

REPRESENTATIONS ON BEHALF OF BRADFORD RURAL ESTATES LTD (FEBRUARY 2021) PRE-SUBMISSION CONSULTATION (REGULATION 19) APPENDICES

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APPENDIX 1 : SITE LOCATION PLAN



KEY
Site Boundary

SHIFNAL



Rev. Date. Details.
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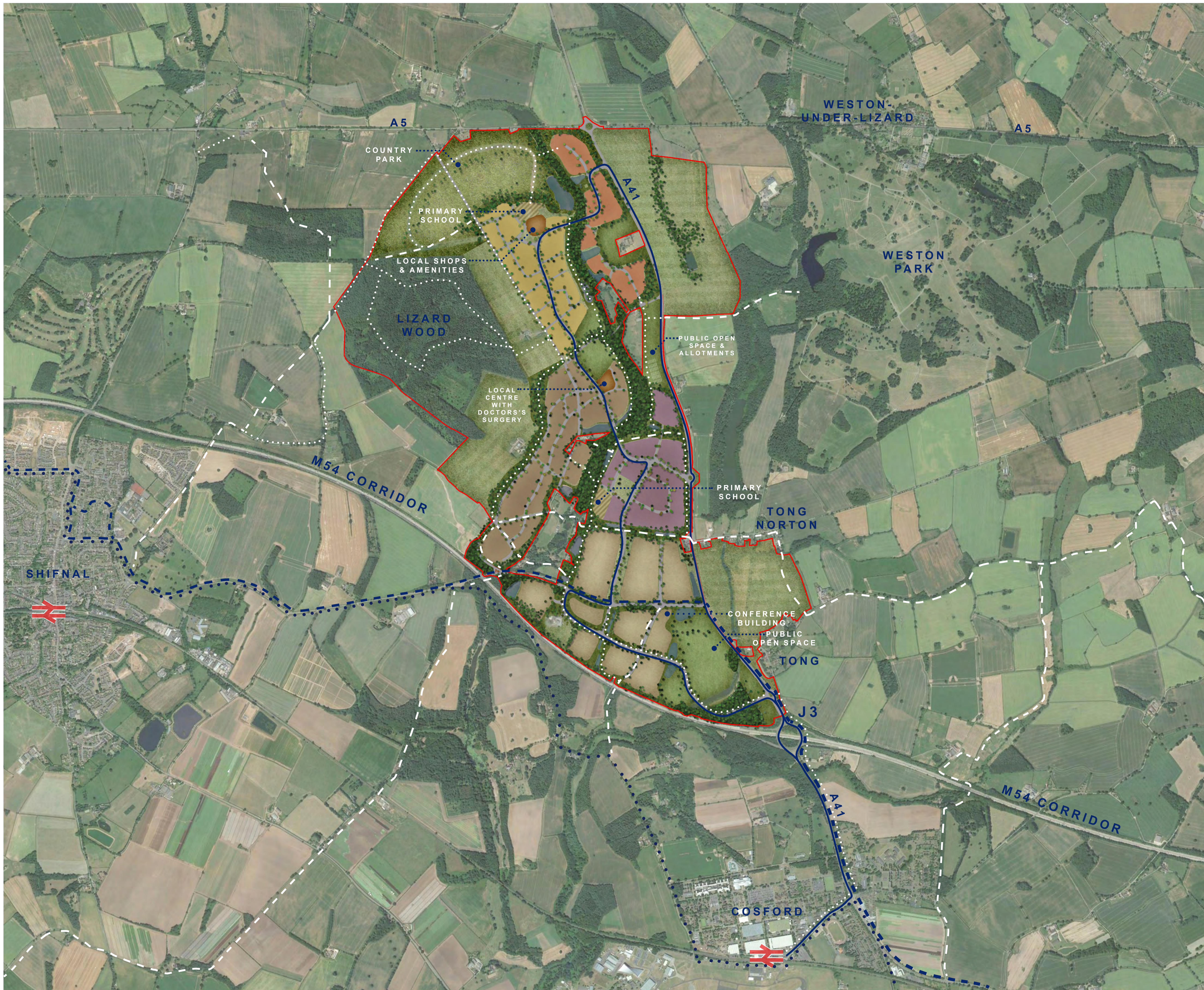
JUNCTION 3: M54
GREEN BELT RELEASE
AERIAL BASE
RED LINE BOUNDARY

