

LB Richmond Employment Land Evidence Critique

Final Report

Greggs Plc

September 2017

LICHFIELDS

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1.0 Introduction

- 1.1 Greggs Plc ('Greggs') commissioned Lichfields to prepare an assessment of employment land issues in the London Borough of Richmond ('LB Richmond') and a critique of the evidence base that has been prepared to inform and justify policies relating to employment within the Publication version of the LB Richmond Local Plan.
- 1.2 The assessment has been prepared in the context of Gregg's interests at the Gregg's Bakery site on Gould Road, Twickenham, and particularly focuses on the future need for employment land in this location set within the context of objectively assessed evidence that has been prepared as part of the new Local Plan. The purpose of the report is to examine the case for the designation of the site for industrial employment uses as opposed to redevelopment of the site for residential-led mixed uses to potentially include some commercial space for start-up businesses.

Background

- 1.3 Lichfields previously prepared an Employment Land Assessment in August 2016 to accompany representations being made by Greggs to the London Borough of Richmond Pre-Publication Local Plan consultation in August 2016. This comprised a review of the employment land evidence base that underpinned the Council's policy position at the time, alongside an analysis of employment land demand and supply within the Borough. This was used to make the employment land case for not maintaining the Greggs site as a locally important industrial land and business park site against the key policy tests in the National Planning Policy Framework (NPPF) and the extent of up-to-date market evidence.
- 1.4 In light of the various inadequacies associated with operating the site on Gould Road as a bakery, Greggs supported the proposal in a previous version of the Local Plan (from 2013) that the property, which has long-standing limitations as an industrial unit, might be redeveloped as a mixed-use scheme providing both homes and jobs. As long-term owner and occupier of the premises they are aware of the problems associated with the proposed protection of the site for industrial uses.
- 1.5 LB Richmond sets out in its Publication version of the Local Plan that it favours the retention of what it describes as the 'West Twickenham cluster (including Gregg's Bakery and surroundings)' as a locally important industrial land and business park subject to policy LP 42. In its response to representations received to the Pre-Publication Local Plan consultation in Summer 2016, the Council re-affirms its intention to retain industrial uses on the site. Subsequent representations were also made by Greggs to the Draft Local Plan consultation which took place in January/February 2017.

Purpose

- 1.6 In view of the upcoming Local Plan Examination-in-Public (in Autumn/Winter 2017), this report draws upon the high level review of economic evidence presented within the 2016 Employment Land Assessment prepared by Lichfields and adds to this by providing a more detailed review and critique of the Council's evidence base on economic growth and employment land matters that has been prepared to support the new Local Plan.
- 1.7 It also considers a number of evidence base documents which have been prepared and published since the 2016 Assessment was undertaken, notably the Employment Sites & Premises Study 2016 Update and Employment Sites & Premises Study 2017 Update, both prepared on behalf of the Council by Peter Brett Associates.

- 1.8 This updated employment land assessment report therefore focuses upon a review of key employment land evidence base reports and associated Local Plan policy for LB Richmond overall and the area of Twickenham specifically. It considers the accuracy and soundness of the evidence itself, as well as the translation and application of this evidence to various employment policies contained within the Publication version of the Local Plan. It concludes that the emerging Plan cannot be considered “Sound” at Examination without amendment. This is, in particular, because the evidence used to support the proposed protection of the site is not justified, effective or consistent with national policy.
- 1.9 In reaching this conclusion, that the emerging Plan is unsound, Lichfields has had regard to relevant guidance contained in the NPPF and Planning Practice Guidance (PPG) and the firm’s experience of producing employment land reviews and related assessments for a range of local authority and private sector clients.

Summary of Key Findings

- 1.10 For the avoidance of doubt, Lichfields’ assessment concludes that the Council’s proposed policy approach is not justified, effective or consistent with national policy. The rationale for the industrial designation of this site is not “Sound”. In light of the significant amount of objective evidence submitted by independent assessors on behalf of Greggs, there is no sound or rational basis upon which the Council can maintain this approach. Lichfields’ assessment concludes that:
- a Employment policies contained within the draft Plan are not considered Sound; they do not provide a clear and evidenced rationale to justify the proposed approach.
 - b There are limitations and inconsistencies in the way in which London-wide evidence has been translated into LB Richmond specific planning policies.
 - c The Plan does not make clear what allowances have been made for the impact of Brexit.
 - d The GLA employment forecasts appear to have been interpreted incorrectly by LB Richmond as part of its draft Plan.
 - e The Council’s restrictive approach appears disproportionate in the context of available evidence.
 - f The Mayor of London is seeking to increase employment capacity but a floorspace-based approach will not necessarily achieve this.
 - g There is independent and objective evidence recommending a mixed use redevelopment approach for the Greggs Bakery site.
 - h The Borough’s proposed allocation contradicts its own evidence on the quality and character of the site.

Structure of Report

- 1.11 The report is structured as follows:
- **Section 2.0** provides an overview of the site and reviews the Council’s Publication Local Plan policies on employment land to provide a context for the assessment;
 - **Section 3.0** reviews recent London-wide evidence publications to consider how this evidence has been applied or translated into LB Richmond specific planning policies;
 - **Section 4.0** considers LB Richmond’s local evidence base on employment land; and
 - **Section 5.0** presents overall conclusions.

2.0 Site and Policy Context

2.1 This section provides an overview of the Greggs Bakery site and reviews the Council's planning policy and evidence base on employment land needs to provide a context for the assessment.

Site Context

2.2 The site is located on Gould Road in Twickenham, the largest district centre in LB Richmond. A site location plan is included at Figure 2.1. It currently comprises industrial buildings that are used for production facilities by Greggs Bakery, with this operation falling within the B2 Use Class. Greggs are currently consolidating a number of bakery sites across Greater London and as such the scale of on-site employment has been gradually reducing over recent months. The use of the property for baking purposes will have completely ceased by December 2017.

2.3 The site is an inverse 'L' shape that extends to 1.1 ha. The buildings take approximately 85% of the site extent with limited storage yard and/or manoeuvring space within the site. Anecdotally there are reports of staff parking on residential streets which would reflect this site:building ratio.

Figure 2.1 Extent of Greggs Bakery Site (red line boundary)



Source: Google Earth Pro (2016)

2.4 The site is predominantly surrounded by residential use, to the south, east and west, in the form of two-storey terrace dwellings that are approximately 60 dwellings per hectare. The site's north western extent lies adjacent to 'Crane Mews', a recent regeneration scheme creating residential use with self-contained space for business as well. All of the commercial spaces within Crane Mews are reported to be occupied, although six spaces which have consent for residential conversion are currently being marketed (for residential use)¹.

2.5 The northern boundary of the Bakery abuts the River Crane with the railway line beyond with the Mereway Cottages in between. The north eastern extent of the site is bound by adjacent

¹ <http://www.cranemews.com/> (accessed August 2017)

industrial use and a three storey flatted residential development. The Twickenham Electricity Sub-Station can be found beyond.

- 2.6 The site has two vehicular access points: one is directly off Edwin Road at the south of the site and the second is located to the north-west of the site at the corner of Crane Road and Gould Road. Crane Road and Gould Road are residential streets with on road parking on two sides of the road. Edwin Road is a mixed residential street with access to other industrial units. It is also flanked by parked cars on both sides of the road and narrows with double yellow lines as it joins Colne Road. To the southernmost extent of the site, beyond Edwin Road, lies a small number of units with welders and automotive repair services.
- 2.7 The site's Edwin Road entrance is 264m from the A311 or 317m from the A305 while access onto the strategic A316 dual carriageway is over 2.2 km from the site's entrances. The A316 connects the M3 Motorway to central London. The site is located 6 km from the M3.

