort ensuring necessary agreements are in place for the supply of electricity, gas and water (these agreements and further development of infrastructure is on hold). The site now has legal agreements in place for electricity provision for 14.8 MVA. The delivery of power has been a considerable issue elsewhere in Milton Keynes, so this certainty will help make the site location attractive for energy hungry occupiers (eg warehousing with cold stores etc). Having this guaranteed power supply is therefore a very useful marketing feature of the site for certain kinds of occupiers that would otherwise struggle to locate in Milton Keynes.

9. Assessment of Covid-19 effects

Overview of Covid 19 and the economy

- 9.1 I have been tracking closely the economic impacts of Covid-19 across a range of projects and for a range of clients in my professional work. The impact of Covid-19 and the consequent health effects and policy responses have led to unprecedented slowdown in economic activity in the UK since March 2020. This is the first health-led economic recession that has affected the UK and global economies in this severe way certainly for the last 100 years. Covid-19 has led to an extraordinarily rapid reduction in economic output in the UK (as elsewhere).
- 9.2 The central scenario in the very latest assessment by the independent Office for Budgetary Responsibility (OBR)³⁹ is that UK economic output will fall by 12% in 2020 compared to 2019 and that the unemployment rate will rise to an average of 9% by early 2021 compared to 4% in 2019.

³⁹ Contained in the Fiscal Sustainability Report, published in July 2020 <https://obr.uk/fsr/fiscal-sustainability-report-july-2020/>

- 9.3 There is a very considerable degree of uncertainty about the speed and strength of the economic bounce back as a result of the large number of unknowns in terms of health effects, government responses and how consumers and businesses will react. The likely consequences are that the UK economy will start to recover during the latter part of this calendar year as the economy emerges from lockdown and will continue recovering during 2021 and 2022 in some form of a “V-shaped” or “U-shaped” recovery. The OBR’s latest three scenarios suggest that the economy could fully recover by 2021 (“upside” scenario), largely recover by 2023 to 2024 (“central” scenario) or only recover by 2025 (“downside” scenario”). Other forecasters have drawn different conclusions or made different assumptions.
- 9.4 To date no area of the economy has been unaffected from the direct or indirect impacts of Covid-19, although the economic effects to date have been most pronounced in people-facing services such as retail, hospitality, personal transport, air travel, accommodation and arts and entertainment.
- 9.5 The government’s economic response has been to introduce measures to help businesses cope with the loss of income and retain workers (eg various grants and loans and the Coronavirus Job Retention Scheme also known as the Furlough scheme) and to stimulate demand (eg by the recent VAT cut for the hospitality and tourism sector and by accelerating infrastructure spend). The government has also made it clear it is encouraging businesses wherever possible to invest and spend to help drag the economy out of the Covid-19 induced recession.

Overview of Covid-19 and the logistics and distribution sector

- 9.6 Although the overall impact of Covid-19 has been to depress demand and economy activity overall, this has and will vary enormously by sector. The emerging evidence is that the impact of Covid-19 and the lockdown has had an **upside impact on demand for logistics sector space**.
- 9.7 Covid-19 has accelerated growth towards home based distribution via internet shopping rather than high street retail. This change has required a strong and expanding logistics and distribution sector (as evidenced by the growth of the amount of warehousing floorspace needed by Amazon and the requirements for extra warehousing space from the main food retailers). The importance of a strong and robust distribution sector to support the economy has been, if anything, emphasised by Covid-19
- 9.8 The thrust of the emerging messages from assessments by property advisory firms of the impact of Covid-19 on the logistic sector is that the sector will see less adverse impact than other sectors and indeed is benefiting overall from changes in consumer and business behaviours and patterns.

- 9.9 The report appended to my proof by Burbage Realty highlights that the growth in internet shopping and in the need for greater supply chain resilience as driving up demand for warehousing. These are key drivers that have emerged as a result of Covid-19 and are being reported by experts/advisors across the sector.
- 9.10 I note the following key findings from the evidence, as of the end of July 2020, on the impact of Covid-19 on the logistics sector in the UK
- 1) Savills has produced a global overview assessing the long term impact of Covid-19 on real estate⁴⁰ by different sectors. In relation to logistics this states *“with more people than ever before using online retail, the market is forecast to deepen longer term. Further investment in logistics space to service this demand and ensure resilience against future surges of demand will follow”*. (See **HB1/3 C3**)
 - 2) Savills also produced an updated UK Big Shed briefing in July 2020 (see **HB1/3 C4**) that looked at evidence of demand and supply across the logistics sector. The key points are that: across the UK the take up of logistics space in the first half of 2020 (H1) is the strongest they have ever recorded⁴¹; in the South East take up in the first half of 2020 was 74% above the long-term average and they note that available supply has dropped rapidly.
 - 3) Cushman and Wakefield’s Summer 2020 Logistics & Industrial Regional Outlook (see **HB1/3 C5**) presents a similar picture. Excluding short term deals, take-up in H1 2020 was 11% above the 10-year, but including short term lets they note that total take-up was the strongest H1 on record. In the London/South East/East market the report notes that take-up was 23% above the 10-year average.

