

Employment Land Statement

Land to the north of the A4, Theale

August 2023

Turley

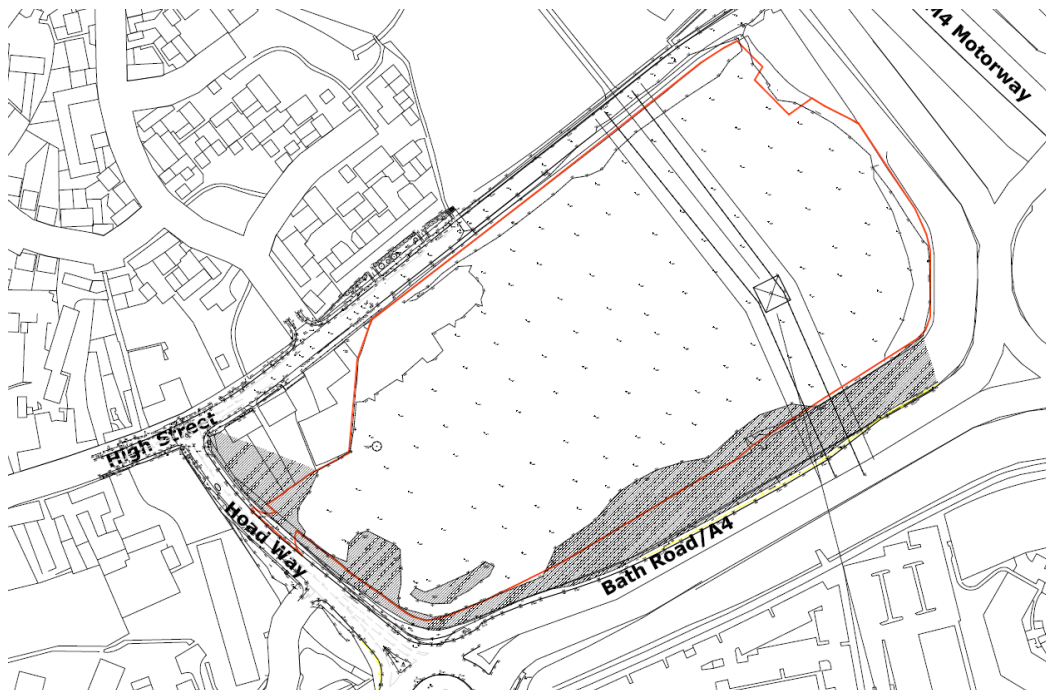
Contents

1.	Introduction	1
2.	Ambitions for Economic Growth	3
3.	Requirements of National Planning Policy	9
4.	Employment Land Provision in West Berkshire	12
5.	Availability of Employment Space	17
6.	Consequences for the Logistics Sector	19
7.	Summary and Conclusions	23

1. Introduction

- 1.1 This report has been produced by Turley on behalf of CP Logistics UK Reading Propco Ltd in support of its proposals to develop c.9,600sqm of flexible employment space (Use Class E/B2/B8) – designed to attract logistics operators – on the land shown below to the north of the A4 in Theale. It further updates a report that was originally submitted with the now withdrawn planning application for a slightly larger scheme on the same site, where – through pre-application discussions – West Berkshire Council ('the Council') advised of the need to evidentially justify the proposed development.

Figure 1.1: Site Location



- 1.2 The report comprehensively demonstrates that there is a clear need for this type of development in this location, and is structured as follows:
- **Section 2 – Ambitions for Economic Growth** – a summary of the economic priorities and ambitions stated by the Council and the wider Berkshire Local Enterprise Partnership (LEP) by way of context;
 - **Section 3 – Requirements of National Planning Policy** – an overview of the economic role expected of the planning system, and the approach that should be taken in planning for sustainable economic growth;
 - **Section 4 – Employment Land Provision in West Berkshire** – the Council's current approach to employment land provision, through its adopted Core Strategy, is briefly summarised before its newly commissioned evidence and emerging policy response are introduced;

- **Section 5 – Available of Employment Space** – the ongoing impact of the Council’s current approach to employment land provision, in terms of its supply and availability, is summarised;
- **Section 6 – Consequences for the Logistics Sector** – an overview of the disproportionate impact that the current supply situation is having on a growing logistics sector; and
- **Section 7 – Summary and Conclusions** – a concise overview of the report’s findings and implications.

2. Ambitions for Economic Growth

- 2.1 There is undoubtedly an ambition and precedent for economic growth in West Berkshire, and throughout the area covered by the Berkshire Local Enterprise Partnership (LEP). This ambition is summarised in this section, by way of context for the remainder of the report.

Berkshire

Strategic Economic Plan

- 2.2 The LEP has long been seeking to implement a strategy which aims to deliver '*national growth, locally*'¹. Its Strategic Economic Plan (SEP) – produced in 2014 – describes Berkshire as '*the UK's economic powerhouse*' beside London, with its businesses driving additional growth in the national economy². These businesses are dispersed throughout the county, with its polycentric nature allowing a number of different towns to play important roles³. The central area around Reading, for example, is '*highly interconnected*' and '*a major centre of economic activity with significant potential for future growth*'⁴.
- 2.3 The SEP directly cites baseline forecasts developed by Cambridge Econometrics in 2013, though notes that they are simply '*modelled...rather than calibrated*' and as such '*should not be taken too far*'⁵. Their "business as usual" assumptions would only '*steadily*' grow the economy, while the implementation of the SEP is firmly intended to secure '*above-trend growth*'⁶.
- 2.4 There is acknowledgement within the SEP that that the '*locational advantages*' of Berkshire bring '*real responsibilities*' for the LEP and its partners, if these advantages are to count and benefit residents, communities, businesses and the wider UK economy⁷. It recognises the critical role of investment in place and the economy '*to maintain our competitive edge*', and strives to ensure that businesses are able to '*reinvest confidently in Thames Valley Berkshire*'⁸. It identifies a particular need to secure access to talented labour to ensure that the ambition and potential for economic growth is not stifled.
- 2.5 There is clear recognition that private sector investment will need to be secured to implement the plan, building upon the area's '*outstanding track record*' of successfully attracting inward investment⁹.

¹ Thames Valley Berkshire Local Enterprise Partnership (2014) Thames Valley Berkshire: Delivering national growth, locally – Strategic Economic Plan, 2015/16 – 2020/21

² *Ibid*, p2

³ *Ibid*, p22

⁴ *Ibid*, p22

⁵ *Ibid*, p19

⁶ *Ibid*, p33

⁷ *Ibid*, p2

⁸ *Ibid*, p2/5

⁹ *Ibid*, p31

Local Industrial Strategy

2.6 Through its national Industrial Strategy, the Government introduced a requirement for Local Industrial Strategies as a means of helping to *‘identify priorities to improve skills, increase innovation and enhance infrastructure and business growth’*¹⁰. While it has since softened this requirement, the strategies were intended to be *‘long-term’* and *‘based on clear evidence’*, and would *‘identify local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness’*¹¹. The National Planning Policy Framework (NPPF) continues to state that the economic vision and strategy set through planning policies should have regard to Local Industrial Strategies¹².