Planning Policy Context

LB Richmond Publication Local Plan (May 2017)

- 2.8 On Friday 19 May 2017, LB Richmond submitted the Local Plan (Publication version), along with other publication and submission documents, evidence and supporting documents to the Secretary of State for Communities and Local Government for independent Examination. This represents the final draft of the Local Plan.
- 2.9 The Local Plan sets out a 15-year strategic vision (to 2033), objectives and the spatial strategy as well as the planning policies and site allocations that will guide future development of the Borough.
- 2.10 Within its overall Strategic Vision, the Local Plan states that:
- “The borough's local economy will be successful. Jobs will be readily available and there will be a choice of employment opportunities as the borough's Key Office Areas as well as the industrial land and business parks will have been protected from encroaching residential development. Employment space will have supported new business start-ups and enabled businesses to grow. There will continue to be a high proportion and variety of small local businesses, offering local jobs, and further opportunities for residents to set up their own enterprise.”*
- 2.11 The Local Plan seeks to protect and maintain its employment base, and enhance it through new provision to accommodate the expected job growth. In addition, due to Government changes to the planning system, including the introduction of Permitted Development Rights from offices to residential, the evidence base confirms that there is a clear need to strengthen the Spatial Strategy and approach to protecting and encouraging land for employment use, particularly for affordable small / medium spaces, start-up units and flexible employment space, in order to support the borough's current and future economic and employment needs.
- 2.12 In relation to the Borough's business parks, industrial estates and creative industries, the Council acknowledges that the Borough has a very limited supply of industrial floorspace and demand for this type of land is high. The London Plan states that a 'restrictive' approach towards the transfer of industrial land to other uses should be adopted in the borough, which means that industrial land should not be released for other uses. Therefore, in order to deliver this key priority and strategic objective, locally important industrial land and business parks, which are of particular importance for warehousing, distribution, storage and other industrial employment as well as locally important creative industries and other key employment facilities,

are identified in the Local Plan. Any loss of industrial space within these areas will be strongly resisted. This is to ensure that the borough can continue to provide for local business and employment needs.

2.13 Twickenham is identified in the Local Plan as the largest District centre in the Borough and has already seen a variety public realm and environmental improvements. Revitalising the centre is a key theme and the main strategy as set out in the adopted Twickenham Area Action Plan (2013), and the benefits from redevelopment opportunities continue to be maximised. Twickenham centre is suitable for new major commercial development, which attracts both local people and people who live outside the borough, and the Council supports Twickenham's Business Improvement District.

2.14 **Policy LP 40 'Employment and local economy'** states that the Council will support a diverse and strong local economy in line with the following principles:

- 1 Land in employment use should be retained in employment use for business, industrial or storage purposes.
- 2 Major new employment development should be directed towards Richmond and Twickenham centres. Other employment floorspace of an appropriate scale may be located elsewhere.
- 3 The provision of small units, affordable units and flexible workspace such as co-working space is encouraged.
- 4 Mixed use development proposals should retain, and where possible enhance, the level of existing employment floorspace. The inclusion of residential use within mixed use schemes will not be appropriate where it would be incompatible with, or impact on, the continued operation of other established employment uses within that site or on neighbouring sites.

2.15 Beyond Policy LP 40, the Local Plan does not set a specific jobs growth target for the Borough over the plan period to 2033, nor a target for employment land provision/requirement. Instead, it refers to GLA Employment Projections (2015) which estimate that the number of jobs in the borough will grow by 18,000 jobs between 2011 and 2031 and therefore suggest that the borough will experience very strong demand for employment space. In response to this, Local Plan policy seeks to protect and maintain this employment base, and enhance it through new provision to accommodate the expected job growth.

2.16 The Publication Local Plan therefore fails to establish an overall scale of provision for employment land over the plan period and fails to demonstrate whether or not it can accommodate an objectively assessed need through its proposed allocations (both office and industrial). It proposes to allocate a number of 'Locally important industrial land and business parks' and 'Key Office Areas' in absence of a PPG-compliant identified economic development need. The PPG notes at para 002 that plan makes should:

"identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development."

Local Plan Policies for Office and Industrial Land

2.17 Specific policies for offices and industrial land and business parks are set out separately in the Plan, and are described in turn below.

2.18 With regards to industrial uses, **Policy LP 42 Industrial Land and Business Parks** states that the Borough has a very limited supply of industrial floorspace and demand for this type of land is high. Therefore the Council will protect, and where possible enhance, the existing stock

of industrial premises to meet local needs. There is a presumption against loss of industrial land in all parts of the Borough.

Locally important industrial land and business parks

B. The Council has identified locally important industrial land and business parks (as set out in the supporting text and Appendix 6). In these areas:

- a. loss of industrial floorspace will be resisted unless full, on-site replacement floorspace is provided;*
- b. development of new industrial floorspace and improvement and expansion of existing premises is encouraged; and*
- c. proposals for non-industrial uses will be resisted where the introduction of such uses would have an adverse impact on the continued operation of the existing services.*

2.19 The policy for ‘Locally important industrial land and business parks’ is much stricter than for other industrial land that falls outside of this designation, where loss of industrial space would be permitted where a number of criteria can be demonstrated (that there is no longer demand for an industrial based use in the location and that there is not likely to be in the foreseeable future). The wording of Policy LP 42 remains unchanged from the Pre-Publication version.

2.20 Greggs Bakery is included within the Publication version of the Local Plan as part of the larger West Twickenham cluster “locally important industrial land and business park” under Policy LP 42. The site extends to 1.1 ha in addition to units to the south of Edwin Road. The cluster excludes the units to the east of Greggs Bakery but it is unclear why this is the case. It also excludes the recent ‘Crane Mews’ development to the west of Greggs Bakery despite this accommodating a number of recently developed commercial units.

2.21 A map of the site allocation is shown in Figure 2.2 below.

Figure 2.2 West Twickenham cluster (including Gregg’s Bakery and surroundings), Twickenham



Source: LB Richmond Publication Local Plan (May 2017), Appendix 6

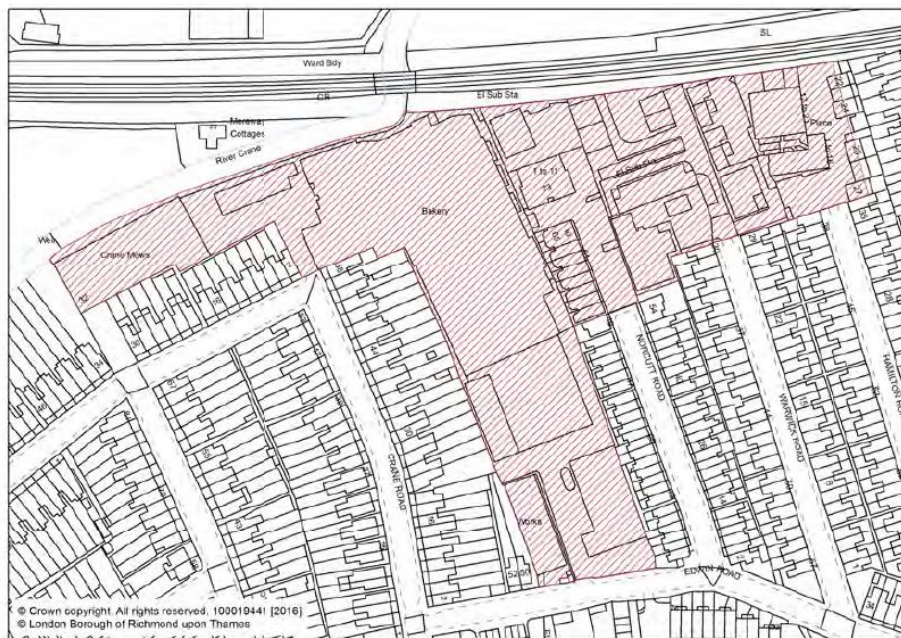
2.22 The locally important industrial land and business parks are of particular importance for warehousing, distribution, storage and other industrial employment as well as locally important creative industries and other key employment facilities.

2.23 The Greggs Bakery site is also included within the ‘West Twickenham, south of River Crane’ Key Office Area, as defined by **Policy LP 41 Offices**.

“In the designated Key Office Areas, as shown on the Proposals Map, net loss of office floorspace will not be permitted. Any development proposals for new employment or mixed use floorspace will be required to contribute to a net increase in office floorspace.”

2.24 The location of the West Twickenham, south of River Crane Key Office Area is shown in Figure 2.3 below. This policy appears to be less relevant to any future redevelopment of the Greggs Bakery site given the nature of employment space currently supported on site, which is industrial (use class B2) in nature.

