

# Employment Topic Paper

**Draft Local Plan 2040 – Regulation 18 Stage 2**

February 2024

## 1. Introduction

- 1.1 The purpose of this topic paper is to present a coordinated view of the evidence that has been considered in drafting policies in relation to employment land.
- 1.2 It provides background information, including relevant national and local policies, summarises the key issues for this matter taking account of evidence and consultation feedback. It also sets out policy options we have considered and assessed to inform our draft policies or approach.
- 1.3 This topic paper will be updated at each stage of preparation of the Local Plan. The papers are available to view and access from the council website: [www.testvalley.gov.uk/localplan2040](http://www.testvalley.gov.uk/localplan2040)

### ***Overview of Topic***

- 1.5 This topic paper summaries the national and local policy context supporting evidence and assessments undertaken in support of preparation of Strategic Spatial Strategy Policy 7 (SS7): Employment Land Requirement and Strategic Spatial Strategy Policy 8 (SS8): Meeting Employment Land Requirement and the proposed new development allocations for employment land, for the draft Local Plan 2040.
- 1.6 Meeting future employment needs is a key challenge of the Local Plan. The draft local plan makes provision for additional employment allocations, taking account of the evidence base in setting the employment requirement for the plan period and in light of existing supply.
- 1.7 The following local plan policies and associated issues are address in this topic paper:
  - **Spatial Strategy Policy 7 (SS7): Employment Land Requirement**
    - Defining the local plan employment land requirement
    - Defining the functional economic market area (FEMA) and the employment requirement split between FEMA
    - Existing employment land supply and the residual requirement
  - **Spatial Strategy Policy 8 (SS8): Meeting Employment Land Requirement**
    - Overview of the approach to allocating sites to address the employment requirement
    - Details of site assessment process undertaken through the Sustainability Appraisal, including spatial options
    - proposed sites allocations for employment
    - Designation of Strategic Employment Sites

## 2. Policy Context

### *National Policy Context*

- 2.1 Local Planning Authorities are required to address the requirements set out in national planning policy and guidance in preparing local plans, namely the National Planning Policy Framework (NPPF, December 2023) and supporting National Planning Practice Guidance (PPG).

#### *National Planning Policy Framework (December 2023)*

- 2.2 At the heart of the NPPF is a presumption in favour of sustainable development, which should be seen at the heart of the framework covering both policy making and decision-taking. Paragraph 9 in the NPPF sets out that planning policies and decisions should play an active role in guiding development towards sustainable locations, but in doing so should take local circumstances into account, to reflect the character needs and opportunities of each area. Paragraph 8 sets out the Government's economic objective (as one of the three pillars of sustainable development) for the planning system which is to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure.
- 2.3 The development plan must include strategic policies to address the local planning authority's priorities for development and use of land in its area. Plans should apply a presumption in favour so sustainable development and positively seek opportunities to meet development needs, whilst being sufficiently flexible to adapt to rapid change.
- 2.4 Paragraph 11 covers the presumption in favour of sustainable development. For Plan making this means that:
- All plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;
  - Strategic policies should as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas (as established through statements of common ground), unless
    - i. The application of policies in the framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution in the plan area, or
    - ii. Any adverse impact of not doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the framework taken as a whole.
- 2.5 Paragraph 20 states that strategic policies should set out an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for inter alia employment and other commercial development.

- 2.6 Paragraph 23 requires that broad locations for development should be indicated on a key diagram, and land-use designations identified on a proposals map. Strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development. This should include planning for and allocating sufficient sites to deliver the strategic priorities of the area (except insofar as these needs can be demonstrated to be met more appropriately through other mechanisms, such as brownfield registers or non-strategic policies).
- 2.7 NPPF Chapter 6 Building a strong, competitive economy focuses on supporting economic growth and prosperity. Paragraph 85 sets out that local plans should create conditions in which businesses can invest, expand and adapt, including supporting economic growth and productivity. This should take account of business needs and wider opportunities for development. Each area should build on its strengths, counter weaknesses and address future challenges, in line with the Government's Industrial Strategy. This is particularly important where the Britain can be a global leader in driving innovation, and in areas with high levels of productivity.
- 2.8 Paragraph 86 provides four principles for planning policies:
- a) Set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other policies for economic development and regeneration;
  - b) Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
  - c) Seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
  - d) Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.
- 2.9 Paragraph 87 provides that recognition should be given and to address specific locational requirements of different sectors. This includes making provision for clusters and networks of knowledge and data driven, creative or high technology industries; and for storage and distribution at a variety of scale and in suitably accessible locations.
- 2.10 Paragraphs 88 covers supporting a prosperous rural economy, and policies should enable:
- a) The sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed, beautiful new buildings;
  - b) The development and diversifications of agricultural and other land-based rural business;
  - c) Sustainable rural tourism and leisure development which respect the character of the countryside; and

- d) The retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.
- 2.11 Paragraph 89 recognises that sites may be beyond settlement boundaries and in locations not well served by public transport. In such circumstances development should be sensitive to its surroundings, does not have an unacceptable impact on local roads and takes account of how accessibility by sustainable travel modes can be improved. The use of previously developed land (brownfield sites), and sites well related to existing settlements should be encouraged.