2.7 The Berkshire Local Industrial Strategy (BLIS) was approved in October 2020¹³. A framework document – containing a working version of the strategy – was previously subject to a consultation process in 2019.

2.8 The BLIS observed that the Berkshire economy had performed very strongly in recent years, sitting at or close to the top of *‘UK league tables’* on most metrics including those relating to productivity¹⁴. This was seen largely to be a reflection of locational advantages, including proximity to Heathrow Airport and London, and the strength of its transport infrastructure.

2.9 However, there was recognition that whilst it continues to rank strongly in comparative terms, productivity growth had been *‘very slow’* in recent years, leading to the conclusion that:

*“...Berkshire’s strong absolute performance is the result of its economic endowment and accumulated past investment – but...its comparative advantage is diminishing”*¹⁵

2.10 Within this context, the BLIS described an intention for Berkshire to *‘grow with ambition and intent’*, accelerating the pace of economic growth – consistent with the strength of its assets – and then sustaining it at that level¹⁶.

2.11 The BLIS specifically sought to:

- Advance a *‘responsible’* growth strategy that is “net additional” to the UK, and *‘simply would not happen anywhere else’*;
- Address the challenge of delivering genuinely inclusive growth;

¹⁰ HM Government (2017) Industrial Strategy: building a Britain fit for the future, p220

¹¹ *Ibid*, p220

¹² MHCLG (2021) National Planning Policy Framework, paragraph 82a

¹³ Thames Valley Berkshire Local Enterprise Partnership (October 2019) Berkshire Local Industrial Strategy

¹⁴ *Ibid*, p7

¹⁵ *Ibid*, p11

¹⁶ *Ibid*, p26

- Increase the focus on “place-making” to boost places that are actually ‘underpowered’, despite the strength of national and international flows of people, ideas and investment; and
 - Respond to the environmental implications of its growth processes¹⁷.
- 2.12 The BLIS recognised that distinct functional markets exist within Berkshire, with the western area – broadly aligning with the administrative area of predominantly rural West Berkshire – acknowledged from an environmental perspective as being ‘very constrained in terms of future growth’¹⁸. The central area connecting Reading, Wokingham and Bracknell is similarly constrained, and this has been reported to have led to a ‘shortage of employment land’ therein¹⁹. This is of relevance to Theale given its adjacency to the urban area of Reading and its location to the west of the central area.
- 2.13 More broadly, it was acknowledged in the BLIS that:
- “...there is a shortage of employment land, in part because of changes to residential uses, accelerated through permitted development. Moreover, available sites and premises are expensive, pricing out lower value uses and forcing businesses seeking grow-on space to look elsewhere”²⁰*
- 2.14 This situation was seen to be having ‘major consequences for the mix of jobs within Berkshire’, such that ‘looking ahead, there is a need to ensure that appropriate provision is retained, despite market and other pressures’²¹. There was a recognised need for Berkshire to ‘make better use’ of its employment sites, through a flexible and responsive approach²².
- 2.15 The BLIS particularly identified the logistics sector as ‘ripe for transformation’, given Berkshire’s proximity to London and Heathrow, and it also expressed a desire to ‘explore the option of a 5G Logistics Hub, with the local authorities and the private sector’.
- 2.16 There was also a distinct desire to support Berkshire’s export-orientated businesses, with a commitment to promote an ‘export support programme to target High Export Potential businesses’. However, this also included a recognition that ‘commercial land and premises are very expensive in Berkshire’ and that small businesses are unable to grow locally because of property costs. In response to this, there was a recognised need to:

¹⁷ *Ibid*, p3

¹⁸ *Ibid*, p8

¹⁹ *Ibid*, p9

²⁰ *Ibid*, p13

²¹ *Ibid*, p24

²² *Ibid*, p5

*“...ensure that **the full range of provision for land and premises required by major sectors is available** – from start-up...to grow on space – in suitable locations (both urban and rural)”²³ (emphasis added)*

Recovery and Renewal Plan

- 2.17 Alongside the BLIS, the LEP also produced a Recovery and Renewal Plan for Berkshire in early 2021. This set out actions in the near, medium and longer term, that it would undertake with its wide range of partners to protect and rebuild the Berkshire economy following the coronavirus pandemic²⁴.
- 2.18 There were three main stages to the Plan. Firstly, the immediate ‘Recovery’ stage sought to help companies and individuals through the worst of the pandemic, minimising difficulty and ensuring a base from which to rebuild. The 6-18 months ‘Renewal’ stage was focused on developing Berkshire’s ‘*innovation eco-systems*’. In the 2-5 year ‘Growth’ stage – now reached – the Plan had ambitions for Berkshire to build back with higher productivity across the economy, leading to increased wages.
- 2.19 The final stage, ‘Growth’, included an aim to ‘*accelerate the development of a network of innovation sites*’ by offering businesses access to administrative, business and innovation services and networks. It also aimed to ‘*attract and support business, talent and investment*’ focused on enterprise districts where clusters are either established or emerging. Finally, there is an aim to raise awareness of Berkshire and offer relocation support to businesses currently based in London.

West Berkshire

Economic Development Strategy

- 2.20 The Council published a new Economic Development Strategy²⁵ in 2020, for the period to 2023, but opted to swiftly refresh the strategy in June 2021 in light of the impact of the Covid-19 pandemic on the local economy.
- 2.21 The original Strategy developed actions to complement the BLIS in order to enable a focus on key areas seen to have the most relevance to West Berkshire. One such action was to ‘*use the Local Plan to plan for a cohesive district*’. This action notably identified Theale, where the application site is located at Junction 12 of the M4, as being of particular economic importance. The Strategy originally emphasised that Theale was a prime location for business and reaffirmed the Council’s commitment going forward to working with partners to enhance its infrastructure and offer, to attract other businesses to the town²⁶.
- 2.22 There was also a clear commitment to promoting West Berkshire as an ‘*inward investment destination*’ by attracting new businesses to the area, promoting available

²³ *Ibid*, p38

²⁴ Thames Valley Berkshire (2021) Recovery and Renewal Plan

²⁵ West Berkshire Council (2020) West Berkshire Economic Development Strategy 2020-2023.