⁴⁰ In “Impacts: The Future Of Global Real Estate”, Savills, Issue 03. May 2020

⁴¹ This includes short term and long term lettings of space

9.11 I would summarise the effects to date and anticipated on the logistics sector and so demand for warehousing as follows. In the first instance, the overall contraction in the economy, in employment, and in consumer demand will tend to dampen demand for all forms of business space including warehousing (a negative aggregate demand effect). However, this short term negative aggregate demand effect on warehousing has clearly been off-set by two major economic structural responses to Covid-19 which appear likely to continue into the medium to longer term:

- 1) **Use of internet retailing.** One of the dramatic short-term effects of Covid-19 has been the rise in internet retailing since the lockdown began as high street shops had to shut. However, Covid-19 is widely seen also as having accelerated the long term **growth in internet shopping** which is a key driver of warehousing demand (put simply with less stock held on the high street or with out of town retailers there needs to be more warehousing space)⁴². The most recent Big Sheds report by Savills, I refer to above, notes that around 45% of demand for logistics space in the first half of 2020 has been from on-line retailers and the Cushman and Wakefield report puts this at 48%.
- 2) **Improving resilience in supply chains.** Covid-19 has led to major disruptions in global supply chains which started when China entered lockdown in January 2020. UK manufacturers and other businesses are seeking greater resilience which means higher stock levels need to be held in the UK (given that so much of our good are imported). This is pushing up the demand for space at present and this effect is likely to be sustained. In addition the impact of Brexit has produced uncertainty about supply chains so increasing this driver. Finally, and a linked point there may be an increase in the so-called “reshoring” of manufacturing activity back into the UK.

Conclusions

9.12 Covid-19 has had profound impacts on the UK economy which faces a great deal of uncertainty about the pace and scale of the recovery during the rest of 2020 and into 2021 and beyond. However, the logistics and warehousing sector is one part of the economy that has seen growth in demand overall so far in 2020 as result of two key drivers of demand: the growth in internet shopping; and the re-building of more resilient supply chains. This has driven an increase in short-term lettings but also led to levels of take-up of longer term lettings that area above long term averages.

⁴² For instance see <https://www.alvarezandmarsal.com/insights/172-million1-uk-consumers-expected-make-permanent-changes-their-shopping-habits>

- 9.13 Furthermore the impact of Covid-19 has highlighted the value of an efficient and resilient distribution sector and the critical role of large scale warehousing to service the needs of a complex modern economy.
- 9.14 Finally, the economic impact of Covid 19 has led to a strong response by the UK Government and a clear desire to see investment happen as quickly as possible to offset the reduction in economy activity and help pull the UK economy out of the Covid-19 induced recession. This was set out clearly in the Chancellor's Summer Statement⁴³.

10. Overall conclusions

10.1 There is a strong and compelling case to approve the proposed development of the site on economic grounds:

- 1) There is **strong policy support** across a wide range of strategies, including of course the adopted Local Plan and the Milton Keynes Economic Development Strategy, for the development of the appeal site.
- 2) There is compelling evidence on the **strength of demand for large scale logistics sites** in Milton Keynes. There has been strong growth in the sector since the Local Plan was adopted as evidenced by changes in employment (of at least c. 2,000 jobs) and take-up of land (at a rate of around 16.5 hectares a year).
- 3) This experience fully endorses the decision made in the adopted Local Plan to include South Caldecotte as a new allocation to meet this need in the earlier part of the Local Plan period.
- 4) As a consequence of the strength of take-up there is, currently, a **very limited choice** of sites for development of large scale logistics space in the absence of the development of South Caldecotte.
- 5) The development of the appeal site as proposed in the planning application with up to c. 240,000 sqm of business space **will meet this need**. Critically, it will provide choice for business already in Milton Keynes and those seeking to locate there. It will provide a site suitable for a wide range of uses including large scale warehousing and manufacturing.

⁴³ "Plan for Jobs", CP 261, HM Treasury, July 2020 <https://www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020>

- 6) In the absence of the development of the South Caldecotte site, in the short to medium term there would be a **lack of choice and, potentially, a complete deficiency** of land for large scale business users, both businesses already in Milton Keynes and inward investors. A range of available sites is needed to attract inward investment and retain large scale occupiers currently in Milton Keynes.
- 7) Having South Caldecotte as an allocation does not in itself meet these identified needs. Approving the current planning application is required to ensure the allocation can be delivered to meet this need in a timely fashion. It would then provide a large and “oven ready” site to accommodate inward investment and expansion enquiries.
- 8) If approved, there is strong evidence to suggest that the scheme will be developed out over a 3 to 5 year period based on evidence of take-up rates. Hampton Brook are also an experienced developer with a strong track record of delivery.
- 9) The most recent evidence suggests that fundamentals of the logistics sector remain very strong in spite of Covid-19 and its wider adverse impacts on the UK economy and society. Indeed Covid-19 has re-emphasised the need for a strong and resilient logistics sector as well as early investment to create jobs and economic activity.
- 10) The development of the site as set out in the application would lead to several clear benefits for the economy of Milton Keynes that would not occur in the absence of the development. These are:
 - a) Around £140 million in construction activity, supporting just over 1,000 years of construction employment.
 - b) Substantial extra employment ranging from a likely minimum of 2,500 FTE jobs up to, potentially, 3,400 FTE jobs. These jobs would provide a wide range of types of employment across the logistics and manufacturing sectors.
 - c) An additional annual GVA contribution to the Milton Keynes economy of £135 million to £184 million.
 - d) Around at least £3.4 million pa of extra local tax revenues.
- 11) In conclusion, I consider there are very strong economic arguments for granting the appeal.



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