#### *Planning Practice Guidance*

- 2.12 Revised PPG on planning for economic needs was published in February 2019 and is set out in Section 25.
- 2.13 Robust evidence should be prepared and kept under review to reflect local circumstances and market conditions. It acknowledges that Functional Economic Market Areas (FEMA) may cover several local authorities and therefore should be reflected as relevant.
- 2.14 Liaison should take place with the business community to understand current and potential future requirements. The evidence should include the need to assess:
- The best fit FEMA
  - Existing stock of land for employment use
  - Recent pattern of employment land supply and loss
  - Evidence of market demand (including locational and premises requirements of particular types of business), from local data and market intelligence
  - Wider market signals on economic growth, diversification and innovation
  - Any evidence of market failure
- 2.15 Determining future needs should be based upon a range of data:
- Sectoral and employment forecasts
  - Demographically derived assessment of current and future local labour supply
  - Analysis based on past take up of employment land and property and/or future property market requirements
  - Consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly which make use of online platforms to respond to customer demand and monitoring of business, economic and employment statistics.
- Need to take account of longer term economic cycles in assessing this data, and consider and plan for the implications of alternative economic scenarios.

- 2.16 The existing stock of employment land and identifying the recent pattern of supply and loss, should be considered by type of employment and sub-areas where distinct property markets, as relevant. Market demand should be considered including recent take-up, and projections (based on past trends) and forecasts (based on future scenarios), including for different uses. In translating employment and output forecasts into employment land requirements, consideration should be given to Standard Industrial Classification for sectors to both use classes and type of property, and for employment densities (jobs to floorspace) and plot ratios (floorspace to site area).
- 2.17 For logistics, strategic facilities serving national and regional markets, are likely to require significant land and good access to strategic transport networks. Where a need exists, authorities should collaborate with other authorities, infrastructure providers and other interest to identify needs across market areas. This can be informed by:
- Engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies;
  - Analysis of market signals, including trends in take up and availability of logistics land and floorspace across the relevant market geographies;
  - Analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector; and
  - Engagement with the Local Enterprise Partnership and review of their plans and strategies, including economic priorities within Local Industrial Strategies.

Consideration should then be given to the most appropriate locations for meeting identified needs. Authorities also need to assess the extent to which land and policy support is required for other forms of logistics requirements, including SMEs and of 'last mile' facilities serving local markets.

- 2.18 Specialist or new sectors may have specific requirements and this these should also be assessed and considered in planning for future needs.

#### *Adopted Local Plan*

- 2.19 The Local Plan was adopted in 2016, with policies covering the period 2011 to 2029. The adopted Local Plan identifies an employment land requirement in southern Test Valley of 59,000sqm which equates to approximately 13ha for B1, B2 and B8 employment uses. In the north of the plan area the employment land review and Economic Strategy did not identify a requirement to allocate new sites. However, in recognition of Andover's important economic role, further allocations were made.

- 2.20 The Local Plan allocated a number of sites in southern Test Valley to address the residual employment land requirement including:
- Policy LE2: South of Benham Campus, University of Southampton Science Park (1.5ha, 6,000 sqm)
  - Policy LE3: Land at Whitenap, Romsey (6ha, 24,000sqm)
  - Policy LE4: Land South of Brownhill Way, Nursling (25,000sqm)
  - Policy LE5: Land at Bargain Farm, Nursling (2ha, 8,000sqm)
- 2.22 The Local Plan allocated the following sites to provide additional employment land supply in the north of the plan area:
- Policy LE8: Extension to Walworth Business Park (11ha)
- 2.23 The Local Plan also includes Policy LE10 which sets out a criteria-based policy regarding the retention of existing employment land and strategic employment sites.