Figure 2.3 Map of Key Office Area - West Twickenham cluster, south of River Crane



Source: LB Richmond Proposals Map Changes for Publication Local Plan (May 2017)

The London Plan (March 2016)

- 2.25 The London Plan provides the overall strategic plan for London, setting out an integrated economic, environmental, transport and social framework for the development of London over the next 20–25 years. It brings together the geographic and locational aspects of the Mayor’s other strategies – including those dealing with economic development. Boroughs’ local planning documents have to be in general conformity with the London Plan.
- 2.26 Policy 2.7 of the London Plan, which addresses outer London, states that:
- “The Mayor will, and boroughs and other stakeholders should, seek to address constraints and opportunities in the economic growth of outer London so that it can rise above its long term economic trends by:*
- *consolidating and developing the strengths of outer London’s office market through mixed use redevelopment and encouraging new provision in competitive locations, including through the use of land use ‘swaps’*
 - *managing and improving the stock of industrial capacity to meet both strategic and local needs, including those of small and medium sized enterprises (SMEs), start-ups and businesses requiring more affordable workspace including flexible, hybrid office/industrial premises.”*
- 2.27 Policy 4.4 of the London Plan requires the Boroughs at a strategic level to:
- a. *“adopt a rigorous approach to industrial land management to ensure a sufficient stock of land and premises to meet the future needs of different types of industrial and related uses in different parts of London, including for good quality and affordable space*
 - b. *plan, monitor and manage release of surplus industrial land where this is compatible with a) above, so that it can contribute to strategic and local planning objectives, especially those to provide more housing, and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.”*
- 2.28 The London Plan sets out nine matters to take account of in preparing Local Development Frameworks in order to demonstrate how the Boroughs will plan and manage industrial (and other land) in line with the strategic policies. These nine matters include:
- a *the need to identify and protect locally significant industrial sites where justified by evidence of demand;*
 - b *strategic and local criteria to manage these and other industrial sites;*
 - c *the borough level groupings for transfer of industrial land to other uses (see Map 4.1) and strategic monitoring benchmarks for industrial land release in supplementary planning guidance;*
 - d *the need for strategic and local provision for waste management, transport facilities (including inter-modal freight interchanges), logistics and wholesale markets within London and the wider city region; and to accommodate demand for workspace for small and medium sized enterprises and for new and emerging industrial sectors including the need to identify sufficient capacity for renewable energy generation;*
 - e *quality and fitness for purpose of sites;*
 - f *accessibility to the strategic road network and potential for transport of goods by rail and/or water transport;*

- g *accessibility to the local workforce by public transport, walking and cycling;*
- h *integrated strategic and local assessments of industrial demand to justify retention and inform release of industrial capacity in order to achieve efficient use of land; and*
- i *the potential for surplus industrial land to help meet strategic and local requirements for a mix of other uses such as housing and, in appropriate locations, to provide social infrastructure and to contribute to town centre renewal.*

- 2.29 The London Plan identifies three types of location for industrial sites: strategic industrial locations; locally significant industrial sites; and other industrial sites. The supporting text to this London Plan policy requires that locally significant industrial sites must be designated on the basis of robust evidence demonstrating their particular importance for local industrial type functions to justify strategic recognition and protection (Para 4.20).
- 2.30 Taking account of trends in the wide range of industrial type activities and scope for more efficient use of industrial capacity, as well as more specific requirements for waste management and recycling, the London Plan notes that industrial land use change should be monitored against benchmarks based on an average, pan-London annual net release of 37 ha between 2011 and 2031. For industrial and warehousing land the 2012 Industrial Land SPG remains extant. The scope for transfer is greatest in east and parts of inner west London, with more limited scope in north and outer west London and restricted scope for release elsewhere. In accordance with Map 4.1 of the London Plan, the Greggs Bakery site lies within an area identified for ‘Restricted’ release.
- 2.31 The supporting text goes on to state that the redevelopment of surplus industrial land should address strategic and local objectives particularly for housing and social infrastructure and that the release of surplus industrial land should, as far as possible, be focused around public transport nodes to enable higher density redevelopment, especially for housing. In locations within or on the edges of town centres, surplus industrial land could be released to support wider town centre objectives.
- 2.32 The London Plan also comments that job growth across the Capital has been encouraging in recent years, and that London’s economy has made good the loss of jobs associated with the recent recession. It uses 2012 based Triangulated Employment Projections from GLA Economics to provide job growth projections for each London Borough over the period 2011 to 2036. For LB Richmond, this is equivalent to an increase in employment of 12,000 or 12.9% growth in proportionate terms.

London Plan Review

- 2.33 It should be noted that the London Plan is currently being reviewed by the Mayor to ensure that it addresses changing trends and issues. Consultation on a draft plan is currently scheduled for Autumn 2017. In preparation for the review, the GLA have recently published new evidence base documents on demand/supply of industrial and office space across the Capital, and these are considered further in Chapter 3.0 below.

Summary

- 2.34 LB Richmond’s Publication Local Plan provides an overall policy approach to planning for economic growth in the Borough that actively seeks to protect and maintain its existing employment base. Through Policies LP 41 and LP 42 it sets out a strict policy approach that strongly resists loss of existing industrial and office floorspace within key allocated sites (locally important industrial land and business parks and Key Office Areas) unless the full quantum of

existing space is re-provided on site. The Greggs Bakery site is allocated under both of these designations and would therefore be subject to the policy criteria and protection.

- 2.35 This proposed approach to re-provision required by Policy LP 52 which solely focuses upon floorspace overlooks the role that these sites currently play – and could play in future – in terms of supporting jobs and employment growth. The Greggs Bakery premises have come to the end of their working life and would need to be replaced through redevelopment of the site, although redevelopment for industrial uses would inevitably reduce the overall quantum of floorspace on site, and therefore employment generating capacity. There is no evidential basis for the Greggs Bakery site being identified within a ‘Key Office Area’ under Policy LP 51 given it comprises an historic industrial site, and therefore does not perform an office role.
- 2.36 Within its Spatial Strategy, the Publication Local Plan also identifies Twickenham as an area for major new employment development and also seeks to encourage the provision of small units, affordable units and flexible workspace such as co-working space, as well as mixed use development retaining, and where possible enhancing, the level of existing employment floorspace.
- 2.37 Beyond an over-arching policy that supports a diverse and strong local economy, the Local Plan does not set a specific jobs growth target for the Borough over the plan period to 2033, nor a target for employment land provision/requirement. In effect, it does not state what level of economic growth is being planned for over the period to 2033, despite having recently commissioned an update of economic development needs (this is explored further in Chapter 4.0).
- 2.38 It therefore fails to establish a PPG-compliant requirement for economic development uses over the plan period, and fails to demonstrate whether or not the Borough can accommodate an objectively assessed need through its proposed office and industrial allocations. It appears to allocate and protect various employment sites across the Borough yet does not provide a clear and evidenced rationale to justify the approach.
- 2.39 The Local Plan employment policies can therefore not be considered ‘sound’ when considered in the context of national policy requirements.

3.0 London-Wide Evidence Base

3.1 Over recent years, a range of economic and employment land related evidence has been prepared on behalf of the GLA to provide the context and rationale for London-wide planning policy as set out in the London Plan. This evidence is also used and relied upon by individual London Boroughs (including LB Richmond) to inform and underpin various employment related policies within their respective Local Development Frameworks.

3.2 This chapter reviews each of these recent London-wide evidence publications in turn (and in chronological order) and considers how this evidence has been applied or translated into LB Richmond specific planning policies.

Land for Industry and Transport SPG (2012)

3.3 This Supplementary Planning Guidance (SPG) was prepared to provide further guidance on how to implement the policies set out in the 2011 London Plan in terms of transport and industrial activities. The SPG outlines the level of industrial land that is required and the process in which further industrial land can be released. It indicates that boroughs should provide for sufficient land and premises in industrial and related uses, including for waste management, logistics, utilities, and transport functions.

3.4 When the London Plan was published in 2011 it indicated that there was scope to release approximately 41ha of industrial land per annum between 2006 and 2026. However the Land for Industry and Transport SPG updates this figure and extends the time range to 2031, indicating that just under 37ha of industrial land should be released per annum during this period.

3.5 In regards to Richmond, a release benchmark of 4ha is set out in the SPG for the period 2011 to 2031, which is equivalent to an annual release benchmark of about 0.2ha. This makes Richmond a 'restricted transfer' Borough with one of the lowest release rates in London.

