

# Test Valley Borough Council Consultation for Local Plan 2040 Regulation 18 Stage 1

## COMMENTS FORM

Test Valley Borough Council has published its Local Plan 2040 Regulation 18 Stage 1 document for public consultation. This consultation document sets out draft strategic planning priorities for Test Valley supported by a number of strategic policies.

The consultation period runs from Friday 11 February to noon on 8 April 2022. Please respond before the close of the consultation period so that your comments may be taken into account.

You can respond to our consultation by filling out the form below. This form has two parts:

Part A: Your Details

Part B: Your Comments (please fill in a separate sheet for each comment you wish to make)

Further information can be found on our website at:

[www.testvalley.gov.uk/localplan2040](http://www.testvalley.gov.uk/localplan2040)

Once the form has been completed, please send to  
[REDACTED] by **noon on 8 April 2022**.

Following receipt of your comments from, we will keep you informed of future consultation stages unless you advise us that you want to opt out of such communication.

If you are unable to send via email, please send a postal copy to our address below.

### Contacting us

Planning Policy and Economic Development Service  
Test Valley Borough Council  
Beech Hurst  
Weyhill Road  
Andover  
SP10 3AJ

Tel: [REDACTED]

Website: [www.testvalley.gov.uk/nextlocalplan](http://www.testvalley.gov.uk/nextlocalplan)

Email: [REDACTED]

## Part A: Your Details

Please fill in all boxes marked with an \*

Title* Mr/Mrs/Miss/Ms/Dr/Other (please state)	Ms	First Name*	Julia
Surname*	Mountford		
Organisation* (If responding on behalf of an organisation)	Savills – Reading (Planning)		

Please provide your email address below:

Email Address*	██
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Alternatively, if you don't have an email address please provide your postal address.

Address*	██		
██			
	Postcode	██████████	

If you are an agent or responding on behalf of another party, please give the name/company/organisation you are representing:

Society of Merchant Venturers ('SMV')
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### Personal Details and General Data Protection Regulation

Please note that representations cannot be treated as confidential. If you are responding as an individual, rather than as an organisation, we will not publish your contact details (email/postal address and telephone number) or signatures online, however the original representations will be available for public viewing at our offices by prior appointment. All representations and related documents will be held by the Council for a period of 6 months after the next Local Plan is adopted.

The Council respects your privacy and is committed to protecting your personal data. Further details on the General Data Protection Regulation and Privacy Notices are available on our website

<http://www.testvalley.gov.uk/aboutyourcouncil/accesstoinformation/gdpr>

## Part B: Your Comments

Please use the boxes below to state your comments. Insert any general comments you may have that do not relate to a specific paragraph number or policy in the general comments box. For specific comments, please make it clear which paragraph, policy or matter your comments relate to where possible.

If you are suggesting a change is needed to the draft Local Plan or supporting document, it would be helpful if you could include suggested revised wording.

If you are commenting on a document supporting the draft Local Plan (such as a topic paper, or the Sustainability Appraisal), please indicate so.

### General

Test Valley by way of its strong links to London and key port and freight infrastructure in the Solent is an extremely attractive location for the booming industrial & logistics (I&L) sector.

The I&L sector is the strongest performing commercial sector in the UK and has been for some time. It is critical that national infrastructure supports the functioning of our economy and the way we live our lives. The food we eat, the products and services we purchase, the materials used to build new homes and new infrastructure, even the vaccines that give us protection from Covid are stored, manufactured and distributed from warehouses and factories to 'us', the end customer. Without these facilities and the increasingly efficient supply chains that link them with suppliers and end customers, the delivery of our purchases would be much slower, more expensive and we would have less choice.

In January 2022, Savills published research entitled, 'Big Shed Briefing', reported that 55.1 million sqft (gross) of warehouse space had been transacted in 2021, setting a new annual record for take-up and being 86% above the long-term annual average. However vacancy nationally is now at the lowest level ever recorded (2.9%) which is severely restricting further growth. A similarly low I&L vacancy rate exists within Test Valley at 3%.

