

Lea Castle Village Employment Land Market Assessment

North Worcestershire Economic & Development Regeneration
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1.0 Introduction

- 1.1 North Worcestershire Economic & Development Regeneration [North Worcestershire EDR] and Wyre Forest District Council [WFDC] have appointed Nathaniel Lichfield & Partners [Lichfields] with Lambert Smith Hampton [LSH] to prepare an Employment Land Market Assessment of the former Lea Castle Hospital. The site is located to the north east of Kidderminster, in Wyre Forest District and is referred to as 'Lea Castle Village'.
- 1.2 The report examines the amount of employment land that could be justified on the site, in light of market demand and the current supply of office and industrial units across the District. It also assesses the potential contribution that Lea Castle Village could make in assisting the Council to meet wider strategic needs for new office/industrial/warehousing space in light of this evidence.
- 1.3 Lichfields and LSH has engaged with the site's landowners (Homes England) and their consultants over the course of this study, as well as undertaking a guided site visit to inform the production of this report.
- 1.4 This report addresses the following aspects:
- 1 Review of the site and consideration of the quantum of employment space that should be provided.
 - 2 A summary of discussions with local agents to understand the likely demand for employment at this location and to obtain a balanced view of the attractiveness of the site from a market perspective.
 - 3 A summary of discussions between Lichfields, LSH, WFDC Officers, Homes England and their consultants regarding the emerging Lea Castle Village concept masterplan.
 - 4 A review of local market conditions and an understanding of the type of employment uses that the site could provide. An analysis of local market rents, vacancy levels and take up in this part of the District was also undertaken, alongside a review of other market indicators, to understand the type of units that could be delivered, as well as a review of the size of units that are likely to prove popular with occupiers.
 - 5 Advice regarding where on the site any B-Class employment uses should best be located to maximise its marketability and deliverability ensuring the site has 'kerb appeal'. This is supplemented by an understanding of the distribution of sensitive uses across the site, based on Home England's emerging masterplan.
 - 6 Drawing the analysis together into a 'Preferred Option' for the delivery of employment land at the Lea Castle site, with suggestions as to how delivery could be maximised and phased over the course of the Local Plan period.
- 1.5 It should be noted that this study represents a market assessment of the Lea Castle Village site. No assessment has been undertaken of the viability of the site for B-Class employment use, nor of any constraints to development that may prevent the site coming forward as planned. The findings of this assessment do not represent the formal position or policy of WFDC and are subject to due statutory process, including relevant planning and other factors. All references to development parameters are indicative.

Site Characteristics

1.6 This report focuses on the potential future development of four parcels of agricultural land (all owned by Homes England) that comprise the former Lea Castle Hospital site (Phase 1) and adjacent Green Belt land currently in agricultural use (potentially, Phase 2).

1.7 The characteristics of these land parcels can be summarised as follows:

- **Phase 1, Former Lea Castle Hospital site** – previously developed land [PDL] that comprises the former Lea Castle Hospital site, which is allocated within the adopted Wyre Forest Site Allocations Local Plan (Policy SAL.PDS1) for a mixed-use development which includes B1 employment space. The site currently has extant outline planning permission (17/0205/OUTL) for:
 - i up to 600 dwellings (C3);
 - ii up to 3,350 sqm of Class B1 employment uses;
 - iii 150 sqm of Class A1/A3/D1 uses (local shop/café/community space);
 - iv public open space;
 - v ecological mitigation;
 - vi drainage works; and,
 - vii infrastructure and ancillary works.
- **Phase 2, Parcel A** – Green Belt land currently in agricultural use to the north of Lea Castle Hospital.
- **Phase 2, Parcel B** – Green Belt land to the west of Lea Castle Hospital.
- **Phase 2, Parcel C** – Green Belt land to the east of Lea Castle Hospital.

Figure 1.1 Four Parcels of land at Lea Castle Village, Wyre Forest District



Source: Google Earth / Lichfields, 2018

Report Structure

1.8

The remainder of this report is structured as follows:

- **Section 2.0** provides a summary of local market conditions and commercial property market signals including recent trends in the demand for, and supply of, industrial and office premises across Wyre Forest District.
- **Section 3.0** provides an overview of the findings from the latest Employment Land Review [ELR] Update which was published in November 2018. It provides an understanding of the current and potential future requirements for employment land and how this aligns with the current stock of B-Class employment land.
- **Section 4.0** provides an overview of the suitability and sustainability of the Lea Castle Village site in providing employment space. It reviews the site and considers the quantum of employment space that could be provided, and where this would best be located on the site from the perspective of market attractiveness.
- **Section 5.0** draws overall conclusions for the delivery of employment land at Lea Castle Village.

2.0

Local Market Conditions

2.1

This section provides an overview of the current stock of employment space in Wyre Forest and adjoining local authorities. It then describes current property market conditions in and around north Kidderminster more widely, including trends in the demand for and supply of industrial premises in the vicinity of the proposed development site at Lea Castle Village. This analysis is based on data and insight from the following sources:

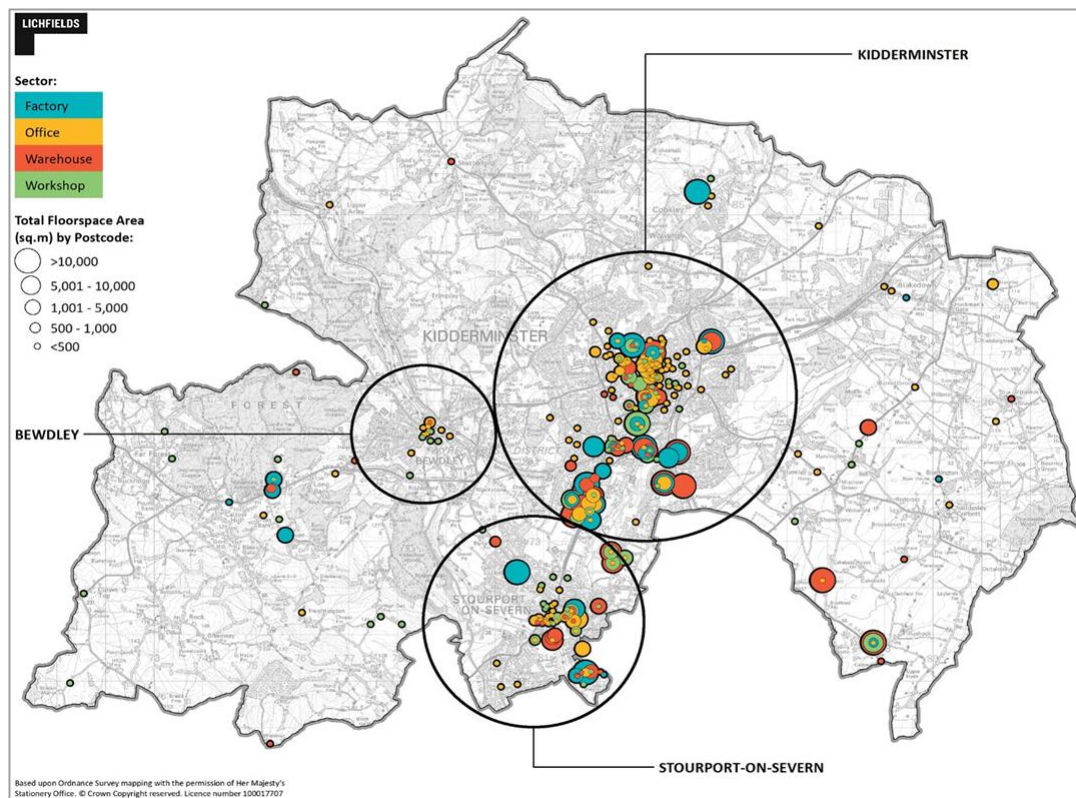
- Commercial floorspace data from the Valuation Office Agency [VOA];
- Inter-Departmental Business Register data;
- Local Market Overview analysis from Lambert Smith Hampton [LSH] in October 2018;
- Discussions with local commercial agents; and,
- EGi Property Link database and other commercial property sources.

Spatial Distribution

2.2

Figure 2.1 presents the spatial distribution of B-class employment space across Wyre Forest District using the latest available VOA data. This indicates that the main employment areas within Wyre Forest are focussed on Kidderminster and Stourport-on-Severn, with smaller pockets of employment space in Bewdley and other rural areas; the pattern of availability largely mirrors this. The most popular locations are situated around the key two employment corridors (Stourport Road and Worcester Road). These two economic areas have benefitted from the completion of Silverwoods Way which directly connects the two A-roads and the renewal of the South Kidderminster LDO (to 2021) by the Council.

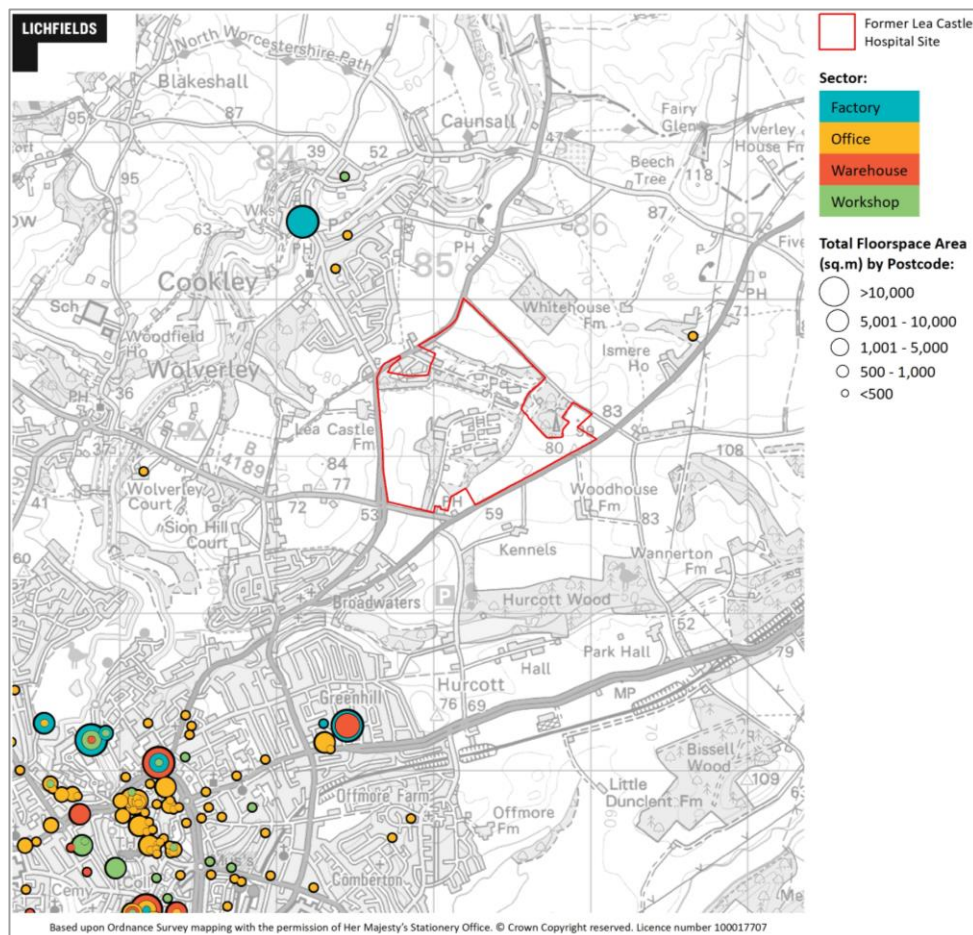
Figure 2.1 Spatial Distribution of Employment Floorspace in Wyre Forest, 2017



Source: VOA 2017 / Lichfields Analysis

- 2.3 There is a small hub of office floorspace within Bewdley, along with a limited quantity employment floorspace scattered across the rural areas of the District. The vast majority of the District's office stock is located in Kidderminster Town Centre. The two employment corridors (between Kidderminster and Stourport) have large clusters of manufacturing floorspace, although they also include a more modest cluster of office units.
- 2.4 Figure 2.2 focuses in to provide comparable data for north Kidderminster and the village of Cookley, in the immediate vicinity of Lea Castle Village. The Figure demonstrates that at present there are very few established industrial/commercial areas in the vicinity of the site. The nearest large-scale employment site comprises Titan Steel Wheels, a company based in a 20,000 sqm factory located on Bridge Road, Cookley. There are a handful of very small office facilities in Cookley, but several much larger sites in north Kidderminster itself.
- 2.5 The nearest industrial estate to the proposed development site is Greenhill Industrial Estate, located some 2 km to the south-west of Lea Castle Village. Alongside a number of trade counter operators, automotive repairs and small-scale workshops, it accommodates Adam Carpets' 14,000 sqm factory at the Greenhill Works. It also includes the 5,000 sqm Universal Automotive warehouse and Adam House, an office block of 1,300 sqm also on the estate that was formerly the HQ of Adam Carpets, but which is now home to mfg Solicitors.

Figure 2.2 Spatial Distribution of Employment Floorspace in north Kidderminster, 2017

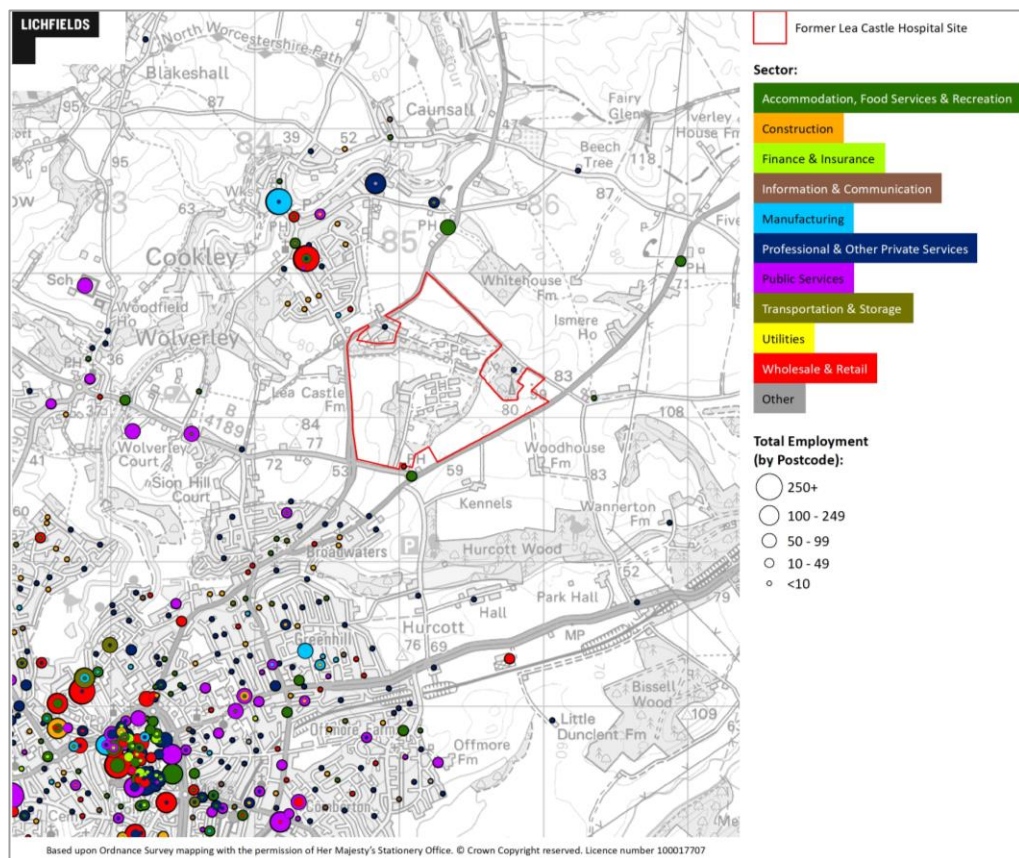


Source: VOA 2017 / Lichfields Analysis

Key Business Clusters

- 2.6 Drawing on Inter-Departmental Business Register [IDBR] data, the spatial distribution of key business clusters in north Kidderminster is illustrated in Figure 2.3. This data has been analysed to identify any examples of agglomeration economics and clustering of businesses in ‘sector hubs’.
- 2.7 Across the District as a whole, there is a diverse mix of business sectors with the main concentrations of businesses centred around the main settlements of Kidderminster and Stourport, with a smaller cluster of businesses within Bewdley and a scattering of businesses within the rural areas.
- 2.8 The aforementioned Titan Steel Wheels manufacturing facility in nearby Cookley village is identified in blue in Figure 2.3, as are the modest retail facilities in the village centre and Austcliffe Park Luxury Homes and Westley Court Care Home further to the east. There is a clear agglomeration of retail and public services the closer one moves south-west towards Kidderminster Town Centre, with isolated pubs in the immediate vicinity of the Lea Castle Village site and Greenhill Business Park identified in blue further south.