3.6 At para 10.3.2 of the Publication Local Plan, LB Richmond re-iterate this conclusion that the Council should ensure a 'restrictive' approach towards the transfer of industrial land to other uses until 2031. It also incorrectly states that this "means that industrial land should not be released for other uses". In fact, the definition applied by the GLA within its 2012 SPG is that:

***“Restricted Transfer:** Boroughs in this category typically have low levels of industrial land relative to demand (particularly for waste management or land for logistics) and/or low proportions of industrial land within the SIL framework. Boroughs in this category are encouraged to adopt a more restrictive approach to the transfer of industrial sites to other uses and set appropriate evidence based criteria to manage smaller non-designated sites. This should not preclude the possibility of smaller scale release where boroughs have made adequate provision for industrial land in their DPDs in particular for waste management, logistics and for SMEs/creative industries.”*

3.7 This 'restricted' definition leaves scope for individual Boroughs to release industrial land where it is considered appropriate. The findings from the 2012 SPG, coupled with the more recent 2015 Industrial Land Supply & Economy Study (summarised below), lead the Council to set a presumption against loss of any industrial or other such employment space in all parts of the Borough, with losses particularly strongly resisted in the listed important industrial land and business parks.

- 3.8 The SPG release benchmark figure is now five years old and has been updated in the GLA's new London Industrial Land Demand study (see further below).

London Industrial Land Supply & Economy Study (2015)

- 3.9 This study prepared on behalf of the Greater London Authority by AECOM (and published in March 2016) assessed the supply of industrial land in London in 2015. It looked at how much industrial land had been released over the period 2010-2015 as well as potential future release of land in the planning pipeline.
- 3.10 It identified a gradual contraction in the supply of industrial land across London over the last 15 years, declining from 8,282ha in 2001, to 7,841ha in 2006, 7,505 in 2010 and 6,976ha in 2015. This represents a 16% contraction over the whole period and a 7% contraction since 2010. All 'sub-regions' have witnessed a contraction, with the Central sub-region witnessing the largest reduction in supply over the whole period.
- 3.11 Past trends in industrial land release show an accelerated rate of release significantly above the GLA's Land for Industry and Transport SPG benchmark rates of release. The trend rate of release for 2010 to 2015 is 105ha per annum, compared with the SPG recommended rate of release of 37ha per annum.
- 3.12 A review of emerging policy and permissions suggests there will be a continued significant release of industrial land through the development pipeline (unimplemented planning permissions); additional planned release through local plans, OAPFs and local frameworks; and Housing Zones.

Implications for Industrial Land Policy

- 3.13 The 2015 study suggests that if sufficient industrial land can be provided / protected within and around London, continued release of industrial land in London may be possible. However the rates of release seen over the last five years appear to be excessive and a more cautious rate of release is probably more appropriate.
- 3.14 London appears to be heading towards a situation in which most of its activities located in industrial areas will be associated with servicing the rest of London's economy and population. With the projected significant growth in London's population and economy over coming decades and the likely strong positive correlation between these activities and London's population it appears likely that at some point, potentially within the life of the current London Plan, there will be a case to switch from releasing industrial land to retaining most of the remaining land.
- 3.15 Whether such a shift is appropriate will depend upon the value placed upon these activities. Care is needed at a local level to be clear on what industry is being protected and to ensure that policies are sufficiently robust and unambiguous, and then are protected with vigour, to reduce the potential for blight, hope values and issues over bad neighbour activities with other sensitive land uses damaging industrial activities and viability.

Implications for LB Richmond

- 3.16 The study provides an up-to-date picture of LB Richmond's industrial land supply and overview of how this stock of space has changed over recent years. Key points for LB Richmond include:
- a LB Richmond's stock of industrial floorspace (as at 2012) is the 4th smallest of all London Boroughs. Only Westminster, City of London and Kensington & Chelsea recorded less industrial floorspace than Richmond.

- b The Borough records one of the lowest rates of industrial land vacancy within London (with industrial vacancy standing at around 1.8% in 2015, compared with 4.1% in the South sub-region and 7.8% across London as a whole).
- c The actual rate of industrial land release (between 2010 and 2015) exceeded the GLA's Land for Industry and Transport SPG benchmark rates of release by nearly 800% (8.8ha released over the 5 year period 2010-2015 compared with a benchmark of 1ha). This means that industrial land has been released to other uses in the Borough at a higher rate than recommended by the GLA across this period.
- d Average rental values for industrial premises in the Borough increased by 10.9% over the five years 2010 to 2015, falling behind the rate of increase across the wider Park Royal/A40/Heathrow area (14.9%) and also the 13.2% recorded across London as a whole.
- e The ratio between residential and industrial land values in 2015 in LB Richmond at 7.8 is higher than the wider Park Royal/A40/Heathrow (2.6) and London (3.2) averages. This relative gap places substantial pressure on industrial land from higher values uses, most notably residential.

3.17 The 2015 London Industrial Land Supply & Economy Study provides a useful overview of recent industrial supply side trends for LB Richmond, and places these within the context of London-wide trends.

3.18 The analysis is cited within the LB Richmond Publication Local Plan as a key justification for adopting a cautious and restrictive approach to protecting and releasing employment land within the Borough, as is the case for many other London Boroughs.

3.19 The evidence does, however, show that within the London-wide context, Richmond does not represent a significant industrial location; other Boroughs within the 'South London' sub-region such as Bromley, Wandsworth and Merton all have a much larger stock of industrial space and represent the main industrial locations within this part of the Capital.

3.20 Analysis presented in the 2015 study shows that the relative performance of the Borough varies across a number of industrial land indicators; on some metrics such as vacancy the Borough performs below the London average, while for others such as industrial rental growth it performs above. Issues associated with tightening supply and gradual erosion of space are faced across the whole of London and are not unique to Richmond.

GLA Employment Projections

3.21 GLA Economics regularly releases employment projections for the Capital and these are used by policy makers to consider the scale of job growth that could be experienced across London over the coming years. Data and analysis from GLA Economics form a basis for the policy and investment decisions facing the Mayor of London and the GLA group, as well as individual London Boroughs.

3.22 Within the Publication Local Plan, LB Richmond cite the GLA's 2015-based Employment Projections which estimate that the number of jobs in the Borough will grow by 18,000 jobs between 2011 and 2031 (para 3.1.32). However, it is not clear how the Council have identified this 18,000 job growth figure – Working Paper 67² (published in July 2015) shows that total employment within LB Richmond is expected to increase from 91,000 in 2011 to 105,000 in 2031; equivalent to an increase of 14,000 jobs, not 18,000.

² GLA Economics, Working Paper 67 Updated employment projections for London by sector and trend-based projections by borough, July 2015

3.23 Notwithstanding this inconsistency, a key limitation associated with the GLA economic projections is that while projections for total employment are provided by individual London Borough (by year), sector level data is only provided for London as a whole, so it is not possible to analyse how sector based employment is expected to change within individual Boroughs. This makes the GLA employment projections data less helpful for assessing future spatial implications associated with B use class sectors, and associated requirements for employment land.

2016 Projections

3.24 Since the 2015-based projections were released, the GLA have prepared an updated set of projections and these were published in June 2016. As per previous versions, these set out employment projections at London-wide and Borough level for total jobs, and by sector for London as a whole. These GLA employment projections will inform the next version of the London Plan, and as such are a relevant material consideration to inform Borough-level planning. They do however post-date preparation of LB Richmond's new Local Plan.

3.25 For Richmond, the 2016 GLA projections suggest strong employment growth over the coming years, and an accelerated rate of growth compared with earlier projections. They assume the same base point position of 91,000 total jobs in 2011, but indicate that the Borough's employment will grow by 24,000 to 115,000 in 2031. This scale of growth is 10,000 higher than implied by the GLA's projections published in 2015 – around 70% higher. The GLA do not provide local level intelligence to explain why the rate of implied growth has changed so markedly.

3.26 This significant fluctuation year-on-year does underline the significant limitations associated with forecast data and applying it within the context of planning policy. Furthermore, the 2016 GLA employment projections do not take account of possible future outcomes associated with the EU referendum result and Brexit. Within its accompanying report, the GLA note that this assumption will be kept under review for future reports. Experience from elsewhere suggests that the effect of Brexit has been to place downward pressure on macro-economic forecasts and outlook, with leading forecasting houses such as Experian downgrading expectations for UK economic growth, and this is also reflected within local level forecasts.