Therefore it is important Test Valley and its wider Functional Economic Market Area (FEMA) plan positively for the sector's growth. Given the systematic struggles being faced by the office and retail sectors, I&L will continue to be one of the major sources of new jobs being created into the future. However the sector's economic potential cannot be met if demand continues to outpace supply.

SMV owned land in Southern Manydown, Basingstoke by way of its adjacency to the M3 and A30, is ideally placed to share in meeting some of this strong sub-regional demand.

### **The I&L sector is a major contributor to the national economy**

The I&L sector is a significant employer of at least 3.8 million people in England and produces £232 billion of GVA annually<sup>1</sup>.

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<sup>1</sup> ONS (2021), Workforce Jobs by Region and Industry - Jobs in Manufacturing, Transportation and Storage for March 2020; ONS (2021) – England, Regional Gross Value Added (Balanced) by Industry – GVA for Manufacturing, Transportation and Storage in 2019 – England

**Figure 1.1 Key Stats: I&L sector**

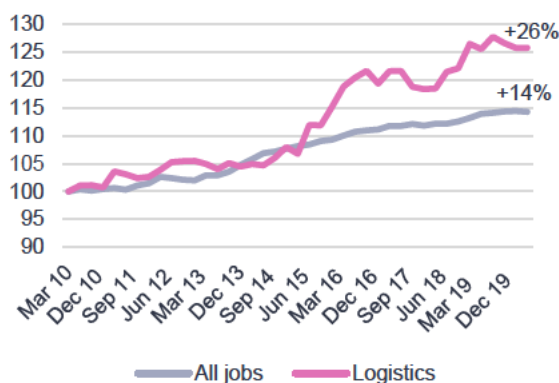


Source: BRES, ONS, Oxford Economics Savills 2020

Notwithstanding its importance in terms of employment and GVA contribution, the sector is subject to a number of misconceptions about average pay levels, skills required and types of spaces provided.

Average pay is higher than the UK average. Data from the Office for National Statistics (ONS) show wages above average at +£4,600 for Manufacturing and +£4,900 for Logistics. Again, the logistics component of the sector is performing above average, with wages between 2019 and 2020 having increased more than in other sectors (+6% growth in logistics vs +4%).

**Figure 1.2 Jobs Growth in England (2010-20) Figure 1.3 I&L jobs pay more (2020)**



Source: ONS, Workforce Jobs by Industry and Region

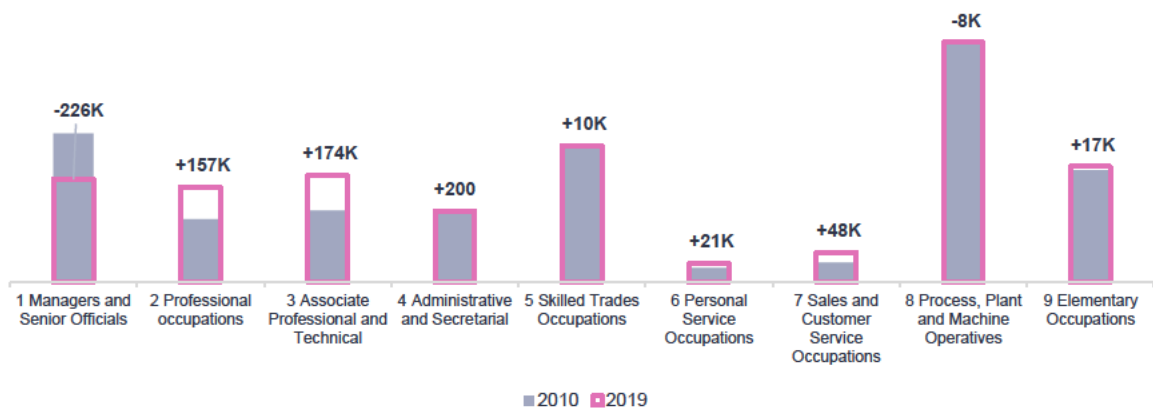


Source: ONS ASHE

I&L jobs have also become increasingly diverse over the last decade. **Figure 1.4** shows the change in the share of occupations in I&L in 2010 and 2019. While at the beginning of the decade we see a more polarised distribution, with a higher share of managers at one end of the spectrum and more routine occupations at the other end, today we see a higher share of Professional and Associate Professional and Technical roles. These roles are typically associated with higher-skilled engineering and technological professions in response to increased automation and robotics in the sector and more advanced supply chain processes. These office-based roles are increasingly co-locating alongside production and logistics uses as it is convenient for these people to be closer to the operations they control and analyse.

