

Representation to
Mid Devon District Council



March 2014

REPRESENTATIONS TO MDDC Local Plan Options Consultation

Harcourt Kerr from time to time represents land owners, commercial occupiers and developers across the Mid Devon District Council area.

Philip Kerr FRICS, as principle, has been active in this work in the south west geographical area for over fifteen years with particular emphasis on Mid and North Devon.

The firm has been responsible for assisting clients in bringing forward land and buildings in the rural and urban context for both commercial and residential uses including the reuse of property to meet new and emerging markets. By so doing the firm, as part of a professional team, delivers achievable and viable schemes in locations secured ultimately by the market demand.

The representations we make are on behalf of a raft of clients who are affected by planning policy in Mid Devon. We are particularly looking at Employment land Policies and those other policies that have impact on growth.

These representations are made to Mid Devon District Council

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signed _____

21.03.14

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Vision and Spatial Strategy

This is generally supported.

There is no real reference to the way in which the plan will work spatially but we assume this could be tightened as the consultation process distils the vision into a more site specific and geographical representation of the local plan's aspirations.

The district is primarily reliant on a rural (including tourism) economy and overarching sentiments to "*support sustainable economic success*" are laudable however needs to be followed through with policies that allow this to happen. So, prescriptive policies that are too aspirational and specify uses and mixture of development will stifle this strategy.

Already the rural hinterlands have been compromised by development made on a piecemeal basis or through legitimate agricultural expansion and the vision should be to improve and implement high quality development management policies rather than be too prescriptive on use.

Translating the words used such as **lively, successful, optimised, feasible** (etc) relies on viable development and so the vision and special strategy should recognise economic viability as a paramount feature of implementation of the plan.

The NPPF has a strong theme on this (for example PARAGRAPHS 18 TO 22 and 28).

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Policy S2

We broadly support this policy however the following areas contrive against free market conditions and are too prescriptive

- a) and b) the policy discusses the three main towns and an aspiration for a new community but does not identify J27 as a location that is for employment generation when the spirit of the pages following clearly identifies that location as the main growth point for the district?

There is a conflict in the statement "limited level of development in identified villages" and the aspiration to secure 53000sqm or 34000sqm (Policy S3) of employment space into the rural economy regardless of J27. (With J27 88,000sqm of space suggested). Using normal development ratios, the delivery of 54,000sqm will require about 40 acres of land excluding any strategic landscaping. If the 'limited' policy is implemented literally, the development target may be stifled as 40 acres of land is 'significant' in the context of the few villages capable of taking development.

- c) defined shopping areas are now an anachronism as retail habits change. The high street should not prescribe any uses and so allow uses in the widest possible range from residential to schools to clinics as well as shops. For example, housing turned to shops with underused upper parts over the decades should be allowed to fall back into original uses. So in a similar way to the removal of village boundaries so should "Town Centre Boundaries" be removed. These are marked dark blue on each of the town maps.

NPPF paragraphs 23 to 27 inform direction in this regard.

- k) Is Dartmoor National Park relevant here as it is 50 miles away?

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Policy S3

We support the sentiment to balance the employment development between the towns and the rural areas. The policy should be clear to include villages, to include obvious arterial locations away from villages (eg A38 corridor) and land around j27.

Paragraph 160 of the NPPF states that LPA's "should have a clear understanding of business needs within the economic markets operating across their area" and this should translate into an assessment of the floor space required. Such evidence will lead to an understanding of the required balance between town centre, edge of town and rural (to include Junction 27).

Notwithstanding the results of that distribution a new balance can be achieved in **both** Option 1 and Option 2 as the amount and distribution can be set without removing opportunity from the three main towns and without the need for a full new community.

This can be achieved because the 154,000sqm of space is over ambitious when compared with historic take up, south west norms or take up and the perceived demand in an averagely good economy (rather than the recent recessionary times). So to over allocate (or state that they are **minimum** amounts) across the board does achieve choice and diversity and the growth will follow albeit not to the total levels suggested in any particular location. The evidence base for the suggested distribution of commercial development in each location is scant however to provide choice, diversity and flexibility to occupiers by over providing does not harm the thrust of this policy.

