

Agenda Item 11

Executive Member	Councillor Duncan Irvine, Executive Member for Planning
Strategic Management Team Lead Officer	Jack Straw, Corporate Head of Service for Planning
Author	Jane Smith, Principal Planning Policy Officer
Telephone	01306 879144
Email	jane.smith@molevalley.gov.uk
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Wards affected	All	Key Decision	Yes
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Subject	Interim Policy Statement on Employment Land
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RECOMMENDATION

That Executive recommends to Council that an Interim Policy Statement on Employment Land is published and is subsequently taken into account as a material consideration in the determination of planning applications.

EXECUTIVE SUMMARY

MVDC is in the process of producing a new Local Plan, 'Future Mole Valley', which will guide development and land use in the District to 2033. Once adopted, the Plan will form the basis on which planning applications will be decided in the District.

The current timeline for preparation envisages adoption of the new Local Plan in December 2019 (see report on updated Local Development Scheme). In the meantime, there is pressure from developers seeking to redevelop employment land in the District for housing. Coupled with this, expanded permitted development rights enabling the conversion of office floorspace to residential without the need for planning permission have resulted in the loss of significant office floorspace in the District.

As part of the Local Plan process, MVDC will continue to review options for maximising use of previously developed land to meet the demand for housing. But this should not be at the expense of the District's economy or the aims of MVDC's emerging Economic Prosperity Strategy.

It is recommended that MVDC publishes an Interim Policy Statement which sets out the intended direction of travel for planning policy concerning re-use of existing employment land for other purposes. This will not be a formal planning policy, but will be based on up to date evidence and will be a material consideration to which weight can be attached in the determination of planning applications involving the loss of business floorspace.

CORPORATE PRIORITY OUTCOMES

ENVIRONMENT

A highly attractive area with housing that meets local need

- In consultation with the community, develop plans for how land is used in Mole Valley. We will set out proposals for residential, leisure, and commercial development, which balance residents' needs with protection of the Green Belt

PROSPERITY

A vibrant local economy with thriving towns and villages

- Continue to drive the transformation of Leatherhead Town Centre and support the market-town culture and economy of Dorking
- Adopt a pro-business outlook across the District, addressing infrastructure needs, in particular parking provision which balances the needs of residents and local businesses

The Executive has the authority to determine the Recommendations

1. INTRODUCTION

- 1.1. MVDC is currently in the process of producing a new Local Plan, 'Future Mole Valley', which will guide development and land use in the District to 2033. Once adopted, the Plan will form the basis on which planning applications will be decided in the District.
- 1.2. The current timeline for preparation envisages adoption of the new Local Plan in December 2019 (see separate report on an update to the current Local Development Scheme).
- 1.3. At present, decision making in the district is based on the policies in the 2009 Core Strategy and saved policies from the 2000 Mole Valley Local Plan. Both plans predate national policy guidance contained in the National Planning Policy Framework (2012) and amendments to the Town and Country Planning (General Permitted Development) Order 2015.
- 1.4. The purpose of the proposed Interim Policy Statement is to bring current economic evidence on employment land and floorspace up to date and indicate the direction of travel of emerging District-wide planning policies.

2. CURRENT POLICY

- 2.1. One of the government's core planning principles is that planning should be genuinely plan-led. Under the heading 'Building a strong, competitive economy' local planning authorities, in drawing up local plans, are advised to set out a strategy which positively and proactively encourages sustainable economic growth whilst achieving flexibility to allow a rapid response to changes in economic circumstances.
- 2.2. The National Planning Policy Framework (NPPF) para 22 states '*Planning policies should avoid the long term protection of sites allocated for*

employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed.