### **3. Employment Land Needs**

#### *Employment, Economic and Commercial Needs (including Logistics) Study (Stantec Study) 2021*

- 3.1 The first step in assessing our employment needs was the Employment, Economic and Commercial Needs (including Logistics) Study (Stantec) 2021 which has prepared jointly through the Partnership for South Hampshire (PfSH). The study covers the whole of Test Valley. It has split the assessment between the north and south of the Borough<sup>1</sup>.
- 3.2 The study uses the starting point of assessing the economic needs as set out in National Planning Practice Guidance (PPG). Therefore the methodology gives significant weight to recent past levels of completions, particularly in the last five years. This is further impacted by the nature in which employment development is delivered which is 'lumpy' i.e. a large factory or warehouse is usually completed in one go in a single year. Much of this is meeting a wider sub-regional need. This results in a forecast of future economic needs which 'bakes in' this recent level of growth and will inevitably reflect a needs that meets sub-regional need along with our own local need. The Study acknowledges this. It concludes the forecast for Test Valley may not be realistic or be able to be accommodated based on the past trend-based methodology.
- 3.3 For Regulation 18 Stage 1 figures on the quantum of future needs was taken from the Stantec Study. However, the methodology resulted in a very high level of forecast future growth which was high both in comparison to past needs and those needs identified for the other PfSH local authorities, where there had been a lower scale of delivery.

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<sup>1</sup> Areas related to the split in the adopted Local Plan, with STV also corresponding to the area of Test Valley within South Hampshire and which is covered by the Partnership for South Hampshire (PfSH).

- 3.4 Reflecting upon the outcomes and conclusions of the Stantec study, it was therefore determined that a further assessment and testing of the level of future need was required.

*PfSH Spatial Position Statement (Dec 2023)*

- 3.5 The Spatial Position Statement (SPS) uses the 2021 Stantec Study as its evidence base on future employment needs. This establishes the need for the South Hampshire sub-region as a whole as c.392,000sqm (gross) for offices and c.169 hectares (gross) for industrial floorspace up to 2040.
- 3.6 For the PfSH sub-region as a whole the Stantec Study demonstrates that there is currently sufficient land allocated within South Hampshire (405,666sqm for offices and 231 hectares for industrial land) to meet the needs, and that there is therefore no need to address this issue further at a sub-regional level and no further provision is proposed. It also concludes that there is significant headroom in the Government's standard method for assessing housing need to accommodate more new jobs than forecasts suggest are needed. It is for individual local authorities to consider the long term provision of employment land through their local plans.
- 3.7 The study also made recommendations for the local authorities to consider allocating land for an additional five new sites across the sub-region for larger warehousing (8-10 hectares) in highly accessible locations to the motorway network. The view of PfSH is that there are no readily available sites, that meet these criteria, on flat land with easy access to the Strategic Road Network (SRN). Further work is not therefore being carried out at a sub-regional level.

*Test Valley Employment Needs Further Analysis Study (DLP) 2023*

- 3.8 Reflecting the outcomes and conclusions of the Stantec Study, we have undertaken a further employment needs study. This takes forward the assessment in the Employment, Economic and Commercial Needs (including Logistics) Study (Stantec) 2021 but complements this by also considering:
- Forecasts of economic growth taking account of the varying economic sectors of the Borough
  - Level of commercial demand for Test Valley
  - Market attractiveness
  - Suitability of existing and potential sites
  - Taking account of the impact of the housing requirements on the working age population and labour supply and updated the data on completions and supply to 2021/22.
- 3.9 The Test Valley Employment Needs Further Analysis Study (DLP) 2023 still takes account of past trends but balances this against the other relevant factors listed above to ensure that this is robust and appropriate for Test Valley.



- 3.10 We are proposing to take forward the figures in the Test Valley Employment Needs Further Analysis Study (DLP) 2023 for our employment land requirements.

*Test Valley Economic Assessment and Forecasts (Oxford Economics) 2023*

- 3.11 The Council also commissioned a study of the current local economy and forecasts of future economic and jobs growth and changes in the structure of the local economy. The forecast fed into the DLP study. The Assessment also considers wider demographic, labour market, skills and quality of life indicators and proposes interventions which could support and strengthen future prosperity. The Assessment and its recommendations will be used to inform the wider context for the draft Local Plan 2040 as relevant together with a review of the Council's Economic Development Strategy.

*Functional Economic Market Area*

- 3.12 A Functional Economic Market Area (FEMA) defines an area of similar economic factors with boundaries that reflect the drivers of the local economy and the area in which it operates and extend beyond the Borough's boundaries. The Borough is easily accessible by both road and rail to: London, the West Country, the Midlands and the south coast. This makes it an attractive location for businesses wishing to take advantage of this and access to these wider regional markets. Test Valley does not therefore form a single economic area but is rather made up of distinct parts.
- 3.13 Similar to HMA, there are two distinct FEMA in Test Valley which are similar to Northern and Southern HMAs. Our employment requirement has therefore been split based on the Northern Test Valley and Southern Test Valley HMAs.

*Employment Land Requirement*

- 3.14 We are proposing to take forward the figures in the Test Valley Employment Needs Further Analysis Study (DLP) 2023 for our employment land requirements. This is set out in the table below.