Figure 2.3 Spatial Distribution of Business Sectors and Employment in north Kidderminster



Source: IDBR (2018) / Lichfields analysis

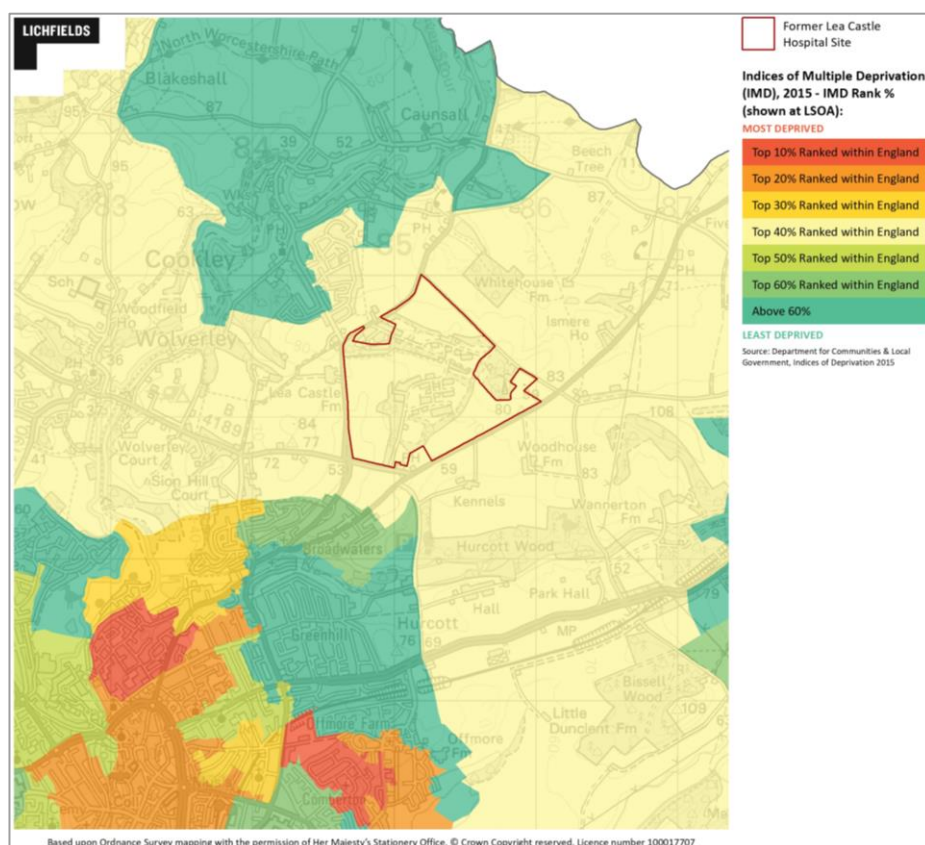
Deprivation

- 2.9 Wyre Forest is characterised as having moderate levels of deprivation, with a ranking of 123th out of 326 local authority areas based on the Indices of Multiple Deprivation (2015). The Lea Castle Village site is also located in a comparatively deprived area (within the top 40% most

deprived LSOAs in England). There are also pockets of severe deprivation in relatively close proximity to the proposed development site (see Figure 2.4).

2.10 This includes the social housing estates at Comberton (around Coronation Way, some 2km to the south of the site); and the area immediately to the north-west of Kidderminster Town Centre, adjoining Churchfields Business Park (around Broad Street and Stoney Lane, a little over 2km to the south-west of Lea Castle Village). Both areas are within the 10% most deprived areas of the country, and would clearly benefit from being located in close proximity to new employment opportunities at Lea Castle Village.

Figure 2.4 Deprivation Levels in north Kidderminster



Source: CLG (2015) Indices of Multiple Deprivation

South Kidderminster LDO

2.11 The South Kidderminster Enterprise Area [SKEA] with its Local Development Order [LDO] is a key employment and regeneration focus for Wyre Forest. It is difficult to say precisely how much of the recent development along the corridors would have taken place without the LDO. However, local agents were generally of the view that the relaxed planning regime in this area had facilitated growth and helped ensure a positive pro-development sentiment in this part of Wyre Forest District.

Development Rates

Gross Completions

2.12 WFDC collates data on the development of employment land for annual monitoring purposes. Take-up (i.e. completions) of floorspace for employment development is available between

2005/06 and 2017/18. The gross amount of land developed for B-class employment uses in Wyre Forest District during the period 2005/06 to 2009/10 was 11.16 ha, equivalent to an average of 2.23 ha per annum.

- 2.13 In the aftermath of the recession, however, development of land for employment uses dropped significantly, so that over the period 2010/11 – 2017/18 just 8.80 ha was developed, at an average of 1.10 ha per annum. Gross completions have averaged around 1.54 ha each year over the past 13 years, predominantly in mixed use (B1/B2/B8) and B8 logistics sites across the District.
- 2.14 Whilst the level of new development has been modest in recent years relative to the rate seen prior to the recession, there has been an increasing trend of companies starting to re-occupy existing employment space, in part due to the South Kidderminster Local Development Order [LDO]. For instance, Specsavers built a new distribution and manufacturing centre on the former Romwire site on Stourport Road, whilst new industrial units were built at Hoo Farm Industrial Estate. These developments are indicative of a renewed confidence and interest in the space available in Wyre Forest District as a whole.
- 2.15 Whilst a total of 18.96 ha of employment land was developed over the period 2005/2006 – 2017/2018, **virtually none of this took place north of Kidderminster**. Indeed, the only B-Class development that has been completed in the vicinity of the Lea Castle Village site since 2005 has been on part of the former Sion Hill Middle School (around 750m to the south-west of the site). This was converted to provide an education office (129 sqm B1) in 2012¹.
- 2.16 Aside from the current planning permission for 3,350 sqm of B1 employment at the former Lea Castle Village site, at the time of writing there were no other sites with extant planning permission for B-Class employment use in north Kidderminster.

Losses

- 2.17 Losses are not recorded in WFDC's Annual Monitoring Reports (as past completions are), but WFDC has provided separate information on losses of B-Class land for alternative uses. A total of 18.32 ha of B-Class employment land has been lost across the District over the period 2005/06 – 2017/18, which averages 1.41 ha a year.
- 2.18 This high rate of losses is mostly due to a handful of large losses in a few individual years at three sites - Carpets of Worth factory (5.3 ha in 2006), Churchfields Business Park North, Kidderminster (5.5 ha in 2011) and Morgan Technical Ceramics, Stourport-on-Severn (3.34 ha, 2012) - as opposed to a sustained rate of losses over consecutive years.
- 2.19 In terms of losses in north Kidderminster, again, due to the general absence of employment floorspace near the proposed development site, these have been negligible in recent years. The nearest industrial/commercial area to the site that has experienced significant losses is the aforementioned Churchfields Business Park, located around 3 km to the south-west of the former Lea Castle Village site to the north of Kidderminster Town Centre. Losses of B-Class employment land at this site have included an application received in April 2018 for up to 270 dwellings and conversion of 1902 building to 670 sqm commercial mixed use. There was also the redevelopment of Churchfields Business Park North, which was originally a carpet works, later part used as warehousing and storage with small-scale manufacturing along Redsands Road. Clearance started late 2011 and was completed in 2015.

¹Wyre Forest District Council (2012): Annual Monitoring Report 2012, page 24

Property Market Characteristics

Speculative-Led / Occupier-Led Development

- 2.20 There has been limited speculative development of new employment space across the District in recent years with developments such as Easter Park, Finepoint and Ratio Park exhibiting slow take up rates. Most availability was concentrated in second-hand stock, in the most established employment areas.
- 2.21 Commercial development within the District is largely occupier-led and mostly industrial premises with ancillary offices. Discussions with local agents confirmed that gap funding would be required to encourage future developments. Many stated that it does not make business sense for developers to bring forward speculative-led developments due to the nature of the market across the District. This has also been driven by the current low interest rates which is making it cheaper for indigenous companies to borrow and purchase freehold premises.
- 2.22 Much of the demand for commercial space is either from indigenous / local firms that are looking for start-up units or local firms and looking for flexible industrial space to expand. One agent used the term 'shuffling the pack' to describe the District's commercial property market to denote that property transactions are mostly driven by local firms moving into existing employment units. That said, the District has been successful in attracting Inward Investment in recent years. For example, Superform, NTM-GB and Quantum Mouldings have all moved into the District to take the space at the former Sealine Factory Site.
- 2.23 These points are particularly true for the area north of Kidderminster even more so than they are for the rest of the District, due to the lack of any established industrial areas and the greater risk associated with developing industrial/commercial units in an area that has not yet been tested by the market.

Vacancy Levels

- 2.24 The current availability of built stock is largely limited to second-hand units, particularly for larger industrial premises. With one or two exceptions, these tend to have been on the market for some time, with new occupiers tending to be local businesses rather than inward investors. Second-hand office space also tends to dominate the office market with most availability in and around Kidderminster Town Centre.
- 2.25 Discussions with commercial agents suggested that the industrial property market within the District is performing well, with low vacancy rates. However, it is evident that much of the industrial market demand is localised and sustained by local firms that are looking to either expand or upgrade their premises with the intention of remaining in the local area.
- 2.26 Industrial vacancy levels have been modest for some time, at around 7-10%. This has prevented the churn, intensification and upgrading of existing sites that might otherwise have been expected to take place within a normal market environment (i.e. in a District that faces few land constraints).
- 2.27 There is availability of office space within Wyre Forest, although much of this is made up of small, secondary or tertiary units with many of these being in and around the town centre, which are likely to appeal to local occupiers rather than new occupiers to the District. Many of these are in converted residential properties (although in recent times changes to permitted development rights has led to a number of properties reverting to residential use).

- 2.28 Vacancy rates across Wyre Forest District tend to be higher for B1a/b commercial office premises and are estimated to be around 20%. Agents stated that enquires for offices are generally split 60% for freehold and 40% for leasehold, depending on availability.
- 2.29 However, these District-wide rates are dependent on building condition and location of units. There is insufficient data for industrial/commercial property sites in the vicinity of the Lea Castle Village site to identify current vacancy levels in north Kidderminster.

Office Market Overview

- 2.30 Wyre Forest has never been perceived by the market as a major office location, with only a small number of major office occupiers. This is primarily due to Wyre Forest's economy being dominated by local SMEs and micro-businesses that tend to have modest requirements. Attractive though its environment and heritage assets are, Wyre Forest does not benefit from convenient access to the motorway network and is consequently a less attractive destination for nationwide companies or multi-nationals looking for larger labour pools. Generally, it is acknowledged that there are other, more established, office centres in neighbouring local authorities such as Bromsgrove, Dudley and Greater Birmingham. These areas tend to have a more diverse offer with better-quality office stock and better accessibility to public transport (primarily trains) and the motorway network.
- 2.31 Agents considered that Wyre Forest's office market is primarily driven by existing local occupiers expanding, resulting in their relocation elsewhere within the District. Office space that has proven to be successful generally benefits from close proximity to the two major employment corridors within the District (Stourport Road and Worcester Road) or in Kidderminster Town Centre itself (i.e. Church Street and Green Street).
- 2.32 There are very few purpose-built Grade A office units within the District. The majority of the stock that does exist in the District tends to be older, with a significant proportion built in the 1960s. The lack of modern, Grade A office space contributes to the low rents observed within the District, although this does vary. The majority of the office demand is centred around central Kidderminster, in areas such Church Street. This comprises predominantly older post-war accommodation above retail units in the town centre; ancillary offices within industrial space; or space converted from residential or other uses. That said, over the past couple of years a number of modern office premises have been developed in Finepoint Business Park – which are mostly in occupation.
- 2.33 Other established areas of office accommodation in Kidderminster include the Church Street area, which tends to be used by local professional occupants, such as solicitors, accountants etc. Limited volumes of new office development has come forward recently, due in part to finance being hard to access. Notable exceptions include the aforementioned Finepoint site on Stourport Road. The majority of the new office accommodation has been occupied by Wyre Forest Council, and therefore is not a significantly useful indicator of underlying demand.
- 2.34 Moving away from the public sector, Wyre Forest's local office market is generally driven by smaller occupiers seeking offices of 500 to 1,000 sq. ft. Any office requirements of 2,000 sq. ft. and above are seen as being significant requirements in the local market. Agents' experience is that office spaces above 2,000 sq. ft. generally take longer to occupy than smaller units. Within the District the demand for serviced office premises is generally more limited and there is currently not a significant demand for this market.
- 2.35 The office market is generally not one that would be driven by speculative-led developments and agents stated that gap funding would be required if further modern office stock would come

forward in the future. This is a reflection of perceived low demand, construction costs, and typical low rents.

- 2.36 There is currently very little office accommodation within the north Kidderminster/ Lea Castle Village area with the exception of historic occupiers such as mfg Solicitors in Adam House (see above). Occupiers normally comprise local firms who are well established in the area, rather than footloose occupiers who are prepared to move large workforces (often at considerable expense) from elsewhere. Most companies who are relocating to this part of the West Midlands tend to gravitate towards either Worcester or Birmingham, which offer a larger workforce, improved communications links and an established commercial office market. This ‘flight to safety’ is likely to continue in the short term given the economic uncertainty regarding Brexit.
- 2.37 With the introduction of permitted development rights to convert offices to residential space, many areas have seen secondary and tertiary space lost to office use, as owners seek to either maximise their returns or make use of vacant space. A number of buildings in Kidderminster have been subject to these changes, taking them out of the office market, including a number in and around Church Street in the Town Centre itself.
- 2.38 Rental levels vary between around £4-5 per square foot [psf] for existing, poor quality tertiary non-serviced office space. Modern serviced B1a office space can generally command much higher rents in the region of around £10-12 psf.
- 2.39 In order to deliver new office development, the expectation would be that rents would need to be at the £20+ psf mark, alongside a good covenant for the occupier in order to make development viable. It is not considered that this level of rent is currently achievable in Wyre Forest District.