- 2.3. The effective re-use of previously developed land is encouraged with another principle being the need to take account of the different roles and character of different areas.
- 2.4. At present, the policy framework in the Core Strategy and Mole Valley Local Plan safeguards a number of specific employment sites. Core Strategy Policy CS12 refers and seeks, inter alia, to safeguard and recycle accessible and well located industrial and commercial sites. Larger sites are specifically identified on the Proposals Map and, in the main, had previously been identified in policy E2 of the 2000 Mole Valley Local Plan (which is a saved policy).
- 2.5. Policy CS12 also safeguards other sites which are not specifically identified on the Proposals Map but are considered to be “accessible and well located”. Furthermore, it sets out a series of policy criteria which together summarise MVDC’s priorities for a sustainable economy.
- 2.6. In the Dorking Town Area Action Plan, Policy DT11 echoes MVLP saved policy E2 in resisting the loss of existing accessible and well located industrial and commercial land and premises to other uses. There are also localised policies for the protection of employment land in Neighbourhood Development Plans.

3. CURRENT PRESSURES

- 3.1. There is pressure from developers seeking to redevelop employment land in the District for housing. Coupled with this, expanded permitted development rights enabling the conversion of office floorspace to residential without the need for planning permission have resulted in the loss of office floorspace in the District. Although a number of Article 4 Directions have been served to address the latter issue, they have not yet come fully into effect and applications have been made in the meantime for conversion of a number of the affected buildings.
- 3.2. MVDC’s Corporate Priorities include adopting a pro-business outlook and the emerging Economic Prosperity Strategy will be one means to be proactive in supporting the District’s economy. At the same time, the Future Mole Valley Issues and Options consultation recognised that in maximising the best use of land there may be potential for the release of employment land to alternative uses. The public response to such releases was relatively positive.
- 3.3. The purpose of the proposed Interim Policy Statement is to set a direction of travel which strikes the correct balance between employment and other uses, notably housing. It will help MVDC to take account of current evidence and adopt a clear and consistent approach to the determination of planning applications and defending appeals, in advance of adopting a new Local Plan.

- 3.4. It is recognised that this form of Policy Statement falls outside of the statutory procedures for development plan adoption and that it will not form part of the Development Plan. The Interim Statement will however be relied upon as a material planning consideration in the determination of planning applications. Its contents are supported by consultation responses to the emerging local plan and are based on the latest up to date evidence and information. It thus represents a material planning consideration to which significant weight can be attached in the determination of applications involving the loss of business floorspace.

4. DRAFT INTERIM POLICY STATEMENT

4.1. The draft Interim Policy Statement is attached as Appendix 1. It sets out the purpose of the statement (section 1) and the current local and national planning policy context (sections 2 and 3). Section 4 then presents updated evidence about the current employment land supply and trends in the availability of employment land in Mole Valley. This section draws on monitoring data and the evidence base for the emerging Local Plan (notably the Economic Development Needs Assessment June 2017). It also highlights key issues arising from MVDC's Corporate Priorities, the Mole Valley Rural Community Strategy and the emerging MVDC Economic Prosperity Strategy.

4.2. Based on the above, Section 5 of the Draft Interim Policy Statement sets out three Core Principles which it is proposed will be taken into account when assessing planning applications affecting the availability of employment land. In summary, these are:

1. to prioritise the retention of the most accessible employment land, particularly where it is part of a business park, research park or other existing cluster of employment uses;
2. to exercise flexibility in the consideration of applications involving more isolated or less accessible employment land, while still requiring that the scope for retaining employment uses is thoroughly explored;
3. to protect employment uses which contribute to a successful, sustainable and diverse rural economy.

Financial Implications

There are no direct financial implications as a result of publishing the Interim Policy Statement on Employment Land. By setting out MVDC's intended approach to the determination of planning applications involving loss of business floorspace, it should be possible to reduce the risk of abortive costs being claimed against MVDC during the planning appeal stage.

Legal Implications

The proposed Interim Policy Statement on Employment Land falls outside the statutory procedures for development plan adoption and does not claim to be part of the Development Plan for Mole Valley. However, it is capable of being a material consideration in the determination of planning applications, as set out in section 70(2)

of the Town and Country Planning Act 1990 and section 38(6) of the Planning and Compulsory Purchase Act 2004.

