

Representations to Draft Test Valley Local Plan 2040

Land at Foxcotte Lane, Andover

April 2022

Turley

Contents

1.	Introduction	1
2.	Planning for Logistics	2
3.	Comments on the Draft Local Plan 2040 Consultation Document	7
4.	Summary and Conclusion	11

Appendix 1: Site Location Plan

Alison Young

Client

St Modwen Logistics

Our reference

STMS3008

08 April 2022

1. Introduction

- 1.1 These representations to the Draft Test Valley Local Plan 2040 Stage 1 consultation have been prepared by Turley on behalf of St Modwen Logistics in relation to their interest in at Land at Foxcotte Lane to the west of Andover.
- 1.2 At this early stage of plan preparation, in accordance with the Planning Practice Guidance¹, we would encourage the LPA undertake a robust assessment of the need for logistics space, taking account of the distinct locational requirements that need to be considered in formulating planning policy.
- 1.3 The logistics sector supports a significant quantum of businesses and jobs, and growth in the sector has been higher than many other economic sectors, including through the Covid-19 pandemic. Demand areas for logistics space tends to extend more widely than other forms of economic development, spanning regions, and this leads to a requirement for a co-ordinated approach to provision, which looks beyond local authority boundaries.
- 1.4 St Modwen Logistics have an interest in land to the west of the West Portway Industrial Estate, Andover, and are promoting the site for allocation through the Test Valley Local Plan 2040. The site comprises approximately 24 hectares of agricultural land, located directly to the west of the West Portway Business Park in Andover which is an existing Strategic Employment Site in the adopted Local Plan. The site has already been included with the council's SHELAA (site ref. 392) as 'Land at Harroway House,' which identifies a number of site constraints. St Modwen Logistics are in the process of preparing a Vision Document that takes account of the site's opportunities and constraints, to enable provision of a significant logistics development which could address a number of the key challenges and objectives set out in the Draft Local Plan.
- 1.5 The structure of these representations is as follows:
 - Section 2 outlines the need to plan for adequate logistics provision and considers the currently available evidence base for Test Valley;
 - Section 3 contains a commentary on the relevant sections of the current Local Plan Regulation 18 Stage 1 consultation document; and
 - Section 4 provides a summary and conclusion.

¹ Paragraph: 031 Reference ID: 2a-031-20190722

2. Planning for Logistics

The National Picture

- 2.1 Logistics was already a significant contributor to the UK economy, but the sector's contribution has only strengthened since the Covid-19 pandemic. The BPF report 'Levelling Up – The Logic of Logistics'² states the sector is a significant employer of at least 3.8 million people, however the true number of jobs is likely much higher than this figure. In addition, the sector contributes £232 billion GVA to the UK economy. This importance of logistics to the local economy was recognised in the 'Test Valley Economic Assessment'³ which states logistics *"forms part of complex supply chains, many of which are strategic and vital to the successful operation of a company."*⁴
- 2.2 The logistics sector had already experienced a sustained period of growth in the decade leading up to the pandemic, due to a number of factors including growth of online shopping. However, the lockdowns of 2020-2021 led to a further acceleration of demand in the sector as shops were closed for extended periods of time. Between February 2020 (pre-pandemic) and October 2020, online sales values grew from 19.6% of retail sales value to 28.5%. More recent data indicates that this could be a permanent shift in retailing patterns with online sales as a proportion of retail remaining high at 27.8% in February 2022.⁵ Supermarkets report one in five households are now ordering groceries online and expect the majority of this to be retained. Home delivery has also placed greater emphasis on the supply chain for food and other key goods which, in turn, has continued to drive interest and activity in the logistics sector.⁶
- 2.3 The drivers for growth in logistics are not limited to online retail (although this does represent a third of transactions). There are also other occupier sectors that have experienced increased demand such as third-party logistics, parcel carriers and food producers, which have all contributed significantly to leasing activity. The BPF report (2022) states there is unprecedented demand for logistics premises, and in addition significant growth is forecast across all freight modes which will increase demand for logistics space in the future.
- 2.4 Nationally, there have been corresponding record high levels of warehouse space take up, exceeding 50 million sq ft in 2020 and 2021, in comparison to the three-year average take-up of 32 million sq ft per year pre-pandemic.⁷ Savills state that requirements levels are not falling, however supply is at its lowest ever level, with approximately half of all supply coming from the speculative pipeline. This highlights the need for logistics