Job Code: 44025 OS License Number: 100017734

Drawing Scale: NTS Date: 22.02.2021 Drawn By: JG Checked By: MS

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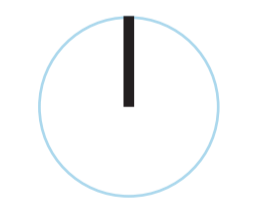
**APPENDIX 2 : INITIAL ILLUSTRATIVE MASTERPLAN,
INCORPORATING 50HA STRATEGIC EMPLOYMENT AREA (SEA) –
BIDWELLS, AUGUST 2020**



- KEY**
-  Site Boundary
 -  Retained Agricultural Land Use
 -  Proposed Country Park
 -  Proposed / Reinforced Woodland Belt
 -  Proposed Public Park
 -  Existing + Proposed Water Bodies
 -  Proposed Tree-lined Main Roads
 -  Strategic Employment Area
 -  Neighbourhood 1
 -  Neighbourhood 2
 -  Neighbourhood 3
 -  Neighbourhood 4
 -  School
 -  Local Centre
 -  Cosford Railway Station
 -  Proposed Bus Routes
 -  Existing Bus Routes
 -  National Cycle Route 81
 -  Existing Pedestrian & Cycle Routes
 -  Potential Pedestrian & Cycle Routes

Rev.	Date	Details
A	25.08.2020	REGULATION 18 SUBMISSION

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JUNCTION 3: M54
ILLUSTRATIVE MASTER PLAN
S.E.A. OPTION 1

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APPENDIX 3 : EMPLOYMENT NEEDS ASSESSMENT – SAVILLS, SEPTEMBER 2020

Need Assessment Strategic Employment Area Junction 3 M54

Report on behalf of Bradford Estates



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Appendix 2.0 Revised Indicative SEA Masterplan

Appendix 3.0 Market Area Building Supply

Appendix 4.0 Market Area Land Supply

1. Executive Summary

Introduction

1.1.1. J3 is an extensive single land holding with no major development constraints, in a 'gateway' location on the M54/A5/A41 Growth Corridor, well served by existing infrastructure. The employment element of the proposals has the necessary scale and locational credentials to meet a **strategic**, as well as local, need. It is an important opportunity to create a **nationally and regionally significant development**, with potential to drive forward Shropshire's growth agenda and generate considerable socio-economic benefits for the County, which is more important than ever, in light of the uncertain and unprecedented economic impacts of COVID-19.

1.1.2. As part of the Local Plan Review, the Bradford Estates' land at Junction 3 has been considered as a Potential Strategic Site, including the opportunity to deliver a Strategic Employment Area (SEA). **The Council's own evidence base has concluded that the site should be prioritised for strategic employment development**, given its location; accessibility; scale; potential synergy with RAF Cosford; and ability to deliver growth within the County's key growth sectors. It has been acknowledged by the Council that the SEA would be well-placed to assist in meeting the **Black Country's unmet need for employment land**.

1.1.3. However, J3 has not been included within the Regulation 18 Pre-Submission Draft of the Local Plan and there is no alternative provision which meets the clearly identified strategic need, or that can meaningfully contribute to the Black Country's unmet need.

1.1.4. **The delivery of additional high quality strategic employment sites, such as the SEA at J3, is crucial set against this acknowledged very strong need for such sites.**

1.1.5. Achieving a position where the SEA could be started in advance of the residential element of the J3 proposals (not requiring the residential element for viability and deliverability) or be 'freestanding' (if the residential component is not allocated) is therefore very important and will allow a much greater degree of agility, flexibility and certainty around the delivery of the positive economic impacts to the County and the region as a whole.