Table 1: Employment Needs 2020 – 2040

		Southern Test Valley				Northern Test Valley			
		B1a/B1b	B1c/B2	B8	Total	B1a/B1b	B1c/B2	B8	Total
Total Need (Gross)	Sqm	31,778	26,099	103,596	161,473	27,665	41,999	55,515	125,719
	ha	7.9	6.5	25.9	40.4	6.9	10.5	13.9	31.3

- 3.15 There has been a change in how employment uses are classified during the preparation of the Local Plan 2040. The Use Classes Order classifies these uses<sup>2</sup>. The floorspace and land need figures of employment uses are therefore sub-divided into:
- Class E(g)(i) Offices,
  - Class E(g)(ii) Research and Development,

<sup>2</sup> Previous uses Class B1a, B1b and B1c, are now E(g)(i), E(g)(ii) and E(g)(iii) respectively

- Class E(g)(iii) Industrial Processes,
- Class B2 General Industrial
- Class B8 Storage and Distribution

3.16 Spatial Strategy Policy 7 (SS7) Employment Land Requirement sets out the proposed employment land requirement for the Borough over the plan period 2020-2040 as a minimum of 71.7 hectares. This is sub-divided between as 31.3 hectares in Northern Test Valley (NTV) and 40.4 hectares in Southern Test Valley (STV).

3.17 We are seeking to meet the employment need figure in so far as we can but recognise that the Local Plan is over a long period to 2040 and there may be changes in the economy between these different uses reflecting future working patterns. Therefore Policy SS7 covers all types of employment needs and a flexible and pragmatic approach will be taken.

#### 4. Employment Land Supply

4.1 Assessment has been undertaken on the level of existing supply of employment land towards meeting future needs. Employment needs will be met through completions since the start of the plan period, existing commitments, strategic employment sites and new allocations. We have sufficient supply to meet requirements in Northern Test Valley. The draft Local Plan make additional employment site allocations to meet need, alongside the current supply.

Table 2: Employment Supply 2020-2040

	Northern Test Valley			Southern Test Valley		
	B1a/B1b	B1c/B2	B8	B1a/B1b	B1c/B2	B8
Total Need	7.9	6.5	25.9	6.9	10.5	13.9
Net Completions 2020-2022	1.9	1.9	0.4	0.4	0.8	0.5
Supply	11.4	12.7	0.1	7.0	11.4	13.4
Residual	5.3	8.1	-25.4	0.5	1.7	0.0

4.2 For Northern Test Valley, taking account of recent completions and existing supply, we are in the position of having no surplus needs to meet. However, in these circumstances it is appropriate to consider whether there are any sustainable sites that offer a different type and high quality employment land to justify over allocating. This also includes providing for a wide range and choice of sites and providing flexibility, over the plan period. Taking a positive and proactive approach to supporting economic growth and inward investment through providing further employment land we consider this can be justified.

4.3 For Southern Test Valley, taking account of recent completions and existing supply, there remains a shortfall in meeting our needs and more specifically there is a shortfall for Class B8 land (warehousing). It is a challenge to meet

this need in full, particularly given the constraints on the availability of sites, particularly large scale Class B8 use, as is the case across South Hampshire as a whole. We are proposing to meet the employment requirements for Southern Test Valley for offices and industrial uses in full and meet our needs for warehousing and logistics as far as practicable through new sites allocations.

## **5. Spatial Strategy for Future Employment Needs**

- 5.1 The process of defining the local plan spatial strategy for employment aligns closely with the strategy for housing. This is important in terms of co-locating housing and employment including examining potential for strategic housing sites to accommodate employment development.
- 5.2 The process of defining the spatial strategy for employment has considered both 'top down' strategic factors and 'bottom up' (merits of the sites) to arrive at reasonable alternative growth scenarios. The consideration of alternative growth scenarios through SA has in turn informed identification of the proposed spatial strategy for employment. This topic paper should be read alongside the 'interim' SA Report<sup>3</sup> which sets out further detail regarding this process.

### **Strategic Factors**

#### Quantum

- 5.3 The objectively assessed needs for employment land in the Borough over the plan period to 2040 are derived from the DLP Test Valley Employment Needs Further Analysis Study (2023). It is proposed that the employment land projections from the DLP 'Growth Scenario' are applied in determining the spatial strategy for employment in the Local Plan. Table 1 and 2 set this out above.
- 5.4 When existing employment land demand and supply are balanced there is a net requirement for 25.4ha of employment land to be provided in the south of the plan area (primarily for B8 employment uses) through new site allocations.
- 5.5 Although the projections identify no additional land requirement in the north of the plan area, local growth aspirations, market interest and take up rates point to the potential benefit and opportunity in providing for additional employment land provision in the north. This would also assist in establishing a more balanced spatial and economic strategy that is not only focussed on the south of the plan area.
- 5.6 The Council continues to work closely with neighbouring authorities including the Partnership for South Hampshire (PfSH). The DLP study is accepted as the latest and best available evidence and there is no request from the PfSH

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<sup>3</sup> Interim SA Report 2024

authorities to provide for a level of employment land in excess of the DLP projections.