The business cycle in typical market towns and the larger rural areas such as Mid Devon naturally produces vacant space commercial space from time to time as businesses move, absorb each other, contract in space terms, or perhaps cease to trade. So as this space emerges the need for new spaces is lessened. The use of old stock can be efficient and at the right price for new and smaller businesses or even advanced hi-tech enterprise. This cyclical effect means the demand for new stock of buildings in a rural area is demanded by a fewer than often perceived. Evidence in Mid Devon of new buildings over that last ten years suggest this trend. One other area of demand for new buildings has been from the public sector in areas such as health defence government and public services, however with budgets being frozen or cut the likelihood of this avenue of growth, especially in a predominantly rural area cannot be relied upon. So we say that unless there is compelling evidence otherwise there is a strong likelihood that the allocation quantum will not be reached in the plan period.

However the allocation of land at the right location such as j27 will act as a magnet for the demand with the added benefit of attracting inward investment from footloose business within the south west peninsular.

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Policy S7

This is broadly supported. We have already stated that the 154,000sqm of development is questionable. The evidence base for this is not clear though we note the GL Hearn ELR and the Retail Study has some empirical base.

Table HK-ED attached is stark reminder of the Mid-Devon record producing 2.5% of the predicted 204,000sqm of the last ten years (which included a time of economic prosperity, good credit on property and general growth in the south west).

We have made a separate submission on Junction 27 which if allocated would help achieve the requirements of the NPPF on delivery of a **strong, competitive economy** (Chapter2 heading).




Table HK-ED
MDDC - Employment Land Delivery 2009 to 2014
Analysis

Allocation	Proposed	Delivered	
AL/CU/1	40000	0	
AL/CU/13	15000	0	
AL/CRE/7	4150	0	
AL/CRE/12	0	21000	0 contingency site
AL/BA/2	4000	0	
AL/BO/2	1700	0	
AL/BO/3	2100	0	
AL/KE/1	500	0	
AL/TIV/1	130,000	0	
AL/TIV/9	7000	0	
TOTAL	204450	0	

EMPLOYMENT LAND DELIVERY 2002 to 2008

Cullompton	39000	2000
Rural (Willand)	46900	3500
Tiverton	33000	0
Crediton	14000	0
	132900	5500

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Policy S8

We have mentioned that we believe the vitality of the town centres is achieved by liberalising the habits of post-war development and concentrating on footfall, aiming for higher quality and avoiding the trap of mono-use for the sake of it. (sic Mary Portas review). We are not sure that **Policy DM 16** is flexible enough in this regard. **Policies DM 17 and 18** also need to chime so as not to exclude the market demand for larger retail floor-plates and reflect emerging shopping habits.

By extracting public realm receipts from planning higher value uses the town centres can be continually upgraded to meet emerging demand and there should be no worry about over-demand/under supply as the market will self-adjust and the policies should be flexible enough to cope. Development Management policies need to reflect the significant change in the way town centres will function.

Such a direction in policy would be more compliant with the spirit of **NPPF Chapter 2 (paras 23 et seq)**

Policy S9

We would have expected to see something more on Tiverton Parkway at this stage of the process as it is a key asset which has national and regional resonances. Mid Devon is well within the journey to work sphere for Exeter (and Bristol) and policies on infrastructure to support this should be framed to work with this Local Plan.

Buses are important to a rural economy and the policy is silent (other than a general aspiration) in this regard. **The NPPF devotes 13 paragraphs to Transport (Chapter 4)** and we do not see this policy adequately addressing some of the detail required.

Policy S15 Countryside

We support this broadly and in particular paragraph 2.74. However for the sentiment in this paragraph to be fulfilled there needs to be a better direction in the policy for business growth as the words **small scale** and **appropriately scaled** imply that larger enterprises would suffer from an overly degree of control.