1.1.6. The purpose of this report is to assist Shropshire Council and other stakeholders in the assessment of J3's potential as a Strategic Employment Site, setting out the case for the site's allocation based on a review of the key socio-economic, policy and market issues. The report assesses how the deliverability of the SEA (and the economic benefits) can be brought forward in an optimal manner, considering an approach to masterplanning and mix of uses which is very strongly based on market signals, whilst remaining aligned with the economic growth agenda of the County and the wider area.

Site context

1.1.7. The site occupies a strategic location on the M54 Corridor, immediately adjacent to Junction 3, and therefore benefits from excellent accessibility to Shropshire, Telford, the Black Country, Birmingham and the wider West Midlands – particularly in terms of access to labour supply; for manufacturing and logistics supply chains (including JLR's engine manufacturing centre at i54); and to Higher Education and Further Education facilities

(including RAF Cosford, Harper Adams University, University of Wolverhampton and its Telford Innovation Campus).

1.1.8. The SEA provides the opportunity to meet sub-regional, regional and national demand, as well as local employment needs, being of a sufficient scale to be classed as a **strategic site** (generally defined as a minimum of 25ha, and often being much larger).

Indicative proposals

1.1.9. In order to enable the SEA to be 'freestanding', and also in response to the unprecedented economic and property market impacts of COVID-19, part of Savills' role has been to advise on the **evolution of the indicative masterplan** in terms of the type, use, mix and layout of units most appropriate (viable and deliverable).

1.1.10. As a result of the revised SEA masterplanning exercise it has been possible to improve the efficiency of the SEA and **increase the floorspace capacity by c. 10%** compared to the initial indicative masterplan. A **revised mix of employment uses** is proposed, based on a detailed assessment of the site and its capacity and characteristics, updated to take into account latest market indicators and forecasts and to provide for an employment scheme which is deliverable and viable as an early phase of the wider J3 proposals, or as a freestanding proposal, with no cross-subsidy required from the residential element of the scheme.

1.1.11. The revised draft masterplan now provides for a total of **210,158 sq. m (2.26 million sq. ft)** of floorspace on a site of c. 50ha and includes:

An indicative mix of uses: **B1 (new Use Class E) – approximately 15% of floorspace; B2 – approximately 35% of floorspace; and B8 - approximately 50% of floorspace.**

- Smaller scale buildings with a finer grain of development adjacent to Tong and around Vauxhall Farm (to accommodate offices, R&D functions and smaller scale light industrial/warehousing – the latter is likely to appeal to more locally based SME companies and it is envisaged it will include incubator and grow-on units targeted at local businesses).
- Larger scale buildings which will be suitable for both manufacturing and logistics within uses B2 and B8 (**noting that an element of office use amounting to between 5-10% of the total floorspace is typical within such buildings**);
- The largest plots: suitable for the largest buildings, again either manufacturing and/or logistics, but which would be particularly attractive to **major inward investors** requiring large scale sites which are in short supply across the West Midlands as highlighted through the policy and market research within this report.
- **Additional amenities** to support the overall scheme are proposed to be located in the area around Vauxhall Farm, including the Training & Skills Hub and other facilities such as co-working space, cafes, restaurants, crèche, gym, small-scale convenience retail, a running track, playing fields and a pharmacy.

1.1.12. The **costs of delivering a large scale strategic employment site** are significant. A larger site (more floorspace) reduces the cost per developable acre of fixed upfront costs but also maximises the economic opportunity (jobs, GVA and revenue for Shropshire Council); allows **flexibility** in responding to occupier requirements; and enables occupier expansion over time. There is a strong argument, therefore, to extend the

area of the SEA at J3, **enhancing its status and its attractiveness for large scale inward investment** into Shropshire and the West Midlands. A further indicative enhanced proposal has therefore also been drawn up which demonstrates that an expanded SEA site could be accommodated, utilising land to the north of the current SEA (within the boundaries of the wider J3 site) and providing up to 347,375 sq. m (3.74 million sq. ft) of employment floorspace on a site of c. 75 ha.