Industrial Market Overview

- 2.40 Wyre Forest is characterised by a relatively large supply of industrial premises, a legacy of its carpet manufacturing days, which continue to provide employment space for indigenous firms. The distance to the M5 (relative to other nearby business locations, such as Bromsgrove or Redditch) generally makes Wyre Forest a less desirable location for logistics firms. Industrial occupants tend to be indigenous in nature, serving local communities. However, there are some positive examples of inward investment within the District. Wyre Forest has witnessed a limited number of recent industrial developments completed over the past couple of years in the two main employment corridors (Stourport Road and Worcester Road) which may have been driven by the South Kidderminster LDO. These include:
- IGS / LOL (Specsavers) – A £12m investment for the development of two warehouse buildings for Specsavers on the former Romwire site, totalling 80,000 sq. ft.;
 - Ratio Park, Finepoint – A £3 million investment for the erection of dual class use B1c and B8 units; and,
 - Finepoint Business Park – A highly successful modern industrial estate/ business park comprising a mix of commercial and office buildings, with surrounding occupiers including Wyre Forest Council and Movianto.
- 2.41 Industrial units located within Finepoint Business Park, Hoo Farm Industrial Estate, Hoo Brook Industrial Estate and Easter Park Industrial Park remain popular due to their accessibility and proximity to Kidderminster and strategic A-roads.
- 2.42 Beyond south Kidderminster there are a number of popular rural industrial parks such as Bewdley Business Park, Wilden Industrial Estate, and Rushcock Trading Estate, **but none are located in close proximity to Lea Castle Village.**

- 2.43 A large amount of the current industrial B2 stock was built in the 1960s and is relatively dated, whereas the stock of B8 distribution units tends to be more modern. There remains an acute shortage of modern, purpose-built premises. This has led to an increase in demand for good quality, well-located, second-hand industrial accommodation within Wyre Forest. As a result of this, agents are seeing a growing preference for many larger businesses to become owner-occupiers in the District, with companies looking to purchase the freehold interest in industrial buildings. This is partly due to indigenous companies seeking to take advantage of current low interest rates. Local start-ups and SMEs are more likely to prefer leasehold properties in Wyre Forest.
- 2.44 However, the distance to the motorway network remains a constraint to future development. This has led to a number of existing businesses seeking premises elsewhere in the West Midlands that are in closer proximity to the motorway network (this includes Bromsgrove, Wychavon and Dudley). This competition has forced property owners in Wyre Forest to suppress rents.
- 2.45 In recent years, there has been limited speculative development at Easter Park, Finepoint and Ratio Park in the South Kidderminster Corridor. Easter Park attracted a number of trade counter operators to part of the scheme, and whilst this is now fully occupied, the larger units were vacant from completion for between four and five years. The larger units at Finepoint have now generally been occupied, although some availability remains at Ratio Park. The Ratio Park units have been available since 2017 with 4 units currently vacant.
- 2.46 In terms of inward investment, the development of the Specsavers units developed under the South Kidderminster LDO has been a major success, whilst the re-use of the former Sealine premises has seen Quantum Mouldings move from its previous base in Stourbridge. This allowed them to expand to new larger premises whilst retaining the majority of their workforce, whilst also having access to new skilled workers in the area. Both Superform and NTM-GB have also relocated to the former Sealine premises.
- 2.47 LSH is currently unaware of any other major employers who are actively seeking new premises within the District, although clearly from time to time these opportunities do arise and it will be important to ensure that the District Council maintains a flexible portfolio of employment site allocations capable of responding to this unforeseeable demand if/when it arises.
- 2.48 Traditional industrial estates around the District tend to see predominantly local businesses taking space, with the smaller estates in places such as Bewdley and Stourport on Severn being popular. There is availability of space on estates such as Hoo Farm, with some units taking long periods to re-let. There has also been a tendency for a number of the units here (particularly those close to the main entrance from Worcester Road) to be used for retail, such as Go Outdoors and JTF Wholesale.
- 2.49 There are still employment areas in north Kidderminster such as at Churchfields Business Park with a large number of smaller occupiers, although the former industrial premises on the nearby Clensmore Street have now been developed for residential purposes. It is understood that this was due to the age of the estate, allied to buildings becoming vacant and a need for more housing within the area.
- 2.50 The shortage of industrial space reported by agents is supported by data from the VOA which shows that there has been a reduction in the amount of industrial floorspace in Wyre Forest by 25.9% between 2000/01 and 2015/16. Similarly, the number of industrial properties which have a rateable value has decreased from 930 to 900 properties over the same time period²,

² Valuation Office Agency (2016): *Non-domestic rating - business floorspace 2000/01 – 2015/16*

suggesting that these industrial buildings that have been lost from the portfolio have been larger than average.

- 2.51 In terms of size requirements, agents highlighted that industrial units between 2,000 to 5,000 sq. ft. are the most in-demand premises currently within the District, with B8 being the most popular followed by B1c/B2. The next most popular size of industrial units were those between 5,000 to 10,000 sq. ft. in size.
- 2.52 Rental levels in and around Kidderminster tend to be at c.£3.50-£4.50 psf for existing industrial units (20+ years old). Examples include Hoo Brook Farm. Modern industrial (B2/B8) units can secure higher rates for better quality, smaller stock, upwards of £5 psf. These might rise to around £7 psf, but will normally be with incentives which can reduce the overall headline rental level. Examples include Bewdley Business Park and Finepoint. Quoting rents at Ratio Park are as high as £10 psf. This reflects the relatively strong demand for such premises in Wyre Forest and the lack of comparable supply.

Summary

- 2.53 The main points that can be taken from this can be summarised as:
- 1 The main employment areas within Wyre Forest are focussed on Kidderminster and to a lesser extent Stourport, with little speculative development having taken place in recent years. There is currently no established commercial or industrial market in the immediate vicinity of the proposed development site at Lea Castle Village, with the nearest large-scale employment developments comprising Titan Steel Wheels' factory in nearby Cookley village and the Greenhill Industrial Estate 2km to the south.
 - 2 Levels of deprivation in the immediate vicinity of the Lea Castle Village site mirror those of Wyre Forest District as a whole, with both being in the top 40% most deprived areas nationally. However, there are pockets of severe deprivation in close proximity to the proposed development site, at Comberton and the area around Broad Street and Stoney Lane (to the north-west of Kidderminster Town Centre). Disadvantaged residents living in these areas would clearly benefit from improved access to employment opportunities on sites such as Lea Castle Village.
 - 3 B-Class development rates have averaged 1.54 ha per year since 2005/06, but virtually none of this has taken place in the vicinity of the proposed development site. The only exception is at the former Sion Hill Middle School, which was converted to provide an education office of 129 sqm B1 in 2012. The Lea Castle Village extant planning permission itself aside, we are unaware of any other B-Class employment land commitments in the vicinity of the site. Losses of employment land are comparatively high at the nearby Churchfields Business Park.
 - 4 Vacancy levels are low for industrial/warehousing units, at around 7-10%, but much higher for commercial offices at around 20%. These figures are dependent on building condition and the location of units.
 - 5 The office market in Wyre Forest is generally weak and predominantly comprises older post-war accommodation above retail units in Kidderminster Town Centre (Ratio Park notwithstanding). The area suffers from competing 'safe haven' locations such as Birmingham and Worcester. There is very little office accommodation in north Kidderminster with the exception of mfg Solicitors in Adam House at Greenhill Industrial Estate.
 - 6 The main demand for industrial/logistics space in the District is from indigenous occupiers, although there has been some speculative development in the South Kidderminster

Corridor and limited inward investment (notably Specsavers). There are employment areas in north Kidderminster, notably Churchfields Business Park and Greenhill Industrial Estate, containing a large number of smaller occupiers.

3.0

The Need for Employment Land

Introduction

3.1

Lichfields was appointed by WFDC to undertake an Employment Land Review Update [ELRU] for the District in June 2018. The ELRU forms a key part of the evidence base for the emerging Local Plan. The ELRU considered the land and floorspace implications for B1a/b business space (offices/ research & development); B1c/B2 Light/General Industrial; and B8 Storage or Distribution (wholesale warehouses, distribution centres).

3.2

This section summarises the key findings of the demand/supply analysis from the ELRU, and sets out what this means for the north Kidderminster area and Lea Castle Village in particular.

Quantitative Demand for Employment Floorspace

3.3

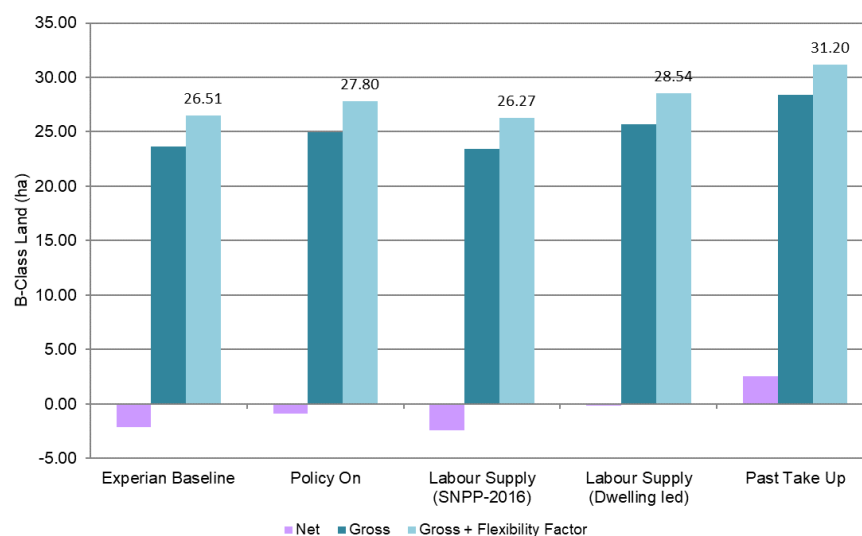
A number of different growth scenarios were considered in the 2018 ELRU to test the likely need for employment land generated over the plan period 2016 to 2036. Due to the nature of the data available, this was not broken down at a sub-district level, and therefore relates to Wyre Forest District as a whole.

3.4

The ELRU considered five scenarios for office and industrial (i.e. manufacturing and warehousing) land requirements. These included:

- Experian Econometric Forecasts (June 2018);
- Experian Job Growth: Policy On - this included accelerating growth in a number of key LEP growth sectors where the District either has a strong representation, or good prospects for growth: Advanced Manufacturing/Engineering; Business and Professional Services/Financial Services; Digital and Creative Industries; Cyber Security/Defence/IT; and the Visitor/Destination Economy;
- Labour Supply: SNPP-2016;
- Labour Supply: Dwelling-led; and,
- Past Developments Rates.

Figure 3.1 Wyre Forest Employment Land Projections (2016-2036)



Source: Lichfields (2018); Wyre Forest ELR Update

- 3.5 The results (which in the case of the first four scenarios above involved translating projected job growth into land requirements through the application of employment densities, plot ratios, as well as making a suitable allowance for the replacement of losses and a two-year margin of choice), are summarised in Figure 3.1. The scenarios suggest a range of employment land requirements from 26.3 ha to 31.2 ha over the 20-year plan period.
- 3.6 A number of factors were considered to inform a judgment on the appropriate level of need, with the key issues set out below:
- 1 The Experian baseline scenario projects that there will be a modest loss in B-Class jobs between 2016 and 2036. In comparison, the demand-led Policy On scenario would generate more substantial increases in B-Class jobs due to economic restructuring and increased local demand for premises.
 - 2 There has been a small net annual gain of employment land each year between 2005/06 and 2017/18. If this trend continues then it would result in a negligible increase in the supply of employment land.
 - 3 There is a net outflow of 37,685 residents who commute out from Wyre Forest to work in other areas³. Wyre Forest has a lower job density ratio of 0.64 compared to the West Midlands average of 0.79 and neighbouring authorities (0.89 in Wychavon). Rebalancing the land uses of the District to ensure that more (and better quality) jobs are provided could help to reverse this trend and 'claw-back' out-commuters, reducing net out-commuting rates. This is already a strategic target specified in the emerging Local Plan. This scenario generates a higher requirement for B-Class employment land compared to all the other scenarios.
 - 4 Both of the labour supply scenarios indicate that the labour force (the number of economically active people of working age) is forecast to increase to 2036. On this basis between 26.27 and 28.54 ha (gross) could be required.
- 3.7 **Consequently, on the basis of these considerations, the ELRU recommended that Wyre Forest District's B-Class objectively assessed need [OAN] for employment land was 29 ha up to 2036.** This equated to the Labour Supply (Dwelling-Led) scenario, which aligns with the Council's housing OAN. It also sits broadly in the middle of a wider OAN range between Scenario 3 (SNPP-2016), at 26 ha at the lower end, and Scenario 5 (Past Take-Up Rates) at 31 ha at the upper end.
- 3.8 In terms of how the 29 ha employment land requirement for Wyre Forest District could be split between the B1a/b, B1c/B2 and B8 uses, the following quantitative and demand-based factors were taken into account:
- 1 Historical changes to the stock of existing employment space show that the level and share of office space has increased by 44.5% in recent years to more than 80,000 sqm between 2000/01 to 2015/16, whilst the level of industrial space has decreased by 25.9% over the same period;
 - 2 The decreasing stock of industrial premises in recent years is highlighted by vacancy rates for industrial premises being less than half that of office premises;
 - 3 By 2036 approximately 33% of B-Class jobs are projected to be in the higher employment density B1 office space, compared to 67% in lower density industrial space (B1c, B2 and B8);

³ ONS 2011 Census

- 4 Enquiries for B-Class employment space show that the bulk of demand is for industrial space, although overall there has been considerable volatility in the numbers of enquiries recorded over the past ten years; and,
- 5 The prioritised sectors identified in the review of key growth drivers suggests that demand will be particularly focussed towards office-based sectors such as Creative & Digital and Business Services, although it is noted that industrial sectors such as Advanced Manufacturing are also targeted.

3.9 Taking the above factors into account, the ELRU recommended that the following indicative split of B-Class employment space could be appropriate for Wyre Forest over the period 2016 to 2036:

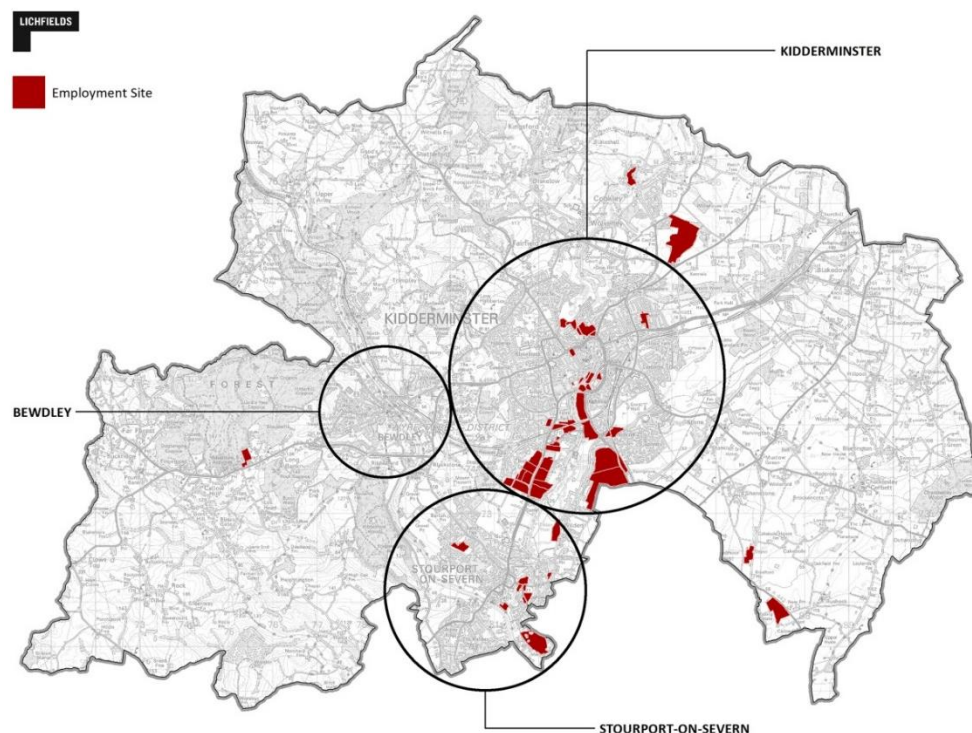
- 1 14% for B1a/B1b office; and,
- 2 86% for B1c/B2/B8 industrial/distribution.