This increased occupational diversity means the I&L sector can play an important role in re-employing people that have lost jobs in other sectors of the economy as a result of the Covid-19 pandemic.

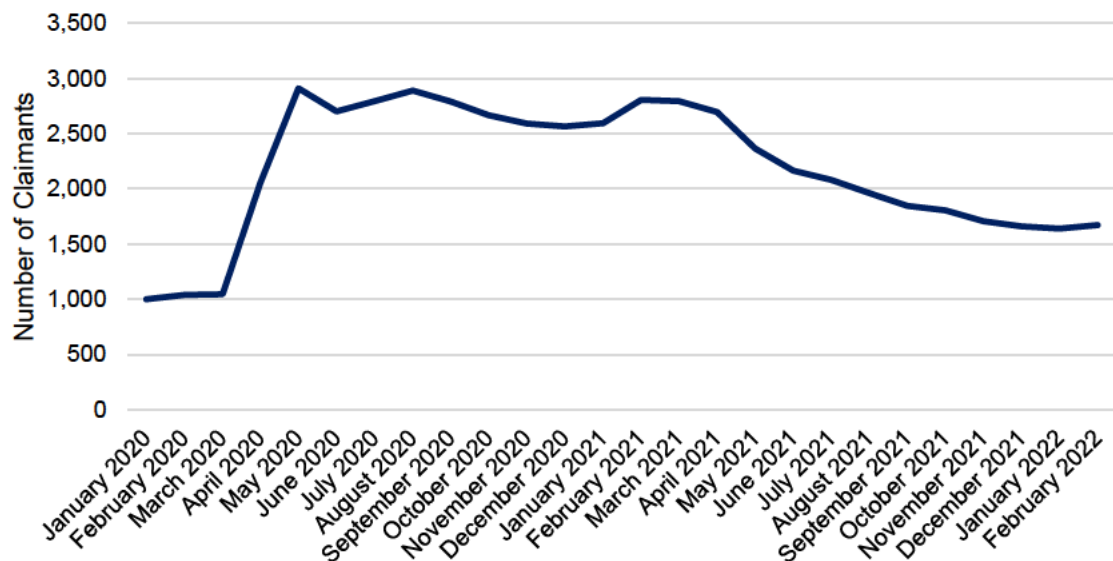
**Figure 1.4 Occupational Change within I&L Sector, 2010-19**



Source: Savills, ONS, APS

The Government’s Coronavirus Job Retention Scheme (CJRS) has helped cushion the impact of economic contraction on the job market, with the latest statistics<sup>2</sup> reporting 1,700 jobs furloughed across Test Valley. However, in spite of this effort, data on the Claimant Count for the area remains high (Figure 1.5). The Claimant Count measures the number of people claiming benefit principally for the reason of being unemployed. As of February 2022, the Count totalled 1,670 claimants, 67% higher than the Count as of January 2020 (+670 claimants).