Socio-economic context

1.1.13. Whilst economic activity and employment rates are relatively high in Shropshire and businesses have a good survival rate, there are some key issues which are impacting on economic growth:

- there are low levels of productivity;
- the population is older than the UK average;
- resident wages are low and there is a degree of out-commuting from Shropshire to higher paid jobs elsewhere;
- there is pressure for significant 'upskilling' and
- the retention of talent and skills of young people and graduates.

1.1.14. Of relevance to the proposals at J3, it is therefore very important to ensure provision of attractive well-located employment sites to meet the needs of local businesses; attract inward investment; and provide high quality employment opportunities. Ensuring readily available training/retraining for local residents is also key and is addressed by the proposed Training & Skills Hub.

Policy context

1.1.15. A review of relevant national, regional and local policy and guidance has been undertaken. At all levels, very ambitious growth targets have been set for additional jobs and GVA. The importance of advanced manufacturing and logistics as enabling sectors is a key theme, as is the strategic importance of the M54 Corridor and its ability to provide land and premises to meet demand from the identified growth sectors (by Shropshire Council, Marches LEP and WMCA).

1.1.16. A sufficient supply of strategic employment sites (those sites over 25 ha in size which are capable of meeting demand for large scale manufacturing and logistics facilities) is acknowledged to be essential to the delivery of economic growth in the West Midlands. The evidence base demonstrates that there is a critical undersupply of such sites, with the Black Country being identified as one area of particular need.

1.1.17. In order to enable economic growth across the region and to meet the ambitious targets which have been set, there is therefore a very strong need for additional strategic employment sites across the West Midlands, and a particular need for additional land to meet the needs of the Black Country (in addition to West Midlands Interchange in South Staffordshire). There is a general acknowledgement that it will be necessary to allocate sites from within the Green Belt.

1.1.18. There is also a clear identified outstanding need for additional strategic employment land in order to meet the growth aspirations of Shropshire that is not currently provided for in the Pre-Submission Plan.

1.1.19. Conclusions based on our review of strategy, guidance and the supporting evidence base are that:

- **The M54 corridor in Shropshire is the most appropriate and suitable location for additional strategic employment land to meet the needs of the Black Country, being geographically close and easily accessible.**
- **The M54 corridor is the most logical and suitable location for strategic employment land to meet Shropshire's needs.**
- **Accordingly, the proposals at J3, by virtue of their scale, deliverability and location, are very much in line with the current and emerging economic policy position and offer the opportunity to meet a strategic need, both for additional land to serve the region and the Black Country, as well as to enable Shropshire's growth agenda.**

Macro-economic update

1.1.20. The UK economy is in recession for the first time since 2009, with the economy predicted to shrink by 9.5% in 2020. Unemployment is increasing, pay has fallen and levels of confidence in the market are very low.

1.1.21. The short term impacts of the pandemic and the lockdown have been significant with steep falls in GDP, falling employment, rising unemployment and falling wages. Limited growth is now beginning to return but it is expected that the recovery will take a number of years, with unemployment not expected to return to 2019 levels within the next five years. There are a number of risk factors creating uncertainty around economic growth including the possibility of a second wave and further lockdowns, as well as the ongoing uncertainty around Brexit negotiations.

1.1.22. However, the impact on the various sectors of the property market has not been uniform. Whilst in-store retail has been disproportionately impacted, on-line retail has seen significant growth which has driven very strong growth in the distribution sector. The manufacturing sector has also started to rebound as companies have adapted workplaces to enable production to continue.