² BPF Report (January 2022) *Levelling Up – The Logic of Logistics*

³ PBA (2016) *Test Valley Economic Assessment*

⁴ Paragraph 3.2.16

⁵ ONS (2022) Available online:

<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/february2022#online-retail> [accessed 28 March 2022]

⁶ EECNS paragraph 4.15

⁷ Savills 13 January 2022 *UK industrial and logistics outlook 2022*. Available online:

https://www.savills.co.uk/research_articles/229130/323900-0 [accessed 28 March 2022]

needs to be assessed at the plan-making stage and for planning policies to make provision for logistics floorspace to meet this demand.

- 2.5 The need is particularly pressing in the south-east with take-up rates exceeding 7million sq ft for the last four years, supply at its lowest level in five years and corresponding low vacancy rates of 2.89%⁸ compared to 7% market vacancy rate nationally.⁹
- 2.6 The BPF report states *“The strong growth expected in the I&L sector, and the jobs, investment and productivity it will bring, will not materialise unless sufficient land is allocated in the right locations. The planning system is the guardian for allocating land, therefore it is critical the employment evidence which support Local Plans do a more accurate job at assessing future demand.”*
- 2.7 The geography of logistics provision differs markedly to other employment land uses as it relies on access to the strategic transport network as well as the availability of large sites. The ‘area of search’ for logistics operators is more likely to extend beyond local authority boundaries, across the functional economic market area, and even to a regional level. This is recognised in the Planning Practice Guidance which states the logistics industry *“has distinct locational requirements that need to be considered in formulating planning policies.”* It goes on to set out the role of strategic policy-making authorities in planning for both strategic facilities serving national or regional markets as well as other forms of logistics requirements, including the needs of SMEs and ‘last mile’ facilities serving local markets.
- 2.8 The benefits of the logistics sector can often be overlooked in plan-making, because traditionally employment evidence bases has attributed low employment densities to planned floorspace. However, economic impact modelling by Turley estimates that take-up of logistics floorspace in Q2 and Q3 of 2020 has supported 42,800 direct on-site jobs and a further 30,600 jobs through supply chain businesses and through the spending of wages. At a time when the UK’s economy was faltering due to the pandemic, logistics has bucked the trend with the increase in output associated with new jobs equating to £3.4 billion and £211 million of wider fiscal benefits per annum having been created.
- 2.9 There is also a common misconception that the employment provided by logistics facilities is low-skilled/low-paid, however this is no longer the case as roles in the sector have diversified significantly. The ‘Test Valley Economic Assessment’ states *“it is predicted that recruitment for managerial positions in the period to 2020 will exceed recruitment in other occupational groups.”*¹⁰ The BPF report states *“the industrial and logistics sector is subject to several misconceptions about average pay levels, skills required, and types of spaces provided. It is not a low paid¹⁹, low skilled employer, in fact, the reality is very different.”* Survey research published by the CBI suggests that

⁸ Savills 13 January 2022 *The logistics market in London and the South-East* Available online: https://www.savills.co.uk/research_articles/229130/323883-0 [accessed 28 March 2022]

⁹ Stantec (2021) *Economic, Employment and Commercial Needs (including logistics) Study*. (page 70)

¹⁰ PBA (2016) *Test Valley Economic Assessment*: paragraph 3.2.17

almost 80% of UK logistics firms expect to increase the number of higher-skilled roles in the coming years.¹¹

- 2.10 As a sector which has seen unprecedented growth during lockdown at a time when other sectors have struggled, the logistics sector has a fundamental role to play in supporting economic recovery and is capable of delivering both substantial construction and operational jobs in a matter of months, as well as further jobs in the wider economy through multiplier impacts.
- 2.11 The sector has also embraced innovations seeking to meet low carbon targets during both the construction and subsequent operation of new logistics units, with a number of Net Zero Carbon Ready developments set to come to market across the country.
- 2.12 For the reasons set out above, it is imperative that Test Valley Borough Council plan adequately for future logistics provision through the Local Plan 2040 and allocate sufficient sustainable sites that will meet the demands of the sector, and enable it to continue to assist with all sectors of the economy.

