

# Mid Devon District Council

## SCLAA Methodology



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Appendix 1: Model for calculating commercial site delivery rates

## **1.0 Introduction**

- 1.1 Strategic Commercial Land Availability Assessments (SCLAAs) are studies that form part of the evidence base for the preparation of Local Plans. They help identify potential sites that may be deliverable and developable for new employment land over a period that looks forward over the next 15 to 20 years (or the period of the Local Plan).
- 1.2 Mid Devon District Council has produced a methodology for undertaking SCLAA. This methodology was published in 2013 and reflects national changes in planning policy and guidance.

## **2.0 About the Strategic Commercial Land Availability Assessment (SCLAA)**

- 2.1 A Strategic Commercial Land Availability Assessment (SCLAA) is an assessment of land in a specific area that is likely to be available and capable of development for new employment within a certain timeframe. The period covered by SCLAA is typically 15 to 20 years (or the period of the Local Plan), beginning from the following April. The SCLAA identifies suitable sites with potential for commercial development, investigates their economic potential and assesses whether they are likely to be developed (i.e. assessing suitability, availability and achievability). The SCLAA assesses the supply of employment sites and sets out an economic development trajectory for the plan period.
- 2.2 The assessment of sites for new commercial development through the SCLAA process and the identification of potential commercial sites in the SCLAA report does not indicate that the sites will be allocated for new commercial development within a Local Plan or be granted planning permission. The SCLAA instead forms part of the evidence base to inform plan-making. Any sites deemed suitable, available and achievable by the SCLAA process will still be subject to public consultation, sustainability appraisal and independent examination if they are taken forward through the Local Plan preparation process. However, the SCLAA may be a material consideration in the determination of planning proposals.

## **3.0 National policy and guidance**

- 3.1 The National Planning Policy Framework (NPPF) requires local planning authorities to build a strong, competitive economy. The NPPF states in paragraph 161, that local authorities should assess:
  - *‘the need for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development;*
  - *the existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs. Reviews of land available for economic development should be undertaken at the same time as, or combined with,*

*Strategic Housing Land Availability Assessments and should include a reappraisal of the suitability of previously allocated land;*

- *the role and function of town centres and the relationship between them, including any trends in the performance of centres;*
- *the capacity of existing centres to accommodate new town centre development;'*

3.2 Preparation of a SCLAA is one means by which local authorities achieve these objectives, along with the preparation of the Strategic Housing Land Availability Assessment (SHLAA), Strategic Housing Market Assessment (SHMA), Employment Land Review (ELR), Retail Study and Tourism Study. National Planning Practice Guidance (NPPG) sets out how local planning authorities should undertake a SHLAA and a SCLAA assessment. If significant changes are made to national guidance, this document may be subject to further revision.

3.3 National policy also advises that local authorities should work together, to ensure a joined-up and robust approach. However, since the timescales for the preparation of development plans by local authorities differs, completion of a single SCLAA covering all partner local authorities is not practicable at this time. Mid Devon will undertake the SCLAA process individually, in accordance with this methodology, and explore the potential for a joint approach across the wider functional economic area as soon as possible.

3.4 To aid local implementation of SCLAA, this methodology provides further detail on a number of additional matters including:

- Participation of key stakeholders in the process
- A minimum site size threshold of 0.25ha or 500m<sup>2</sup> of floor space
- A method for estimating the commercial potential for each identified potential site
- A model for calculating site commencements and build out rates
- Details of information to be included in the SCLAA report

## 4.0 The SCLAA Panel

- 4.1 Integral to the preparation of SCLAA is a ‘panel’ of key stakeholders who have a recognised interest in the development of land for employment or other commercial uses. Membership of the panel is representative of the broad cross-section of the commercial development industry, including commercial building developers (volume and smaller scale schemes), local property agents and other related professionals, local community representatives and relevant public bodies. Local community representatives may be elected members or representatives of local community or voluntary organisations.
- 4.2 Many panel members will have knowledge across the whole SCLAA area, and can advise the Council. However, sometimes a different representative from the same organisation will attend instead of the named attendee, in order to provide more locally specific knowledge.
- 4.3 The panel operates in an advisory capacity, making use of their specialist knowledge. The Council will identify whether sites are ‘available’ and strategically ‘suitable’, and the panel will then advise on ‘achievability’. Panel members such as the Highway Authority, Environment Agency and Natural England will also advise further on suitability of sites if required. The expertise and knowledge of panel members is important in helping the Council identify deliverable and developable sites which can contribute to the supply of commercial development and jobs. Panel members are not precluded from commenting on sites they have an interest in, however, they are required to declare an interest if they have a site under consideration. For further details on how the panel operates or to obtain a copy of its constitution and terms of reference please contact Liz Pickering at Mid Devon District Council.

