For and on behalf of

**HB (South Caldecotte) Ltd**

 **STATEMENT OF COMMON GROUND – ECONOMIC MATTERS**

An Appeal Against the refusal of planning permission by Milton Keynes Council for an Outline Planning Application 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.

**Prepared by**

**Nicol Economics**

July 2020

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| Prepared by:  | Stephen Nicol, Director |
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| Date:  | July 2020 |

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1. Introduction
2. This draft statement of Common Ground on economic matters (SoCGEM) has been prepared by Nicol Economics on behalf of HB (South Caldecotte) Ltd following refusal of planning permission by the Local Planning Authority (LPA), Milton Keynes Council for development at South Caldecotte, Milton Keynes. This SoCGEM has been prepared taking into account the Procedural Guidance issued by the Planning Inspectorate in August 2019.
3. The planning application (LPA reference 19/01818/OUT) was made on 17th July 2019 and validated on the same date. The planning application was presented to the LPA’s Development Control Committee on 6th February 2020 with an officers’ recommendation for refusal. At the meeting, the Committee resolved to refuse planning permission with three reasons for refusal. The decision notice was issued on 26th February 2020 and the appeal was lodged on 17th April 2020.
4. The following matters are agreed, except where specified.
5. Areas of Agreement

Relevant policies and strategies

1. The parties agree that when considering economic development matters that the strategies and documents which are relevant to this Appeal (in addition to NPPF and the Local Plan) are:

**Strategies**

* “Partnering for Prosperity: A new deal for the Cambridge-Milton Keynes-Oxford Arc”, National Infrastructure Commission, November 2017
* “The Oxford-Cambridge Arc Government ambition and joint declaration between Government and local partners”, March 2019
* “South East Midlands: Where Innovation Fuels Growth, Strategic Economic Plan”, South East Midlands Local Enterprise Partnership, 2017
* “South East Midlands Local Industrial Strategy”, A Partner in the Oxford-Cambridge Arc, July 2019
* “Milton Keynes Economic Development Strategy 2017-2027”, Milton Keynes Council, July 2017

**Evidence base relevant to employment land need and supply**

* “Employment Land Review and Economic Growth Study, Phase 1 Technical Analysis”, November 2015
* “Employment Land Review and Economic Growth Study, Phase 2 Delivery Strategy” November 2015
* “Milton Keynes Economic Growth and Employment Land Study – Supply and Demand 2017 Update” June 2017
* “Topic paper: Employment land supply”, March 2018 (produced for the Local Plan Examination in Public)
* “Local Economic Assessment 2019” July 2019
* “Milton Keynes East Strategic Urban Extension Development Framework

Supplementary Planning Document” March 2020.