We have mentioned Paragraph 160 of the NPPF states that LPA's "**should have a clear understanding of business needs within the economic markets operating across their area**" and this should translate into an assessment of the type and location of rural space required.

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Policy S12

We believe the projections of the ELR to be ambitious and if coupled with the allocations existing and proposed the space, the levels suggested will not be taken up.

Apart from reason already stated on general demand, the junction 28 is extremely constrained and unlikely to be resolved as the financial contributions required would not be met by value generated from development. The design and costs need to be understood for the policy to stand up and only then can the expansion envisaged be gauged accurately.

Allocation	Proposed	Delivered
AL/CU/1	40000	0
AL/CU/13	15000	0
AL/CR2/7	4150	0
AL/CR2/12	0	21000 0 contingency site
AL/BA/2	4000	0
AL/BO/2	1700	0
AL/BO/3	2100	0
AL/KE/1	500	0
AL/TIV/1	130,000	0
AL/TIV/9	7000	0
TOTAL	204450	0

EMPLOYMENT LAND DELIVERY 2002 to 2008		
Cullompton	39000	2000
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Policy CU 13

We merely state that Cullompton is not likely to support more than 25,000sqm of employment space over the plan period. So the plan is over ambitious. Employment land cannot contribute to infrastructure requirements of j28 to any great degree (such burdens destroy viability completely) so pure employment land not coupled with more valuable development is unlikely to come forward.

Cullompton (j28 M5) as a location competes with north east Exeter development (j29) which has enjoyed large infrastructure boosts in recent years, releasing land for a wide variety of business uses.

So any footloose company, or indeed Cullompton based business would find the viability far stronger at Exeter and so there is a very good economic reason for Cullompton not to be attractive to major industry. It will rely on expansions and local small scale occupiers and the total demand will not reach 25,000sqm in the plan period.

So the markets are already limited for Cullompton at the outset of the plan period.

Policy CRE1

We support this allocation. A planning application compliant with the current policy will be with MDDC within three months.

We observe that the 15 hectares of green infrastructure is within the Conditional Exemption area of Downes House and as such is subject to a Management Plan agreed with HMRC. The rules associated with that status mean that no development can take place and the land has to stay in current use (agriculture).

The new application soon to be submitted includes footpaths and amenity land with connectivity to the town and footpath system in a way that does not affect the Conditional Exemption area (though one footpath crosses through it) and so the green infrastructure and the access will be there by default. The land cannot (and would not anyway) be released by the Estate.

So we submit that b) is surplus to the policy as it cannot be implemented.

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CRE 6

We merely state that 22,000sqm of commercial space is unlikely to be delivered during the plan period.

For reasons stated above and the altogether poorer location of Crediton compared with Cullompton, Tiverton and Exeter itself will mean the level of business related development will be stifled.

Rural Areas – para 3.111

The table 26 has ambitious targets and some sites are likely to never produce any floor space as follows

- Bouchier Close Bampton – not in plan period
- Bow – both sites
- Kentisbeare – uncertain
- Morrels farm - - less than 10,000sqm

Rural Exception Sites – 4.13

We support this on the basis there is the ability, as is stated, to have genuine cross subsidy for market housing so the site comes forward.

Policy 27

Please see separate paper

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Development Management Policies

DM3 High Quality design

We are not convinced that this policy complies with paragraph 59 of the NPPF as the policy appears to contradict “.....avoid unnecessary prescription of detail...”

DM3 Sustainable development

This appears to depart from NPPF guidance as there are additional levels of prescription dictated rather than expressed as an aspiration.

The viability of most commercial development will be rendered negative (even with the land cost at £1/very low) if the design is too prescriptive. The wording of this policy should reflect Government prevailing direction (and that is to include viability) and be no more ambitious in order that regular commercial development can take place.