3.10 On this basis, the ELRU identified a need for 4 ha of B1a/b office, and 25 ha of B1c/B2/B8. This was not split between the different settlements in the District (or north Kidderminster more generally).

Supply Assessment

3.11 The adjusted existing employment land portfolio amounts to a net developable figure of just **17.32 ha**. In spatial terms, the majority of the District's existing supply is located in the urbanised areas of the District such as Kidderminster and Stourport, with Bewdley accommodating the next largest supply of employment space.

Figure 3.2 Wyre Forest Employment Land Review – Existing Sites



Source: Lichfields (2018): Wyre Forest ELR Update

3.12 The Lea Castle Hospital site (Phase 1) was appraised as part of the supply analysis (see Figure 3.2). The site had an average score in the context of the other existing/allocated sites appraised

as part of the study, with the Pro-Forma concluding that *“this site should retain its mixed-use allocation with an element of B1 class employment space that is sensitive to the surrounding uses”*.

3.13 The ELRU concluded that WFDC’s existing employment land supply of 17.32 ha was insufficient to meet the estimated requirement of 29 ha over the Local Plan period to 2036. Consequently, the ELRU analysed three potential sites were assessed for their suitability to accommodate B-Class employment uses. All three sites were recommended to be allocated for B-Class employment use or mixed-use development with a component of B-Class use, with a combined net developable area of 10.23 ha.

3.14 One of the sites comprised Lea Castle Hospital Phase 2, which was expected to accommodate some significant employment B1 and potentially B2 needs, whilst the other sites were likely to appeal to a range of B2/B8 uses. The commentary in the ELRU for the Phase 2 site was as follows:

- ***“Lea Castle Hospital (Phase 2) (Ref. W19), 54.57 ha (gross) 7.00 ha (net), overall rating ‘Average’ – This site comprises three parcels of agricultural land (all owned by Homes England). It is important to note that development of this site would be subject to delivering better infrastructure to support a sustainable community with a mixture of uses. This site is considered to be appropriate for mixed uses (with an element of B-Class employment). After discussions with Homes England it is understood that they are amenable to providing 7 ha of B-Class employment land on the Lea Castle site.”*** [para 8.22]

Demand/Supply Balance

3.15 Taking into account the recommended net employment land supply of 17.32 ha and the three recommended allocations of two new B-Class and one mixed use site with a combined net developable area of 10.23 ha, the District has a recommended employment land portfolio of **27.55 ha**.

3.16 As set out above, the ELRU identified a need for **29 ha** of employment space up to 2036, comprising of:

- B1c/B2/B8 – 25 ha (equivalent to 86%); and,
- B1 Office– 4.0 ha (equivalent to 14%).

Addressing the shortfall

Potential Employment Sites

3.17 Both the quantitative and qualitative analyses concluded that there is a need for new employment land allocations in Wyre Forest. Ensuring an adequate choice of types of sites is vital if the needs of different employment sectors are to be met. As noted above, three potential sites were assessed to determine their suitability for employment use:

- 1 Burlish Golf Course Clubhouse – Ref.WF3;
- 2 Land adjacent Easter Park, Worcester Road, Kidderminster – WF17; and,
- 3 Lea Castle Hospital (Phase 2) – WF20.

3.18 Including these sites in the portfolio reduces the shortfall to around 1ha. The ELRU concluded that with regards to new potential sites coming forward, at present commercial demand is almost entirely from indigenous businesses, with limited inward investment. This may change

in future depending on the extent to which very significant levels of unmet needs in nearby Dudley / Stourbridge encourage occupiers / developers to look further afield.

Table 3.1 Resultant Portfolio of Employment Land (net) in Wyre Forest to 2016-2036

	Number of Sites	Net Developable Area (ha)
Sites Delivered between 2016-2018	7	3.91
Sites Delivered between 2016-2018	7	3.91
Current Employment Land Portfolio	59	17.32
Retain current employment allocations and existing non-allocated employment sites	41	12.49
Retain / Allocate Mixed-Use allocation, with an element of B-class employment use	16	4.83
Recommend for de-allocation / alternative uses	2	0.00
Potential new sites recommended to be allocated for B-Class employment uses	2	3.23
Potential new sites recommended to be allocated for mixed use development with an element of B-Class employment	1	7.00
Adjusted Employment Land Portfolio	60	27.55

Source: WFDC / Lichfields Analysis

Local Plan Employment Land

Wyre Forest Pre-Submission Local Plan (2016 – 2036)

As part of the emerging Local Plan Review, WFDC published its Pre-Submission Local Plan [PSLP] document for public consultation in November 2018. Lichfields' ELRU (2018) was a key part of the evidence base that informed the employment land policies in the emerging Local Plan.

Policy 10A of the emerging PSLP sets out the employment land requirements for the District and requires:

“At least 29 hectares of employment land will be brought forward in the plan period up to 2036. The sites allocated for employment use over the plan period are shown on the Policies Map and are listed in table 10.0.1. These sites are to be safeguarded for economic development. The development of these sites will need to be line with the site-specific policies identified in Part C of this Plan.

- In addition to the sites allocated for employment use, all future employment land should be located in highly accessible locations and be in accordance with the settlement hierarchy in Policy 6B.*
- The development of small scale businesses and starter units which are less than 500 sqm, will be encouraged in suitable locations and where they do not conflict with other policy objectives. Live work units will be encouraged where they conform to requirements of Policy 21C.*
- Land and premises within the District's existing employment areas will be reserved for B1, B2 and B8 use classes as well as employment generating uses and, where appropriate, sui generis uses.*
- Proposals for expansion, updating and intensification of employment uses on existing sites will be supported where they do not compromise the activities of the employment area or conflict with other policy objectives.*

- *Rural employment sites will be safeguarded for employment uses where appropriate. Proposals for small scale employment of less than 500 sqm in rural areas will be assessed on their merits and should have regard to accessibility by public transport and national policy as well as other Development Plan Policies (such as Policy 21B). The use of previously developed land will be supported where suitable sustainable, accessible opportunities exist.”*

3.19 As can be seen in Table 3.2 and Figure 3.3, the vast majority of sites identified in the PSLP are located in and around Kidderminster (22.22 ha, or 68.4% of the District’s total) and/or along the road corridors between Kidderminster and Stourport on Severn (1.56 ha in the latter settlement). Excluding the 7 ha allocated at Lea Castle Village, the only other employment sites serving the rural areas are the Alton Nurseries site to the west of Bewdley and the 0.7 ha at Cursley Distribution Park.

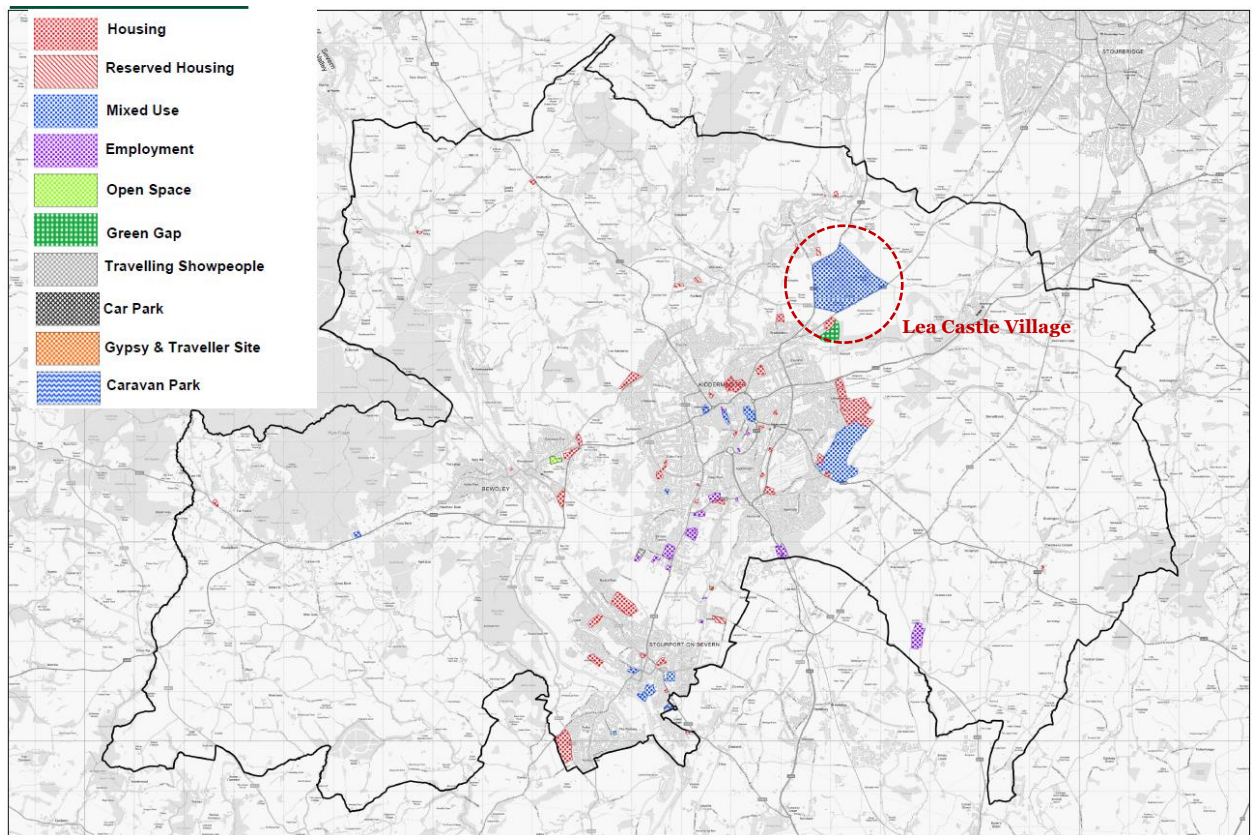
Table 3.2 Wyre Forest Pre-Submission Local Plan Employment Allocation Sites

Site	Settlement area	Size
Frank Stone Building	Kidderminster	0.32
Green Street depot	Kidderminster	0.2
Rock Works	Kidderminster	0.36
SDF	Kidderminster	4.3
British Sugar Phase 2	Kidderminster	2.96
British Sugar Plot D	Kidderminster	1.84
Romwire	Kidderminster	5.0
Adj. Easter Park	Kidderminster	2.53
Hoobrook site	Kidderminster	0.25
VOSA Worcester Road	Kidderminster	1.72
Former Clubhouse at the Golf Course	Kidderminster	1.05
Ratio Park, Finepoint	Kidderminster	0.69
Oakleaf Finepoint	Kidderminster	1
Parsons Chain	Stourport on Severn	1
North of Wilden Industrial Estate	Stourport on Severn	0.22
Wilden Industrial Estate	Stourport on Severn	0.34
Lea Castle	Rural – North Kidderminster	7.0
Alton Nurseries	Rural - Bewdley	1.0
Cursley Distribution Park	Rural – East of Hartlebury	0.7
TOTAL		32.48

Source: WFDC / Lichfields Analysis

3.20 The Lea Castle Village allocation is the only site north of Kidderminster, and the only site located on the key road links to the Black Country, the A449 Wolverhampton Road and the A453 Stourbridge Road north east of Kidderminster.

Figure 3.3 WFDC Pre-Submission Local Plan Site Allocations Map



Source: WFDC (November 2018): Pre-Submission Local Plan (2016 – 2036)

Conclusion

- 3.21 The ELRU concluded that there was a quantitative need for around 29 ha of B-Class employment land over the Plan period to 2036, of which 14% should comprise B1a/b office, and the remaining 86% B1c/B2/B8 industrial/warehousing. However, the existing supply of employment land only comprises 17.32 ha, a shortfall of around 12 ha. Three new allocations were recommended with a combined net developable area of 10.23 ha, bringing the total supply to 27.55 ha. This included the Lea Castle Hospital site (Phase 2).
- 3.22 The PSLP has made provision for 32.5 ha of employment land allocations, which would meet the identified need in full. However, it is reliant on the Lea Castle site to make a significant contribution to this portfolio which, at 7.0 ha, makes it the largest B-Class employment allocation in the emerging plan. It is also the only employment allocation north of Kidderminster and the only one located on the District's key north-east strategic road links to the Black Country.

4.0 **Potential B-Class Contribution of Lea Castle Village**

Introduction

- 4.1 This section provides an overview of the suitability and sustainability of the Lea Castle Village site in providing B-Class employment space.

Current Planning Status

The Former Lea Castle Hospital Site (Phase 1)

- 4.2 The former Lea Castle Hospital site comprises PDL that was formerly ‘washed over’ by Green Belt in an area between the settlements of Cookley and Kidderminster, in Wyre Forest District. It covers an area of around 48.5 hectares, situated between the A449 Wolverhampton Road and the A453 Stourbridge Road to the north east of Kidderminster. This site is currently occupied by a handful of derelict prefabricated hospital buildings and hardstanding areas alongside woodland, bat houses and open space, with a substantial network of underground ducts running across the site that previously serviced the buildings. The site also features playing pitches along with a clubhouse used by local football clubs located at the southern extremity of the site.
- 4.3 Lea Castle Hospital’s (Phase 1) boundaries are largely defined by the woodland planting and, whilst not forming a permanent boundary, they form a substantive and clear edge. Public access is limited to one Public Right of Way [PRoW] between the A449 and Axborough Lane running east-west to the south, then across the north of the site. Land surrounding the site is predominantly in agricultural use, with the notable exception of the former nurses’ accommodation adjacent to the site’s north-western boundary, which are now in private occupation. The Park Gate public house is located immediately to the south-east of the site, alongside some private residences. Three large residential properties also abut the site to the north-east, off Axborough Lane.

Figure 4.1 Derelict former hospital building at the former Lea Castle Hospital site



Source: Lichfields, 2018

Figure 4.2 Demolished Buildings and existing road infrastructure at the Former Lea Castle Hospital site



Source: Lichfields

History of the Former Lea Castle Hospital Site

- 4.4 The site comprised agricultural land until it was developed at the time of World War II, when a military camp and prisoner of war camp were constructed. There is also reference to an American military hospital in the area. The precise extent of the military use of the site is not clear from the available information; however, the onsite military buildings are likely to have comprised temporary huts, including Nissen huts, or tented accommodation. The military hospital was located to the north of the site and originally comprised four equally sized single storey blocks and a laundry block. The site remained in military use, occupied by the Royal Army Pay Corps, until 1960.
- 4.5 From the 1960s until its closure in 2008, the site was utilised as an NHS hospital and care home for people suffering from mental health issues. The existing buildings on the southern portion of the site related specifically to this use. By 1966, the site was expanded southwards to include more general wards and NHS infrastructure. Building uses were not indicated; however, a heating oil tank, fuel feed pipelines, boiler houses, generators and laundry and garage are known to have existed. The layout of the hospital has remained largely the same since this time, with minor demolition and construction to include a cluster of buildings in the south of the hospital grounds understood to be the midwifery school, circa 1990⁴.