In order to guard against legal challenge, it will be important that the status of the Policy Statement is made clear in any Development Control Committee reports and/or reasons for refusal of planning permission.

2.0 OPTIONS

Option 1 is to recommend to Council that MVDC publishes the Interim Policy Statement on Employment Land and takes it into account as a material consideration in the determination of planning applications. This is the recommended option.

Option 2 is not to progress the Interim Policy Statement on Employment Land. This is not recommended.

3.0 CORPORATE IMPLICATIONS

Monitoring Officer commentary

The Monitoring Officer is satisfied that all relevant legal implications have been taken into account.

S151 Officer commentary

The s151 Officer confirms that all relevant financial risks and implications have been taken into account.

Risk Implications

Option 1 will put MVDC in a stronger position to make consistent and robust planning application decisions which are consistent with up to date evidence and support the wider objectives of the Council.

If Option 2 is taken, MVDC can continue to base planning decisions on current adopted Development Plan Policy, which seeks to safeguard accessible and well located employment land. However, such decisions may be more successfully challenged at appeal due to the lack of an up to date policy framework based on current evidence. This will be particular the case if MVDC expresses a general intention to consider reallocation of employment sites to alternative uses as part of the Future Mole Valley process, without providing clarity about which sites would be prioritised for retention in employment use.

Equalities Implications

No equalities implications have been identified.

Employment Issues

There are no employment issues.

Sustainability Issues

The Interim Employment Statement will support MVDC in making effective decisions to balance the District's employment and housing needs, which is consistent with the three dimensions of sustainable development (economic, social and environmental) as set out in the NPPF.

Consultation

The draft Interim Employment Statement takes account of and reflects issues raised during recent public consultation on the Future Mole Valley Local Plan (Issues and Options Consultation 1 July to 1 September 2017). It also takes account of issues raised by MVDC Members in relation to the direction of travel of the Future Mole Valley Local Plan and the emerging Economic Prosperity Strategy. No specific public consultation is proposed.

Communications

A press release will be prepared and the interim policy statement published on the website.

BACKGROUND PAPERS

Annex 1 – Interim Policy Statement on Employment Land

INTERIM POLICY STATEMENT ON EMPLOYMENT LAND October 2017

1. Introduction

- 1.1. Mole Valley District Council is in the process of producing a new Local Plan, 'Future Mole Valley', which will guide development and land use in the District to 2033. Once adopted, the Plan will form the basis on which planning applications will be decided in the District.
- 1.2. The current timeline for preparation envisages adoption of the new Local Plan in December 2019. To date decision making in the district has been informed by policies from the Council's Core Strategy (2009) and saved policies from the Local Plan (2000). Both documents predate national policy guidance contained in the National Planning Policy Framework (2012) and amendments to the Town and Country Planning (General Permitted Development) Order 2015. This Interim Policy Statement (IPS) thus serves to help bring the Council's approach to employment land and floorspace up to date. It provides stakeholders with clarity on the Council's policy priorities on employment land in advance of the Local Plan reaching a more advanced stage.
- 1.3. Evidence has been produced to inform the Issues and Options Consultation on 'Future Mole Valley' undertaken in summer 2017. This recognises a strong demand for housing in the District. Commercial (office, industrial and warehouses) and retail growth is expected to be accommodated on existing employment land and, subject to a number of factors, there may be a small surplus of commercial floorspace by the end of the plan period.
- 1.4. There is pressure from developers seeking to redevelop employment land in the District for housing. Coupled with this, expanded permitted development rights enabling the conversion of office floorspace to residential without the need for planning permission have resulted in the loss of a significant level of office floorspace in the District.
- 1.5. The District Council is seeking to be proactive to the challenges it faces in what is a tightly constrained District. The Future Mole Valley Issues and Options consultation recognised that in maximising the best use of land there may be potential for the release of certain employment land to alternative uses. This statement provides clarity on the principles that will be used to identify which sites may be considered for alternative use, and which sites will continue to be safeguarded to ensure a healthy local economy.
- 1.6. It is recognised that the adoption of this Interim Policy Statement, *agreed by the Council Executive on 28 November 2017 / agreed by Full Council on 5 December 2017*, falls outside of the statutory procedures for adoption as a development plan document. It is, however, supported by consultation responses to the emerging local plan and based on the latest up to date evidence and information and is a clear statement of the intended future direction for employment land use by the Council. It thus represents a material planning

consideration to which weight can be attached in the determination of applications involving the loss of business floorspace.