²⁶ *Ibid*, p13

land and offering a ‘soft-landing service’ to potential new movers whilst assisting existing businesses with their future growth plans²⁷.

- 2.23 The refreshed Strategy²⁸ – published in June 2021 and reviewed a year later²⁹ – focused primarily on responses to the Covid-19 pandemic. It redoubled the Council’s commitment to promoting the West Berkshire brand and providing soft landing to new companies as a response to the pandemic’s widespread economic impact.

Council Strategy

- 2.24 The West Berkshire Council Strategy³⁰ covers the period from 2019 to 2023, and establishes a longer-term vision thereafter to 2036. It was refreshed in May 2021 based on progress made and changes to the context in which the Council operates.

- 2.25 The Strategy has revolved around an overall vision to ‘*make West Berkshire an even greater place in which to live, work and learn*’. Its priorities have included the ‘welcoming’ of ‘*business and enterprise*’, with a firmly stated desire to remain ‘*open for business*’³¹. This directly informs two of six ‘*priorities for improvement*’, namely:

- **Supporting businesses to start, develop and thrive in West Berkshire.** This encompasses commitments to ensure planning policies enable the start-up and growth of business in the district in addition to providing incentives and opportunities to help businesses to grow³²; and
- **Developing local infrastructure, including housing, to support and grow the local economy.** This commits to developing an Integrated Infrastructure Plan to deliver support to areas such as travel and transport infrastructure.³³

- 2.26 There was a stated ambition going forward to strengthen policies to support economic development within the Local Plan, considered later in this report, and contribute to long-term growth within the district³⁴.

- 2.27 With this Strategy intended to cover the period to 2023, the Council has started the process of developing a replacement that runs to 2027. It consulted on a draft of the new Council Strategy earlier this year, aiming to account for the unforeseen events of recent years by ‘*rebuilding some of what we have lost while reinforcing what we have gained*’³⁵. The Council is proposing to structure its new Strategy around five priority areas, one of which aims to make West Berkshire a ‘*great place to live, learn and do business*’. It describes how the district forms part of a Thames Valley economy that proved to be relatively resilient to the impact of the pandemic, compared to other

²⁷ *Ibid*, p20

²⁸ West Berkshire Council (2021) Economic Development Strategy Refresh

²⁹ West Berkshire Council (2022) Review of the Economic Development Strategy Refresh: annual progress report, June 2021 - June 2022

³⁰ West Berkshire Council (2019) Council Strategy 2019-2023 [Refreshed May 2021]

³¹ *Ibid*, p3

³² *Ibid*, p20

³³ *Ibid*, p23

³⁴ *Ibid*, p22

³⁵ West Berkshire Council (2023) Draft Council Strategy 2023-2027 Forward Together – for consultation

areas, with the district maintaining a strong labour market and continuing to rank amongst the most prosperous areas in the country. It is explicit in stating that:

*“A strong and resilient local economy requires **continuous, long term prioritisation** to ensure it withstands the impacts of international shorter or longer term challenges, such as the economic impact of the pandemic or of the conflicts impacting energy prices and the cost of living”³⁶ (emphasis added)*

Summary

- 2.28 There is undoubtedly an ambition and precedent for economic growth in West Berkshire, and throughout the county.
- 2.29 This ambition is grounded in a recognition of the economic significance of the area. The Berkshire LEP has described the area as a ‘powerhouse’ that is benefiting from its locational advantages and driving growth in the national economy, but it has recognised that partners – including West Berkshire Council – must take responsibility for maximising these advantages for the benefit of residents, communities, businesses and the wider UK economy. Businesses must have the confidence to invest in the area if it is maintain its competitive advantage, and the LEP has already diagnosed that this advantage has been notably diminishing in recent years. It is responding by restating its commitment to ‘*grow with ambition and intent*’, accelerating and then sustaining the pace of economic growth. This forms an important context for the proposed development.
- 2.30 Critically, with regards to factors which are affecting the ability of businesses to invest, there has been a recognised shortage of available and developable employment land throughout Berkshire, particularly in the central area adjacent to Theale. This shortage of available land is compounded to the west by physical constraints. The shortage of employment land is “pricing out” certain uses with consequences for the mix of jobs being retained and created within Berkshire. The LEP has acknowledged this deficiency and is striving to ensure that ‘*appropriate provision is retained*’ despite competing pressures. It endorses a flexible and responsive approach which makes the best possible use of employment sites.
- 2.31 The Council has itself committed to working proactively with partners to maintain a strong, resilient and prosperous economy, having recognised that the provision of employment land to meet businesses’ needs has been a challenge for West Berkshire. The Council describes itself as ‘*open for business*’ in its corporate strategy and has continued to prioritise economic development from a position of strength, due to its significance for local residents and increased national competition. It has equally committed to developing the physical infrastructure needed to support and grow the economy, explicitly recognising that a shortage of employment land needs to be addressed to attract more businesses to an exceptionally located district. This report later considers how these commitments are being expressed in the Council’s plan-making activities and the extent to which they are addressed in the current adopted Core Strategy policies.

³⁶ *Ibid*, p10

3. Requirements of National Planning Policy

3.1 The National Planning Policy Framework (NPPF) states 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...”³⁷ (emphasis added)*

3.2 It continues by stating that:

“The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation and in areas with high levels of productivity, which should be able to capitalise on their performance and potential”³⁸

3.3 Planning policies are therefore expected to draw upon ‘relevant and up-to-date evidence’ and³⁹:

- Set out a clear economic vision and strategy which **positively and proactively encourages sustainable economic growth**, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
- Set criteria, or identify strategic sites, for **local and inward investment** to match the strategy and to meet anticipated needs over the plan period;
- Seek to address **potential barriers to investment**, such as inadequate infrastructure, services or housing, or a poor environment;
- Be **flexible** enough to accommodate needs that are not anticipated in the plan, allow for new working practices and enable a rapid response to changes in economic circumstances; and
- Recognise and address the **specific locational requirements of different sectors**, making provision for clusters of knowledge-driven, creative and high technology industries as well as storage and distribution operations at a variety of scales and in suitably accessible locations.