Cyclical nature of business in smaller towns

The rise and fall of commercial property in marginal locations



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Business locations in smaller towns

Most UK towns are characterised by a business district that has developed because the location is good enough for the emerging production or service industries to set down roots and grow. Those companies alight on a location for a variety of reasons, sometimes because it is close to labour markets or raw materials, sometimes for historical or family ownership. Perhaps management reasons on logistics or environment prevail and in other cases it is down to price.

Whatever the origin of a particular location's ability to attract the occupiers, it is soon tested as to whether it remains the ideal place for a business to invest. This is because business is dynamic and requires a constant ability to be able to meet new challenges which are often expressed by the need for larger, different or more efficient premises. Of particular keen interest in current times is the drive to cut fuel and other running costs as well as provide the best working environment for the entire workforce. Such initiatives are increasingly augmented by government policy generally based on 'sustainability' and now manifest themselves in corporate social responsibility.

Market Towns

This model is no better seen in smaller and market towns, perhaps with a population of no more than say 15,000 (but often in locations of between 5,000 and 10,000) where a company starts to expand and over a period of years of successful trading to the point where it becomes the largest employer and often the main occupier of space. Subsidiary suppliers in a variety of trades also spring up and so the town is in effect dominated by say one or two significant employers with a cascade influence of business throughout that location perhaps prevailing over several years. Clearly the larger the town the less obvious this is to see in any particular business district though usually a major employer creates this effect in any business vicinity.

Trading Changes

Smaller towns are very vulnerable to the effect of a trading change of the principal business which paradoxically can be catastrophic even if the business continues to expand. Clearly if the business fails then the town is suddenly exposed to an excess of labour and business space which may not easily or quickly be replaced.



However, even when commerce is good, the effect can be negative, as the enterprise can be forced to move simply due to the pressures of a vibrant business. Take-over by a larger business is in effect an efficiency matter and if the new parent has the financial muscle to centralise elsewhere then there will be release of space which if a complete relocation, the original town almost overnight has a big supply of space.

Another reason that a company may leave one town to move to another is simply due to the investment criteria in staff, training and buildings that will be an imperative in balancing the expansion equation. Often the small town location will not have the critical mass of value or resource to warrant any further investment so the business is forced to move to a more appropriate location. If the town is well enough located then the expansion may be self-absorbed in the form of a new commercial centre (relocation across town- still releasing space) but in many cases the smaller town is abandoned in favour of stronger centres leaving a series of buildings or locations that will need to be subdivided to attract the smaller end of the market. Only with luck and time will these incubate to once again form larger businesses that then progressively fill the low-priced second hand space. They do this in favour of commissioning new buildings on new land.

The cycle

So a cycle develops whereby a major employer can become a significant part of a town's economy and then for a number of reasons it evaporates and the vacuum cannot necessarily be filled with ease and by default provides the town with a large supply of space for smaller business to occupy.

Some space will be now obsolete or too specialist or expensive to adapt. Part of the standing stock will be appropriate for embryonic business, but in a fraction of the space available. Certain sites will attract regeneration and that is very often for a different land use.

The net result however is there is a surplus of space that will take perhaps as many years to refill as the original expansion of the town took in the first place. Typically this could be 6 to 15 years building in the normal fluctuations in the UK business economy. In terms of cost the space is economical and as time elapse becomes more and more economic for a business to occupy when compared with new space, which has an accelerating cost profile



Precedent

One classic example of this was in the early days of Vodaphone who started life in Newbury Berkshire they expanded to take over fifty individual buildings within the town, most of which were released when they moved to their own business park. Similarly Allied Dunbar as the major office user in Swindon released so many office blocks when their business changed that the local market was devastated for well over a decade.

In Marlborough (Wiltshire) the Ramsbury Building Society was taken over and became the Regency & West of England which necessitated a new office headquarters built in the town. Later when the Portman Building society took them over and closed the Marlborough operation in favour of a headquarters in the larger centre of Bournemouth. This left a surplus of offices for about 10 years in the town and today the building is multi occupied.