⁴ Source: HCA/Amec Foster Wheeler (2017): Former Lea Castle Hospital Site: Design and Access Statement, March 2017

Figure 4.3 Former Lea Castle Hospital Key Opportunities and Constraints Plan



Source: HCA/Amec Foster Wheeler (2017): Former Lea Castle Hospital Site: Design and Access Statement, March 2017

Local Plan Allocations

- 4.6 By the early 2000s, consolidation of the NHS uses to other locations led to a large part of the site becoming surplus to requirements, with many of the buildings becoming redundant. In response, Policy E4 of the adopted Wyre Forest District Local Plan (January 2004) stated that the surplus part of the site presented an opportunity for low density redevelopment with the potential to create a prestigious high-quality B1 employment development:

“Based on a site coverage ratio of about 26%, this releases a developable area of approximately 6 hectares. It will therefore make a positive contribution to a balanced portfolio of sites sought by the Council to meet the requirements of the Structure Plan.”
[paragraph 4.38]

- 4.7 However, the High Technology Business Park originally envisaged for the site did not ultimately come forward. The Primary Care Trust relocated existing residents and closed down the site in 2008, with the site subsequently becoming (in the Council’s own words) ‘damaged and derelict’.

- 4.8 Following the lack of any interest in developing the site for high quality B1 development, and with the changes in the levels of occupation and ownership of the area, the Council reviewed the potential redevelopment of the whole site as part of its Site Allocations and Policies Local Plan (2013):

“A recent consultation with regard to the future development of this site indicated a general support for a mixed use development, with suggestions such as hospital, hospice, educational facility, leisure, business and residential uses being forwarded to the Council. It is considered, therefore, that there is general public support for a pro-active policy to be implemented that

helps to deliver a viable development based on a potential mix of uses whilst being mindful of the unique landscape and Green Belt setting that the site has.

The Lea Castle site is an attractive semi-rural location; however, there are concerns about the viability of continuing the existing allocation of the site. As a consequence, it is proposed that other options need to be explored through the Site Allocations process. The policy proposes that the following mix of uses be considered for the site:

- *B1 (Business)*
- *C2 (Residential Institutions)*
- *C3 (Dwelling Houses)*
- *Health Uses*
- *Sport and Recreation facilities” [paragraph 18.10-18.11]*

- 4.9 In allocating the Lea Castle Hospital Site for a mix of uses including B1 Business, Policy SAL.PDS1 set out the following development principles for the site:

“As a minimum, the District Council will require development proposals to:

- *demonstrate no greater visual impact on the openness of the Green Belt than existing development.*
- *be focused on the previously developed parts of the site.*
- *supplement and enhance existing strong landscape framework surrounding the site to improve ecological and landscape value.*
- *retain Talbotshill Coppice.*
- *retain existing sport pitches for community use.*
- *investigate opportunities for providing safe, attractive and convenient pedestrian and cycle links between the site, Cookley and Kidderminster to ensure that local facilities are accessible by alternatives to the car.*
- *make a financial contribution to the provision of affordable housing off-site in accordance with the adopted Core Strategy Policy CP04.”*

Current Planning Permission for the Former Lea Castle Hospital Site

- 4.10 In March 2017 the (then) Homes and Communities Agency [HCA] submitted an outline planning application for a residential-led development of up to 600 dwellings, including employment uses with local shop/café/community use, public open space, and associated infrastructure on land at the former Lea Castle Hospital in Kidderminster. This application (planning reference 17/0205/OUTL) sought approval of the access arrangements only, with all other matters reserved.

- 4.11 The description of the proposed development was as follows:

“Outline planning application to include up to 600 dwellings (C3), up to 3,350 sqm of Class B1 employment uses, 150 sqm of Class A1/A3/D1 uses (local shop/café/community space), public open space, ecological mitigation, drainage works, infrastructure and ancillary works. Detailed approval is sought for access arrangements, to include the main access from Park Gate Road, secondary access from The Crescent and limited access to a small number of properties from Axborough Lane, with all other matters reserved.”

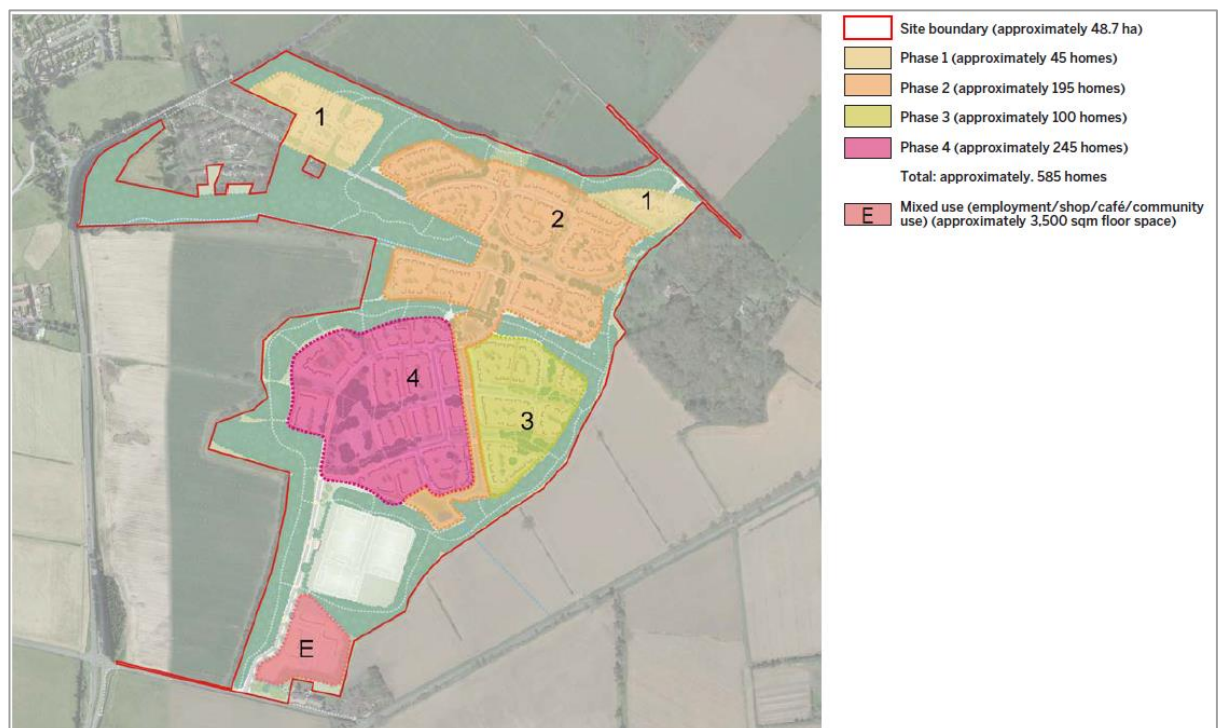
4.12 As can be seen on Figure 4.4, the area identified for B-class employment uses, totalling 3,350 sqm, is located to the south of the playing pitches and is intended to sit alongside the 150 sqm shop/café/community uses at the site.

4.13 The Planning Statement accompanying the application recognises the allocation of the former Lea Castle Hospital site for new economic development as part of a mix of uses, stating that:

“In accordance with this policy, the proposed development includes B1 employment uses as well as a local shop / café / community use. The amount of employment proposed on the site has been led by market advice, which suggests that there is not significant demand for larger scale employment uses at this location.” [page 27]

4.14 The application was subsequently approved by WFDC on 21st November 2017.

Figure 4.4 Former Lea Castle Hospital Planning Application Boundary and Land Use Phasing Plan



Source: HCA/Amec Foster Wheeler (2017): Former Lea Castle Hospital Site: Design and Access Statement, March 2017

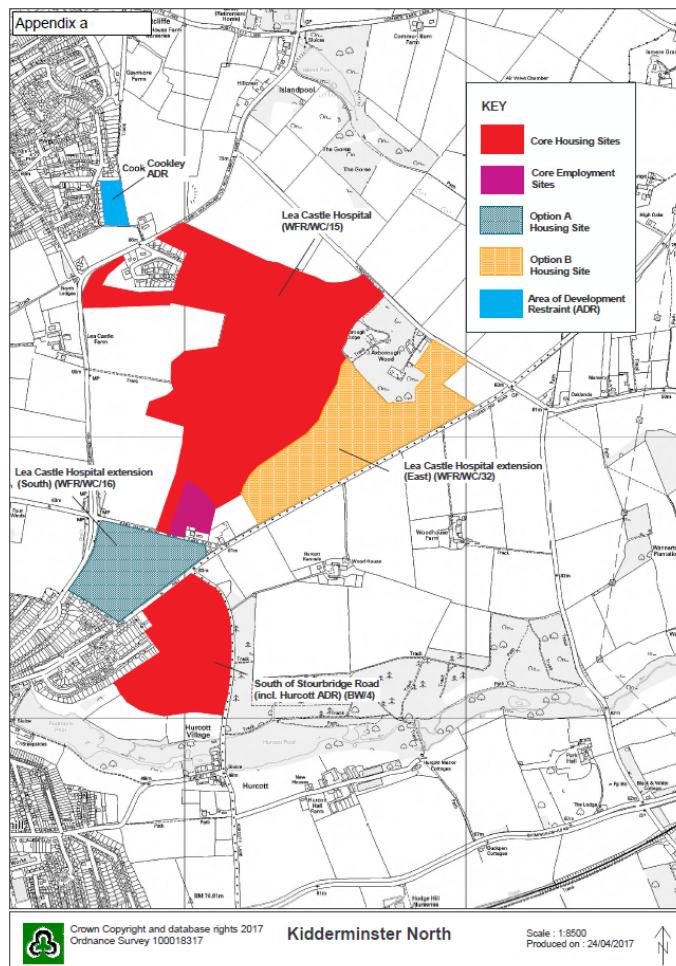
Phase 2

4.15 The parcels of land surrounding the former Lea Castle Hospital site (Phase 1) comprise semi-rural greenfield land and open fields, with residential lodges to the east, the former nurses' accommodation (now private residential properties) to the west; and woodland. Currently allocated as Green Belt land in the adopted Local Plan, the planning status of this land has evolved in recent years.

4.16 WFDC's Local Plan Review Preferred Option 2016-2034 (published for consultation in June 2017), set out proposals for a sustainable urban extension to the North of Kidderminster, based on the Lea Castle Hospital site. As can be seen in Figure 4.5, the Lea Castle Village site (which had been submitted for planning approval by the HCA, but had not yet been approved) was identified as a 'Core Housing Site' and 'Core Employment Site', earmarked for 600 dwellings and 1.96 ha of B-Class land. Option A comprised a proposed allocation to the south-west of Park Gate Road (the blue hatching in the Figure below). This was identified as having the potential for up to 150 dwellings on 9.52 ha of Green Belt land. Option B (the orange land in

Figure 4.5) was identified as a potential allocation for 360 dwellings on 18.6 ha of Green Belt land.

Figure 4.5 Wyre Forest Preferred Options Overview map – Kidderminster North



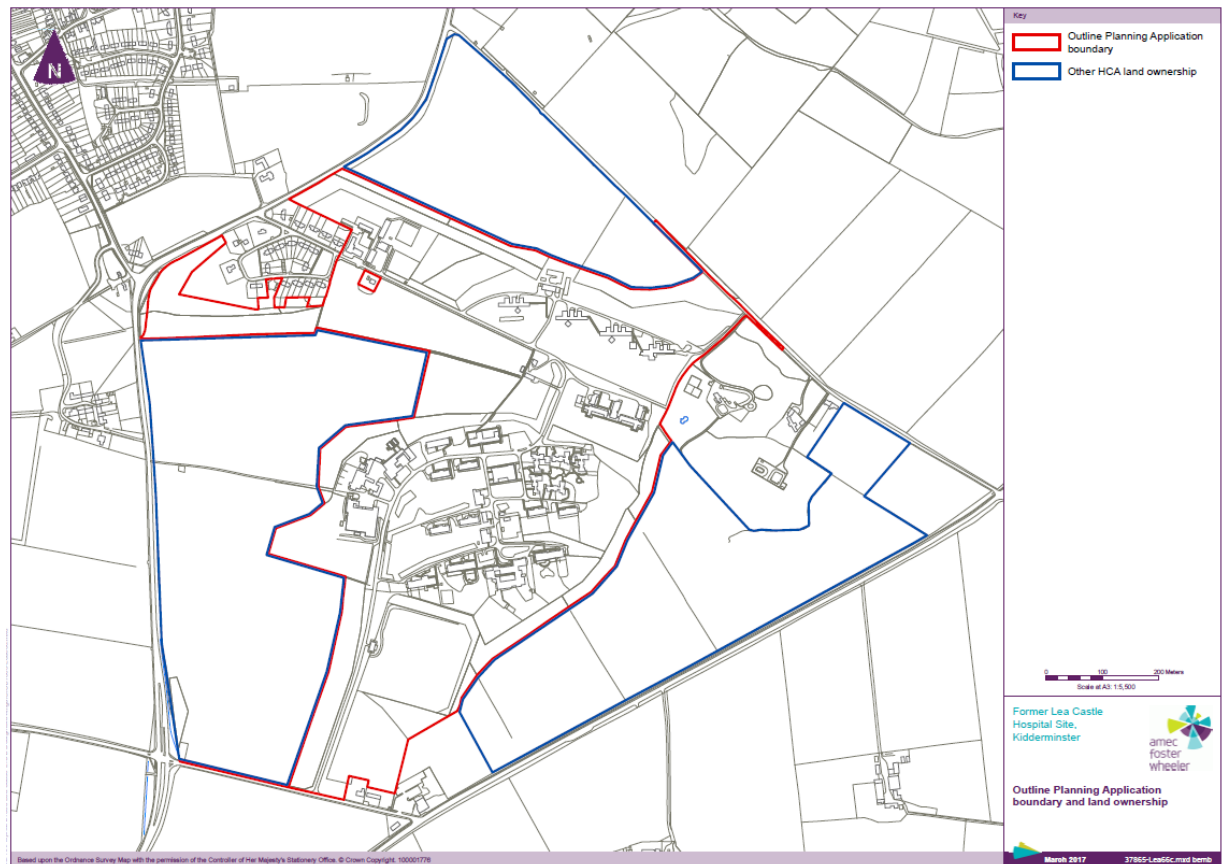
Source: WFDC (2017): Preferred Option Local Plan

4.17

Homes England [HE] submitted representations⁵ to the Preferred Options report, supporting the inclusion of the Lea Castle Village site's allocation for 600 dwellings as part of a mixed-use development and its removal from the Green Belt, although it requested that the policy refer to 1.2 ha of employment land rather than 1.96 ha to be consistent with the outline planning application for the site. HE also supported the inclusion of the Option B Lea Castle Village Extension site for 360 dwellings and removal from the Green Belt, submitting a Supporting Document which included high-level technical work for the Lea Castle Village Extension site to support its proposed allocation including a Concept Masterplan.