Local Evidence in Test Valley

- 2.13 Test Valley Borough Council has several published sources of evidence in relation to the local economy and employment land studies available on its website, however, there is currently a lack of a clear and up-to-date evidence base on the need and demand for logistics space in the Borough.
- 2.14 The PBA Economic Assessment states that Test Valley plays an important role in the sub-regional economy with its geographical position in relation to urban areas and strategic transport networks making it ideally located to specialise in logistics.¹² It is recognised that Andover benefits from strategic linkages to the South-West and throughout the South-East up to London via the A303, as well as to Southampton and the Midlands via the A34/M40.
- 2.15 The demand for logistics in Andover in particular is evidenced in multiple studies and reports on the Council's website including the Employment Land Study (Lambert Smith Hampton, 2016); Test Valley Economic Assessment (PBA, 2016) and the most recent report - Economic, Employment and Commercial Needs (including logistics) Study (Stantec, 2021), hereafter referred to as EECNS.
- 2.16 In considering the locational requirements of the logistics sector, the EECNS states *"logistics are much more 'footloose' than other economic uses – with an 'area of search' that is regional (or even national)."* This view aligns with the national picture as set out in paragraph 2.7. As such, the EECNS considers the specific need for new logistics space in the area separately to other employment floorspace.
- 2.17 The high level of demand for logistics space in Andover spans all scales of development and notably includes strategic logistics (greater than 100,000 sq ft), in contrast to other areas which are not as well placed to support these larger warehouses, such as South

¹¹ See Footnote 2.

¹² PBA (2016) *Test Valley Economic Assessment*: paragraph 3.6.1

Hampshire. The EECNS has identified that there is a lower level of demand for strategic warehousing in South Test Valley due to higher rental prices, the issue of 'double-handling' with the port and lack of a 360-degree catchment. As operators search for strategic warehouse location across a wider area, Andover has been well placed to cater for demand coming out of South Hampshire.

- 2.18 The EECNS identifies the specific example of the Co-operative Group relocating its regional distribution centre from Fareham to Andover in 467,000 sq ft premises at Andover Business Park. Other large scale strategic warehouses that have been delivered at Andover over the past decade include 239,000 sq ft for Ocado at Walworth Industrial Estate and the more recent occupation of Centric 341 (341,000 sq ft) at Andover Business Park by Westcoast Holdings in Q4 of 2019.
- 2.19 The EECNS contends that using a past trends approach would fail to capture logistics demand in full and we do not disagree. There is clearly existing long-term demand for logistics provision in Andover and when this is set in the context of the national picture of significant growth in the sector described above, it is clear that the Test Valley Local Plan ought to provide policy support for logistics development. This view is supported by the EECNS which states, "*where a council has a site or area known to be attractive to logistics then it should be considered favourably – even if it is in excess of 'need'.*"¹³
- 2.20 The EECNS recommends that up to five new 8-10 hectare sites are sought for larger unit logistics across South Hampshire and Test Valley in accessible locations. The evidence indicates that Andover is well-placed to accommodate strategic logistics, due to its good connections to the Strategic Road Network, existing pool of labour, recent evidence of transactions and continued demand. This is contrast to the lack of demand/supply in South Test Valley which lacks a 360-degree catchment.

Sites Promoted in Test Valley for Logistics Development

- 2.21 There are two sites in Northern Test Valley promoted for logistics development that are of comparable scale (SHELAA 2021, Appendix 10).
- Plot 5 Andover Business Park (SHELAA site ref. 4):*
- 2.22 Site area: 50ha.
- 2.23 The site is a plot of land within the settlement boundary of Andover, adjacent to existing employment units (a partially implemented Business Park) and is identified as brownfield land. Andover is recognised as a Major Centre in the Local Plan Settlement Hierarchy. The SHELAA states "*Major Centres are settlements with the widest range of facilities and services in the Borough and are more accessible due to better public transport provision.*"
- 2.24 The site might be considered suitable for development in a sustainable location. Land south of Foxcotte Lane is located immediately adjacent the settlement of Andover, and

¹³ Paragraph 2.34

in similar proximity to the strategic road network (A303), therefore a similar assessment of Plot 5 can be applied to this site.