3.4 Planning Practice Guidance (PPG) further confirms that:

*“Strategic policy-making authorities will need to prepare a robust evidence base to understand existing business needs, **which will need to be kept under review to reflect local circumstances and market conditions**. National economic trends may not*

³⁷ MHCLG (2021) National Planning Policy Framework, paragraph 81

³⁸ *Ibid*, paragraph 81

³⁹ *Ibid*, paragraphs 31, 82 and 83

*automatically translate to particular areas with a distinct employment base*⁴⁰
(emphasis added)

- 3.5 The need to respond to such changing circumstances, and changes in national policy, leads to a clear expectation that planning policies are reviewed and updated as necessary at least once every five years⁴¹.
- 3.6 Policy-making authorities are advised of the *‘need to liaise closely with the business community...to understand their current and potential future requirements’*⁴². Such engagement should aim to understand businesses’ *‘changing needs and identify barriers to investment’*⁴³.
- 3.7 Authorities’ evidence of market demand should reflect *‘the locational and premises requirements of particular types of business’*, and should be drawn from:
- “...local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums”*⁴⁴
- 3.8 Authorities are also required to assess *‘wider market signals relating to economic growth, diversification and innovation’*⁴⁵.
- 3.9 A *‘range of data’* should be used to *‘develop an idea of future needs’*. This includes but is not limited to employment forecasts, with the PPG also emphasising the importance of taking account of past take-up trends and *‘consultation with relevant organisations’*⁴⁶.
- 3.10 The PPG provides further advice on how the specific locational requirements of specialist sectors can be addressed:
- “When assessing what land and policy support may be needed for different employment uses, it will be important to understand whether there are **specific requirements in the local market** which affect the types of land or premises needed. Clustering of certain industries (such as some high tech, engineering, digital, creative and logistics activities) can play an important role in supporting collaboration, innovation, productivity, and sustainability, as well as in driving the economic prospects of the areas in which they locate. Strategic policy-making authorities will need to develop a clear understanding of such needs and how they might be addressed taking account of relevant evidence and policy within Local Industrial Strategies. For example,*

⁴⁰ PPG Reference ID 2a-025-20190220

⁴¹ MHCLG (2021) National Planning Policy Framework, paragraph 33

⁴² PPG Reference ID 2a-026-20190220

⁴³ PPG Reference ID 61-040-20190315

⁴⁴ PPG Reference ID 2a-026-20190220

⁴⁵ *Ibid*

⁴⁶ PPG Reference ID 2a-027-20190220

*this might include the need for greater studio capacity, co-working spaces or research facilities*⁴⁷

- 3.11 It recognises that such specialist needs are ‘*often more qualitative in nature and will have to be informed by engagement with businesses and occupiers within relevant sectors*’⁴⁸.
- 3.12 Fundamentally, the NPPF requires strategic policies to make ‘*sufficient provision*’ for employment and other commercial development⁴⁹. They should be positively prepared, seeking to meet assessed needs ‘*as a minimum*’ if they are to be deemed sound⁵⁰. They must be justified and based on proportionate evidence, and consistent with delivering sustainable development⁵¹. From an economic perspective, this means that the planning system should:

*“...help build a strong, responsive and competitive economy, by ensuring that **sufficient land of the right type is available in the right places at the right time to support growth, innovation and improved productivity**; and by identifying and coordinating the provision of infrastructure*”⁵² (emphasis added)

Summary

- 3.13 National policy requires planning authorities to create the conditions in which businesses can invest and expand, allowing areas to build upon their local strengths and encouraging sustainable economic growth.
- 3.14 Planning policies should be flexible to rapidly respond to unanticipated needs or changes in the economy, and should be based on relevant, wide ranging and up-to-date evidence. Local authorities should have a clear and current understanding of businesses’ needs, and regularly review both local circumstances and market conditions. There is an expectation that policies are reviewed and updated where necessary every five years, in order to account for changes affecting the area and the evolution of national policy.
- 3.15 Future needs should be met as a minimum through strategic policies that make sufficient provision for employment development. This ensures that the planning system can play its role in building a strong, responsive and competitive economy which responds to identified needs, by ensuring that the right type of land is available at the right time and in the right places to support growth, innovation and improved productivity.

⁴⁷ PPG Reference ID 2a-032-20190722

⁴⁸ *Ibid*

⁴⁹ MHCLG (2021) National Planning Policy Framework, paragraph 20

⁵⁰ *Ibid*, paragraph 35a

⁵¹ *Ibid*, paragraphs 35b and 35d

⁵² *Ibid*, paragraph 8a

4. Employment Land Provision in West Berkshire

- 4.1 The national policy introduced in the previous section requires the Council to make sufficient provision for economic development, based on an up-to-date understanding of needs, but this has not necessarily been the case in West Berkshire. The Core Strategy was adopted over eleven years ago in July 2012, and drew upon economic evidence produced a full sixteen years ago in 2007. There is no question that the economic context and circumstances have changed substantively in the intervening period, and this alone is considered to require a more flexible interpretation of the policies set out in the Core Strategy.
- 4.2 The Council is in the process of rectifying this situation, having submitted its Local Plan Review (LPR) for independent examination in March 2023. This draws upon an updated evidence base, including a new Employment Land Review (ELR) that was finalised in August 2020 and later complemented with an addendum report in December 2022. This section provides a brief overview of the current policy before introducing the ELR, its addendum and the Council's proposed response to the need identified therein.

Current Planning Policy

- 4.3 The Core Strategy ostensibly aimed to *'provide for a range of sizes and types of employment land and premises in the right locations'* to inter alia *'respond to the forecast changes in economic activity'*⁵³. Policy CS9 outlines the Council's desire to *'facilitate and promote the growth and forecasted change of business development in the plan period'*⁵⁴ in order to:
- Manage the growth of B1 floorspace to meet future requirements;
 - Manage the reduction of land for B2 uses, whilst maintaining a sufficient portfolio of sites suitable for such uses; and
 - Retain a portfolio of sites for B8 uses in suitable locations.
- 4.4 The policy explicitly encourages *'a range of types and sizes of employment sites and premises...throughout the District to meet the needs of the local economy'*.
- 4.5 It directs proposals for industry, distribution and storage uses towards Protected Employment Areas (PEAs) and *'existing suitably located employment sites and premises'*. Proposals for such development outside these locations are not necessarily prohibited but are to be considered in the context of their compatibility with surrounding uses, and the transport network.
- 4.6 There was, within the justification text for the policy, recognition at the time from the Council that such a strategy may not satisfy economic development needs over the long-term. There was a firm commitment to swiftly review the *'designation, role and boundaries'* of the PEAs, through the preparation of a Site Allocations and Delivery

⁵³ West Berkshire Council (2012) West Berkshire Core Strategy (2006-2026) p16

⁵⁴ *Ibid*, p59-60

Development Plan Document (DPD), to ensure that they provided '*a balanced portfolio of fit for purpose sites to meet future requirements*'⁵⁵. There was equally acknowledgement that '*circumstances surrounding economic development are constantly changing*', with a resultant commitment to monitor '*the scale of development required within each use class*' and annually report on '*the supply of employment land for B uses*'⁵⁶.