1.1.23. The long term impacts of COVID-19 on the office market (which is generally highly cyclical in response to macro-economic conditions) are still unclear and will vary based on business sector, location, and scale of product. Hence there is a large degree of uncertainty around the characteristics and scale of occupier demand going forward.

Sector overview

1.1.24. We have undertaken a review of the key trends in the manufacturing sector (including the key growth sectors) and the logistics sector.

1.1.25. There has been a renaissance in the manufacturing sector, driven by growth in advanced manufacturing, based on the UK's R&D capabilities and particularly in key sectors: automotive, electronics, aerospace, textiles, food and drink, and pharmaceuticals. Implications for the property market are: an overall increased level of demand; a trend for larger units; increased demand for bespoke build to suit facilities; and a

focus on high quality facilities with excellent linkages to educational and training establishments with sectors of particular relevance for Shropshire including automotive, agri-tech, environmental technologies, and food production.

1.1.26. Similarly in the logistics sector, there is an increase in the amount of demand being seen and the trend is for increasingly larger plots and buildings, resulting in a correspondingly quicker absorption rate of sites. Occupiers require higher buildings to maximise building efficiency and demand is for units in the most accessible locations, allowing occupiers to compete on fulfilment times. Whilst e-commerce has been the key driver of growth in the sector, manufacturers also make up a significant amount of demand for warehouse space and investment in the manufacturing sector causes a ripple effect of occupiers seeking to take logistics space close to manufacturing hubs in order to satisfy supply chains.

1.1.27. Whilst there is still a considerable amount of uncertainty around long term impacts of COVID-19, market fundamentals are strong. There has been a significant acceleration of growth in the on-line retail and grocery sector and a corresponding increase in demand for logistics warehousing. The pandemic has highlighted the importance of the logistics sector, and of the resilience of supply chains for all sectors of the economy. In the short term, the fall in consumer spending will have negative impacts for the manufacturing sector but an increase in 'near-shoring' and 'on-shoring' in the longer term may lead to an increase in demand. An increase in stockholding will also drive increased demand for warehousing.

Manufacturing and Logistics Property Market Overview

1.1.28. In order to provide the market context for the proposals, the market dynamics for large manufacturing and warehousing units (defined as being of 9,290 sq. m/100,000 sq. ft and above) have been reviewed at a national and regional level.

1.1.29. Take-up of units was above the long term average in 2019 and demand has continued to increase. H1 2020 saw the best H1 performance ever recorded by Savills, 66% over the long term average. The average unit size transacted has increased and a greater proportion of units are delivered on a built to suit basis. Key sectors driving demand are retail and manufacturing, which is particularly important in areas with an industrial heritage such as the West Midlands.

1.1.30. Supply has fallen 62% since the peak of 94 million sq. ft in 2009 and there is now just **1.10 years' worth of supply remaining nationwide**. Much of the supply nationwide comprises smaller units, an increasing proportion of which are constructed speculatively.

1.1.31. **The West Midlands experiences very high demand from both the logistics and manufacturing sectors** (both direct and via supply chain companies) which is culminating in a critical shortage of employment land and premises to meet the needs of modern occupiers. There is **1.64 years' of supply** in the region but much of this is secondary and does not meet the needs of modern occupiers and it is also focused within the smaller size ranges. Supply does not match demand, which is increasingly for large units of Grade A quality. Key sectors of demand in 2019 were manufacturing (37%), Third Party Logistics (3PLs) (27%) and online retailers (26%).

Market area analysis

1.1.32. In this section, the key drivers of demand and the existing supply of competing land and premises are analysed for the SEA (considering separately the market for the larger B2/B8 units, and the smaller grain light industrial/R&D/office/warehouse units).

1.1.33. The market dynamics for the B2/B8 component of the scheme have been assessed by reference to a defined market area which represents the area which would be broadly considered by occupiers alongside the proposals at J3. Demand has been consistently strong for the M54 corridor and increasingly so for Shropshire as supply in the Black Country has diminished, confirming the potential that the County has to help to meet the Black Country's unmet employment land need. Similarly to the wider region, there is a severe undersupply of larger B2/B8 premises in the market area (**only 1.6 years' of supply**).