Land at Harewood Farm, Andover Down (SHELAA site ref. 379):

- 2.25 Site area: 11.7ha.
- 2.26 The site is part agricultural and part employment, with existing buildings on site. Some of the site within the boundary is agricultural field land. The site is accessed off the B3400.
- 2.27 The site is close to the eastern edge of Andover, separated by agricultural field land. The site is in proximity to the facilities and services of Andover and is previously developed land, however the site is physically isolated from the settlement of Andover and other built form and has an agricultural setting that would need to be considered.
- 2.28 The existing buildings appear to be single storey. The setting of the site will influence the type and level of employment provision, should the site be allocated. Employment uses rely on access to the strategic transport network, which is not immediately available to connect to at this site.
- 2.29 There is only one site greater than 10ha that has been promoted for employment uses in Southern Test Valley (SHELAA 2021, Appendix 11):

Squabb Wood Landfill Site, Salisbury Road (SHELAA site ref. 329)

- 2.30 The site is accessed off the A27. The nearest village is Shootash to the west, and the market town Romsey to the east. The site is identified as countryside. The site surroundings are rural and there is lack of connections to strategic road network.
- 2.31 The site is isolated from other built form. As stated in the SHELAA assessment:
“Development away from the defined settlements is unlikely to meet all the elements of sustainable development considering access to a range of facilities.”
- 2.32 Whether or not the above sites submitted for consideration as part of the Local Plan process are proposed to be suitable as future site allocations, it is considered there would remain insufficient employment land being supplied to meet the need. Land south of Foxcotte Lane would assist in providing employment land to the district.

Sustainability Appraisal

- 2.33 The Sustainability Appraisal does not assess options and alternatives for logistics provision. Based on the evidence, we would suggest that options for new logistics allocations are assessed including strategic scale logistics at Andover, where there is evidence of demand and take-up.

3. Comments on the Draft Local Plan 2040 Consultation Document

- 3.1 This section responds specifically to the Draft Local Plan 2040 Regulation 18 Stage 1 consultation document (February 2022).

Chapter 1: Introduction

- 3.2 The Draft Local Plan 2040 Regulation 18 Stage 1 proposes to extend the plan period up to 2040 (from 2036). This is supported as the Local Plan is not scheduled for adoption until Q3 2025, so would allow for strategic policies included within the plan to look ahead over a minimum 15-year period from adoption, in accordance with paragraph 22 of the NPPF.

Chapter 2: Vision, Key Challenges and Objectives

Vision

- 3.3 St Modwen support the proposed Vision, particularly that development will take place in sustainable locations, as Andover is Major Centre in the Local Plan Settlement Hierarchy, and that the Borough's economy will experience sustainable growth across a range of sectors.

Objectives and Challenges:

Climate Change

- 3.4 St Modwen support the Council's aspirations to countering climate change. It will be important that the Council consults with developers to ensure that future proposed policies are deliverable.

Built, Historic and Natural Environment

- 3.5 St Modwen support the Council's aspiration to conserve and enhance the built, historic and natural environment, whilst acknowledging the Borough's need for development.

Ecology and Biodiversity

- 3.6 St Modwen support the Council's aspiration to conserve and enhance biodiversity, whilst acknowledging the Borough's need for development.

Health, Wellbeing, Culture, Leisure and Recreation

- 3.7 St Modwen support the Council's aspiration to encourage active lifestyles and enhance health and wellbeing.
- 3.8 The site would be an extension to West Portway Industrial Estate, a Strategic Employment Site with good connections via pedestrian, cycling and vehicular routes to the facilities and services of Andover.

Design

- 3.9 St Modwen support the Council's aspiration to deliver high-quality environments, with place-making integral to the design approach. The site to the west of Andover would be an extension to West Portway Industrial Estate, providing the opportunity for St Modwen to deliver a high-quality, modern employment site providing an attractive business location and work environment.

Economy, Employment and Skills

- 3.10 St Modwen strongly support the Council's objective to promote a vibrant and resilient local economy. The supply of employment sites to meet this objective is key, and St Modwen consider this site can assist in delivering the Council's aspirations.