Overall Supply of Employment Sites in Milton Keynes

1. The overall supply position was set out in Table 6.1 in Plan:MK adopted in March 2019 that related to Policy ER1 “Employment Sites Within the Borough of Milton Keynes”. This reflected the supply position during the preparation and examination of the Local Plan as of a base date of 1st April 2018 (and is reproduced as Appendix A for ease of reference).
2. This table identified that there was a total of 282.1 hectares of vacant employment land (ie available for occupation and development which excluded sites under 1 hectares and land for mixed use development in Central Milton Keynes). Of this total, 20.1% (56.8 hectares) was the allocation made in the Local Plan for South Caldecotte which is the subject of this appeal.
3. Overall, seven key sites/areas with 10 hectares of more of land accounted for 235.5 hectares or 83.5% of the assessed supply in the Local Plan. These were (in descending order of overall site areas):
* Milton Keynes East (105.0 hectares for B1/B2/B8)
* South Caldecotte (56.8 hectares for B2/B8) (this application site)
* Eagle Farm North (25.2 hectares for B1/B2/B8)
* The Western Expansion Area (17.0 hectares for B1/B2/B8)
* Pineham (10.9 hectares for B2/B8)
* Shenley Wood (10.8 hectares for B1/B2/B8/C2/D1)
* Magna Park - Glebe land ((9.8 hectares for B2/B8).
1. Both parties agree that since the Local Plan was prepared there have been changes in the supply of vacant employment land as a result of the take-up of land since April 2018 in a number of locations in Milton Keynes.
2. The parties agree that there have been the following reductions in the supply of employment land for development that have taken place or are taking place in the six of the seven areas listed above[[1]](#footnote-1).
	1. Eagle Farm North - the 25.2 hectares of this site which is an extension to Magna Park has now been taken up by two large distribution centres developed by Gazeley (one occupied by Amazon and the other by H&M the clothes retailer). This site is no longer available and so does not form part of the vacant employment land supply.
	2. Magna Park Glebe Land – the majority of this 9.8 Ha site has been taken up by a speculative B8 warehousing development by Gazeley which is under construction (Ref 17/02052/FUL) known as Magnitude 312 which will be available for occupation from July 2020. This part of the site no longer forms part of the vacant employment land supply. However, a residual part of this site covering 2ha is still vacant and available for development.
3. The supply situations for the Western Expansion Area (17 hectares) and Pineham (10.9 hectares) remain unchanged. In both cases the quantity of vacant employment land in these remains the same. Part of Pineham sits in Flood Zone 3 and this may impact on the extent of development that is possible on this site. Furthermore, the Western Expansion Area sites are not suitable for large scale B8 uses.
4. The overall supply situation in Milton Keynes East remains as set out in Plan:MK (supporting text para 5.29) which states: “*Plan:MK allocates land to the east of the M1 motorway, south of Newport Pagnell, as shown on the Key Diagram and Map 5.2 below, for a mixed residential and employment development. It is envisaged that this area will provide a sustainable urban extension after 2031. However, the site is the subject of a Council bid for Government funding for the infrastructure needed for its delivery*. *If this bid is successful, the development of the site will be allowed to commence before 2031 as a source of housing and employment land provision (in) addition to those set out in Chapter 4 - Development Strategy”.*Since Plan:MK was adopted in July 2019 Milton Keynes Council produced a consultation draft of the Milton Keynes East Strategic Urban Extension Development Framework Supplementary Planning Document which was adopted in March 2020. The government announced as part of the Budget announcements on 11th March 2020, that the £94.6 million bid for Housing Investment Fund by Milton Keynes Council had been successful as part of the support for the Ox-Cam Arc.
5. There is a current planning application for the development of 19.3 Hectares of the total allocation by SEGRO for large scale distribution uses (19/02402/FUL). This application is on 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 is for the development of two plots totalling 81,293 sqm of floorspace. At the time of agreeing this SoCG members voted to refuse this application at Development Control Committee of 18th June 2020, with a decision notice expected to be issued shortly.
6. Having considered only changes in the supply situation for the six large employment land allocation areas in Milton Keynes since the situation set out in Local Plan (i.e. the two years since 1st April 2018), there has been a reduction of 33 hectares in the available supply of vacant land for development. This is shown in the table below.

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| Table 1: Change in Supply, Eagle Farm North and Magna Park -Glebelands |
| Site | Vacant employment land |
| As in the Local Plan (Table 6.1) | Current situation |
| Eagle Farm North | 25.2 |   |
| Magna Park - Glebe land | 9.8 | 2.0 |
| Total across the two sites | 35.0 | 2.0 |

1. Outside the six areas considered above the parties agree that additional development for B8 warehousing development is occurring and planning applications are being submitted:
2. A distribution warehouse with ancillary offices totalling around 22,120 sq.m for DHL is under construction on a site of around 5.4 ha on land at Snelshall East (Ref 18/02775/FUL). This site was allocated in Plan:MK and is included in Table 6.1 in Appendix A.
3. Gazeley UK Ltd have applied at Willen House/Fox Milne (Ref 20/01134/FUL) to demolish an existing warehouse building of around 19,350 sq.m GIA and replace it with two new warehouses and ancillary office accommodation totalling around 24,000 sq.m GIA on a site of around 5.4 hectares. This application has yet to be determined by the Council.
4. David Lock Associates on behalf of their client have recently applied (Ref 20/01432/FUL) to develop two distribution warehouses and ancillary offices totalling around 17,280 sq.m on a site of around 4.4 ha on land off Bletcham Way, north of the Fenny Lock roundabout. This site was not part of the employment land supply allocated in Plan:MK and so is not included in Table 6.1 in Appendix A and is also yet to be determined by the Council.
5. If planning permission is granted for these last two warehouse developments and they are developed they will add to the supply of warehousing floorspace within the Borough, although it should be noted that the Willen House site is already an employment site.
6. As a result of this change in the supply position the South Caldecotte site now represents by far the largest single site immediately available for development for large scale industries (the next largest would be the SEGRO site in the Milton Keynes East area if this does receive planning permission).
7. This assessment does not consider any reductions in supply across the remaining 46.6 hectares of land identified in the remaining 17 grid square areas, which largely comprises small sites of 2 hectares of less, nor in the Shenley Wood allocation (a further 10.8 hectares).