Updated GLA Evidence

3.27 In order to inform the London Plan review (consultation for which is expected in Autumn 2017), the GLA have recently published two new evidence base documents exploring various demand and supply issues with regards to industrial and office space across the Capital. These two documents were both published in June 2017 and therefore post-date submission of LB Richmond's Local Plan to the Secretary of State, however it is useful to briefly comment on headline findings and conclusions insofar as they relate to LB Richmond, particularly given their forthcoming significance as key evidence base documents for the new London Plan.

London Office Policy Review 2017

3.28 The London Office Policy Review 2017 is the most recent in a series of independent reviews of office market trends commissioned by the GLA. Ensuring that there is sufficient capacity to accommodate office-based activities is an important London and national concern. The LOPR series provides a regular monitor to ensure that London Plan policies are focused on achieving the Mayor's objectives in this area. LOPR provides an independent review of market trends and associated time series data to illustrate key themes and their bearing on policy. As noted above, LOPR 2017 will inform a full review of the London Plan and the preparation of Local Plans/Opportunity Area Planning Frameworks.

- 3.29 The 2017 LOPR notes that the London office market has changed significantly since the previous LOPR was undertaken in 2012. At the London level, there is sufficient potential capacity identified in the pipeline to accommodate projected growth, both in terms of increasing the density of existing office sites as well as developing previously non-office sites (e.g. wharves and rail land). There are however some spatial imbalances in capacity, with relatively limited supply in some CAZ boroughs such as Islington and Southwark, whereas there is potential spare capacity at untested off centre locations such as Old Oak Common, Stratford and the Royal Docks in Newham.
- 3.30 It also acknowledges that probably the biggest potential impact on demand for office space is through changing workstyles and further increases in homeworking, which combined with other changes in technological and organisational practices has the potential to reduce the demand for office floorspace by more than 10%. The other factor that has potentially a very large impact on the demand for new office space is the extent to which the extant stock of offices can be utilised at higher density. This may be through better utilisation of existing buildings or replacement of existing buildings with a more efficient product.
- 3.31 As noted in Section 2.0 of this report, LB Richmond's Publication Local Plan does not set a specific target for employment land provision or requirement for the Borough over the plan period to 2033. The 2017 LOPR provides a review of office-based employment projections and produces a series of office floorspace need estimates to inform the full review of the London Plan.
- 3.32 A 'composite' office floorspace projection is provided for each London Borough which combines a trend-based projection of what has happened to floorspace stock in the past with an employment-based projection that factors both structural employment projections and takes account of future development plans. For Richmond, this is equivalent to 78,100sqm over the period 2016-41. Compared with current estimated capacity (of 16,950sqm), this results in a shortfall of around 61,150sqm of office floorspace to 2041. Surplus capacity is identified in other London Boroughs such as Hillingdon, Hounslow and Hammersmith & Fulham.
- 3.33 The 2017 LOPR also provides an updated set of office guidelines for town centres, including an assessment of their office suitability. For Twickenham, it recommends that:
- “some office provision could be promoted as part of a wider residential or mixed use development. This would be likely to entail long-term net loss of overall office stock, partial renewal on the more commercially attractive sites and managed change of provision on less attractive sites.” (Appendix Six)*

London Industrial Land Demand 2017

- 3.34 This report assesses land demands for various types of industry and the amount of industrial land that London needs to maintain to ensure it continues to function as a successful and sustainable city. It notes that there is no definitive guidance as to what is the right amount of industrial land: as London continues to grow there are increasing pressures on all forms of land use activity to demonstrate that they are contributing efficiently to London's needs. Industrial land in London is under particular pressure given the high demand for housing land and the much higher land values that residential development commands compared to industrial.
- 3.35 Specifically, the study aims to inform the Industrial Release Benchmarks which are published in the Land for Industry and Transport SPG. The current SPG provides guidance on the amount of industrial land to be released at Borough level over the London Plan period 2011-31 and the context for this updated assessment is set by the fact that current release levels are running at well in excess of the benchmarks.

3.36 The study note that the industrial and logistics sector has responded in a number of different ways to the diminishing stock of industrial land across London. In the first instance there has been a price response, indicating that the market is functioning normally. Industrial rents have risen faster than elsewhere in the country. Even those property market corridors that extend beyond London's boundaries have seen higher rental growth in London than outside. This price response has in turn triggered further development and operational responses; notably intensification (accommodating more activity on the same amount of land), substitution (continuing to serve the London market, but more efficiently or effectively from outside of London's borders) and co-location (i.e. providing commercial space for industrial activity in mixed-use residential environments).

3.37 Like the 2017 LOPR, the London Industrial Land Demand study also provides an indication of future demand for industrial land across individual London Boroughs, using 2016 GLA Economics employment projections for London at sector level to estimate change in industrial employment to 2041. Because the GLA do not produce sector forecasts at Borough level, Borough sector forecasts are prepared by assuming that each sector grows at the same rate as the London sector forecasts.

General and Light Industry

3.38 For Richmond, this projects that general and light industry industrial floorspace in the Borough will decrease by between 9,500sqm and 10,700sqm between 2016 and 2041 (Table 6.3). Projections of floorspace by Borough are converted into demand for land by application of plot ratios, resulting in a decline of between 1.5ha and 1.6ha for Richmond, or an average of -1.6ha over the period to 2041 (Table 6.4).

Warehousing and Logistics

3.39 For warehousing uses, projected change in demand for floorspace and land between 2016 and 2041 in Richmond equates to 72,800sqm or 11.2ha.

Updated Industrial Land Release Benchmarks

3.40 Combining a number of components of industrial land demand with identified surplus associated with vacant industrial land suggests that a total of 233ha of industrial land could be released across London over the period 2016-41, or an average of 9.3 ha per annum. This is a significantly lower level of release than the 37ha per annum set out in the 2011 Industrial Land Benchmark study. For Richmond, the net release benchmark is -12ha.

3.41 Given the considerable tightening of the industrial land market in London, the study notes that the current categorisation of Boroughs into Managed, Limited and Restrictive should be revisited. Categories are therefore amended to:

- **Limited Release**– for those Boroughs where there is still a surplus of industrial land to release. These Boroughs are will be found predominantly in the Thames Gateway.
- **Retain** – this will apply to the majority of Boroughs and in such cases Boroughs should seek to retain their capacity to accommodate industrial activity.
- **Provide Capacity** – where Boroughs are experiencing positive net demand for industrial land and should seek some way to accommodate that demand.

3.42 The 'retain' categorisation is proposed for Richmond, indicating that the Borough should seek to retain its industrial capacity where possible to accommodate future activity.

Summary

- 3.43 To varying degrees, LB Richmond draws upon economic and employment land related evidence that has been prepared on behalf of the GLA to inform and underpin various employment related policies within its Publication Local Plan. A review of this evidence identifies a number of limitations and inconsistencies in the way in which London-wide evidence has been translated into LB Richmond specific planning policies.
- 3.44 GLA employment projections are released fairly regularly yet implied year-on-year change for LB Richmond has fluctuated significantly over recent releases, with an additional 10,000 jobs being added to the Borough's total employment forecast between the 2015 and 2016 editions (with no explanation provided as to why). They are clearly very volatile and sensitive to prevailing assumptions, although the latest (2016) projections fail to take account of the macro economic outlook associated with Brexit, which has resulted in downgrading of growth forecasts at a national level. They also appear to have been interpreted incorrectly by LB Richmond Council within the context of framing economic growth and employment policies within its Publication Local Plan, whereby undermining the basis upon which the new Local Plan has been prepared.
- 3.45 The Council has used evidence from the 2012 Land for Industry and Transport SPG and more recent 2015 Industrial Land Supply & Economy Study to justify its strict policy approach to resisting loss of industrial (and office) space on its remaining sites. The 'restricted' category for land release assigned to Richmond through the 2012 SPG does however allow for some flexibility for ongoing land release depending upon individual site circumstances. The Council's policy approach therefore seems disproportionate within the context of the evidence prepared and available.
- 3.46 The GLA has recently published new evidence base documents exploring various demand and supply issues with regards to industrial and office space across the Capital. These post-date submission of LB Richmond's Local Plan but provide a useful indication of the likely direction of travel for new London Plan policy on employment and economic growth. These re-affirm the tight demand/supply position in Richmond (and within other London Boroughs) and place the Borough within a 'middle-tier' industrial land release category whilst recognising that within the area of Twickenham specifically, office provision could be promoted as part of a wider residential or mixed use development although this would likely entail long-term net loss of overall office stock.
- 3.47 It is clear that the Borough has been losing more industrial space over recent years than recommended by the GLA's benchmarks, although this trend in itself is not sufficient to justify a 'blanket' protection policy applied to all sites across LB Richmond, including poor quality sites in locations that are unsuitable and unsustainable in enabling the Borough to achieve economic growth and prosperity.
- 3.48 The implication of the GLA evidence is that there are competing pressures on land for both residential and employment purposes. The Mayor of London's focus is therefore on schemes which can accommodate new homes whilst also increasing employment capacity. The focus here is on employment rather than floorspace and ensuring that London as a whole can meet future demand for employment growth. Within this context, redevelopment of the Greggs Bakery site for industrial uses would inevitably reduce the quantum of both floorspace and employment on site, whilst an office based scheme has potential to increase employment generating capacity.