Transport and Movement

- 3.11 St Modwen support the Council's aspiration to encourage active and sustainable modes of transport.
- 3.12 The site is in a sustainable location with good connectivity to the strategic road network.

Chapter 3: Spatial Strategy

- 3.13 Andover is proposed as a Tier 1 Settlement within the Settlement Hierarchy, in-line with its status as a Major Centre in the current Settlement Hierarchy. This means it is a logical location to focus new employment growth in Northern Test Valley, in particular strategic logistics provision which relies on access to the strategic road network. With its full range of services, Andover is also likely to be a key location for housing growth, so the co-location of housing and workplaces provides the best opportunity to reduce commuting and support sustainable travel to work patterns.
- 3.14 We recognise the Council's focus on delivering development and regeneration in the town centres in the Draft Local Plan 2040 Stage 1 consultation document and we support this approach. However, we would urge the council to carefully consider how the needs of uses which cannot feasibly be delivered in the town centres (such as logistics) can be met, and to ensure that clear allocation policies are set out in the Stage 2 Consultation Draft.

Chapter 4: Strategic Policy Framework

- 3.15 At this stage the Draft Local Plan does not contain any draft policies relating to employment or logistics provision. We would urge the council to progress work on policies which would support economic development and logistics floorspace in advance of the Regulation 18 Stage 2 consultation scheduled for later this year. Logistics is a vitally important sector of the local, regional and national economy, and the PPG requires strategic policy-making authorities to collaborate to identify the scale of need and consider the most appropriate locations to meet those needs.

Strategic Policy1: Countering Climate Change

- 3.16 As referenced earlier in this document, St Modwen support the shift toward a net zero carbon future and aligns itself with Government targets. It is unclear from the wording of the Strategic Policy as to whether new developments are required to be net zero carbon or whether meeting criteria a) to f) is a sufficient step toward contributing to a net zero carbon future.
- 3.17 St Modwen look forward to reviewing the detailed policies in the future.
- 3.18 St Modwen embrace design principles that deliver long-term low-carbon and low-carbon-enabled buildings. All buildings over 100K sqft will be constructed to BREEAM Excellent standards. They will have PV, will be EPC A+ for the office and are constructed to very high quality insulation standards surpassing Building Regulations Strategic Policy 2: Delivering Healthy, Well Designed Development.
- 3.19 St Modwen support the strategic policy and criteria set out to achieving high-quality design.
- Strategic Policy 5: Delivering Infrastructure
- 3.20 St Modwen support the strategic policy support delivering infrastructure to mitigate the impact of development, noting the wording of providing off-site infrastructure '*where necessary*', and comment that financial contributions should also be secured where relevant and necessary.

Chapter 5: Meeting our Needs

Meeting our Economic Needs

- 3.21 The Draft Local Plan 2040 Stage 1 consultation document sets out the approach that the council intends to take in preparing the Local Plan to meet its employment needs. The first step is to undertake an assessment of employment needs and this has been undertaken, jointly through the Partnership for South Hampshire (PFSH) via the published '*Economic, Employment and Commercial Needs Study (including logistics)*' (Stantec and Vail Williams, March 2021), hereafter referred to as the 'EECNS'.
- 3.22 Andover is well positioned to serve the regional logistics market owing to its connectivity via the M3 corridor and the A303 to the south-west. Evidence of the strength of demand is borne out by recent completions/occupations.
- 3.23 For example, as referenced earlier in this document, the Co-operative Group relocated its regional distribution centre from Fareham to Andover in 467,000 sq ft premises at Andover Business Park. Other large scale strategic warehouses that have been delivered at Andover over the past decade include 239,000 sq ft for Ocado at Walworth Industrial Estate and the more recent occupation of Centric 341 (341,000 sq ft) at Andover Business Park by Westcoast Holdings in Q4 of 2019.
- 3.24 The EECNS suggests the council should look for up to 5 new 8-10ha sites for larger unit logistics across the district. More specifically it identifies a requirement for 311,195 sqm B1c/B2/B8 floorspace in North Test Valley which equates to 77.8ha. Net completions (2019-21) of B1c/B2/B8 floorspace in North Test Valley are only

14,842sqm (3.71ha) and supply at April 2021 is 121,289sqm (30.55ha). This leaves a residual requirement of 175,064sqm (43.54ha) in North Test Valley.