Demand for and Supply of land suitable for B8 uses

1. The discussion in the period leading to the adoption of the Local Plan considered both the overall quantum of supply of employment land and the level of supply suitable for large scale distribution uses. The Local Plan noted that “*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*” (para 6.13). The Local Plan therefore allocated the 57 ha of land for B2/B8 development at the application site and also 105 Ha at Milton Keynes East for a mix of employment uses including B8 uses.
2. The more detailed analysis of sites in the 2015 Employment Land Review had concluded that there were limited sites “*entirely suited to the needs of logistics occupiers*”. Indeed, the assessment identified at the time only two sites in this category (Land to the East of Magna Park 34.5 hectares and Land at Pineham 10.9 hectares or a total of 45.4 hectares). The 2018 Employment Land Topic Paper produced by MKC updated this position and identified that, excluding South Caldecotte, the pipeline supply of site suitable for B8 uses “*is now understood to stand at 56.5 ha*”. This was a result of the inclusion of Magna Park – Glebe land site (up to 9.8ha).
3. Therefore, although not explicitly stated as such in the Local Plan, at the time of its adoption, the supply of new sites allocated in the Local Plan in Table 6.1 suitable for large scale B8 use consisted of the following in Table 2.

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| Table 2: Sites suitable for large scale logistics in Plan:MK |
| Site | Area (hectares) |
| Eagle Farm North | 25.2 |
| Magna Park - Glebe land | 9.8 |
| Pineham | 10.9 |
| South Caldecotte | 56.8 |
| Total above | **102.7** |
| Notes: (1) this table excludes any land at Milton Keynes East as the assumption in the Local Plan was that delivery could be made within the plan period, i.e., prior to 2031 only if the infrastructure bid to central government is successful. The Housing Infrastructure Fund bid has been announced by the Government but is subject to conditions to be agreed. (2) The area for Eagle Farm North (formerly land to the East of Magna Park) differs from that quoted above as a result of the development out of space there in the run up to the Local Plan examination. |

1. Of this total supply identified in the Local Plan that is suitable for large-scale for B8 uses, as set out above, the land at Eagle Farm North and Magna Park has been developed out or is under development (33 Has) leaving only Pineham and South Caldecotte and, potentially if the planning application is successful, the 19.8 hectares that is proposed for development by SEGRO at Milton Keynes East. This means that in just two years since April 2018 the take-up of employment land by large scale B8 uses has totalled some 33 hectares or an annual average of 16.5 hectares.
2. The forecasts of the need for B8 space that underpinned the Local Plan were set out in the 2017 Employment Land Review Update (ELRU 2017). These covered the period 2016 to 2031 and were for:
* 104 hectares (Experian forecasts based projections)
* 66 hectares (East of England Forecasting Model (EEFM) based projections).
1. In average annual terms these need forecasts were therefore for between 4.4- and 6.9-hectares take-up per annum over the Plan period. The annual rate of take-up in the last two years (16.5 hectares) has considerably exceeded these average figures. Although it should be noted that the Employment Land Review work in 2015 and 2017 did not provide any specific trajectory of demand over the Plan period so it is only possible to refer to an annual average over the whole period. The parties do not agree on how far this is evidence as to the level of demand for land for large scale B8 uses in Milton Keynes.