**Figure 1.5 Test Valley Claimant Count, January 2020-February 2022**



Source: Savills (2022); ONS (2022) Claimant Count by Sex and Age

**Current trends driving I&L demand**

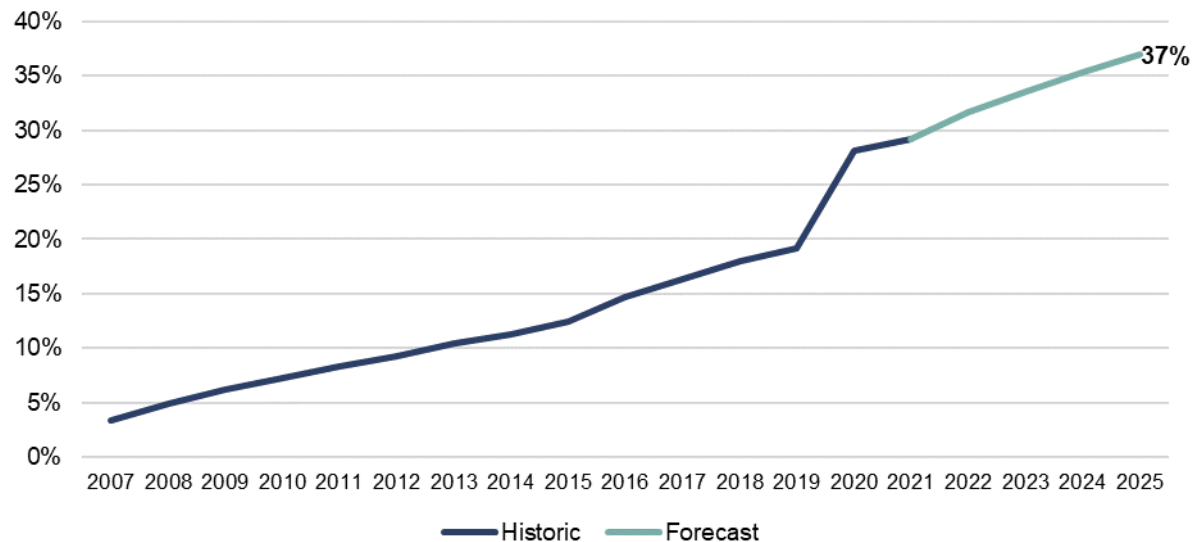
The I&L sector is facing an era of unprecedented change. The past decade has seen the sector undergo a remarkable transformation, reshaping operating models and occupier requirements in ways that are only starting to become recognisable as an industry-wide phenomenon. Logistics uses in particular have shown strong performance for a number of years, but the Covid-19 pandemic has exacerbated existing trends. This has driven demand up even further for logistics floorspace while adversely impacting other commercial sectors such as retail and offices.

<sup>2</sup> Coronavirus Job Retention Scheme (CJRS) Statistics: 16 December 2021, Table 12

The shift in habits we have been witnessing – first of all the extraordinary growth in online retailing – is structural rather than temporary, meaning that as the country’s population continues to grow, so will I&L floorspace needs to support household consumption and other sectors of the economy. Statistics collected by the ONS from November 2006 show that the share of internet sales has consistently increased over time and it was at 19% before the onset of the Covid-19 pandemic. During the pandemic, due to lockdowns and restrictions this figure considerably increased and is around 28% as of February 2022<sup>3</sup>. The growth in online shopping has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional bricks-and-mortar retailers<sup>4</sup>.

While the proportion of online retailing may soften slightly as the UK economy opens up, most commentators agree that online retailing will continue to grow from a higher base than before the pandemic due to behavioural changes such as increased home working and continued demand for rapid parcel deliveries. Forrester Research, a respected source of future online retail projections, estimate that online retail will continue to grow but from a higher base reaching 37% by 2025 (**Figure 1.6**)

**Figure 1.6 Internet Sales as a % of Retail Sales, 2006-2025**



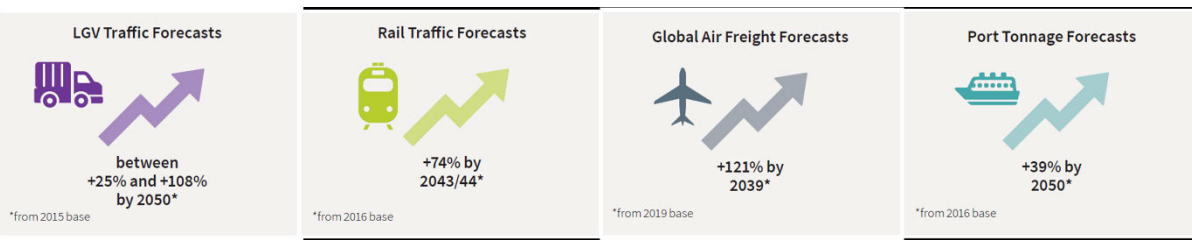
Source: ONS, Retail Sales Index Time Series, Forrester Research, Savills 2021