## 5.0 Role of the local authority – assessing ‘suitability’ and ‘availability’

- 5.1 A wide variety of sources will be used to identify potential sites. A list of potential sources is set out within the Government’s guidance. However, one of the principal methods for identifying such sites will be a public consultation exercise, undertaken by the Council. The ‘call for sites’ will be targeted at landowners, agents, developers and town and parish councils to identify sites that are not currently within the planning process. Other known sites will be included, such as existing allocations, current/lapsed planning permissions, draft allocations etc. In addition, a press release will be made available to draw attention to the process. The Council may set out in the SCLAA Report which sites were identified from which sources.

### Minimum site size for inclusion

- 5.2 The Council recognises that surveying all sites (particularly where a large number are small) will be a resource-intensive process. In order to strike a balance between work that is feasible and the consideration of small sites through the SCLAA, a minimum site size threshold will be set at **0.25 hectares or 500 square metres floorspace**.
- 5.3 Smaller sites of less than 0.25 hectares or 500 square metres floorspace will not be surveyed, but where planning permission has been granted these will be included within the existing

commitments which make up part of the SCLAA report’s economic development trajectory. Such sites are considered available, suitable and achievable.

Visiting sites

- 5.4 Ideally, all sites that meet the inclusion criteria should be visited. However, this may not be possible given the resources available, particularly if a significant number of sites are identified. Sites that have planning permission may not need a visit, if the necessary information can be obtained from planning and building control records.
- 5.5 Site surveys are to be undertaken by officers from Mid Devon District Council. Panel members may also undertake site visits in order to provide detailed advice on the potential deliverability and developability of sites. Standard site appraisal forms will be used for each site and combined to form appraisal documents that will be published alongside the SCLAA Report. A copy of a site appraisal can be obtained by contacting Liz Pickering at Mid Devon District Council.

Estimating commercial potential for each site

- 5.6 The whole area of a proposed site may not all be developable for commercial use or directly used for sales. The area for commercial development on larger sites may be reduced through the provision of infrastructure such as access roads and sustainable drainage systems. The development potential of individual sites may also be affected by constraints such as biodiversity conservation, protected trees or the presence of heritage assets.
- 5.7 To reflect the realistic developable site area, assumptions about site coverage will be applied to all sites according to use class. Assumptions are consistent with those in the Viability Assessment prepared for the Mid Devon Local Plan and will be revised alongside any revisions to the viability evidence base. Exceptions to these assumptions will only be acceptable where evidence justifies an alternative site coverage percentage (such as through testing against similar locations) or on advice from the SCLAA Panel.

<b>Development type / use class</b>	<b>Example scheme</b>	<b>Site coverage</b>
Retail – larger format (A1): convenience	Large supermarket	40%
Retail – larger format (A1): comparison	Retail warehousing – edge of centre	25%
A1-A5: small retail	Convenience stores	50%
B1(a) Offices: town centre	Office building	60%
B1(a) Offices: out of town	Office building (business park / various)	40%

centre		
B1(a) Offices: rural	Farm diversification, rural business centres, ancillary to other rural area uses	40%
B1, B2, B8: Industrial/ warehousing	Start-up / move-on unit	40%
B1, B2, B8: Industrial/ warehousing	Larger industrial/ warehousing unit including offices – edge of centre	40%
C1 - Hotel	Hotel – various types – tourism-led (range dependent on market/type). 60 bed.	80%
C2 – Residential institution	Nursing home / care home	60%
Sui Generis/other		Decided case-by-case

#### Assessing suitability for employment land

- 5.8 A site is suitable for development if it offers a suitable location for development and would contribute to the creation of sustainable, mixed communities that are within or adjacent to existing settlements. A two stage approach is applied to determining whether potential sites are in suitable locations for commercial land development. The following locations will be considered unsuitable and removed from the process under Stage A:

<b>Stage A assessment criteria</b>	
<b>Locations considered to be unsuitable for commercial development</b>	<b>Justification</b>
Site and potential scale of development for employment does not accord with strategically appropriate locations through: <ul style="list-style-type: none"> <li>• The Development Plan (e.g. saved policies, published, submitted or adopted Local Plan), or</li> <li>• National guidance on the sustainable location of development</li> </ul>	Development in locations unrelated to settlements defined through existing/emerging development plan policies may not contribute towards the creation of sustainable, mixed communities.