4.0 Local Evidence Base

4.1 This chapter considers and critiques the local evidence base that has been prepared on behalf of LB Richmond to inform and underpin the various economic and employment land policies contained in the Publication Local Plan.

4.2 LB Richmond has commissioned a number of technical studies since 2006 relating to employment land needs and supply the Borough. These studies provide advice on the local economy and likely growth/contraction, an audit of existing employment land and premises and advice on policy direction within the context of potential gaps in provision. They include:

- 1 2013 Employment Sites and Premises Study (prepared by Peter Brett Associates).
- 2 2016 Assessment of Light industrial and Storage Stock in Richmond upon Thames (prepared by LB Richmond).
- 3 Employment Sites & Premises Study 2016 and 2017 Updates (prepared by Peter Brett Associates).

4.3 The key findings and implications arising from these studies are summarised in turn below.

2013 Employment Sites and Premises Study

4.4 LB Richmond commissioned an Employment Sites and Premises (ESP) study in 2013 to inform a review of the Council's economic policies in light of changing circumstances and events since the previous Employment Land Study was undertaken in 2009.

4.5 The study built an up to date picture of Richmond's employment sites and premises needs and provision, by area and sector, in order to support policy recommendations on the allocation, protection or release of employment sites. It includes a detailed assessment of the Borough's key employment sites and compared this with employment forecasts for the Borough based on long term projections and considered the implications this may have in terms of demand for employment land in the Borough.

What does the ESP study conclude about the balance of employment land demand and supply in LB Richmond?

4.6 The study assessed the long term demand for employment land over the plan period based on using the latest GLA employment projections available at the time of analysis, forecasts for office employment set out in the GLA's London Office Policy Review (2012) and also the GLA's forecasts from the Industrial and Warehousing Land Demand Study (2011).

4.7 At the time of study preparation, the latest available GLA Borough projections were those published in the 2009 Working Paper 39 in which the GLA used a triangulation forecast method to produce Borough level forecasts, bringing together trend based employment projections, site capacity projections and accessibility projections.

4.8 This triangulated forecast implied growth of 2,600 jobs over the 20 years 2011-31 in Richmond, representing a modest increase of 2.9%, or just 0.1% p.a. Although trend employment projections suggested that the Borough had very strong growth potential, these trend projections were constrained both by lack of capacity and by accessibility in the triangulation.

4.9 The triangulated employment forecasts showed that there are significant differences by sector with industrial sectors set to decline but also retail, finance and insurance sectors and public service sectors declining over this period. This outlook was broadly consistent with the baseline contextual analysis set out in the 2013 employment land study, i.e. that the property market

analysis showed a continuing loss of industrial floorspace and an office market which remained attractive to occupiers even during the recession.

- 4.10 In terms of forecasting demand for industrial land in LB Richmond specifically, the ESP study drew upon the latest edition of the Industrial Release Benchmarks Study (published in 2011) which projected a small decline in the amount of industrial land for Richmond over the period 2011-31 of -1.8ha. Within this overall total there was anticipated to be a decline in demand for traditional industrial offset by an increased demand for warehouse uses and some waste activity (Figure 4.1).

Figure 4.1 Net Demand for Industrial Land Richmond 2011-31

| Use | Hectares |
|----------------------------|-------------|
| Industrial | -18.5 |
| Warehousing | 13.1 |
| Waste | 3.6 |
| Other | n/a |
| Total Demand | -1.8 |
| <i>Surplus Vacant Land</i> | <i>0.0</i> |
| Net Demand | -1.8 |

Source: London Industrial Release Benchmarks Study

Source: Peter Brett Associates, Richmond Employment Land and Premises Study 2013

- 4.11 The GLA’s Land for Industry and Transport Supplementary Planning Guidance (2012) revised the Borough industrial forecasts following a consultation of the Benchmark study. The industrial forecasts for Richmond were revised to a total loss of -4 ha which is equivalent to a loss of -0.2 ha per annum between 2011 and 2031.
- 4.12 The 2013 ESP therefore concluded that there was scope for LB Richmond’s portfolio of industrial land to reduce in scale over the study period to 2031. It noted that in many cases this loss would be able to be recycled for other industrial uses but in some cases as industrial sites become redundant through firms moving out it may not be appropriate to recycle for industrial uses. The property market assessment showed that many of Richmond’s industrial sites are constrained, often hemmed in by housing or requiring access via residential areas, thereby reducing their attractiveness to industrial occupiers.

What are the study recommendations with regards to industrial uses?

- 4.13 In light of the decline in demand for industrial land identified as part of the study, the ESP study authors recommend that:

“All industrial land in the Borough is protected against the release of space to non-employment uses in line with policy EM2 of the Development Management Plan. The fundamental case for protecting this type of space lies at the borough-wide level: whether through cyclical shortage or structural under-representation, the stock of this space is small and fragmented. Even when not especially neighbourly, nor pleasing to the urban fabric, there is no real sign of vacancy other than in the most isolated pockets. In addition much of the space is currently used to service local economy and local residents.” (para 9.14)

- 4.14 The study notes that larger industrial sites servicing a wider economy are very few and far between and as the buildings near the end of their functional life they will come under pressure for conversion. Many of the sites suffer from real accessibility constraints and for this reason are not likely to meet industrial occupier’s future needs. Mixed use developments with an employment element should be supported on these sites and where possible, space to address

the shortage of low-cost and simple 'shed style' space that offers utility to a wide range of occupiers from transitional 'metal bashing' to new media companies.

What does the study conclude about the Greggs Bakery site?

- 4.15 A detailed site assessment of Richmond Borough's key sites was undertaken as part of the 2013 ESP. The Greggs Bakery site was one of 73 sites included within this assessment although the final study report does not provide detailed conclusions from this appraisal exercise for individual sites.
- 4.16 Despite lacking this justification, it notes that the Twickenham area gives the impression of being the "workshop" of the borough. It also suggests that many of the area's industrial buildings are old, coming to the end of their useful lives and there is likely to be pressure for redevelopment.
- 4.17 The Gregg's site is considered to dominate the supply of industrial space in Twickenham and is noted as being important. The employment land around it was noted to suffer from attritional loss to residential, and unless access can be improved to ameliorate impacts on residential areas, this was considered to potentially present a policy challenge.

Are the study assumptions robust, evidenced and transparent?

- 4.18 Lichfields' previous Employment Land Assessment undertaken in August 2016 noted that whilst the 2013 ESP follows a recognised methodology for assessing economic development needs that is broadly consistent with Government guidance, there are some aspects of its approach that make its forecasts of future employment land needs in the Borough less robust.
- 4.19 These include a lack of transparency within the site assessment process, various deficiencies with regard to scenario development and a lack of intelligence provided on the industrial property market in and around the Borough, making it difficult to be able to compare quantitative demand forecasts and requirements with more qualitative feedback on market signals, needs and gaps.