### **Broad Distribution**

- 5.7 In line with the housing spatial strategy, consideration has been given to 'broad distribution' factors which considers areas within the Borough that are more suited to strategic employment growth.

#### Distribution by Functional Economic Market Area

- 5.8 In line with the housing strategy there is also a strong justification to establish a spatial strategy for employment that gives separate consideration to the northern and southern Test Valley FEMAs. The boundaries for the FEMAs are reflected in the adopted Local Plan and also align with the housing market areas (HMAs). The DLP Employment Study (2023) also identifies boroughwide employment land projections which are then split by the northern and southern FEMAs.

#### Settlement Hierarchy

- 5.9 A key issue identified in the Regulation 18 Stage 1 2022 local plan consultation relates to distributing development in accordance with the settlement hierarchy. In relation to the northern FEMA, and consistent with the housing strategy, there is a strong argument for focusing growth in the surrounding area of the main settlement of Andover. In the southern HMA there is a strong argument for focusing growth in the surrounding areas of the main settlements of Romsey, Valley Park, North Baddesley, Nursling and Rownhams and Chilworth.

#### Other Locational Factors

- 5.10 In addition to settlement factors there is consideration of locating new employment development in areas that relate well to existing strategic employment sites (encouraging clusters of related employment activity). Locational factors are also significant in meeting the needs of key sectors including access to the strategic road network. This was supported at the Regulation 18 Stage 1.

### **Test Valley North**

- 5.11 Consistent with the local economic strategy, growth aspirations and market interest there is a clear benefit and opportunity in providing additional employment land in the north of the plan area. It is considered that a single new strategic allocation may be required.
- 5.12 Consistent with the emerging spatial strategy and settlement hierarchy new strategic employment development should be located to relate well to Andover and key locational factors such as connectivity to the strategic road network. This will include consideration of site options in Andover and the

surrounding area taking account of options to expand and or redevelop existing business parks.

### **Test Valley South**

- 5.13 Overall gross employment land need is fairly evenly split between the north and the south of the plan area (NTV 31.3h, STV 40.4ha) based on the DLP projections and market signals. Based on the higher level of need in the south and existing land supply there is a need to allocate sufficient sites to meet overall need, including need for B8 (warehouse and distribution) over the plan period to 2040.
- 5.14 The emerging housing spatial strategy seeks to concentrate growth in around Romsey with proportionate growth in the Tier 2 settlement of Valley Park. The main industrial parks are located in and around Romsey, North Baddesley and Nursling and Rownhams with good connectivity between these settlements and the wider urban area of Southampton and Eastleigh to the south.
- 5.15 New employment land provision is ideally located in locations which relate well to Romsey, the southern Tier 2 settlements and existing strategic employment land provision. Demand is primarily for B8 uses which will benefit from good access to the strategic road network and the ability to co locate with clusters of related employment activity.

### **Site Options**

- 5.16 The SA Report draws on the preceding two stages of work (a) development quantum, b) broad distribution factors to give consideration to reasonable alternative growth scenarios for northern and southern Test Valley. The definition of alternative growth scenarios gives consideration to potential ways of allocating site options in combination to deliver the employment land requirement and taking account of strategic factors. This is further explained in the SA Report. The summary of the overall site selection process which incorporates SA is set out below.

## **6. Proposed Employment Site Allocations**

- 6.1 The proposed allocations are listed within Spatial Strategy Policy 8 (SS8) Meeting Employment Land Requirement and are shown on the Policies Map and Inset Maps. Each allocation also has an individual specific allocation policy.
- 6.2 The site selection process for employment sites is as follows:
- Stage 1: Collated sites submitted through the SHELAA for employment uses as a starting point for the assessment.
  - Stage 2: Considered the scale of the proposed employment use. If the site is of a small scale (broadly less than 1ha), it has not been taken forward.