2. The Development Plan

2.1. The statutory development plan for Mole Valley comprises:

- **The Core Strategy 2009**

Adopted in 2009 the Core Strategy sets out a vision, objectives, spatial and overarching planning policies that guide new development in the District up until 2026. Goal 3 'Local Economy' is '*To maintain a successful, sustainable and diverse local economy*'. Policy CS12 refers and seeks, inter alia, to safeguard and recycle accessible and well located industrial and commercial sites. These were originally defined in the Mole Valley Local Plan (2000) and are identified on the Mole Valley Local Development Framework Proposals Map.

- Saved Policies within the **Mole Valley Local Plan**, adopted in 2000.

Saved Policy E2 refers and resists the loss of existing suitably located industrial and commercial land in built up areas to other uses unless its retention for industrial and /or commercial use has been fully explored without success. Larger sites to which this policy applies are identified on the proposals map. Smaller sites may also regarded as suitably located when assessed against criteria set out in the policy.

- **The Dorking Town Area Action Plan 2012**

Adopted in December 2012 this plan indicates where new retail and residential development will be directed within the central area of Dorking. It also establishes a range of policies that deal with issues surrounding the safeguarding of industrial and commercial land, change of use of retail premises, design and infrastructure and environmental improvements.

Policy DT11 echoes local plan saved policy E2 in resisting the loss of existing accessible and well located industrial and commercial land and premises to other uses. It also however defines a 12 month period over which unsuccessful marketing of such premises must be undertaken at a realistic level before alternative uses can be considered.

- The adopted **Neighbourhood Development Plans** of Ashted (May 2017) and Bookham (May 2017). Both Neighbourhood Development Plans (NDPs) seek to guide development over a plan period to 2026.

An economic aim of the Ashted NDP is to '*Encourage the retention of existing business premises and the appropriate expansion of local firms*', this aim being supported by existing policies of the Council's development plan.

Policy BKEC4 of the Bookham Neighbourhood Plan seeks to safeguard land in

industrial and commercial use with particular emphasis on the retention / provision of accommodation for small to medium sized enterprises. Supporting text recognises the conflict arising from the government's desire to increase the supply of homes with the reduction of local employment opportunities. Where marketing of a site at a realistic level has occurred for a period of at least 12 months and proved unsuccessful alternative proposals should include *'a mix of uses and/or provide facilities that deliver a benefit to the community and meet the wider objectives'* of the plan. Supporting text indicates that mixed use development should provide at least the same number of jobs which, by making more efficient use of land, may release surplus land for housing.

3. National Planning Policy Framework (NPPF) (March 2012)

- 3.1. One of the government's core planning principles is that planning should be genuinely planned. Under the heading 'Building a strong, competitive economy' local planning authorities, in drawing up local plans are advised to set out a strategy which positively and proactively encourages sustainable economic growth whilst achieving flexibility to allow a rapid response to changes in economic circumstances.
- 3.2. NPPF para 22 states *'Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed'*. This has been the case in Mole Valley through the production of regular Employment Land Reviews (2008, 2013) and more latterly detailed employment land assessments included in the Council's Economic Development Needs Assessment (March 2017).
- 3.3. The NPPF encourages the effective re-use of previously developed land with another principle being the need to take account of the different roles and character of different areas.