⁵ Local Plan Review Preferred Options Consultation (June 2017) WFDC Summary of Consultation Responses – Appendix 3C

Figure 4.6 Former Lea Castle Hospital Planning Application Boundary and Homes England Land Ownership Plan



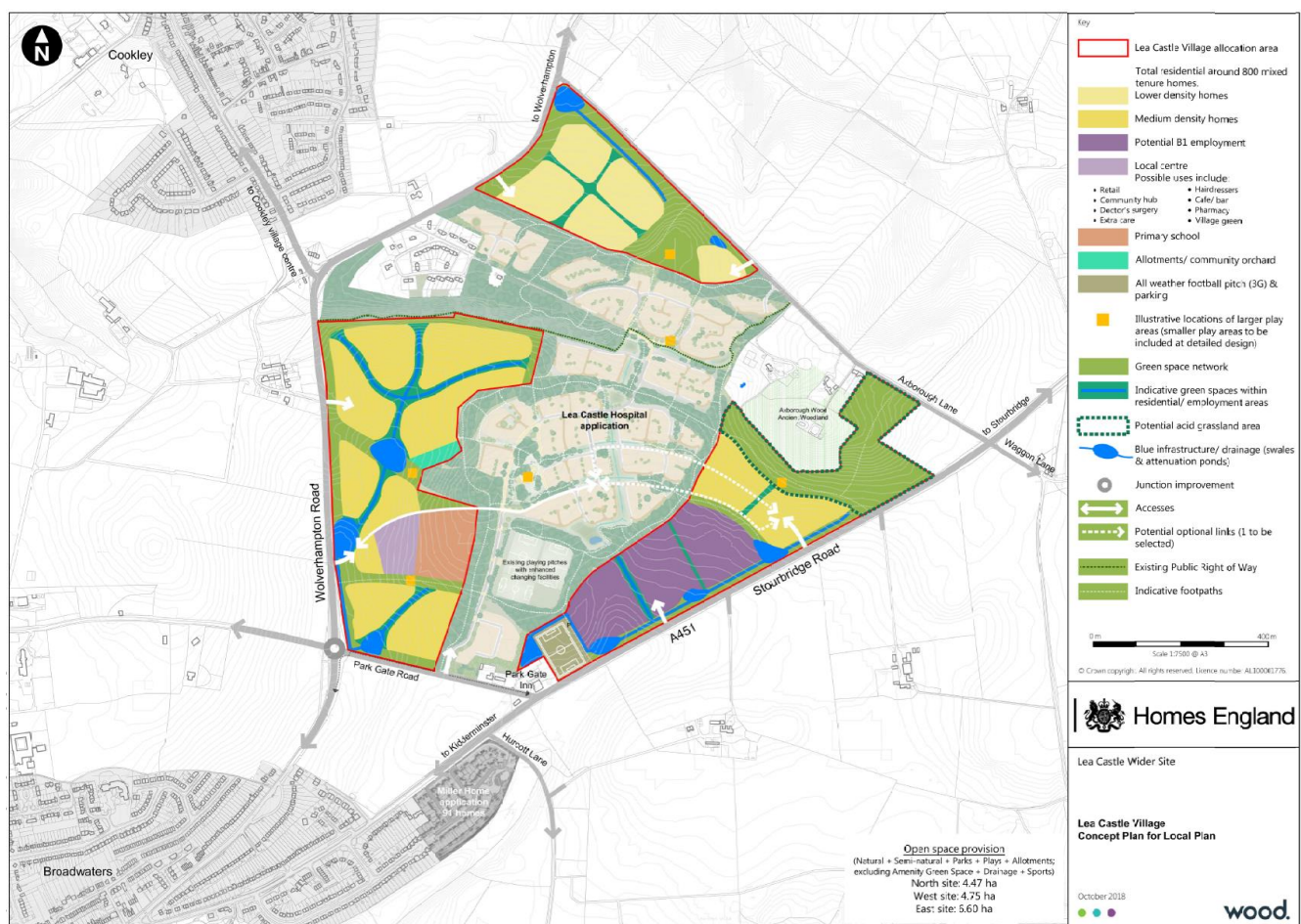
Source: HCA/Amec Foster Wheeler (2017): Former Lea Castle Hospital Site: Design and Access Statement, March 2017

- 4.18 WFDC has now published its Pre-Submission Local Plan (October 2018). Policy 31 relates to Lea Castle Village. This identifies a much larger area of land surrounding the former Hospital site, and includes all land bounded by the A449 (Wolverhampton Road), Axborough Lane, the A451 (Stourbridge Road) and the B4190 (Park Gate Road), which would take c.119 ha out of the Green Belt to form a sustainable mixed-use village.
- 4.19 The Policy identifies the following:
- Lea Castle Hospital: Mixed Use - 600 dwellings on 48.4 ha;
 - Lea Castle East: Mixed Use - 300 dwellings and 7 ha of B1 employment on a total site area of 19.9 ha;
 - Lea Castle West: Mixed Use - 400 dwellings on 24.5 ha;
 - Lea Castle North: Housing - 100 dwellings on 11.5 ha.
- 4.20 This comprises 1,400 new dwellings (800 more than the current extant outline planning permission), plus around 7 hectares of B1 employment land on the eastern parcel of land. As only the 7ha site appears in Table 10.1 Employment Allocation Sites (which sets out 32.48 ha of B-Class employment land across 19 sites), it is understood that this **is in addition** to the 1.2 hectares of B1 office already in the Phase 1 permission.
- 4.21 The reasoned justification for Policy 31 is as follows:
- “The vision is to create a new sustainable village with enough housing to generate a new village centre with its own local shop, primary school and perhaps a GP surgery in order for*

the development to provide for the needs of the new community and minimise impact on nearby social infrastructure. Housing will be provided to cater for all sections of the community with a mix of dwelling types, sizes and tenures. It is envisaged that Lea Castle Village will also provide land for employment uses and new and upgraded sports pitches. All of this will be provided in an extensive woodland/landscape setting.

The allocation is for the whole site. The central area has outline planning approval (17/0205/OUTL) for up to 600 dwellings, up to 3,350 sqm B1, 150 sqm A1/A3/D1 uses (local shop/ cafe/ community space), public open space, ecological mitigation, drainage works, infrastructure and ancillary works. (Main access to be from Park Gate Road with secondary access from The Crescent and limited access from Axborough Lane). [paragraphs 31.1-31.2]

Figure 4.7 Lea Castle Village Concept Plan for Local Plan



Source: WFDC/Homes England 2018

4.22 Appendix B to the Preferred Options includes a Lea Castle Village Concept Plan, produced by Homes England. This has evolved from an earlier version produced in August 2018 following discussions between Homes England, their planning consultants, masterplanners and agents, WFDC Officers, Lichfields and LSH.

The Role of Lea Castle Village as an Employment Location

4.23 Phases 1 and 2 of the Lea Castle Village site comprise a critical element of WFDC's emerging Local Plan, both in terms of contributing to the significant levels of housing provision over the plan period and also of addressing what would otherwise be a substantial unmet need for B-

Class employment land in the District. The 7 ha of employment land earmarked for Phase 2 of the site (in addition to the 3,350 sqm B1 with extant planning permission as part of Phase 1), represents the single largest site in the Council's emerging 32.5 ha employment land portfolio. Without this site, the Council's employment land target of 29 ha would be around 5 hectares short.

- 4.24 As discussed at length in Section 3.0, a number of key market indicators suggest that the industrial market in particular is becoming increasingly unbalanced in the District, with rising rents, comparatively low vacancy rates, and a lack of available suitably-sized stock in areas of strongest market demand. Wyre Forest has experienced very limited levels of activity in terms of speculative new industrial and/or warehousing in recent years. The effects of this are now evident in the shortage of good modern quality spaces across the District. This was a pressing issue that was raised by all of the commercial agents who contributed to this study, a trend which has been accentuated by a number of premises being lost to residential or other alternative uses through permitted development rights.
- 4.25 Going forward, agents considered that additional employment land was required within Wyre Forest to meet demand. There is a particularly strong need for new industrial development of varying sizes and to a lesser extent small-scale move-on office development (subject to the office occupier market showing further signs of improvement). The A449 / A451 (Stourport Road and Worcester Road) Corridor have long been the focus of development and this is expected to continue for the foreseeable future, with ongoing occupier demand for more employment space along the Corridors which benefit from good access to Kidderminster, Stourport and the wider sub-region. However, in the longer term there was a general view that one or more significant employment sites would be required with good access to the strategic road network.
- 4.26 LSH noted that opportunities exist within the wider area, with recent developments at Pensnett Trading Estate in Kingswinford being popular, with units being taken up prior to completion.
- 4.27 There remains an acute shortage of modern, purpose-built premises. This has led to an increase in demand for good quality, well-located, second-hand industrial accommodation within Wyre Forest. As a result of this, agents are seeing a growing preference for many larger businesses to become owner-occupiers in the District, with companies looking to purchase the freehold interest in industrial buildings. This is partly due to indigenous companies seeking to take advantage of current low interest rates.
- 4.28 In particular, a key driver in this sector has been indigenous firms outgrowing their current premises or microbusinesses seeking starter-units. These businesses generally seek locations with good connectivity to the strategic A-roads. Agents stressed that there remains an established demand for industrial units ranging between 2,000 and 5,000 sq. ft. suitable for B2 uses followed by B8 uses. Agents noted that there is a strong demand for premises between 5,000 to 10,000 sq. ft. However, they identified that this demand rarely extends to any industrial property over 20,000 sq. ft. This is likely to be due to the fact that Wyre Forest's economy is dominated by small and medium-sized businesses.
- 4.29 **There is therefore a clear need for new industrial units in Wyre Forest District. Whilst the strongest demand is likely to remain in the south Kidderminster corridor, there is some potential for new sites in north Kidderminster, an area which is currently under-represented.** As set out in Section 3.0, at present the Lea Castle Village site is the only employment land allocation north of Kidderminster, and the only site located on the key road links to the Black Country. Whilst this is a reflection on the historic availability of PDL sites and particularly the strong demand in the south Kidderminster road corridor(s); it nevertheless reflects an imbalanced market that does little to address latent

demand for sites that are closer to, and accessible from, Stourbridge, Dudley, the Black Country and Greater Birmingham.

- 4.30 **In this regard, the employment space at Lea Castle will effectively be creating a new commercial/industrial offer.** Whilst it is of course located within Wyre Forest District (and will be seen as such by the market), its excellent accessibility and physical separation from the urban area could see the site providing a new, distinct offer that the local market does not currently cater for. Whilst this represents an opportunity, it will nevertheless need to be carefully promoted and marketed to ensure that it is successful.
- 4.31 In creating this new market, it is difficult to predict latent demand. We have already seen that there has been very limited take up of either industrial or commercial land in the north Kidderminster area, whilst there have been losses of over 5 ha of B-class land at Churchfields Business Park. Nevertheless, the site may benefit from the links through to Dudley and the Black Country, as well as potentially from new residents at Lea Castle itself. The Black Country currently has a very significant undersupply of employment land, with a number of former employment sites being redeveloped for residential purposes. This undersupply, along with excellent transport links from the conurbation to Lea Castle Village, presents clear opportunities for companies wishing to relocate to the north Kidderminster area from the Black Country.
- 4.32 Critical to the delivery of a successful employment offer in this location will be the attractiveness of the Phase 2 site not only in terms of the offer but also how easy it is to develop.
- 4.33 As such, it is considered that **any policies for the site allocation should be as flexible as possible in terms of use, unit size, lack of restrictions and ease of build.** For development, occupiers want sites which can offer units either immediately or with little delay, and developers will want to know that they can provide occupiers with space as soon as possible.

Nature of Demand

- 4.34 An improvement in the UK economy, and the ensuing boost to investor and occupier confidence, has been coupled with very limited levels of new development since 2008, enabling most landlords in the area to reduce void levels across a range of sizes and ages of stock. Notwithstanding the uncertainties over Brexit and competing locations outside the District, there remains unmet demand for B-class employment that the Lea Castle Village site would be well-placed to address.
- 4.35 Although there are a number of sites in Wyre Forest's rural areas serving the local business population (such as Bewdley Business Park, Rushcock Trading Estate and Cursley Business Park), none of these are located in north Kidderminster, whilst the size and quality of these sites varies greatly. In general, they tend to comprise older and poorer quality stock, such as converted former general industrial or agricultural buildings. Many are in more peripheral or less accessible locations where occupancy levels are generally high. This is predominantly due to the shortage in the supply of sites and the popularity of such premises from local microbusinesses / SMEs, which suggests that there remains scope for additional sites / units in north Kidderminster.
- 4.36 Whilst it is accepted that demand at present is still very much focused on sites in larger settlements, consultations with agents confirmed that these smaller, rural sites receive interest and are attractive to local SMEs.
- 4.37 LSH's view is that demand is most likely going to come from smaller occupiers, mirroring development in other parts of the District. Given the new build nature of the Lea Castle Village site, this is likely to include business owners seeking to purchase freehold properties which they can occupy and hold as part of their pension pot in the long term.

- 4.38 It is likely that such units would appeal to a range of occupiers, including business owners moving to Lea Castle who might wish to operate from premises close to their home (potentially purchasing their business units for pension fund purposes), to businesses who cannot find space within the Black Country which is accessible from the site. With the advent of greater online shopping and delivery, there is increased demand for units for fulfilling orders. It is considered that the site may also be suitable for a local centre for parcel deliveries with accessibility to the wider Black Country as well as into Worcestershire.
- 4.39 This view was supported by our discussions with a number of agents who were active in the sub-region. These agents suggested that due to the site's accessibility to the Wolverhampton Road (A449) in particular, Lea Castle Village may attract interest from businesses that are currently located or would like to attract staff from the Black Country. One agent stated the site could include an element of smaller warehousing (B8) or light industrial units (B2), although this was dependent on the right infrastructure being in place.
- 4.40 The site also offers an opportunity to create employment space which is within a setting unlike any other in Wyre Forest District, offering modern employment space which can attract new business to the area. For example, LSH has seen areas within the Oxford–Cambridge arc which do not presently have a commercial/industrial offer, where local authorities are promoting new schemes based on tech start-up companies requiring space which reflects their businesses, and which offer the opportunity to grow into larger space.
- 4.41 This approach does, however, require some significant investment upfront by the local authority given that many of these businesses will be start-up companies who cannot offer sufficient covenant strength for traditional investors. This investment can include the provision of sites at low or nil value, provision of infrastructure or in some cases by guaranteeing the purchase of let units as investment property.

Market capacity to deliver employment space at Lea Castle Village

- 4.42 Delivery of the employment space at Lea Castle Village will require careful consideration. It is likely that development of the wider housing-led development during Phase 1 will be undertaken by housebuilders who will have limited appetite for carrying out commercial development, and as such a commercial developer may have to be appointed.
- 4.43 There is no doubt that there are numerous developers who would be perfectly capable of delivering the employment space; however, the investment required for the initial infrastructure and the subsequent development of B-class units is likely to mean that speculative development (as elsewhere in the District) is unlikely to be forthcoming. As set out in Section 3.0, there has been limited recent speculative new build development across the District – as such the majority of B class space on the market is second-hand. The only recent speculative development in the area has been at Ratio Park within the LDO, with most occupants tending to be indigenous in nature, serving local communities.
- 4.44 Local property agents considered that despite improved market conditions, speculative industrial development was very unlikely to occur in the local area for the foreseeable future. This is partly due to the previous economic/development cycle. Following the 2008/09 recession, developers required rents to increase to justify the risk of speculatively developing additional B-class premises especially when set against the modest increases in land values. Agents state that the recent increase in land values is largely due to the shortage of available (and suitable) land for sale.
- 4.45 Therefore, whilst Lea Castle Village may attract a wider market as identified due to its location and potentially distinct offer, it is considered that it will still need some level of market

intervention in order to see the delivery of space, and ensure that companies make positive investment decisions to locate at Lea Castle Village at a time of economic uncertainty rather than elsewhere within more established employment areas, either to districts further north, or the South Kidderminster Enterprise Area further south.