- 3.25 The study uses the methodology set out in the Planning Practice Guidance (toconsider recent employment land take-up and projections (based on past trends) and forecasts (based on future scenarios), and to identify instances where sites have been developed or sought for specialist economic uses). However, it is noted the Council have concerns on the weight this gives to recent levels of completions, which may be meeting a sub-regional need.
- 3.26 The EECNS details B1a/B1b net completions as of April 2019-2021 in Northern Test Valley as 14,842sqm (3.71ha), and supply as of April 2021 as 121,289 sqm (30.55ha).
- 3.27 We would emphasise that it may be appropriate for sub-regional need to be met at Test Valley in certain locations, and in the absence of a sub-regional strategy for logistics provision, the Council ought to discuss with its neighbouring authorities and other members of the Enterprise M3 LEP how that sub-regional need can best be met. This is recognised at paragraph 5.57 of the Draft Plan and we would urge the Council to include industry representatives in these discussions to ensure that a robust and deliverable approach to addressing sub-regional needs is carried through into Local Plan policy.

The Opportunity at Foxcotte Lane

- 3.28 Andover is a Major Centre within the adopted Local Plan and sits within the Enterprise M3 Local Enterprise Partnership (LEP).
- 3.29 Land to the west of West Portway Business Park could contribute to addressing local and sub-regional needs for logistics space, including strategic logistics, over the upcoming plan period. The site could be accessed from the existing Business Park distributor roads at the corner of Hopkinson Way and West Portway. In this location the road is one-way with the direction of travel northbound along Hopkinson Way and eastbound along West Portway, which adjoins the large roundabout junction with the A343, which provides direct access to the A303 junction, approximately 700 metres to the south.
- 3.30 The site is located to the south of a watercourse which largely follows the route of Foxcotte Lane. Although the northern edge of the site falls partially within Flood Zones 2 and 3, the vast majority of the site is situated within Flood Zone 1 so has a low risk of fluvial flooding.
- 3.31 The site is not subject to any statutory or non-statutory landscape, ecology or heritage designations, however the northern-most part of the site abuts the Penton Mewsey and Penton Grafton Conservation Area.
- 3.32 The Site could provide in excess of 50 000 sqm of employment floorspace in B1c/B2/B8 use (noting the updated use classes now in use), to meet an identified need for Test Valley. The site can contribute to the wider logistics supply and distribution chain nationally.

4. Summary and Conclusion

- 4.1 The logistics sector is an essential part of the UK's infrastructure and underpins activities in all sectors of the economy. Nationally, there is a rapidly increasing demand for logistics floorspace, particularly for strategic logistics (floorspace in excess of 100,000 sq ft). The logistics sector supports a significant quantum of businesses and jobs and growth in the sector has been higher than many other economic sectors, including through the Covid-19 pandemic.
- 4.2 The Draft Local Plan supports the provision of employment land as part of shaping development and growth in the Borough. St Modwen support the aspirations of the Council's Vision and Objectives. We would encourage the LPA undertake a robust assessment of the need for logistics space early on in the plan-making process.
- 4.3 Land south of Foxcotte Way is located close to strategic highway networks, and in a sustainable location on the western edge of Andover, which is identified as a Major Centre in the Local Plan Settlement Hierarchy. The site is to the west of West Portway Business Park in Andover which is an existing Strategic Employment Site in the adopted Local Plan.
- 4.4 The site is available to deliver needed employment land to meet the identified need in a sustainable location.
- 4.5 St Modwen Logistics intend to prepare a Vision Document to demonstrate how logistics development could be provided on land at Foxcotte Lane, Andover, through a westwards expansion to the West Portway Business Park. This Vision Document will be supported by technical evidence covering transport and access, flood risk and drainage, landscape and visual impact, heritage, ecology and local demand for floorspace.
- 4.6 St Modwen Logistics would welcome the opportunity to further discuss the opportunity for land at Foxcotte Lane with the Council and look forward to inputting to the preparation of the subsequent stages of the new Local Plan.

Appendix 1: Site Location Plan

Turley Office



T [redacted]

Turley