1.1.34. The supply of immediately available sites is therefore very important. There is only **85 ha of land** available and this headline figure masks the fact that many of the available sites are generally very small, and a significant proportion of the immediately available land available is restricted to B1/B2 use. In the longer term, West Midlands Interchange will go some way towards addressing the demand for the largest scale B8 requirements (although this will only provide a partial solution being limited in terms of use, focused on rail-based requirements, being limited in terms of use and focussed on rail-based requirements).

1.1.35. **There is a clear need for additional employment land of sufficient scale to meet a range of B2/B8 demand and respond flexibly to occupier requirements. It is essential to provide a variety of sites (in terms of location, scale, timescales for delivery) in order to provide choice for occupiers and maximise inward investment opportunities.**

1.1.36. Key points from the analysis of the supply and demand for smaller B1(new Use Class E)/B8 units are as follows:

- There is strong demand for high quality sites which offer local companies opportunities for a range of light industrial, manufacturing and logistics units and when high quality sites have been available there has been very strong take up (for example T54).
- There is very little similar supply within the market area.
- It is essential to maintain a high quality offer within Shropshire to ensure that suitable opportunities are available to retain and attract businesses and employment.
- Key sectors of demand are likely to be agri-tech, environmental technologies; automotive; engineering; metals; plastics; and food production and packaging.
- Occupiers are likely to come from other parts of Shropshire, Telford, Herefordshire and the Black Country (particularly given the shortage of opportunities here).
- Proposals at J3 would be complementary to Ni-Park, focusing on a broader range of sectors and uses.

Economic benefits and deliverability

1.1.37. The proposals offer significant economic benefits for Shropshire both in terms of employment, economic growth and fiscal revenues including:

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- **6,000 to 9,100 net additional jobs;**
- **£290m - £440m GVA per annum; and**
- **£4.5 million additional business rates income.**

1.1.38. Logistics development forms a key part of the proposals. The sector is vital to the national economy, underpinning the successful operation of nearly all other sectors and providing high quality and varied employment opportunities and this is recognised at a national level, as well as by the LEP.

1.1.39. Jobs in the sector are often unfairly classified as being 'lower skilled occupations' which is misleading. In reality, modern logistics facilities require a range of employees including warehouse workers (some highly skilled operatives), managers, office and administration staff, and drivers. The vast majority of roles in logistics are full time (85%) and median salaries in the sector are above average. Modern warehouses typically include approximately 5% of the total floorspace as Grade A (often HQ) offices, making up a significant component of overall office supply – often at a level which would not be deliverable as stand-alone office units.

1.1.40. Deliverability is critical in order to underwrite and maximise the employment opportunities and economic growth offered by the SEA. The indicative proposals for the SEA have been driven by requirements both to directly address the SEA to market requirements (including Shropshire and the LEP's growth sectors) and to ensure deliverability predicated on the concept that the SEA should be capable of separate delivery independent of the residential element of the J3 proposals.

1.1.41. In order to fund the significant upfront costs of strategic employment sites, a certain critical mass of development is required. A larger site reduces the cost per developable acre of the fixed infrastructure and promotion costs as well as maximising the economic opportunity; increasing the flexibility to accommodate a range of uses and requirements, and allowing for expansion by occupiers over time.