Locational factors and site parameters

Creating a Sustainable Community

- 4.46 In advance of considering the specific opportunities for a large B-Class employment site at Lea Castle Village, it is instructive to consider the purpose of sites of this type in planning policy terms. The National Planning Policy Framework (the Framework) requires that planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt: *“Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development”* [paragraph 80].
- 4.47 Paragraph 81 of the Framework details a number of relevant considerations for the identification of key employment sites, including *“planning policies should...set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period”*. Furthermore:
- “Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations”*. [paragraph 82]
- 4.48 Critically, the Framework also requires planning policies and decisions to ensure an integrated approach to considering the location of housing, economic use and community facilities and services [paragraph 92 e)]. Government policy is clear that there is a need to ensure a broad balance between housing and job growth to minimise the need for commuting and promote inclusive, sustainable communities.
- 4.49 In order for locations like Lea Castle Village to be able to maintain a sustainable economic base, they need to be able to offer a level of employment that matches the area’s population growth and that allows the local economy to expand, albeit recognising that some degree of in and out-commuting is part of a functioning labour market.
- 4.50 As set out above, whatever is proposed on the wider site needs to be cognisant of the surrounding uses and the extant planning permission for 600 dwellings and 3,350 sqm of B1 employment space in phase 1, alongside ancillary retail and community uses. The emerging masterplan is also seeking the addition of a further 800 homes on the Phase 2 parcels of land.
- 4.51 It is our view that the site represents a sustainable location for mixed use development, and that any employment use needs to be of a scale and magnitude that is sensitive to these uses, whilst recognising the need for additional B-Class land to meet the District’s wider shortfall.
- 4.52 The 3,350 sqm of B1 floorspace in Phase 1 of the extant planning permission could arguably meet localised needs resulting from the scheme and the immediate area, which aligns well with national and local planning policy, helping to support the vitality and sustainability of Lea Castle as a settlement.
- 4.53 The Lea Castle site therefore represents a sustainable location for mixed-use development in north Kidderminster by providing a range of complementary activities, including an element of B-Class employment, that will sustain the settlement’s vitality.

Scale of Employment Land Required

- 4.54 It is considered that in order to be as attractive as possible, there needs to be the maximum possible flexibility in any consent for the site so that the widest range of users can be attracted. Office, light industrial or R&D occupiers under Class B1, as well as B2 and possibly B8 (potentially small-scale parcel or similar operators) could be interested in space at this location and the planning consent should reflect this.
- 4.55 There needs to be a self-sustaining employment mass to be established at this location, with most other rural employment sites in the District having developed for historical reasons such as by conversion of military or farm buildings, or re-use of historically occupied property, rather than new-build space. With the advent of new settlements and urban extensions, there are increased employment developments seeking to establish themselves. Nearly every new settlement now includes employment uses within their overall masterplan in order to deliver a sustainable community, with a varying level of employment space being proposed.
- 4.56 Discussions with local agents suggested that the success of additional employment land on the Phase 2 parcels of land would be dependent on the successful up-take of employment space in Phase 1 (which has extant planning permission) and if so would need to be phased over the plan period. Agents were concerned that any further B-Class allocations on the Homes England site would need to avoid an oversupply of employment land in the District which is largely dominated by indigenous firms.
- 4.57 Delivery of employment space at Lea Castle Village will, however, help to address the identified need for additional space within the District over the plan period, and will help to support the wider development of Lea Castle through creating a more sustainable development. The scale of delivery needs to be such that it can begin to create its own market and to attract businesses to the site.
- 4.58 **Theoretically any size of employment site can be successful, but a site of c.5-10 hectares at this location offers the opportunity to create a mix of small and medium size units which can be attractive to a wider market. In our view, the 7 hectares proposed for Lea Castle Village, in addition to the 3,350 sqm of B1 floorspace in Phase 1, would represent an appropriate allocation at this site.**

Type of Employment Land Required

- 4.59 Key employment sites can be designated in order to raise the economic profile of an area, and thereby increase economic growth and productivity. This is likely to mean a focus on high-growth business sectors and high-skilled jobs that draw from a wider labour catchment area, and potentially be characterised by leading national or international businesses. Some planning authorities place user-restrictions to control the type of activities accommodated.
- 4.60 Given the likely size of the site, at around 7 hectares, we are not suggesting that such restrictions should apply here; quite the opposite in fact as it will be important to have a degree of flexibility in policy to ensure that as many companies as possible can be attracted to Lea Castle Village. However, it is still important to respond to economic or sector growth opportunities emerging in the area. These might be in response to a particular stimulus (e.g. university) or industry cluster (e.g. pharmaceuticals, motorsport). This means key employment sites can support the expansion or diversification of the economic base of a location, but also provide the capacity and flexibility to respond rapidly to development needs such as an inward investment opportunity or expansion / consolidation of an existing business or industry.
- 4.61 Given that the Lea Castle Village site will comprise of a large, sustainable mixed-use community with 1,400 households living in reasonably close proximity to the employment uses, the nature

of those B-Class uses will need to be restricted so that any negative impacts on residents' quality of life are appropriately mitigated.

4.62 **Nevertheless, the type of employment provided should aim to support Wyre Forest District's existing strengths in industrial, distribution and knowledge-based industries, and align with the Council's future economic growth aspirations.**

4.63 The key to a successful commercial development is to offer sufficient flexibility to occupiers so that the majority of requirements can be fulfilled without compromising on build certainty and cost. It is unlikely that development at this location would be suitable for large-scale B8 logistics, and as such the requirement for large yard depths and multiple loading bays will probably be unnecessary.

4.64 A development offering differing sizes of units within a terrace (with the potential to link or amalgamate) offers the most flexibility at the lowest cost. Such units can be retrofitted with mezzanines or internal office space to suit with access restricted to roller shutters and personnel doors.

4.65 It would be expected that by delivering around 7 hectares of employment land, the site has the capacity to deliver around **28,000 square metres of floorspace**. Sites of 0.25 hectares will deliver units of 1,000 square metres (i.e. a plot ratio of 40%).

Potential Growth Sectors to Target at the Lea Castle Village Site

4.66 We have set out above that whilst demand in this area is likely to be indigenous, given its highly accessible and attractive rural location, there is an opportunity to attract new companies into the District from further afield.

4.67 Ideally, this would include companies that align with the Council's target B-Class growth sectors (see Section 3.0), namely:

- Advanced Manufacturing/Engineering;
- Business and Professional Services/Financial Services;
- Digital and Creative Industries; and,
- Cyber Security/Defence/IT.

4.68 Alongside this, property market feedback points to an opportunity for small-scale warehousing given the site's proximity to the strategic A-road network and the Black Country settlements and Stourbridge to the north-east.

4.69 It is critical that the right type of site and business accommodation is made available to the market. Table 4.1 summarises how the growth sectors (identified by WFDC, the LEP and from market feedback) might translate into specific types of employment site requirements.

4.70 The types of premises required by these sectors can vary greatly with the range of different activities within each sector. However, there are certain types of sites and property products with a specific scale, form and environment, which can accommodate many of the needs of these sectors, and locations which provide the space to maximise the potential to attract mobile investment in those sectors. These include an office / business park, industrial / advanced manufacturing park, science / R&D park, strategic logistics hub and mixed employment / hybrid area.

Table 4.1 Potential Site Typologies at Lea Castle

Growth Potential Sector	Indicative Sector Requirements	Indicative Space Requirements	Site Typology
Advanced Manufacturing / Engineering	<ul style="list-style-type: none"> • Workshops for research and design • Testing facilities (e.g. wind tunnels) 	Wide range of premises – from small industrial flexible units to high specification B1/B2 units with high office content	<ul style="list-style-type: none"> • Science/R&D park • Industrial/advanced manufacturing park • Mixed employment area • Aviation business park
Business and Professional Services / Financial Services	<ul style="list-style-type: none"> • Access to clients/markets • Availability of skilled labour • High quality transport links and telecommunications • Good quality of life 	High quality office space at range of unit / floorspace sizes, requiring large footplates	<ul style="list-style-type: none"> • Office/business park • Mixed employment area
Digital and Creative Industries	<ul style="list-style-type: none"> • Skilled workers • Fast links to Birmingham / airport • Fast broadband access • Quality of life / image of location 	Wide range of premises: high quality offices to small-scale studios, industrial and incubator units	<ul style="list-style-type: none"> • Office/business park • Mixed employment area
Cyber Security / Defence / IT	<ul style="list-style-type: none"> • Availability of skilled labour • Reasonable links to R&D centres and defence Institutions 	Range of premises – from large laboratories and workshops to small B1/B2 units for start-ups; Larger high specification units to provide move on space. Secure facilities may be required.	<ul style="list-style-type: none"> • Science/R&D park • Secure self-contained facility • Office/business park • Mixed employment area
Small-scale Logistics	<ul style="list-style-type: none"> • Access to strategic transport routes • Access to technology / e-commerce connectivity • Available workforce 	Large-scale high-tech B8 units on large sites for parking / storage	<ul style="list-style-type: none"> • Strategic logistics hub • Mixed employment area • Aviation business park

Source: Lichfields Analysis

4.71

The five employment site typologies have been analysed below in terms of their key characteristics and an overall assessment has been made of their potential to accommodate strategic employment growth at the Lea Castle Village site based on the current profile and market demand.

Table 4.2 Assessment of Site Typologies at Lea Castle Village

	Science / R&D Park	Office / Business Park	Industrial / AMP	Logistics Hub	Mixed employment area / hybrid uses
Indicative Size	5-10 ha	5-10 ha	5-10 ha	20 ha+	5-10 ha
Use Classes	B1a/B1b/B1c	B1a	B1c/B2	B8	B1/B2/B8
Example target sectors	Cyber Security / Defence / IT Digital and Creative Industries	Business and Professional Services / Financial Services	Advanced Manufacturing / Engineering	Logistics	Business and Professional Services / Financial Services AMP / Engineering Digital and Creative Industries Small-scale logistics
Design specification	High-quality landscaped setting; scope for separation of 'clean' uses and relevant regulatory design standards Potential for secure facilities	High-quality landscaped setting; provision of car parking	Serviced plots for design and build opportunities; flexibility to accommodate supply chains	Large plots with potential for open storage and yards	Separation of uses; design code to maintain quality standards
Infrastructure requirements	Proximity to university/higher education provider or research institute and/or major corporate tenant	Access to road, rail and air connections; broadband connectivity; on site amenities	Access to strategic road network	Access to strategic road network; scope for 24 hr operations; broadband connectivity	On-site amenities (i.e. small-scale retail and leisure provision)
Existing scale of market demand	Low	Low	Medium	Low	High
Strategic policy fit	High	High	High	Low	Medium
Compatibility with adjoining uses at Lea Castle Village	High	High	Low	Low	Medium
Risk assessment against current market	High	Medium	Medium	High	Low
Overall assessment of potential	Low	Medium	Medium	Low	High

Source: Lichfields /LSH Analysis

- 4.72 This indicates that a mixed employment area is likely to have greatest potential to meet currently identified needs, followed by an office / business park and to a lesser extent (given the proximity of sensitive uses) the industrial / advanced manufacturing park. A science / R&D park, whilst representing good fit with policy and the residential uses nearby, is unlikely to succeed, particularly given that the High Technology Business Park originally envisaged for the site in the early 2000s did not come forward due to a lack of interest. A logistics hub would be inappropriate given the distance to the motorway network and the proximity to sensitive residential uses.
- 4.73 This does not preclude a situation in which the Council pro-actively seeks a step change in the local economy or from elements of these typologies being included within a mixed employment area, but it should be noted that current evidence is less supportive of entire sites of these types being brought forward.
- 4.74 In this regard, we have some concerns regarding the current proposals for B1 only on both the Phase 1 and Phase 2 elements of the site. Whilst B1 should certainly form a key component on the site, we remain of the view that the allocation should maintain as much flexibility in its

designation as possible. Whilst it would be inappropriate to locate B2/B8 uses in close proximity to the residential uses, these could be effectively screened or located away from C3 uses if necessary. As summarised above, demand for light/heavy industrial and to a lesser extent small scale warehousing and distribution in the District is significantly stronger than for office space, with the latter experiencing more than double the vacancy rate compared to industrial uses.

4.75 **In our view, this site is probably the wrong location for largescale B8 logistics and to a lesser extent B1a offices, and a mix of B1c/B2 with some limited B1a and potentially some small scale B8 warehousing would be most likely to succeed. We would have significant concerns about the market's ability to absorb over 7 ha of B1 office space in this location unless the B1c light industrial component was prominent. That said, it is vital that the planning regime for this part of the site remains as flexible as possible to allow the market to react to unforeseen opportunities.**

Preferred location on the Lea Castle Site

4.76 As a new location, any development needs to be visible, and a location on the periphery of the Lea Castle Village site, with direct access to a main road, will be essential. This visibility will ensure that prospective occupiers and their customers will become aware of the site more readily. Ideally the site would be separate from the residential and high value landscape areas, with links (if possible) to the local centre, sports facilities and previously-consented employment land. By delivering separate access points for the employment space, this will help to give it a separate identity, whilst still linking to the wider Lea Castle Village development.

4.77 The current Concept Plan for Lea Castle Village locates the 7 ha of B1 land on the A451 Stourbridge Road, with the 3,350 sqm B1a office remaining within the Phase 1 masterplan between the playing pitches (both existing, to the north, and proposed, to the east) as illustrated in Figure 4.8.

Figure 4.8 Lea Castle Village Concept Plan for Local Plan – Employment Land Excerpt



Source: WFDC/Homes England 2018

4.78 During our meeting with Homes England and its consultants, we raised a number of issues regarding their emerging Concept Plan for the wider site, and these appear to have been largely taken on board in its latest iteration.