2016 Assessment of Light Industrial and Storage Stock

- 4.20 This report was prepared by LB Richmond's Local Plan Team in June 2016 within the context of recent Government policy to provide greater flexibility for change to alternative uses without requiring planning permission as part of its agenda to free up the planning system in order to provide more homes.
- 4.21 In order to help inform the Council's future strategy and response to these changes, an assessment was undertaken of the Borough's Business Parks and Industrial Estates in order to assess the quality of industrial and warehousing stock. This concluded with a series of recommendations as to whether B8 and B1c/B2 stock should be protected, primarily because of the scale and quality of the stock. It was considered by the report that protection of core industrial uses, i.e. general industry, light industry, warehouses, open storage and self-storage could be achieved through identifying the industrial sites within the Local Plan and preventing inappropriate change of use on these designated sites through the implementation of strict policies to protect and enhance the existing employment land.
- 4.22 The Greggs Bakery site was included within the 'West Twickenham Cluster' for the purposes of assessment and this cluster was recommended for designation as a 'Locally Important Industrial Land and Business Park' in the emerging Local Plan. The Council acknowledge within their own quality assessment that the 'West Twickenham Cluster' is one of the poorer performing sites in the Borough, scoring within the bottom 20% in terms of 'quality'. Within their 2016 report, the

Council note that in terms of the condition of the building, “generally, those properties defined as “good” or “high” quality were considered as worthy of protection as were modern buildings and good quality period properties.” The condition of buildings in the West Twickenham Cluster’ are described as ‘fair’, inferring that they are not necessarily worthy of protection.

- 4.23 In the locally important industrial land and business parks, it is noted that loss of industrial space will be strongly resisted unless full replacement provision is provided, which should be on-site. New industrial, storage and distribution development, as well as improvement and expansion of such premises, is encouraged in these areas, particularly new B2, B8 or B1(c) floor space, subject to other policies in the Plan. Proposals for non-industrial uses will be resisted unless the proposed uses are ancillary to the principal industrial use on the site.

Employment Sites & Premises Study - 2016 Update (Demand)

- 4.24 This study was commissioned by LB Richmond in response to a number of representations made to the pre-consultation version of the Borough’s Local Plan that suggested that the Plan, as drafted, was unsound and the evidence base dated. It therefore seeks to respond to these concerns by reviewing the strategic policy and existing evidence with a view to advising on whether the policies as proposed were potentially unsound. It was carried out by Peter Brett Associates (PBA) who also carried out the 2013 ESP.
- 4.25 In particular, the 2016 study updates the demand side assessment, partly because new employment projections had been recently released by the GLA, but also national forecasting houses had updated their view of national (and regional) demand since the previous ESP study was carried out in 2013.
- 4.26 It focuses purely on demand side factors and does not consider the supply side of the ELR (which followed in early 2017 – see below). The report concludes that the Borough is chronically short of employment land, with positive demand for industrial and warehousing land (and offices) but very little stock nor scope to provide new. At the time, it therefore endorsed the strong land retention policies in the draft Plan.
- 4.27 The 2016 study considers two different sets of employment projections for the Borough taken from GLA Economics June 2016 and Experian (September 2016) covering the new Local Plan period to 2033. Both of these imply a scale of employment growth that significantly exceed the forecasts available at the time of the 2013 ESP study preparation, although only the Experian projections were converted to future employment floorspace requirements as the GLA projections don’t provide sufficient sector breakdown information.
- 4.28 When assessing future economic development needs, Government guidance (via the PPG) recommends testing a range of approaches including undertaking demographically derived assessments of future employment needs (i.e. labour supply techniques) to consider the scale and nature of future supply of labour that may be available to take-up employment opportunities in the Borough. The 2016 update study does not consider this approach as part of its quantitative assessment of demand for employment land over the plan period to 2033 and therefore continues to fail to comply with national guidance on undertaking economic development needs assessments.
- 4.29 Furthermore, the Experian projections analysed as part of the study shows that traditional manufacturing will decline very slightly over the study period, but that the industrial sector grows as a whole because key construction sectors grow along with land for transport. This implies that the position in terms of anticipated growth in industrial sectors in the Borough is nuanced, and not all sites and locations that have historically performed well for

accommodating manufacturing activity may also be as well suited to those sectors in demand going forward.

- 4.30 With regards to site/supply suitability, the study also acknowledges that until the supply side assessment is carried out (summarised below), it is not possible to be clear on whether the proposed allocations in the Pre-publication draft Local Plan are capable of employment use, alone or as part of a mix of uses.

Employment Sites & Premises Study - 2017 Update (Supply)

- 4.31 This update study, undertaken by PBA and published in May 2017, followed publication of the demand side update in December 2016 (as summarised above). It revisits, and reviews, the allocated Industrial sites and the allocated Key Office Locations set out in the Pre-publication draft Local Plan.

- 4.32 It was undertaken in the context of conclusions set out in the 2016 update study that:

“It is almost impossible for the Borough to successfully balance the market. Losses have exceeded any estimate of future demand. Pressure from competing uses, coupled with national policy which now strongly weighs in favour of new housing makes providing net additional employment land unlikely.” (para 1.6)

- 4.33 The focus of the work is on reviewing the Borough’s employment land portfolio to consider whether the stock remains fit for purpose, and providing some qualitative guidance to help future development management decisions.

Key Office Areas

- 4.34 Each of the Key Office Areas in the Borough is visited and examined, providing a general overview of the quality of office stock, general market conditions, and assessment of the scale of losses to PDR. Overall, a judgement is made on the health and functioning of the centre and the suitability of the Key Office Area designation.

- 4.35 The list does not include the ‘West Twickenham, south of River Crane’ Key Office Area, within which the Greggs bakery is located, which is subsequently allocated in the Publication Local Plan through Policy LP 41 Offices. The new Local Plan would therefore appear to grant allocated status to the site in absence of an up-to-date suitability assessment.

Locally important industrial land and business parks

- 4.36 The second phase assesses 22 locally important industrial land and business parks designations, and a further 10 site allocations that could potentially deliver new industrial floorspace against a range of fitness-for-purpose criteria. Sites are identified as either:

- 1 Designated sites that are attractive to industrial occupiers and fulfilling their function; or
- 2 Designated sites that are not attractive to industrial occupiers because of constraints, and may not get redeveloped for industrial use in the future.

- 4.37 Of the 22 locally important industrial land and business parks assessed, only two fall within the second category, including the ‘West Twickenham cluster (including Gregg’s Bakery and surroundings)’ site.

- 4.38 The study notes that the site is located within a residential area like many of Richmond’s industrial sites, but it also has particularly poor access arrangements that significantly constrain its potential for redevelopment for alternative forms of industrial use. It scores poorly across a range of market attractiveness criteria including internal and external environment and local

accessibility, particularly when compared with other sites in the Borough. Specific commentary is provided as follows:

“The Greggs site is likely to come forward for redevelopment, and in this eventuality it is very unlikely the whole site can be retained in employment use. But the rear of the site could accommodate smaller light industrial units with reasonable access and servicing arrangements. This type of light industrial space is in chronic short supply in the Borough.” (para 3.12)

“Greggs bakery may be available for redevelopment within the short term. Mixed use redevelopment a likely probability. Intensification and extension of the cluster may be difficult given the proximity of residential uses and the constrained access. Unlikely to support general industry, but hybrid space may be better suited...”

... The departure of Greggs presents an opportunity to redevelop a large site. However, the layout and location of the site has a number of constraints including access, hours of operation and the types of industrial activity permitted limiting the amount of employment floorspace that could be delivered. Redevelopment of the site would realistically be through a mixed use scheme. The northern part of the site, fronting the River Crane, is the most suitable area for employment use.” (Appendix A)

- 4.39 Whilst the report authors do not consider there are any designated sites that should be released at the present time for other non-employment based uses, they note that the Greggs site may more appropriately be managed as a possible mixed use redevelopment opportunity.
- 4.40 The study concludes by saying there is a considerable gap in supply, and demand for both industrial and office space, which substantially exceeds supply. It recommends that the Borough needs either to identify further land allocations, or through the Duty to Cooperate, look to partner FEMA Councils to accommodate the demand.

Summary

- 4.41 LB Richmond’s local evidence base on employment land has recently been updated in response to previous representations that the new Local Plan policy drew upon out-of-date evidence (i.e. taken from the 2013 ESP study). The first part demand update was published in December 2016, followed by a supply side update in May 2017.
- 4.42 Surprisingly, the Publication Local Plan does not refer to the 2016 and 2017 update work, nor does it cite employment growth projections and associated employment floorspace requirements that the update work provided.
- 4.43 The Government’s Planning Practice Guidance (PPG) says that authorities should “*develop an idea of future needs based on a range of data which is current and robust*”. Based on the above review, it is considered that the Council’s local planning policy is deficient in terms of presenting a PPG compliant objective assessment of employment land needs for the Borough and in justifying the need to allocate and/or retain all industrial land. There is no clear evidence on the need to allocate the Greggs Bakery site for employment purposes over the Plan period.
- 4.44 Indeed, the Publication Local Plan continues to seek to allocate the Greggs Bakery site for wholly employment uses despite up-to-date independent and objective evidence recommending a mixed use redevelopment approach. Within this context, the proposed allocation of the site as locally important industrial land would appear to contradict the Council’s own evidence on the intrinsic quality and suitability characteristics of the Greggs Bakery site and its potential for supporting industrial activity over the longer term.