1.1.42. **There is a strong argument, therefore, to extend the area of the SEA at J3 enhancing its status and its attractiveness to large scale inward investment into the county.**

Conclusions

- **There is a clear socio-economic, policy and market need for additional employment land and particularly strategic sites for larger manufacturing and logistics facilities (including inward investment), which can both address the needs of the Black Country as well as drive forward the delivery of Shropshire's growth agenda.**
- **The SEA at J3 is ideally situated to meet the very strong need for such sites and offers a prime and deliverable opportunity to provide significant economic benefits for Shropshire.**
- **Increasing the scale of the SEA within the boundaries of the J3 site would reinforce the potential economic benefits, further improve viability, and maximise the site's attractiveness for large scale inward investors.**

2. Introduction

2.1.1. Savills is instructed by Bradford Rural Estates Limited (Bradford Estates) to advise on commercial and residential market demand and viability in relation to 700 ha of land within its ownership at Junction 3 of the M54 in Shropshire (J3). This report is specifically in relation to the commercial (employment) element of the proposals.

2.1.2. J3 is an extensive single land holding with no major development constraints, in a highly accessible 'gateway' location on the M54/A5 Growth Corridor, well served by existing infrastructure. The employment element of the proposals has the necessary scale and locational credentials to meet a strategic, as well as local, need. It is an important opportunity to create a nationally and regionally significant development, with potential to drive forward Shropshire's growth agenda and generate considerable socio-economic benefits for the County, including:

- high quality employment opportunities;
- an embedded Skills Hub, which will encourage upskilling and job resilience, thus enhancing wage rates and benefitting local living affordability, as well as helping retain talent within the County;
- a significant contribution to GVA and Shropshire County Council fiscal revenues;
- major contributions to much needed local transport infrastructure upgrades;
- new schools, and a wide range of new community facilities.

2.1.3. The importance to Shropshire, as well as the wider sub-region and region, of providing the socio-economic benefits associated with the scheme is now more important than ever, in light of the uncertain and unprecedented economic impacts of COVID-19.

2.1.4. A focus of Shropshire Council's work in preparing a new Local Plan has been to seek to bring forward economic growth serving the county and delivering economic, employment and social benefits to its residents. As part of the Local Plan Review, the Bradford Estates' land at Junction 3 has been considered as a Potential Strategic Site, including the opportunity to deliver a Strategic Employment Area (SEA).

2.1.5. The Council's own evidence base has concluded that the site should be prioritised for strategic employment development, given its location; accessibility; scale; potential synergy with RAF Cosford; and ability to deliver growth within the County's key growth sectors. It has been acknowledged by the Council that the SEA would be well-placed to assist in meeting the Black Country's unmet need for employment land.

2.1.6. The delivery of additional high quality strategic employment sites, such as the SEA at J3, is crucial when set against this acknowledged very strong need for such sites.

2.1.7. However, J3 has not been included within the Regulation 18 Pre-Submission Draft of the Local Plan and there is no alternative provision which meets the clearly identified strategic need, or that can meaningfully contribute to the Black Country's unmet need.

Guiding principles

2.1.8. Bradford Estates is a major stakeholder in the county; it has both a significant and historic landownership, and a long term interest in the socio-economic growth of Shropshire which includes the ambition to ensure sustainable development of its assets.

2.1.9. In considering the land's potential as a Strategic Site, the approach of the Estates from the outset has been based on the premise of stewardship: creating a community for the long term benefit of the local area and Shropshire as a whole.

2.1.10. Bradford Estates' key objective is to deliver a highly sustainable scheme via a zero carbon strategy with strong environmental net gain. The ability of the site to provide both employment and residential development is an advantage which will not only be an attractive prospect for occupiers but also enables significant sustainability benefits to be realised. It is envisaged that the integrated design will encourage internal self-sufficiency by creating opportunities for people to live, work and learn. It is anticipated that a high proportion of trips could remain internal to the site.

2.1.11. In line with this strong environmental agenda, all of the employment floorspace within the SEA is proposed to be constructed to the highest environmental and sustainability standards with all electricity requirements met from renewable sources, including generated from the buildings themselves, or from the wider Estate, with the aim of delivering a net zero development.