Economic impact of the proposed development

1. The parties note that the 2,050 jobs submitted as part of the planning application for the site was based on the application of an employment density of 95 sqm per full time equivalent (FTE) jobs to the Local Plan minimum development requirement for the site (195,000 sqm) (i.e. 195,000 divided by 95 = 2,053 rounded to 2,050), rather than the actual amount of space applied for. These are agreed as estimated figures.
2. If the same employment density is applied to the actual amount of employment space applied for (241,548 sqm) then the potential employment figure would be 2,540 FTE jobs (241,548 divided by 95 = 2,539 rounded to 2,540). These are agreed as estimated figures.
3. In addition, the development will provide the following benefits for Milton Keynes:
* Increase economic output (Gross Value Added) across the Milton Keynes economy
* Creation of further jobs during the construction period.
* Additional Business Rates revenue.
1. Issues Where There is Disagreement
2. The parties disagree in relation to the following matters:
3. The speed of the potential availability of the Milton Keynes East (MKE) allocation in forming part of the effective employment land supply for Milton Keynes.
4. The extent to which the 105 Ha allocated at MKE is of importance in assessing the supply of land suitable for large scale B8 uses.
5. The treatment - for purposes of assessing the available employment land supply - of the development of the 9.8 hectares plot at Magna Park Glebelands being developed by IMI Gazeley for the new Magnitude 312 warehousing building.
6. The level of significance/insignificance in changes to the supply of and take up of vacant employment land as a result of the take-up of land since April 2018 in a number of locations in Milton Keynes (see paras 2.5 and 2.20).
7. The level of relevance that additional warehousing floorspace can be developed over the plan period by the redevelopment of existing employment sites.
8. The amount of land identified as available for warehousing development within the borough over the Plan period.

Agreed on behalf of the Council by

Michael Moore

Senior Planning Officer

Milton Keynes Council

Date: 2nd July 2020

Agreed on behalf of the Appellant by



Stephen Nicol, BA, MA

Director

Nicol Economics

Date: 30th June 2020

Appendix A: Milton Keynes Employment Land Supply Position as Recorded in the Adopted Local Plan (Plan:MK)

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| Grid Square Area | Amount of vacant land in hectares | Use classes | % of total |
| Bletchley, Brickfields/Newton, Leys | 2.4 | B1/B2/B8 | 0.9% |
| Caldecotte | 2.5 | B1/B8/C2 | 0.9% |
| Crownhill | 1.2 | B1/B2/B8 | 0.4% |
| Eagle Farm North | 25.2 | B1/B2/B8 | 8.9% |
| Fox Milne | 1.0 | B1/B2/B8 | 0.4% |
| Knowlhill | 5.9 | B1/B2/B8 | 2.1% |
| Linford Wood | 5.1 | B1 | 1.8% |
| Magna Park - Glebe land | 9.8 | B2/B8 | 3.5% |
| Milton Keynes East | 105.0 | B1/B2/B8 | 37.2% |
| Mount Farm | 1.9 | B1/B2/B8 | 0.7% |
| Pineham | 10.9 | B2/B8 | 3.9% |
| Redmoor | 1.7 | B2/B8 | 0.6% |
| Rooksley | 1.3 | B1/B2/B8 | 0.5% |
| Shenley Wood | 10.8 | B1/B2/B8/C2/D1 | 3.8% |
| Snelshall East | 4.7 | B1/B2/B8 | 1.7% |
| Snelshall West | 5.1 | B1/B2/B8/C1 | 1.8% |
| South Caldecotte | 56.8 | B2/B8 | 20.1% |
| Walton | 2.2 | B1/B2/B8 | 0.8% |
| West Ashland | 1.1 | B1/B2/B8 | 0.4% |
| Western Expansion Area | 17.0 | B1/B2/B8 | 6.0% |
| Willen Lake | 1.1 | B1 | 0.4% |
| Wolverton | 2.6 | B1/B2/B8 | 0.9% |
| Wolverton Mill East & South | 5.6 | B1/B2/B8 | 2.0% |
| Wymbush | 1.2 | B1/B2/B8 | 0.4% |
| Total | 282.1 |   | 100.0% |
| Total excluding South Caldecotte | 225.3 |   | 79.9% |
| Source: Table 6.1 Plan:MK March 2019 |

1. Shenley Wood is excluded because the parties agree that although there has been a reduction in the available land supply there this is not relevant to the consideration of land supply suitable for large scale distribution uses [↑](#footnote-ref-1)