In Devon at Tiverton Reuters in 2009 eventually moved to grade-A space in Exeter releasing two large buildings which have slowly been absorbed by smaller concerns, with some space still available for over five years. Reuters had outlived their operation with a need to provide modern space in a vibrant and appropriate community to keep and attract the best staff. Such space would never be produced in Tiverton.

In mid-2012 two cold stores and 300 jobs leave Willand as the contract moves to the modern facility at Bridgwater. The buildings are now at the end of their useful life and interestingly it took five years to find a buyer at a price equating to about a quarter of a new build price to relocate from Exeter. This was a price related move and the space is to be refilled. Meanwhile adjacent newly serviced employment land lies untouched.

The same has happened to Lloyd Maunder in Willand (1400 jobs down to 900) as certain operations become uneconomic (15 acres + of redundant space currently). As a result well priced and unexpected space has come to the market for new price conscious entrants.

In Bampton, Global Chemicals made household fragrances until 2008. They first moved out of a large facility at Exbridges (about three miles from Bampton) as the operations were absorbed into larger and more efficient plant outside the area in the Midlands. Then eventually the smaller operation in Station Road was abandoned leaving space that is still empty (five years so far).

In Barnstaple the long established Branham Pottery (1847- because the raw material was close) expanded into new premises in the 1980s and regrettably failed as a business in 2010. This resulted in large and unexpected floor areas and yards of space coming to the



market. In the same town Leaderflush Shapland now part of a major conglomerate has close their facility releasing large amounts of space.

In the public sector we see examples of rationalisation in hospitals, former educational institutions or military establishments being released to provide interesting and useful space close to or within a local town. Often planning policies mean that these can be released to a wide variety of business or as part of a mixed scheme, the site become reused in a viable way.

These are examples and our observation is that these are not at all isolated -more that they are normal market reactions with varying effect depending on the size and location of the town.

Summary

So emerging and dynamic companies particularly in smaller communities, tend to outgrow their birthplace and if there is no fundamental geographical tie for the business (for example raw materials), they will arrive at an economic point where they will be forced to move away regardless of local opportunity. So land provision in predetermined local authority plans per se does not answer the need unless they are absolutely in the right location.

If a business stays in the wrong place, then they are likely to be less successful allowing the business to stagnate or reduce and so space will also eventually become available as that business retracts. Each location therefore has a natural ceiling as to the size of business it can support beyond which there is bound to be a change. In areas where there are no grants or subsidy the ceiling is lower and so poor and smaller locations will display these tendencies.

The site has to match an attraction for the right staff, the increasingly sophisticated efficiencies (on all fronts including buildings) to enable growth and secure external investment, all of which is far less easy anything but the best locations. The best locations are self-evident and are created on a regional scale so smaller towns end up losing the right to retain business as it migrates. No amount of planning engineering will alter that course of events with certain exceptions, which usually can be predicted.

Conclusion

A ceiling to business investment in a particular locality means that the correct and measured level of land and opportunity for business must be made available in each town. Any more or wrongly located land will mean that the land has no prospect of economic output.

A choice is of course essential but over supply and weak locations simply confuses the reality as these sites languish indeterminably being of very limited appeal. Under supply is less of a problem and if robust exception policies exist then usually a business can find a way to expand in the place it finds most economic and practical.

Land of uneconomic and poor business profile can be seen in many formal allocations across the UK, especially in smaller towns. These parcels are kept alive in the plan in an attempt to address wider political and technical planning aspects such as choice and sustainability; but such policies misunderstand that business will only locate to suit its well-being at the time and will always be prepared to move and will only invest where it is viable so to do.

In forming commercial land policy in smaller towns, it is essential to have a good understanding of the business dynamic of a particular location and avoid making the assumption that firms will take up land because it is allocated rather than explore the more obvious economic routes open to them.



Recycled buildings need to be counted into the mix of allocating employment land in smaller locations