- 4.7 Despite the acknowledged potential limitation of the policy, there is no evidence of the Council actively monitoring the extent to which the available supply of land has been meeting the needs of businesses. The Council went years without publishing an Annual Monitoring Report covering employment land, and its Site Allocations DPD ultimately focused exclusively on housing sites without clearly justifying its omission of employment land⁵⁷. This was particularly surprising given that the Inspector examining the Core Strategy was assured that the DPD provided the opportunity to refresh employment policies that were based on evidence that was '*becoming dated*' even in 2012, over a decade ago⁵⁸.
- 4.8 This is considered to necessitate a more flexible approach than implied by the Core Strategy. It must be appreciated, when interpreting adopted policy, that **there is recent evidence of a need for additional employment land in West Berkshire**, in the form of an up-to-date ELR which is summarised below, with the Council clearly intending to modify its approach to employment land provision as a result through the emerging Local Plan.

Employment Land Review (2020)

- 4.9 The ELR – completed in August 2020 – was explicitly commissioned to '*inform the review of economic development and employment land policies*' in the Core Strategy, using an approach that sought to adhere to the current national policy and guidance introduced in the previous section of this report. It was clearly intended to fully supersede earlier studies of the need for employment land in West Berkshire, which as noted above were prepared in a very different market and policy context⁵⁹.
- 4.10 The ELR drew upon both employment forecasts and projections of past take-up trends to conclude that there will likely be demand for additional office and industrial space in West Berkshire – the latter including warehousing (B8) – over the period to 2036. It estimated that there would be demand, in gross terms, for circa 79,500sqm of office space and a further 144,500sqm of industrial and warehouse space, this accounting for net additional demand as well as anticipated losses and existing under-provision. Both figures were found to exceed the supply of sites then in the pipeline, such that the ELR identified a residual requirement for circa 65,000sqm of office space and 62,000sqm of industrial and warehousing space. This is summarised at Table 4.1 below.

⁵⁵ *Ibid*, p60

⁵⁶ *Ibid*, paragraph 5.47

⁵⁷ West Berkshire Council (2017) Housing Site Allocations DPD

⁵⁸ Planning Inspectorate (2012) Report on the Examination into the West Berkshire Core Strategy, paragraph 112

⁵⁹ Stantec with Aspinall Verdi (2020) West Berkshire District Council Employment Land Review, paragraphs 1.1-1.2

Table 4.1: Summary of Supply/Demand Balance (2020-36)

	Office	Industrial and warehousing
Net demand	62,699sqm	136,217sqm
Gross demand	79,524sqm	144,485sqm
Gross supply	14,935sqm	83,325sqm
Residual requirement	65,000sqm	62,000sqm

Source: Stantec, 2020

- 4.11 The ELR emphasised, with reference to industrial and warehousing land – most relevant to the proposed development – that *‘demand is...more pressing given the current market shortage’*. It therefore firmly encouraged the Council to *‘frontload the plan with...easily deliverable sites’*⁶⁰.

Employment Land Review Addendum (2022)

- 4.12 An addendum to the ELR was completed in December 2022, having been commissioned by the Council to both align the previous conclusions with an extended plan period – now running to 2039 – and check that they were still robust in light of the pandemic and the UK’s exit from the European Union⁶¹. The addendum was upfront in noting how these events were bringing:

*“...major structural changes in how and where work activities are carried out, and [have] also led to lifestyle changes, fast tracking some, such as remote working and on-line purchasing that were evident previously. The overall impact of these macro-economic changes for planning for economic growth are likely to be shifting levels of demand for employment floorspace / land”*⁶²

- 4.13 The study once again combined past development trends with up-to-date forecasts to conclude that circa 50,816sqm of office space will be needed in West Berkshire over the period from 2022 to 2039, along with circa 91,109sqm of industrial space. These respectively lower and increase the need identified by the original ELR, albeit while covering a different – and slightly longer – period. The increase in the latter, of particular relevance to the proposed development, notably appears to have been driven by a 23% reduction in the identified supply, with the gross demand only slightly increasing on an average annual basis (from 9,030sqm to 9,116sqm per annum).

⁶⁰ *Ibid*, paragraph 12 of the executive summary

⁶¹ Stantec and Urba (2022) West Berkshire – Employment Land Review Addendum

⁶² *Ibid*, paragraph 1.3

Table 4.2: Summary of Supply/Demand Balance (2022-39)

	Office	Industrial and warehousing
Gross demand	59,737sqm	154,976sqm
Gross supply	8,921sqm	63,867sqm
Residual requirement	50,816sqm	91,109sqm

Source: Stantec, 2022

Emerging Policy Response

4.14 The draft LPR explains how the original ELR formed part of the evidence base that influenced its development, before an addendum was commissioned to ‘take account of the major macro-economic changes which have taken place’⁶³.

4.15 The draft LPR acknowledges, by way of context, that:

*“West Berkshire is part of the Thames Valley which is recognised as the most dynamic and competitive sub-regional economy in the UK. Employment provision in West Berkshire is diverse and, notwithstanding the current economic uncertainty which both COVID-19 and Brexit bring, rates of employment in the District are high”*⁶⁴

4.16 The Council proceeds to express a vision for West Berkshire to:

*“...provide the space and environment for sustainable development, including supporting infrastructure, that retain and attract creative and sustainable business growth with training and employment opportunities. A variety of different sectors together with a combination of larger businesses and small and medium-sized enterprises will ensure a resilient and sustainable economy. The local economy will help to create benefits for the environment, culture and social well-being”*⁶⁵

4.17 A strategic objective is established within this context, which aims to:

*“...facilitate and support a strong, diverse and sustainable economic base across the District, including the provision of employment land which provides for a range of local job opportunities”*⁶⁶

4.18 The draft LPR contains a number of policies that seek to realise this objective, and more generally foster economic growth. Policy SP20 outlines the strategic approach to economic development, confirming the Council’s intention to ‘facilitate the growth and forecasted change of business development over the plan period by promoting the supply of office and industrial space across the District to meet the identified shortfall’⁶⁷. It confirms the Council’s support for ‘appropriate proposals for business

⁶³ West Berkshire Council (2023) Local Plan Review 2022-2039: Proposed Submission, paragraph 7.3

⁶⁴ *Ibid*, paragraph 2.5

⁶⁵ *Ibid*, paragraph 3.1

⁶⁶ *Ibid*, p12

⁶⁷ *Ibid*, p73

development', subject to their location, but stops short of setting out the exact amount of employment space that it will aim to provide. The supporting text suggests that this approach has been taken due to the lacking supply of suitable sites for office development and an acceptance that industrial allocations – amounting to only 68,781sqm – fall short of the need identified in the addendum⁶⁸. It suggests that a further attempt will be made to address this matter when the Local Plan is reviewed, after five years, and in the meantime supports proposals for business development on suitable sites that are either within settlement boundaries or Designated Employment Areas, on previously developed land in '*existing suitably located employment sites*', or within the countryside if consistent with other relevant policies.