Freight flows are another key driver of I&L floorspace demand. Significant growth is forecast across all freight modes (**Figure 1.7**). Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, airports, rail freight interchanges and motorways) and conveniently located I&L premises in order to reach end customers.

<sup>3</sup> ONS (2022), Internet sales as a percentage of total retail sales (ratio) (%)

<sup>4</sup> Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Online Article: <https://www.prologis.com/about/logistics-industry-research/global-e-commerce-impact-logistics-real-estate>. Internet shopping relies on increased choice for the consumer and also increased delivery speeds to a location of people’s choosing. This means that more inventory is required to be located nearer to the general population. This in turn has meant that more and more warehouse space is required.

**Figure 1.7 Projected growth in freight by Mode**



Source: DfT, MDS Transmodal, Boeing, Savills

Brexit and Covid-19 have highlighted the level of interconnectedness of international supply chains and their fragility when one or more links break. Companies have started building up greater resilience in their operating models by moving operations either back to the UK (**re-shoring**) or closer by (**near-shoring**) as a means to minimise future supply-chain-induced disruptions. According to a survey carried out in July 2020 by the Institute for Supply Management, 20% of firms are planning to or have already started to near-shore or re-shore. These findings are corroborated by a survey carried out by Savills<sup>5</sup> whereby over 80% of respondents expected the Covid pandemic to either ‘greatly increase’ or ‘somewhat increase’ on-shoring. This is likely to lead to higher domestic inventory requirements, further increasing demand for I&L space.

**Near-shoring definition**

Transferring a business operation to a nearby country as opposed to a more distant one (i.e. off-shoring)

**Re-shoring definition**

Moving a business that had gone overseas back to the country from which it had originally relocated

Increases in demand and occupancy could also arise due to higher levels of stockpiling. For example, businesses may find it too risky to have a single warehouse serving their customer base compared to a multiple stocking solution. Therefore, instead of concentrating in one location, some firms might seek to spread their inventory over different regions, but in smaller spaces.

The image below (**Figure 1.8**) provides a visual representation of some of the major trends driving growth in the I&L sector. While e-commerce grabs most of the headlines for driving growth in the sector, there are several growth drivers at play as illustrated below.

**Figure 1.8 I&L Growth Drivers**



Source: Savills

Combined, these growth drivers are resulting in unprecedented demand for I&L premises. Over the course of 2021 Savills' Big Shed Briefing<sup>6</sup> found that gross take-up had reached a new annual record of 55.11 million sq.ft, 86% above the annual average. The number of transactions nationally was 220, surpassing the previous record of 172 in 2020<sup>7</sup>.

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<sup>5</sup> Savills (2020) The impact of Covid-19 on Real Estate. Online Article:  
<https://www.savills.com/impacts/market-trends/the-impact-of-covid-19-on-real-estate.html>

<sup>6</sup> Savills Research (2022) Big Shed Briefing (January 2022) Available at:  
[https://www.savills.co.uk/research\\_articles/229130/323880-0](https://www.savills.co.uk/research_articles/229130/323880-0) - the Big Shed Briefing focuses on I&L premises above 100,000 sqft

<sup>7</sup> Ibid



Paragraph Ref	Specific Comments
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5.54 to 5.59