- Stage 2: Assessed the sites broad consistency with strategic factors in terms of the sites location e.g. is the site very isolated
  - Stage 4: Undertaken a thorough assessment on the sites that remain. This includes:
    - A sustainability appraisal.
    - Undertaking technical evidence studies to inform the assessment.
    - Engagement with external stakeholders on the constraints of the sites. This includes Environment Agency, Natural England, Historic England, and Hampshire County Council.
    - High level assessment of commercial attractiveness of the sites, informed by site assessment work undertaken in the Test Valley Employment Needs Further Analysis Study (DLP) (2022)
- 6.3 The employment site selection process for stages 1-3 are technical stages. Stage 4 is the 'Detailed Assessment' stage which provides a thorough assessment of those sites left in the process and provides evidence led planning judgement on the sustainability of the sites.
- 6.4 Similar to the site assessment of housing sites, the first step of the detailed assessment was to assess all sites through the Sustainability Appraisal, which has taken account of draft landscape sensitivity analysis and the outcomes of the Strategic Flood Risk Assessment.
- 6.5 Alongside this, we have also engaged with stakeholders to feed into this assessment to ensure our assessment is informed by their technical knowledge. This included Hampshire County Council, Environment Agency, Natural England and Historic England.
- 6.6 Following this, a very small pool of sites was identified that had come towards the top of our assessment so far. Further engagement with stakeholders was undertaken on the outcomes of the assessment and technical assessments were finalised and other studies were undertaken to fully consider the sustainability and deliverability of sites. This included consideration of growth scenarios through the sustainability appraisal process, transport modelling and air quality modelling and Habitats Regulations Assessment on the preferred sites.
- 6.7 All of the above has fed into concluding the preferred sustainable sites for allocation. These are identified in Table 5 with a summary of the site's sustainability.

Table 5: Summary of Preferred Sustainable Sites

Employment Site Allocation	Summary of Site Assessment
Land South of Thruxton Aerodrome,	Thruxton Aerodrome provides high quality employment land focusing on engineering, motor industry and aviation (advanced manufacturing). This site is located to the

Employment Site Allocation	Summary of Site Assessment
Thrupton (Policy NA9)	south of the Aerodrome and provides an opportunity to increase the availability of high-quality land to expand the existing employment focus of the Aerodrome. The site has good access to the strategic road network. Landscape sensitivity is limited on this part of Thrupton Aerodrome and Habitats Regulations Assessment has confirmed no significant effects on protected species and habitats from this site. Development can be accommodated on areas of lowest flood risk.
Land Adjacent to Abbey Park, Romsey (Policy SA9)	Site is located directly adjacent to the Abbey Park Industrial Estate and would form an extension to the Industrial Estate, adjacent to Romsey. Development can be located to maintain integrity of local gap between Romsey and North Baddesley. SINC and ancient woodland are located to the south, but not impacted directly. The site is located south of the Botley Road (A27) and with relatively good connectivity to the motorway network (M27).
Land South of Botley Road, Romsey (Policy SA10)	Site is located directly adjacent to the Abbey Park Industrial Estate, and would form an extension to the Industrial Estate, adjacent to Romsey. Development can be located to maintain integrity of local gap between Romsey and North Baddesley. SINC and ancient woodland are located to the south. There is dense tree cover in the middle of the site that is likely to constrain development potential, a tree survey will be required. The site is located south of the Botley Road (A27) and with relatively good connectivity to the motorway network (M27).
Land at Test Valley Business Park, North Baddesley (Policy SA11)	Site has good accessibility and proximity to the Strategic Road Network. Site is located directly adjacent to Test Valley Business Park and would form an extension to the Park. There is a TPO that applies to the trees on the western site boundary where access is proposed. The site is located adjacent to land designated as SINC (adjacent to northern eastern and southern site boundary); mitigation would be required.
Kennels Farm, Extension to University of Southampton	Site is located next to the Science Park and provides an opportunity to extend the Science Park. Access would be through the Science Park with improvements needed. The site

Employment Site Allocation	Summary of Site Assessment
Science Park, Chilworth (Policy SA12)	abuts Ancient woodland to the north (Long Copse) and there is a SINCC to the west, north and east of the site, mitigation would be required.
Land at Upton Lane, Nursling (PolicySA8)	The site has good access to the strategic road network and is well contained by M27 and M271 and Romsey Road. Site is adjacent to the settlement boundary of Nursling and Rownham. There are trees within the site with a tree survey required. The site is otherwise relatively unconstrained in flood risk and ecology terms. Part of this site is also proposed for residential development on the southeast parcel of the site. This is more appropriate reflecting adjoining residential uses at Upton Crescent and this part of the site is nearest to facilities and services in Nursling. Noise has been identified as needing further consideration and mitigation.

#### *Northern Test Valley Proposed Site Allocations*

- 6.8 The proposed strategic employment site allocation in Northern Test Valley is located at Land South of Thruxton Aerodrome. The proposed site allocation is located to the south of the Aerodrome and provides an opportunity to increase the availability of high-quality land to expand the existing employment focus of the Aerodrome.
- 6.9 This is supported by the Test Valley Employment Needs Further Analysis Study (DLP) 2023 which identifies the growth employment sectors in Test Valley evidenced by Local Enterprise Partnerships emerging Industrial Strategies. This highlights advanced manufacturing as a growth employment sector for Test Valley.
- 6.10 The proposed strategic employment site allocation at Land South of Thruxton Aerodrome will help to provide choice and competition in the market for employment land in accordance with national policy. It will also provide land to help fulfil our aspirations of securing the right land to support economic prosperity in Test Valley as set out in our Five-year (corporate) Plan 2023-27.
- 6.11 This site combined with the level of committed employment supply, does exceed the Northern Test Valley employment requirements. The benefits and unique opportunity presented by allocating at Land South of Thruxton Aerodrome justify exceeding the employment requirement.