Summary

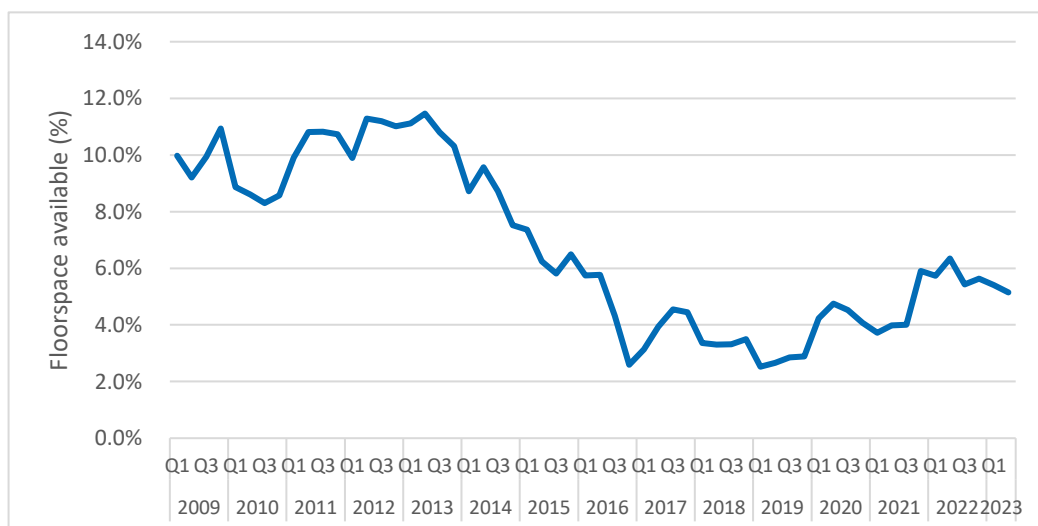
- 4.19 The Council is in the process of reviewing its approach towards employment land provision, having commissioned new evidence to replace that which informed the current Core Strategy, adopted over eleven years ago.
- 4.20 The latest addendum to the ELR identifies a need for additional office and industrial/warehousing space in West Berkshire to accommodate forecast job growth, allow a continuation of past take-up rates and offset anticipated losses. It concludes that this need will not be met by sites that are currently in the pipeline, with a residual requirement for circa 50,800sqm of office space and 91,100sqm of warehousing and industrial space. The latter has markedly risen since the original ELR was produced in 2020, due to the supply shrinking by almost a quarter.
- 4.21 The Council has accepted that the allocations proposed in its emerging LPR will not meet the need for employment land in full, with an unmet need for 22,328sqm of industrial space alone. While it intends to revisit the situation through a future review of the Local Plan, in the meantime it appears open to the prospect of commercial development on unallocated sites in suitable locations, where these accord with other policies.

⁶⁸ *Ibid*, p38

5. Availability of Employment Space

- 5.1 While the Council is now in the process of reviewing its approach to employment land provision, with the LPR at examination, it is important to appreciate that its current policies – and particularly the decision to omit employment land from the scope of its Site Allocations DPD – have contributed towards a situation where **the supply of employment space in West Berkshire is extremely limited**. This is particularly apparent for industrial premises, including warehousing, which is the focus of the analysis in this section given its alignment with the proposed development.
- 5.2 CoStar data provides an insight into the amount of commercial floorspace that is built and available in the market for industrial and logistics businesses⁶⁹. It confirms that the availability rate has markedly fallen over the period since 2009, for which data is available, and now stands at around 5%. This is substantially lower than the generally accepted benchmark of around 10% which is considered as necessary to allow for an optimal and healthy level of churn in the market, albeit the addendum to the ELR describes a lower rate of 7.5% as *‘the industry standard for an efficient and effective property market’*⁷⁰. This is closer to the benchmark of 8% that is seen as a *‘guideline...for effective operation of the market’* in London, where there is acknowledged to be extreme pressure on industrial premises⁷¹. Figure 5.1 confirms that a rate of even 7.5% has not been recorded in West Berkshire since the final quarter of 2014, meaning that supply has been severely constrained since that point.

Figure 5.1: Availability of Industrial and Warehousing Premises in West Berkshire



Source: CoStar, June 2023

⁶⁹ This analysis is believed to be accurate as of late June 2023 and draws upon the CoStar commercial property database, which primarily defines properties as “industrial” or “light industrial” with these definitions including warehouses

⁷⁰ Stantec and Urba (2022) West Berkshire – Employment Land Review Addendum, paragraph 2.13

⁷¹ Greater London Authority (2015) London Industrial Land Supply and Economy Study, p173

- 5.3 Following this fall, CoStar currently records only 36 industrial properties throughout West Berkshire, which collectively provide around 48,700sqm of available floorspace in total. This means, at a basic level, that the proposed development of circa 9,600sqm of employment space at the application site would increase overall availability by some 20% relative to the presently constrained position. This would help to create a healthier market with choice and space for churn.
- 5.4 It is important to recognise that this available space is naturally fragmented across several units of varying sizes. These offer an average of 1,353sqm per unit, whereas the proposed development of 9,600sqm across two units – averaging circa 4,800sqm each – would offer much more space to occupiers, more than tripling the size of the average available unit. They would therefore help to fill a gap in available supply across West Berkshire.

Summary

- 5.5 The current policy approach, and the Council's decision to omit employment land from the scope of its Site Allocations DPD, has contributed towards a situation where the supply of employment space in West Berkshire is extremely limited.
- 5.6 The availability of industrial and logistics premises has markedly fallen over the past decade, and is now below the level that the Council's own evidence accepts as being needed to provide a healthy or optimal level of churn. There are only 36 properties with available floorspace throughout West Berkshire, each offering 1,353sqm of space on average, but the proposed development of 9,600sqm – across two units – would offer occupiers over three times as much space on average. It would therefore help to fill a gap in the size of units currently available.