4.45 We do not consider the proposed approach to be justified, effective or consistent with national policy. In short, we do not consider the rationale for designation of this site as locally important industrial land to be sound. This is despite updated evidence being prepared in an attempt to address previously noted concerns through previous rounds of Local Plan representations.

5.0 Overall Conclusions

5.1 This section draws together the analysis and evidence contained in the earlier sections to examine the case for the redevelopment of the Greggs Bakery site for residential-led mixed uses, to potentially include some commercial space for start-up businesses. In doing so it makes clear why Lichfields do not consider the Council's proposed approach to allocating the site as locally important industrial land to be sound.

5.2 In particular, it summarises the key points from a detailed evidence base critique that has been undertaken by Lichfields ahead of LB Richmond's Local Plan EiP in Autumn 2017, framed within the context of Gregg's interests at the Gregg's Bakery site on Gould Road, Twickenham.

What does the Publication Local Plan say about the Greggs Bakery site?

5.3 The Greggs Bakery site is designated as both a 'locally important industrial land and business park' and 'Key Office Area' through Policies LP 42 and LP 41 in the Publication Local Plan. Both of these policies apply a strict protectionist approach that strongly resists loss of existing industrial and office floorspace unless the full quantum of existing space is re-provided on site (through redevelopment).

5.4 This approach is inconsistent with previous consultation versions of the new Local Plan/Site Allocations Plan which included – back in late 2013 – proposals for the site to be allocated for mixed use development. The Council appears to have changed its approach to the site's designation without justification or evidence, and have maintained the current retention based approach despite a range of up-to-date demand and supply side evidence being prepared and presented. Furthermore, it does not reflect previous representations submitted by Greggs which provide various justifications for why the site is not suitable for such designation.

5.5 As noted above, there is no evidential basis for the Greggs Bakery site being identified within a 'Key Office Area' under Policy LP 51 given it comprises an historic industrial site, and therefore does not perform an office role.

What does the GLA's London-wide evidence say about employment land demand/supply issues across the Capital as a whole and within LB Richmond specifically?

5.6 Various London-wide economic growth and employment land evidence studies have been undertaken and published over recent years, including recently in the lead up to the new London Plan. LB Richmond relies upon these to varying degrees as part of its local policies set out in its new Local Plan.

5.7 Recent GLA employment projections are very sensitive to macro-economic growth assumptions prevailing at the time of preparation and are characterised by significant year-on-year fluctuations in recent years. They do however imply a trend of increasing demand and projected job growth across the Capital and for LB Richmond specifically.

5.8 For industrial uses, the evidence points to a generally tightening supply position across London, especially within parts of South West London, recommending that policy responses start to shift to a 'retain' rather than 'release' approach. This tightening position is echoed within LB Richmond, although the Borough is certainly not unique in facing severe challenges to accommodating industrial demand, and analysis shows that within a London-wide context, Richmond is not a significant industrial location.

- 5.9 From an office perspective, market demand conditions have been challenging across London over recent years – but particularly within areas outside of the Central Activities Zone – driven by changing workstyles and national Permitted Development Rights policy. The recently published LOPR (2017) anticipates that LB Richmond will be unable to accommodate office demand over the coming years but also notes that some areas such as Twickenham should focus on mixed use developments as the most pragmatic way of facilitating provision of good quality office space in future.

What does local level economic evidence say about the need for employment land within LB Richmond and how this is best accommodated?

- 5.10 Having previously relied upon the 2013 ESP study as the key source of evidence to inform employment policies within the new Local Plan, LB Richmond Council subsequently commissioned two new studies to update the position on demand and supply of employment land. These supersede previous studies (such as the 2013 ESP) although are not specifically referred to within the Publication version of the Local Plan.
- 5.11 The first (2016) study identifies updated job growth and employment floorspace requirements for the Borough over the plan period to 2033 and concludes that this scale of need is very unlikely to be able to be met within the Borough boundary. It recommends that the Borough should either identify further land allocations, or through the Duty to Cooperate, look to partner Councils within the wider FEMA to accommodate the demand.
- 5.12 The second (2017) update study acknowledges that supply side suitability is a crucial factor and identifies the Greggs Bakery site as one of the poorest performing industrial sites in the Borough. In light of its particularly poor access arrangements, which significantly constrains its potential for redevelopment for alternative forms of industrial use, the report authors recommend that the site is ‘less attractive to occupiers’ and would be more appropriately managed as a possible mixed use redevelopment opportunity.

Following this review, are there any aspects of the evidence base and/or the Council’s application of the evidence that are considered to be unsound?

a) Economic development needs

- 5.13 Beyond an over-arching policy that supports a diverse and strong local economy, LB Richmond’s Publication Local Plan does not set a specific jobs growth target for the Borough over the plan period to 2033, nor a target for employment land provision/requirement. In effect, it does not state what level of economic growth is being planned for over the period to 2033, despite having recently commissioned an update of economic development needs.
- 5.14 It therefore fails to establish a PPG compliant requirement for economic development uses over the plan period, and fails to demonstrate whether or not the Borough can accommodate an objectively assessed need through its proposed office and industrial allocations. It applies a ‘blanket’ protectionist policy to the bulk of its remaining employment sites across the Borough yet does not provide a clear and evidenced rationale to justify the approach. In doing so, the Council’s proposed employment policies fail to reconcile demand with supply, a crucial component of assessing economic development needs as set out in the Government’s national planning policy guidance.
- 5.15 The Local Plan employment policies can therefore not be considered sound when considered in the context of national policy requirements.

b) Interpreting London-wide evidence

- 5.16 In absence of locally specific economic development needs being identified and justified within the Local Plan, LB Richmond Council appears to use GLA evidence (including the 2015 London Industrial Land Supply & Economy Study) as justification for a blanket protection policy, despite more recent locally specific evidence and intelligence that some of the Borough's sites (including the Greggs site) are no longer suitable for continued employment use in the same way as in the past, and that redevelopment for a wider mix of uses represents the only feasible way of retaining some sort of employment use on them.
- 5.17 Proposed policies LP 42 and LP 41 in the Publication Local Plan therefore appear to contradict the Council's own evidence on the intrinsic quality and suitability characteristics of the Greggs Bakery site and its potential for supporting industrial (and office) activity over the longer term. This lack of evidence and transparent logic chain does not meet the London Plan requirement for locally significant industrial sites to be designated on the basis of robust evidence demonstrating their particular importance for local industrial type functions to justify strategic recognition and protection and therefore cannot be considered to be sound.
- 5.18 In any event, there is some flexibility within the GLA's land release benchmarks and the GLA recommends that individual London Boroughs supplement this guidance with their own more detailed local evidence.

c) Interpreting local evidence

- 5.19 With regard to LB Richmond specific economic evidence, the key area of concern identified through this review is the proposed designation of the Greggs Bakery site as both a 'locally important industrial land and business park' and 'Key Office Area' despite up-to-date independent and objective evidence suggesting that the site is less attractive to occupiers, has significant constraints in terms of its potential for industrial redevelopment and therefore recommending a mixed use redevelopment approach on the site. Whilst the majority of Richmond's employment sites inevitably face some type of constraint (such as being located within a residential area), the Greggs Bakery site is one of only two sites identified by the 2017 PBA supply study as a candidate for non employment-led redevelopment.
- 5.20 Within this context, the proposed allocation of the site as locally important industrial land would appear to contradict the Council's own evidence on the intrinsic quality and suitability characteristics of the Greggs Bakery site and its potential for supporting industrial activity over the longer term. There is also the issue that the Greggs Bakery site is not included within PBA's 2017 review of Key Office Areas yet is designated as such in the Local Plan, highlighting an inconsistent approach to evidence base production and subsequent planning policy.

Plan-making Implications

- 5.21 We do not consider the proposed approach to designating the Greggs Bakery site to be justified, effective or consistent with national policy. In summary, we do not consider the rationale for designation of this site as either locally important industrial land (Policy LP42) or as a key office area (Policy LP41) to be sound.

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