#### *Southern Test Valley Proposed Site Allocations*



- 6.12 The proposed strategic employment sites allocations in Southern Test Valley are focussed mainly on expanding existing employment site with one new employment site at Nursling and Rownhams.
- 6.13 The proposed strategic employment site allocations combined with existing employment supply will exceed the employment requirements for Southern Test Valley as a whole and provide a range of supply to employment land needed and meet in full the need for offices and industrial uses.
- 6.14 We are proposing to meet the need for warehousing and logistics as far as practicable but there remains a shortfall in Class B8 warehousing use. It is a challenge to meet this need, particularly for large scale Class B8, given the availability of sustainability sites. This is the case across South Hampshire as a whole, and for which some of this will be a sub-regional need. We are undertaking a further 'call for sites' alongside public consultation on the Local Plan to seek any further potential suitable sites for Class B8 use. The position will be reviewed for Regulation 19.
- 6.15 The proposed employment site allocations, where not identified for specific need are for general employment use for Classes Eg, B2 and B8 uses, which together with the existing supply, will provide for a range and choice of sites. For Southern Test Valley, need is met overall, but not for Class B8 individually.

## 7. Strategic Employment Sites

- 7.1 The Borough includes a number of major employment sites, which are designated as Strategic Employment Sites (SES). These sites make a significant contribution to the local economy and are a focus of jobs and floorspace. A significant amount of new employment floorspace has been delivered on a number of SES in recent years and undeveloped plots remain available to provide for future development. SES will continue to make a contribution towards meeting economic needs.
- 7.2 The Council has also reviewed the list of existing employment sites designated as SES. These have been retained from the adopted Local Plan 2016 and an additional site has been added at Thruxton Aerodrome (Policy NA10) in recognition of it being a centre for motorsport and aeronautical industries, related to the race circuit and airfield. Development on Thruxton Aerodrome would be limited to the redevelopment and extension of existing buildings located within the eastern part of the site off Aerodrome Road, which is a relatively small part of the whole site. This will ensure development will not have an adverse impact on landscape sensitivity, on heritage assets to the east of the whole site and be on areas of lowest risk of flood risk.

Table 7: Strategic Employment Sites

Northern Test Valley	Southern Test Valley
Andover Airfield Business Park, Andover	Abbey Park Industrial Estate, Romsey
Walworth Business Park and Extension, Andover	Romsey Industrial Estate, Romsey

East and West Portway Business Park, Andover	Budds Lane Industrial Estate, Romsey
Anton Mill Trading Estate, Andover	Belbins Business Park, Romsey
Glenmore Business Park, Colebrook Way, Andover	Wynford Industrial Estate, Romsey
Meridian Park, Greenwich Way, Andover	Yokesford Hill Estate, Romsey
Fairground, Weyhill	University of Southampton Science Park, Chilworth
Weyhill Business Park, Weyhill	Test Valley Business Park, Nort Baddesley
Mayfield Avenue Industrial Park, Weyhill	Adanac Park, Nursling
Thruyton Aerodrome, Thruyton	Nursling Estate, Nursling
Harewood Forest Industrial Estate, Longparish	Dean Hill Park, West Dean
	School Lane Industrial Estate, Chandler's Ford (across boundary with Eastleigh Borough)
	Hampshire Corporate Park, Chandler's Ford (across boundary with Eastleigh Borough)
	South of Brownhill Way, Nursling (across boundary with Southampton)

- 7.3 The SES are listed within Spatial Strategy Policy 8 (SS8) Meeting Employment Land Requirement and for Regulation 18 Stage 2 the Council have defined boundaries of extent of these sites on the Policies Map and Inset Maps. The boundaries have been defined to provide greater clarity on the extent to which the area which a SES covers, in comparison to the indicative 'blue dot' used in the adopted Local Plan 2016. The boundaries are therefore intended to define the current extent of SES including buildings, service yards and associated car parking areas etc.
- 7.4 Criterion e) of Policy EC1 Retention of Employment Land and Strategic Sites applies to development and redevelopment for alternative use, in addition to criteria a) – d) which also apply and to non-strategic existing employment sites: existing employment sites, allocated employment sites, or sites with planning permission for employment use. This is to ensure that their primary role in supporting the local economy and providing floorspace for continued employment use activity is maintained.
- 7.5 Paragraph 5.454 of the draft Local Plan defines employment uses as those B class employment uses derived from the Town and Country Planning (Use Classes) Order 1987 (as amended). These are currently: B2 General Industrial (use for industrial process other than one falling within Class E(g) (previously Class B1) (excluding incineration purposes, chemical treatment or landfill or hazardous water) and Class B8 Storage or Distribution. Employment uses can also include Sui Generis uses where the employment

use is the primary use and employment floorspace is required to enable the business to function efficiently.