Where the majority of the site <sup>1</sup> impacts upon the following designated sites of biodiversity or geodiversity importance: <ul style="list-style-type: none"> <li>• Site of Special Scientific Interest (SSSI)</li> <li>• Special Area of Conservation (SAC)</li> <li>• Ramsar site (wetlands of international importance)</li> <li>• Special Protection Area (SPA)</li> </ul>	National policy advises against development that would have an adverse impact on national and internationally important nature and geology conservation interests.
Flood risk zone 3	Comprises land within the functional floodplain or land at high probability of flooding.

5.9 Sites that have been deemed suitable under Stage A will then be considered against further criteria within Stage B. The site criteria take into account policy restrictions, physical problems or limitations, potential impacts, and the environmental conditions which would be experienced by prospective workers. While the local authority will conduct the initial assessments of site suitability, specialist advice of the Highway Authority, Environment Agency and Natural England may alter the Council’s conclusions regarding environmental impacts.

<b>Stage B assessment criteria</b>	
Potential for impact on: <ul style="list-style-type: none"> <li>• Biodiversity, the historic, cultural and built environment</li> <li>• Landscape character</li> <li>• Mineral resources</li> <li>• Air quality</li> <li>• Water Source Protection Zones</li> <li>• Open space and recreation facilities</li> </ul>	Other considerations: <ul style="list-style-type: none"> <li>• Access to public transport, services and facilities</li> <li>• Highway access, pedestrian and cycle links</li> <li>• Land status</li> <li>• Constraints to delivery, including flood risk</li> <li>• Infrastructure capacity</li> <li>• Compatibility with existing and/or proposed surrounding uses</li> </ul>

5.10 Sites allocated in existing plans for employment or with planning permission for commercial development will be regarded as suitable unless there have been subsequent changes in

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<sup>1</sup> Very large sites may include a portion of sites with Stage A constraints, and such cases the developable area or yield should be modified.



circumstances which may affect this position. Where access to a site relies upon third party land that does not form part of another SCLAA site with identified commercial potential, it will be regarded as undeliverable. A standard form will be used to assess suitability.

#### Assessing availability for commercial development

- 5.11 Sites brought forward during a call for sites, including those nominated by any landowner/agent/developer or the planning authority, need to be confirmed as available by the landowner/agent via a commercial land availability form. Sites with planning permission subject to the completion of a S106 agreement will be assumed to be available unless the local authority has knowledge to the contrary or following advice of the panel. Further investigation may also identify legal or ownership problems, such as multiple ownerships, ransom strips, tenancies or operational requirements of landowners which could affect genuine availability.

#### Determining employment potential of windfall sites

- 5.12 Local authorities may make an allowance for windfall sites if there is compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply. Where such circumstances exist, and where there is a likely insufficient amount of commercial floorspace through the SCLAA to meet development plan provision totals, a windfall allowance may be used.
- 5.13 To determine the level of windfall allowance, an estimate will be made of the potential from each likely source of land for employment through reference to past completion rates from local authority monitoring data. To estimate the potential from each source the average annual completion rate from the source will be calculated, taking care to avoid double counting sites and coming to an informed view as to:
- Whether the annual rate is likely to increase or decrease
  - Whether the pattern of redevelopment is likely to remain the same, grow or decline
  - Whether current market conditions are likely to stay the same, worsen or improve in the future

## **6.0 Role of the SCLAA panel – assessing ‘achievability’**

- 6.1 It is primarily at this stage that the panel provide their input, this forming a significant element of the overall SCLAA process. It is the role of the panel to advise on the ‘achievability’ of each site based on the information supplied by the Council collated through the earlier stages of the process. Mid Devon District Council should inform the panel whether there are known to be abnormal costs relating to infrastructure, and what requirements may exist for the provision of open space and other community facilities or biodiversity considerations to make development acceptable in sustainability terms. The panel will advise whether a potential site can be determined achievable by there being a reasonable prospect that commercial

floorspace will be developed on the site at a particular time. The panel may also wish to adjust the floorspace for sites due to constraints or advice on the likely number of units that can be accommodated.