4. Context - Evidence Base to the Emerging Local Plan

- 4.1. The Council published its Strategic Housing Market Assessment in June 2016 and its Economic Development Needs Assessment (EDNA) in March 2017. The Objectively Assessed Need for Housing stands at 5900 dwellings over the plan period to 2033. At the present time the Council has identified a potential supply of some 2900 dwellings over the same period and is considering options for meeting the residual unmet demand.
- 4.2. In line with National Planning Policy Guidance an analysis of existing allocated employment sites in the Leatherhead and Dorking built up areas was undertaken as part of the Economic Development Needs Assessment. This was to assess their suitability for continued employment use, enabling the Council to identify any gaps in current land supply.
- 4.3. Almost half of the commercial floorspace in the District is located in Leatherhead which supports more than two-thirds of the office floorspace. It has recently been experiencing

high levels of office refurbishment, a demonstration of improving investor confidence, and rental values have been rising.

- 4.4. Within the town centres and immediately surrounding business parks there is limited scope for new development as both towns are constrained by the Green Belt and other nationally significant designations. This is a factor to consider in retaining existing suitably located employment land.
- 4.5. The business survey undertaken to inform the EDNA revealed that of those companies potentially looking to relocate in the next 5 to 10 years the preferred locations were for town centres (office occupiers) or industrial estates close to town centres (manufacturing /warehousing occupiers).
- 4.6. In May 2013 amendments to the Town and Country Planning (General Permitted Development) Order 2015 enabled the conversion of office floorspace to residential use without requiring planning permission. Whilst initially introduced for a three year period these rights have subsequently been rendered permanent. October 2017 saw further amendments to the Order come into force. Permitted Development Rights have been extended, again for an initial three year period, to include the conversion of light industrial units (B1c) to residential use subject to a floorspace threshold of 500m².
- 4.7. Potential floorspace losses in the Dorking office market as a result of changes to the permitted development order are significant. Between May 2013 and March 2016 office floorspace in Dorking decreased by some 10.3%. Leatherhead, which supports a significantly larger stock of office floorspace, experienced a loss of 2.3% of office floorspace.
- 4.8. Key figures from the EDNA, which uses a base date of end March 2016 identify:
 - A decrease in the stock of office floorspace by some 14,700m² between 2012 and 2016 (5%) much of which lost as a result of prior approvals for conversion of office to residential use.
 - Office vacancy levels at 9.2% of stock
 - Planning permission for 6,300m² of office and business floorspace.
 - A surplus of in the region of 19,600m² office floorspace forecast by the end of the plan period (averaging the results of three forecast methods).
 - Industrial & storage vacancy levels at 2.9% of stock
 - Planning permission for 4,315m² of deliverable industrial and warehousing floorspace
 - A surplus of in the region of 13,100m² industrial/warehousing floorspace forecast by the end of the plan period (averaging the results of three forecast methods).

- Leatherhead is the most dynamic sub-area for office floorspace with a 10-year annual average floorspace take-up (new build plus vacant premises) of 6,840m² compared to 1,050m² in Dorking.
 - Conversely Dorking is the more dynamic sub-area for industrial premises with a 10-year annual average floorspace take-up of 2,540m² compared to 1,540m² in Leatherhead.
 - Occupier satisfaction levels with existing premises are high in both office and industrial / warehouse sectors
 - The majority of office based businesses considering relocation would look first for an accessible location close to services whilst industrial floorspace occupiers would look towards industrial estates close to town centres for their expansion needs.
- 4.9. Given the above evidence of a small surplus of employment land at the end of the Plan period, one of the options that the Council consulted upon in its Issues and Options paper for the emerging Local Plan was whether or not respondents would support the reallocation of a modest amount of safeguarded commercial and retail land for additional housing. This option was supported by 70% of respondents. In putting forward that option the Council recognised the continuing importance of safeguarding employment land whilst demonstrating flexibility to meet changing commercial needs over that period. It remains committed to resisting the loss of suitably located employment land and premises in order to support local businesses by maintaining a successful, sustainable and diverse local economy.
- 4.10. The Council wishes to protect, to the extent that it can, existing employment land provision in those areas which are suitably located, close to services and best meet the needs of future businesses. 'Suitably located' is characterised by good accessibility by public transport as well as proximity to local shops and services. It also wishes to retain groups of businesses, such as those on business and research parks, where the proximity provides opportunities for synergies between businesses in terms of shared support services, labour and networking.
- 4.11. Article four directions remove the right to carry out certain types of 'permitted development'. In October 2016 Mole Valley District Council resolved to commence the making of directions restricting changes of use from offices / light industrial to residential. This was to seek to safeguard the provision of office floorspace on some of the district's key employment sites. In total some 11 directions have been served which come into effect between December 2017 and February 2018. These, together with maps identifying the areas to which the directions apply can be viewed on the Council's website at www.molevalley.gov.uk/index.cfm?articleid=32247.
- 4.12. The Directions apply in some cases to a single building or a small group of buildings in a commercial area or within a designated strategic business park. Mole Valley, in accordance with national planning guidance has not made blanket orders over whole areas. The prior