6. Consequences for the Logistics Sector

- 6.1 The current policy approach towards employment land and the supply situation in West Berkshire will affect all industries to a greater or lesser extent, although – in the context of the occupiers targeted through the proposed development – it appears likely to disproportionately affect the logistics sector.
- 6.2 This is because the sector naturally requires more space in which to operate, with storage and distribution premises generally requiring more floorspace and land per employee than other B class uses⁷². Section 5 of this report revealed a notable shortage of large premises available in West Berkshire, where these would be most suitable for logistics use.
- 6.3 This is a key consideration because the NPPF – as introduced in section 3 – makes explicitly clear the importance of providing for *‘storage and distribution operations at a variety of scales and in suitably accessible locations’* through *‘planning policies and decisions’* which *‘recognise and address the specific locational requirements’* of the sector⁷³.
- 6.4 Such clear recognition follows a prolonged period in which it has become apparent that the needs of a rapidly evolving logistics industry are rarely reflected in the evidence that underpins Local Plans, in turn resulting in policies that have failed to reflect the market realities of a dynamic sector that has for some time been changing in response to consumer trends and industry demands⁷⁴.
- 6.5 This change was apparent even prior to the pandemic, with the rising uptake of online shopping leading to the UK’s emergence as the third largest online retail market in the world and the largest in Europe as of 2019⁷⁵. Figure 6.1 shows how the pandemic amplified this trend, leading to months where more than one in every three pounds spent on retail in Great Britain was online. This has not been sustained though and there has evidently been a return towards the long-term trend, which is still one of steady growth. June 2023, for example, saw online account for 25% of all retail spending, significantly up from 18% in June 2019 as the last comparable month unaffected by monthly fluctuations and the pandemic.

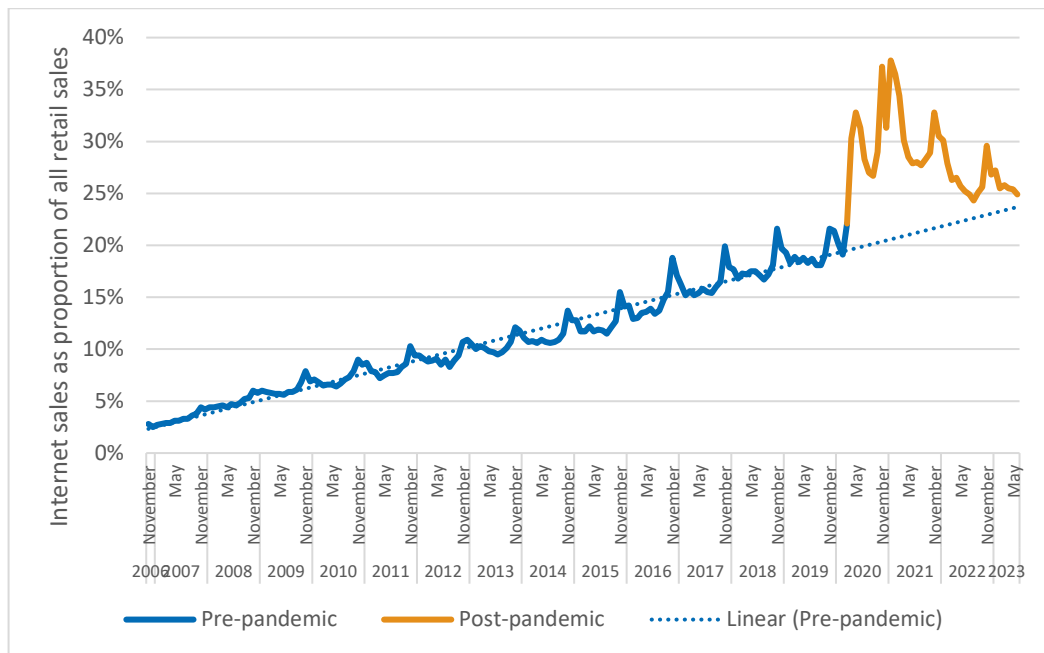
⁷² HCA (2015) Employment Density Guide, third edition

⁷³ MHCLG (2021) National Planning Policy Framework, paragraph 83

⁷⁴ Turley (2015) The Land that Time Forgot; Turley (2017) Industrial Revolution

⁷⁵ Ofcom (2019) Online Nation: 2019 report

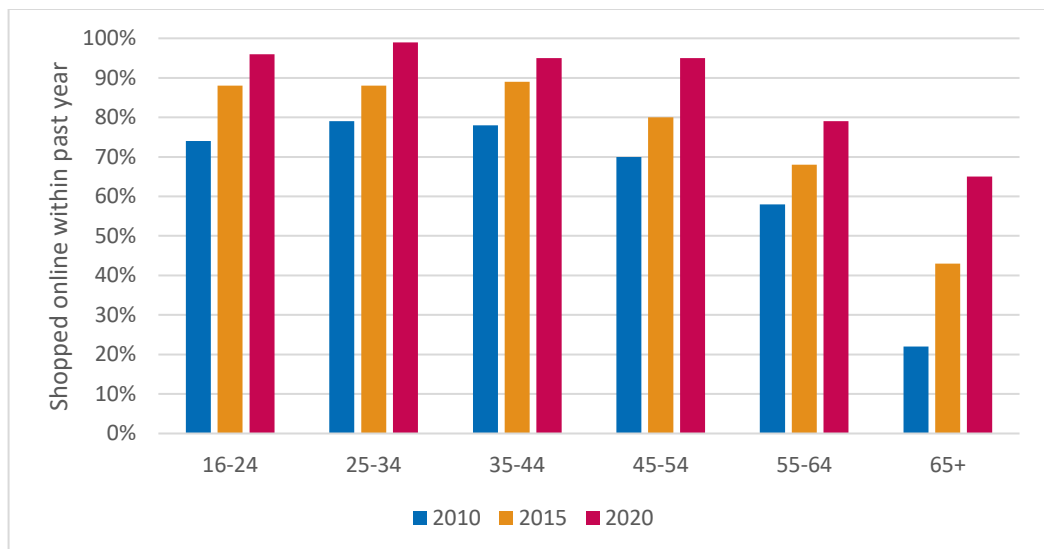
Figure 6.1: Internet Sales as Proportion of Total Retail Sales (2006-23)



Source: ONS

- 6.6 The tendency to shop online is growing across all age groups, reaching a point of near ubiquity amongst a younger demographic, but it is also rising sharply amongst older people. Fewer than a quarter (22%) of those aged 65 or above had shopped online in the previous year when surveyed in 2010, but nearly three times as many (65%) were found to have done so over the year to February 2020, prior to the pandemic⁷⁶.