- 6.2 The Council may choose to supplement panel responses through the use of viability modelling, and/or advice from other sources where this may be relevant to help determine whether commercial floorspace is an economically viable prospect for a particular site. The Council may also examine the robustness of the findings through testing against alternative delivery scenarios.
- 6.3 The panel and local authority will work together to consider ways to overcome constraints where they have been identified as preventing a site from being currently deliverable or developable. Due to the complexity of issues it is difficult to specify a set approach and the Council must work with the consultees and other partners to consider the best course of action. Achieving a consistent approach will be important where possible.

## **7.0 Calculating delivery rates of commercial sites**

- 7.1 To support the role of the SCLAA panel, and to subsequently enable calculation of the economic development trajectory, a model is used to express the likely start date of sites. A 15 year period (or the Local Plan period if longer) is used to set out the delivery period of all commercial sites, which begins from the April of the year following the SCLAA review. The calculation is applied to those employment sites deemed suitable, available and achievable. Sites stipulated by the panel as unachievable are not included. The model for calculating delivery rates is set out at Appendix I. Commercial developments are often built out within one year of commencement. However, large sites may be built out unit-by-unit according to demand, so it is unreasonable to assume that all floorspace associated with a SCLAA site will be delivered in one year. Unless a site is known to deliver only one unit of development, delivery of floorspace will usually be spread across a 5 year period (or longer depending on scale) for the purposes of producing an economic development trajectory.

## **8.0 The SCLAA Report**

8.1 The Council will produce a report upon completion of the assessment which will form part of the Local Plan evidence base. The report will include:

- A detailed assessment for each potential site, cross referenced to a map / plan showing the location and boundary of the site.
- A spreadsheet listing all potential sites presenting the potential commencement of commercial development and build out on an annual basis, grouped in five year tranches
- An indicative economic development trajectory showing potential delivery each year on sites deemed suitable, available and achievable
- Whether a windfall allowance has been included
- Details of residual valuation models used to supplement panel responses on achievability (if applicable)

8.2 Paragraph 161 of the NPPF requires local authorities to identify and review their supply of sites for economic development. The Council will use its SCLAA to review and update its calculation, which provides a 15 year picture of potential commercial site delivery. The Council will include the economic development trajectory within the Annual Monitoring Report.

## **9.0 Reviewing the assessment**

9.1 The SCLAA will need to be reviewed in whole, or in part, on a regular basis. Dependent on circumstances and resources available, this may take place annually or after another period specified in the Council's most recent SCLAA report. A full SCLAA review may require a new call for sites, whilst a partial review will only require an updating of the SCLAA report.

9.2 Either a full or partial review of the assessment will provide an update on the availability and achievability of sites in the SCLAA, including an evaluation of any changes in circumstances. The following information should be recorded:

- Whether sites have been completed or are under construction
- Whether sites have planning permission
- Progress which has been made on removing constraints to development and the achievability of sites
- The identification of any new constraints
- Whether any previously unidentified sites have come forward that were not included in the SCLAA but meet the minimum site size threshold (i.e. 0.25ha/500 square metres floorspace)
- Summaries of any other commitments (sites permitted or under construction), such as those falling below the 0.25ha/500 square metre floorspace threshold.

- 9.3 If the assessment or subsequent reviews highlight that insufficient sites have been identified to meet development plan targets, a ‘broad locations’ approach can be taken, which will locate general directions of growth for new development. If this approach is taken it will need to be justified in the SCLAA report and any estimates of potential employment land supply will need to have regard to the nature and scale of opportunities within the area identified and market conditions.

## **10.0 Joint documentation**

- 10.1 The Council will seek to use the same documentation format throughout the SCLAA process as has been used in SHLAA. The following list sets out the documents that are in use:

- Potential Commercial Site Form (New Sites)
- Potential Commercial Site Form (Availability Review)
- Site Suitability Appraisal Form
- Spreadsheet for presentation of potential sites
- SCLAA Panel constitution and terms of reference

- 10.2 Copies of the documentation are available on request from Liz Pickering at Mid Devon District Council.

**Appendix I: Model for calculating commercial site delivery rates**

<b>Commencement of sites</b>				<b>Build out rate</b>
<b>Sites where units are under construction</b>	<b>Sites with serviced land but no units under construction</b>	<b>Sites with planning permission but no infrastructure</b>	<b>Suitable sites without planning permission</b>	
Commence in Year 1	Commence in Year 2	Commence in Year 3	Commence in Year 4	Equally spread across a 5 year period or longer for strategic sites