## **8. Main Issues from Consultation on Previous Local Plan Stages**

8.1 Three previous stages of consultation have been undertaken in the preparation of the Local Plan 2040. Previous consultations comprise; Issues and Options consultation in 2018, Refined Issues and Options 2020 and the Regulation 18 Stage 1 consultation undertaken in 2022.

### **Issues and Options 2018**

8.2 The issues and options consultation undertaken in 2018 identified the following range of key issues and options in relation to the economy and employment land provision.

- The need to update evidence base relating to the employment land requirements to be provided for over the plan period to 2040.
- The Council will need to consider the requirement for new employment allocations to meet future needs over the plan period.
- Whether smaller workspaces should be promoted to meet the needs of smaller business and the self-employed.
- The local plan will need to review the range of sites currently protected for employment use.

### **Refined Issues and Options 2020**

8.3 This consultation undertaken in 2020 identified the following range of key issues and options in relation to the economy and employment land provision.

- The local plan will make provision for employment land and premises to meet the needs of the Borough to 2040.
- The Council will work with the Partnership for South Hampshire (PfSH) on a study to assess future employment land needs including the identification of suitable employment allocations.
- The Local Plan will take account of the Enterprise M3 Local Enterprise Partnership (LEP) and Solent LEP Local Industrial Strategy.
- A revised framework will be established to protect existing employment sites.
- Options to bring forward mixed use sites incorporating housing and employment development will be explored.
- To provide an appropriate policy framework to support growth of the Test Valley rural economy.
- To provide a revised policy framework to support the housing needs of rural workers.

### **Regulation 18 (Stage 1) 2022**

8.4 The following key issues and options were identified:

- The local plan will make provision for employment land and premises to meet the needs of the Borough to 2040.
- The PfSH Employment, Economic and Commercial Needs Study has been prepared to identify future employment land needs with a split between northern and southern Test Valley. Limitations in the methodology applied to the PfSH study were identified including in relation to projecting forward past trends and factoring in wider sub regional need in addition to Test Valley need.
- A commitment was made to undertake a new employment land study to provide a robust assessment of future needs to support the next local plan consultation stage.
- In meeting future employment land needs new allocations may be required. An assessment of potential allocation sites will be undertaken including sites in the SHLEAA and sites submitted through previous consultation stages.
- A series of more detailed policies, as part of the Development Management policies, will be considered for inclusion in the Local Plan 2040, Regulation 18 Stage 2.
- A revised policy framework is required regarding the protection of existing employment sites.
- The Local Plan will take account of the Enterprise M3 Local Enterprise Partnership (LEP) and Solent LEP Local Industrial Strategy.
- To provide an appropriate policy framework to support growth of the Test Valley rural and visitor economy.

8.4 The key issues raised in representations made on Meeting our Economic Needs during the public consultation covered the following matters:

- Need for clear and positive vision and strategy to support local economy
- Make sufficient provision of employment land to meet needs and a range and choice of supply including review of existing supply
- Need up to date economic evidence on local, sub-regional and regional needs, reflecting recent events and FEMA, working with neighbouring authorities
- Take account of needs of particular sectors e.g. logistics
- Take a flexible approach to the definition of employment uses
- Align economic growth and need with housing requirement
- Consider rural economy and land based industries
- Importance of tourism to local economy
- Limitations of methodology which relies on past trends, giving very high future need figures
- Support further testing of need
- Employment land should be located where need and demand
- Potential for mixed use, integrating housing with employment
- Should allow redevelopment of PDL to support rural economy

- Need for ambition of skills and training and aim for higher skilled and higher paid jobs
- Importance of Borough's transport links and is well position to support economic growth and further employment development
- Take account of needs of existing businesses

8.5 These comments have been taken into account in drafting the Regulation 18 Stage 2 document

## 9. **Summary**

9.1 The proposed employment land requirement to meet future needs as set out through Spatial Strategy Policy 7 (SS7), based upon a robust evidence base. The proposed new employment site allocations made under Spatial Strategy Policy 8 (SS8) and as shown on the Policies Map and also with an individual specific allocation policy, have been determined in light of the site assessment. These will be subject to comment and further engagement through public consultation on Regulation 18 Stage 2. Further evidence where relevant will be undertaken to inform Regulation 19 and this topic paper will be updated.