approval process does not allow for the consideration of the local economy, which is a key dimension to sustainable development reflected in the NPPF paragraph 7 and with Core Strategy Policy CS12. This policy seeks the sustainable growth of the District's economy, through the provision of a flexible supply of land to meet the varying needs of the economic sectors. All of the sites chosen are in good accessible locations and support the local economy. The prior approval process would not allow this consideration.

- 4.15 MVDC's Corporate Priorities include adopting a pro-business outlook and the emerging Economic Prosperity Strategy will be one means to be proactive in supporting the District's economy.
- 4.16 Whilst on-going monitoring will be required, particularly with regard to prior approval notifications, the Council is of the view that, in order to make best use of previously developed land and in balancing the identified development needs of the District over the next 15 years, there would appear to be scope for the *limited and controlled* release of certain employment sites to housing or mixed use development over the plan period. It further believes there to be a reasonable prospect of continued occupation or re-occupation of suitably located employment sites throughout the Plan period.

Rural Areas

- 4.17 The Council's Rural Community Strategy 2017 – 2027 recognises as a priority issue the importance of rural based businesses. The Economic Development Needs Assessment (EDNA) which forms part of the evidence base to Future Mole Valley estimates there to be some 79,000m² of commercial floorspace in the rural area representing some 16% of the total stock.
- 4.18 Economic activity in rural Mole Valley is diverse and dynamic. As in other rural areas in the UK, there is a growing level of homeworking and home based businesses. There is also however a significant number of purpose built industrial estates either within or on the edge of villages as well as a number of small business and industrial estates in converted rural / agricultural buildings.
- 4.19 In general, these units are affordable, well-occupied and provide local employment opportunities.
- 4.20 The protection of rural employment sites was supported by respondents to the Future Mole Valley Issues and Options consultation (summer 2017) with 60% being against the release of such sites to housing.

5 Core Principles for Use of Employment Land

CORE PRINCIPLE 1:

The Council recognises the need to retain the majority of existing safeguarded employment land to provide for a healthy and growing economy with flexibility to meet evolving commercial floorspace needs over the Plan period. It will prioritise the retention of employment land

benefiting from good public transport accessibility as well as proximity to local shops and services, particularly where land is located on a business park or research park and forms part of a cluster of employment uses.

CORE PRINCIPLE 2:

The Council will consider applying greater flexibility for alternative land uses where existing employment land is occupied by a single user and sited in an isolated or poorly accessible location by public transport within the built up area. Mixed use redevelopment of such sites will be considered more favourably than those schemes which result in the loss of all employment floorspace.

In promoting any alternative land use the developer must first demonstrate that all avenues for continued or alternative employment uses have been exhausted. Both marketing and viability reports will be needed to justify this position. A position statement from the last known occupier(s) stating reasons for vacation will be required.

CORE PRINCIPLE 3:

To maintain a successful, sustainable and diverse rural economy the Council will resist the loss of employment land in the rural areas to other uses. Extensions to business floorspace in the rural areas will be considered favourably subject to compliance with other policies of the Plan. Tourism related development will be encouraged provided the scale and impact of the development is appropriate for its rural setting and the development is consistent with other policies of the Plan.