Figure 6.2: Individuals Shopping Online within the Past Year by Age (2010-20)



Source: ONS

⁷⁶ ONS (2020) Internet access – households and individuals, Table 8

- 6.7 Instant gratification has also increasingly become the norm, with a growing number of UK consumers using (and expecting) next day delivery for an item that they had bought online⁷⁷.
- 6.8 These factors led to the development of new operational models that require *‘the right type of logistics space in the right locations’*, from national and regional distribution through to last mile fulfilment and pick up points⁷⁸. Last mile operations in particular must be located in the *‘sweet spot’* that balances immediate proximity to the consumer, labour force availability and accessibility via the road network, and generally requires units of up to 100,000sqft⁷⁹ (c.9,300sqm).
- 6.9 A lack of available sites and stock often acts as a barrier preventing occupiers from achieving the desired *‘sweet spot’*, resulting in longer travel distances, more carbon emissions, greater fuel and driver cost to the business and a reduced ability to meet customer demand for quick deliveries⁸⁰.
- 6.10 Within this context, failing to properly plan for the needs of a logistics sector that forms *‘an integral and essential element of the way our economy works’*⁸¹ will have far reaching consequences:
- “Not providing enough land, in the right location at the right time will inevitably force operators to make compromises to meet their needs (or worse withhold investment), with suboptimal locations resulting in both economic and environmental costs – directly at odds with two of the fundamental tenets of the NPPF and ultimately the achievement of sustainable development”*⁸²
- 6.11 The updating of the PPG in July 2019 to guide authorities’ assessments of the need to allocate space for logistics space therefore represented a decisive policy response. It emphasises that:
- “The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land)”*⁸³
- 6.12 It recognises that these requirements range from *‘strategic facilities serving national or regional markets’* through to *‘last mile facilities serving local markets’*, with the former in particular requiring *‘significant amounts of land, good access to strategic transport*

⁷⁷ Ofcom (2018) Annual monitoring update on the postal market: financial year 2017-18, paragraph 4.17. In 2018, 58% of UK consumers reported using next-day delivery, compared to 55% in 2017

⁷⁸ BPF (2019) What Warehousing Where? Understanding the relationship between homes and warehouses to enable positive planning, p11 and p21

⁷⁹ *Ibid*, p21 and p46

⁸⁰ *Ibid*, p49-50

⁸¹ *Ibid*, p4

⁸² Turley (2015) The Land that Time Forgot

⁸³ PPG Reference ID 2a-031-20190722

*networks, sufficient power capacity and access to appropriately skilled labour*⁸⁴.

Authorities are expected to draw together *'a range of up-to-date evidence'* to establish *'the appropriate amount, type and location of provision'*, informed by market trends, economic forecasts, demographic trends and engagement with logistics developers and occupiers. The Council's ELR notably, in this context, advised against being *'held to job forecasts or a projection of past take-up'* when considering the needs of the logistics sector, and instead endorsed a more qualitative approach where, if presented with *'a site or area known to be attractive to logistics then it should be considered favourably – even if it in excess of 'need'*⁸⁵.

- 6.13 While the ELR was produced in the context of this updated guidance, identifying a need for additional industrial space including that suitable for logistics operators – as did its subsequent addendum – the Core Strategy evidently was not. This is considered to necessitate a level of flexibility in applying policies developed in the context of now superseded guidance, at a point when the logistics industry was substantially different in size and complexity than it is today.

Summary

- 6.14 The proven shortage of available commercial floorspace throughout and beyond West Berkshire appears likely to disproportionately affect a logistics sector that has been rapidly changing in response to consumer trends and industry demands. Its specific needs have rarely been reflected in the evidence that underpins Local Plans, and while this has now been recognised in the NPPF – with new guidance implemented – this is not reflected in the Council's adopted Core Strategy, which was produced at a point when the logistics industry was markedly different than it is today. This reinforces the need for flexibility in applying its policies to proposals for logistics use, pending the adoption of the LPR which will naturally reflect a more up-to-date context.

⁸⁴ *Ibid*

⁸⁵ *Ibid*, paragraph 2.34

7. Summary and Conclusions

- 7.1 This report has been prepared on behalf of CP Logistics UK Reading Propco Ltd in support of its proposals to develop c.9,600sqm of employment space (Use Class E/B2/B8) oriented towards the logistics industry on land to the north of the A4 in Theale. It further updates a report that was submitted with the now withdrawn planning application for a slightly larger scheme on the same site, where – through pre-application discussions – the Council advised of the need to evidentially justify the proposed development.
- 7.2 The report conclusively demonstrates that there is a clear need for this type of development in this location, because:
- **There is a stated ambition and precedent for economic growth in this area, expressed both by the Council and the Local Enterprise Partnership.** Berkshire is viewed by the LEP as a ‘powerhouse’ that has benefited from its locational advantages and driven growth in the national economy as a result. Critically, however, the LEP has long identified that the county is facing a continued shortage of employment land and its competitive advantage is consequently diminishing. The LEP clearly expects partners such as West Berkshire Council to take responsibility for accelerating and sustaining economic growth to deliver wide-ranging benefits, and the Council does ostensibly remain ‘open for business’ with a continued prioritisation of economic development to withstand unforeseen challenges, compete with other areas and generate benefits for residents. It has recognised in this context that the shortage of employment land has been a challenge that needs to be addressed to attract businesses to West Berkshire;
 - **National planning policy requires the Council to proactively encourage sustainable economic growth,** addressing potential barriers to investment with flexibility to respond to unanticipated changes in economic circumstances. It expects local authorities to regularly review the extent to which their supply of employment land is meeting businesses’ needs, and both review and update planning policies where necessary every five years;
 - **The Council is revising its approach to employment land provision, informed by up-to-date evidence, but has explicitly acknowledged that the allocations proposed in its emerging Local Plan Review will not meet needs in full.** This need was found to have grown in the Council’s latest update to its evidence base, primarily due to a shrinking pipeline. While it has expressed an intention to revisit the situation through a future review of the Local Plan, the Council appears to remain open to the prospect of resolving the shortfall – of some 22,300sqm – sooner through commercial development on unallocated sites in suitable locations, where these accord with other policies;
 - **The shift in the Council’s approach appears to be necessary, when recognising that existing policies – set out in the Core Strategy – have led to there being an extremely limited supply of employment space in West Berkshire.** CoStar data

indicates that the availability of industrial and logistics space in West Berkshire has markedly fallen over the last decade to a level far below that needed to provide a healthy or optimal level of churn, and this has been the case for a number of years. Available units offer only around 1,350sqm of space on average, whereas the two units proposed would more than triple this on average to fill a clear gap in the market; and

- **The shortage of available commercial floorspace appears likely to have a disproportionate impact on the logistics sector.** There is a notable shortage of the large premises typically required by logistics operators throughout West Berkshire, and the increasingly dated policy adopted by the Council – pending the progress of the emerging Local Plan Review – fails to account for the specific needs of a sector that has rapidly changed in response to industry demands and consumer trends, including a long-term growth in online retail that was amplified during the pandemic.

7.3 The application site would therefore play an important role in addressing the identified shortage of available employment space, of the desired size, in an accessible location that can meet the needs of logistics operators.

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