- 4.79 We agree that the potential employment allocation is appropriately situated on the A451, is highly visible and prominent, and, at over 7 hectares, is of a reasonable magnitude to be self-sustaining in an area that currently lacks an established commercial/industrial market. It will also make a suitable contribution to meeting the wider unmet B-Class need across Wyre Forest District and beyond.
- 4.80 The potential development capacity of/within the Lea Castle Village site will need to be verified in detail in due course, considering matters such as: planning policy and guidance, parking standards, highway capacity and access, site conditions, features and services, operational needs/ requirements and future expectations of existing and future users. Its development potential may also be informed or constrained by, but not limited to, the following factors:
- Surrounding land uses and building heights;
 - Proximity of existing development adjoining site boundaries;
 - Existing vegetation/water features;
 - Impact upon existing operations of surrounding area; and
 - Changes in site levels and site shape.
- 4.81 Although it should be stressed that we have not undertaken detailed site investigation works as part of this commission, we have observed that the south-eastern part of the site currently earmarked to accommodate the bulk of the B1 employment land allocation appears to be suitable for industrial/commercial use, having a flat topography, being of regular size and shape, and appearing to lack any obvious development constraints.
- 4.82 The proposed scale and location within the Lea Castle Concept Plan therefore appears to be appropriate. We do, however, raise the following issues with the Plan as it currently stands:
- 1 The current 3,350 sqm office development that comprises part of the outline permission is separated from the proposed B-class allocation, which significantly weakens the offer as a whole. We are concerned that this may struggle to come forward in isolation and could ultimately be used as a justification to avoid delivering the additional B-Class land. We sympathise with HE's remit to start delivering housing on the site as soon as possible, and hence to avoid re-masterplanning of the site in its entirety. However, by submitting a s73 application to vary the original Phase 1 planning permission, this could enable the 3G football pitch and the approved office block to be switched. This would not only strengthen the B-class offer and consolidate the space, but it would also improve the recreational offer by putting the sports pitches alongside one another via the same vehicular access point;
 - 2 The potential B-Class employment allocation needs to be consolidated. Its location on the frontage of A451 Stourbridge Road is appropriate, but it is vital that it is re-planned so that all of the employment space is brought together as a single block (and branded as such), with a separate entrance/exit. This should be flexible B-Class employment, potentially including B2 and to a lesser extent, small-scale B8 to the west, as we remain concerned that there is insufficient demand for over 7 ha of B1 land in this location. Whilst the proximity of sensitive residential uses will restrict what employment uses can be achieved at the site, this can be effectively mitigated to avoid conflicts.
 - 3 The distance from the employment offer to the proposed Local Centre appears excessive and would ideally be in closer proximity and/or with stronger connectivity between the two land uses. This would be beneficial to the Local Centre in terms of increasing its footfall from workers, whilst also making the employment offer more attractive to prospective businesses who want a rural setting, but to retain access to services. If the Local Centre were to be relocated to the centre of the Lea Castle Village site, closer to the employment

offer, this would be dependent upon the housing delivery which means that the phasing/triggers would need to be analysed carefully.

Maximising Delivery and Phasing

- 4.83 One practical purpose of identifying a large employment site should be to provide future capacity for development, either through new development or potentially redevelopment / expansion, but one that is capable of being delivered through reasonable time horizons. In this way, the identification of a strategic site (in the context of Wyre Forest District) can serve as a statement of intent in terms of attracting private sector investment or making the case for public sector investment. This is distinct from existing established employment areas which may be identified as strategic to distinguish their importance to a local economy and/or as the basis for development management.
- 4.84 Strategic sites can act as the basis for shaping public sector interventions that align with planning policy and economic development objectives, particularly if being prioritised for delivery. This can include transport and infrastructure objectives and potential sources of funding which may be required in order to help address delivery barriers or constraints. Strategic site status may also be relevant for promoting a location to a wider audience such as the Local Enterprise Partnership, and for example when making the business case for funding bids to central government (e.g. Growth Deals).
- 4.85 The delivery of new space needs to be considered alongside the land consented under the extant permission. It is most likely that given the scale of the proposed B-Class allocation in the context of Wyre Forest District, development of the site will need to be carefully phased (unless a major occupier is identified) and this will need to match the trajectory of land requirement for the District.
- 4.86 It is envisaged that the employment land could come forward as part of an early phase of the development of Lea Castle Village, as its peripheral location (with a separate access) means that it is not dependent upon other development taking place. This does, however, have an impact upon the viability of development, with the cost of infrastructure to make the site available having to be recouped or otherwise accounted for within the overall development. More generally, the ability to redevelop the site more efficiently and effectively will depend to a large extent upon the provision of supporting infrastructure to 'keep up' with the pace and nature of development.
- 4.87 LSH's experience is that most similar schemes tend to be delivered across three or four phases, with the initial site access serving a small area, with infrastructure links to further development plots provided as they come forward.
- 4.88 In order to maximise delivery at the site, the development process needs to be as straightforward as possible. This will include not only the planning process, but also for the acquisition of land and development viability. It is probably this latter factor which has the most potential to impact upon deliverability, with developers likely to be unwilling to commit to development without significant incentives. This is likely to require a degree of intervention, either by WFDC or another public-sector body, which can be in the form of low/nil land value, guaranteed occupiers, guaranteed investment sales or significant returns on investment to reflect their risk. Clearly the landowner, Homes England, is ideally placed to deliver this.
- 4.89 There may be scope to put an LDO in place for the site that would be similar (if smaller in scale) to that currently operating in South Kidderminster, which would make planning more straightforward and offer certainty to developers and investors.

- 4.90 Key employment designations may be underpinned by a clear vision and other place marketing measures (e.g. branding) in order to signify a status as a ‘flagship’ investment opportunity in a particular location. The intention is often to help a site compete in the regional marketplace, particularly if the site is not currently an established location, such as at Lea Castle Village. This can also provide a basis for a long-term development framework for the site, which sets out parameters such as a design code, range of appropriate uses and management of the site.

Summary

- 4.91 In summary:

- Both Phase 1 and 2 of Lea Castle Village comprise a critical element of WFDC’s emerging Local Plan, both from a housing and employment perspective. Without the B-Class allocation, the District will not be able to meet its objectively assessed need for employment land.
- There is a clear need for new industrial units in Wyre Forest District. A key driver in this sector has been indigenous firms outgrowing their current premises or microbusinesses seeking starter-units. These businesses generally seek locations with good connectivity to strategic A-roads.
- Demand is strongest in the south Kidderminster road corridor, and the market is, as yet, untested in north Kidderminster. However, the present imbalanced market distribution does not address potential latent demand for sites that are closer to, and accessible from, Stourbridge, Dudley, the Black Country and Greater Birmingham. Lea Castle Village is uniquely placed in the District to help address this need.
- Any allocation for this site should be as flexible as possible in terms of B-Class use, unit size, restrictions and phasing. We remain concerned that allocating the site in its entirety for B1 could unnecessarily restrict demand, as there is no office market in this location, and the previous allocation for a high-tech B1 facility at the site was unsuccessful.
- The proposed quantum of development, of over 7 hectares, appears suitable given the scale of the District-wide shortfall and the nature of demand.
- The Council should ensure that planning policy is as flexible as possible for this site given the restricted site portfolio of the nearby conurbations and the inward investment opportunities this could offer. However, speculative development is unlikely to be forthcoming and demand is most likely to come from smaller, indigenous occupiers that mirrors development in other parts of the District. Given the new build nature of the site this is likely to include business owners seeking to purchase freehold properties which they can occupy and hold as part of their long-term pension pot.
- There is still an opportunity to target companies to locate to Lea Castle Village that align with the Council’s target growth sectors, including Advanced Manufacturing/Engineering; Business and Professional Services/Financial Services; Digital and Creative Industries; and Cyber Security/Defence/IT. Having reviewed site typologies, it is considered that a mixed employment area (B1, B2 and to a lesser extent, small-scale B8) have the greatest potential to meet identified needs.
- We consider that the emerging Concept Plan for the Lea Castle Village contains an employment allocation that is appropriately situated on the A451, is highly visible and prominent, and, at over 7 hectares, is of a reasonable magnitude to be self-sustaining in an area that currently lacks an established commercial/industrial market. We retain concerns regarding the need to provide more flexibility regarding its restrictive B1 allocation; the separation of the 3,350 sqm office park from the rest of the employment allocation; and the excessive distance to the Local Centre.

5.0 Overall Conclusions

- 5.1 This section draws together the analysis undertaken in the previous sections to examine the redevelopment of the remaining parcels of the former Lea Castle Village site for residential-led mixed use, including an element of B-Class employment space.

Is the Council's evidence approach robust and sound on overall employment land provision and the requirement for 7-8 ha of B-Class Employment floorspace on the site?

- 5.2 The ELRU concluded that there was a quantitative need for around 29 ha of B-Class employment land over the Plan period to 2036, of which 14% should comprise B1a/b office, and the remaining 86% B1c/B2/B8 industrial/warehousing. However, the existing supply of employment land only comprises 17.32 ha, a shortfall of around 12 ha. Three new allocations were recommended with a combined net developable area of 10.23 ha, bringing the total supply to 27.55 ha. This included the Lea Castle Hospital site (Phase 2).
- 5.3 The ELRU provides a key part of the employment land evidence base underpinning the Pre-Submission Local Plan (2016-36), which identified a need for at least 29 hectares of employment land to be brought forward in the plan period up to 2036 in Policy 10A⁶.
- 5.4 The Pre-Submission Local Plan (2016-2036) has made provision for 32.5 ha of employment land allocations, which would meet the identified need in full. However, it is reliant on the Lea Castle site to make a significant contribution to this portfolio which, at 7.0 ha, makes it the largest B-Class employment allocation in the emerging Plan. It is also the only employment allocation north of Kidderminster and the only one located on the District's key north-east strategic road links to the Black Country.
- 5.5 There is also a risk that some of the identified pipeline of B class supply fails to come forward for development (for example B class permissions which have not yet received formal planning consent and in any case, may not be available to meet more general business needs). In this situation the demand/supply position may become tighter.
- 5.6 This evidence points to the need to provide a substantial employment allocation at Lea Castle Village as this represents an important source of supply of future employment land for the north-east of the District that is required to accommodate both quantitative and qualitative demand identified by the ELRU.

What type of employment space would succeed on the site?

Recent market signals in Wyre Forest and the surrounding area underline the strength of the industrial property market which is, by continued demand and a steady uptake of industrial and warehousing space, becoming increasingly tight. In contrast, Wyre Forest has a relatively modest office market that has been characterised by weak demand in recent months/years and comparatively high vacancy rates. New development has almost exclusively been on a pre-let basis, with virtually no speculative new build; as such the vast majority of B-Class space on the market is second-hand.

⁶ It should be noted that this figure is lower than the 40 ha requirement identified in the previous Wyre Forest Local Plan Preferred Options document; however, this was informed by the 2016 Wyre Forest Employment Land Review which was based on more optimistic employment growth projections. The recommended 29 ha scenario is more conservative than previous analyses but should be seen in the context of an uncertain economy and low rates of net completions in recent years.

- 5.7 Local commercial agents report that there is currently very little activity in terms of B1 office lettings in the area and no reason to anticipate any uptake in demand in the short to medium term, particularly given the economic uncertainties over Brexit. The fact that the High Technology Business Park originally envisaged for the site in the early 2000s did not ultimately come forward is a further indicator of the comparatively weak demand for B1 floorspace in this part of the Borough. Demand is generally for B1c or B2 industrial, with some limited small-scale B8 meeting local needs.
- 5.8 Furthermore, the current profile of demand in the local commercial market is characterised by small to medium sized industrial occupiers seeking accommodation on flexible lease terms. This is confirmed by the most recent market analysis by LSH which indicates particular requirements for industrial units between 2,000 to 5,000 sq.ft are the most in-demand premises currently within the District, with B8 being the most popular followed by B1c/B2. The next most popular size of industrial units were those between 5,000 to 10,000 sq.ft in size.
- 5.9 Lea Castle Village is not an established employment location. Demand for industrial/logistics space in this area is likely to mirror that experienced elsewhere in the District, namely indigenous firms outgrowing their current premises or microbusinesses seeking starter-units. These businesses generally seek locations with good connectivity to the strategic A-roads. Speculative development is unlikely to be forthcoming and demand is most likely to come from smaller, indigenous occupiers that mirrors development in other parts of the District. Given the new build nature of the site this is likely to include business owners seeking to purchase freehold properties. It is difficult to envisage B1a/b development without incentives such as reduced land values (which would improve viability) or potentially WFDC guaranteeing the end purchase with the tenant (which could possibly include funding of any development, either in full or part).
- 5.10 That said, given the site's location to the north-east of Kidderminster it may also appeal to businesses that are currently located or would like to attract staff from the Black Country, but cannot currently find sites in that sub-region. It is therefore vital that the policy framework for the site is as flexible as possible.
- 5.11 The site offers an opportunity to create employment space which is within a setting unlike any other in Wyre Forest District, offering modern floorspace which can attract new businesses to the area.

What would be the 'preferred option' for the delivery of employment land at the Lea Castle site?

- 5.12 Whilst Wyre Forest represents an attractive and successful business location benefiting from good accessibility, some high-profile occupiers, a successful LDO and key infrastructure, the lack of available business accommodation (particularly for industrial uses) threatens to undermine the ability of the area to accommodate indigenous business expansion and attract occupiers from elsewhere. There is a risk that requirements and firms will be displaced to competing locations and sites nearby unless suitable land/product can be made available in this location.
- 5.13 The proposed Lea Castle Village forms part of a wider sustainable mixed-use development which will provide a range of new homes community facilities and employment opportunities for local people. In order for locations like Lea Castle Village to be able to maintain a sustainable economic base, they need to be able to offer a level of employment that matches their population growth and that allows their economies to expand. The site represents the only proposed development north of Kidderminster to incorporate employment land and associated employment opportunities which are recognised by the Framework as crucial to maintaining a broad balance between housing and job growth as part of an inclusive, sustainable community.

5.14

A Preferred Option for the delivery of B-Class uses at the Lea Castle Village site should involve the following:

- 1 An allocation of around 7 ha of B-Class employment land is considered of an appropriate scale to generate a critical mass in an area that currently has very limited commercial or industrial market activity, whilst avoiding an over-provision of land that has no realistic prospect of coming forward. This could equate to around 28,000 sqm.
- 2 Flexibility should be the key watchword for the site, with the type of employment provided supporting the District's existing strengths in industrial and knowledge-based industries. A mix of B-Class employment types would be most appropriate, ideally focusing on the Council's target growth sectors such as advanced manufacturing and digital & creative industries, whilst recognising that realistically, the majority of demand is likely to come from indigenous companies seeking to expand/relocate from outdated premises elsewhere in the District. It is difficult to see significant levels of B1 development without incentives.
- 3 The emerging Concept Plan appropriately sites the employment offer on a highly visible location on the A451 Stourbridge Road and has a self-contained access point. However, we would recommend that the 3,350 sqm office development that forms part of the extant planning permission is incorporated within one single employment block and marketed as such. Ideally, the Concept Plan would be reconfigured to ensure that the proposed Local Centre is located in closer proximity to the employment offer.
- 4 In terms of delivery, given that it is likely that most of the demand will predominantly be from small-scale indigenous companies, the employment area will need to come forward in a series of phases, with supporting infrastructure provided to keep up with the pace and nature of development. This may require a degree of intervention by WFDC or another public sector body.
- 5 Flexibility will be critical to the scheme's success. This could involve the instigation of an LDO at the site, which has worked well over a much larger area in south Kidderminster. Whilst much of the demand is likely to be for smaller developments, there may be latent demand for larger units from adjoining authorities to the north-east of the site. It will therefore be important that the configuration of the plots does not act as a barrier to delivery by limiting the scope of development to smaller business units requiring a yard/forecourt, as these would be more suitable for office-based accommodation for which there is limited demand in this area.
- 6 Any future configuration should provide more opportunities and greater flexibility to developers seeking larger, wider plots and avoid placing unnecessary restrictions on the type, scale and nature of business activity that can be accommodated on site. A flexible configuration that can accommodate the 5,000-10,000 sq. ft. industrial units most likely to be successful at the site, but which could also be adapted to accommodate smaller/larger unit sizes if required, will broaden its appeal to a wider group of users and occupiers. This would maximise the marketability of the site by enhancing its viability and attractiveness to developers – particularly with regards to industrial which dominates the current profile of market demand.

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