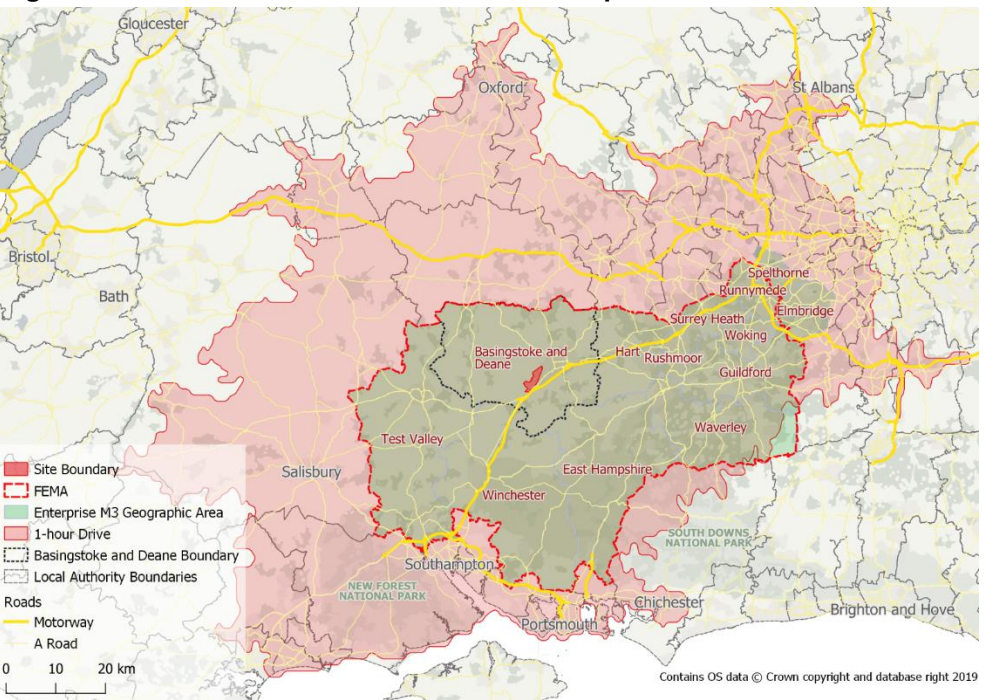
When planning for future I&L needs it is important to take a sub-regional context. This is because occupiers typically have supply chains linking themselves with their suppliers and customers of at least 1 hours' drive time, and sometimes much longer for larger companies. Therefore most companies' supply chains are much wider than the confines of an individual local authority's administrative boundary such as Test Valley.

We consider a FEMA based on the Enterprise M3 area is appropriate for considering the wider sub-regional market for I&L uses. This geography covers a large part of the 1 hour drive time catchment preferred by the majority of I&L occupiers as providing ready access to suppliers and customers. It also incorporates the M3 corridor which is critical to I&L occupiers, and it includes many of the main urban conurbations and freight-handling infrastructure within the 1-hour drive time catchment without straying into to core areas of the M4 corridor to the north.

The only change we suggest making to the Enterprise M3 area is removing the local authorities of Spelthorne and Elmbridge. This is because they lie within the M25 and are more orientated towards servicing the London market. Therefore we consider an appropriate FEMA for Test Valley, within which to consider sub-regional demand, to include the following local authorities -

- Test Valley
- Basingstoke and Deane
- East Hampshire
- Guildford
- Hart
- Runnymede
- Rushmoor
- Surrey Heath
- Waverley
- Winchester
- Woking

**Figure 1.9 Savills defined FEMA based on Enterprise M3 area**



Source: Savills 2021

Within this sub-regional context we consider SMV owned land within Southern Manydown in Basingstoke (shown in **Figure 1.9** above) to be ideally placed to meet any spill over I&L demand that cannot be met within Test Valley. The SMV land has considerable locational advantages which make it particularly attractive to I&L occupiers. It is directly adjacent to the M3 and A30, and is strategically located between London and one of the UK's busiest ports being Southampton and Portsmouth which handled 33.1 million tonnes, and 3.6 million tonnes of freight, respectively in 2019.

*Please use next page if necessary*

### **What happens next?**

All valid responses received within the consultation period will be acknowledged and you will be given a reference number. Please quote this number when contacting the Council about the Local Plan 2040. If you have an agent acting on your behalf, correspondence will be sent to your agent.

All responses received will be taken into account as part of the preparation of the Local Plan 2040.