Background (evolution of the proposals)

2.1.12. Work previously shared with the Local Planning Authority has included an initial indicative masterplan prepared by Bidwells in 2018/19 which gave a high level view on the capacity of the site, concluding that approximately 3,000 homes and 183,379 sq. m (1.97 million sq. ft) of employment floorspace could be accommodated at J3. Savills undertook an assessment of these initial proposals in February 2020 in order to consider overall viability, potential options for the mix of employment uses, and associated economic benefits that could be generated.

2.1.13. Work undertaken and shared with Council Officers demonstrated that those overall J3 proposals were likely to be viable, in line with the tests set by national planning policy and could deliver significant economic benefits, including up to 7,000 new jobs on site (8,000 in total including those in the wider area). However, the delivery of the SEA as initially proposed was reliant in terms of viability on the delivery of the wider J3 scheme: the delivery of 3,000 new homes was essential to delivery of the SEA. The outputs of this initial phase of work are summarised at Section 3.

2.1.14. Whilst the delivery of the SEA has always been a fundamental part of the J3 proposals, it is now particularly important in light of the wide ranging impacts of COVID-19. It is vital that high quality employment schemes, such as the SEA at J3, can be brought forward rapidly in order to support economic recovery. This is particularly important in the context of delivering a strategic site in a region with an acknowledged critical under-supply of strategic employment sites capable of attracting and retaining inward and embedded investment.

2.1.15. The property market has been significantly impacted by the pandemic. However, the impact has not been uniform, with some sectors performing relatively much better than others. It is therefore essential that the proposals at J3 evolve in response to market signals in order to ensure that the employment floorspace meets the needs of occupiers, and can therefore generate much needed economic benefits.

2.1.16. As a result of the increased focus on enabling the early delivery of the SEA, as well as the changing market dynamics, a further, more detailed level of masterplanning work has been commissioned by Bradford Estates in relation to the SEA. To inform and support this masterplanning process, Savills has been commissioned to undertake a comprehensive review of the composition and quantum of space to be provided, in order to ensure that the SEA is deliverable and viable as an early phase of the J3 proposals.

2.1.17. Achieving a position where the SEA could be started in advance of the residential element of the J3 proposals (not requiring the residential element for viability and deliverability) or be 'freestanding' (if the residential component is not allocated) will allow a much greater degree of agility, flexibility and certainty around the delivery of the positive economic impacts to the County and the region as a whole.

2.1.18. Savills' role has been to advise Bradford Estates on the refinement of its masterplan proposals to achieve these objectives and to answer a number of key questions, including:

- Whether the SEA is deliverable in this location;
- The nature of uses and occupiers who might be attracted to the site and how this accords with economic policy objectives;
- The dynamics of the property market in which the scheme would be delivered;
- The scale of the proposals both to be consistent with the supply/demand balance of the market and to be viable (this is not simply in financial terms);
- The form of the proposals which the SEA site could accommodate; and
- The scale of economic benefits which could be generated by the revised proposals.

Purpose of report

2.1.19. The purpose of this report is to assist Shropshire Council and other stakeholders in the assessment of J3's potential as a Strategic Employment Site, setting out the case for the site's allocation based on a review of the key socio-economic, policy and market issues. The report assesses how the deliverability of the SEA (and the economic benefits) can be brought forward in an optimal manner, considering an approach to masterplanning and mix of uses which is very strongly based on market signals, whilst remaining aligned with the economic growth agenda of the County and the wider area.

2.1.20. This report and masterplanning exercise is an evolution of the initial indicative masterplan and February 2020 report, provided in light of changing policy, economic and property market dynamics and taking into account the potential requirement for early delivery of the SEA and/or for the SEA to be freestanding.

Report Structure

2.1.21. The report is structured as follows:

- A description of the site and its location, including the wider J3 site and specifically the SEA is provided at Section 3;
- An overview of the socio-economic context for the proposals is provided at Section 4.
- Relevant socio-economic policy at a national, regional, LEP, and local level is assessed in order to establish the policy rationale and need for a strategic employment in this location (Section 5);
- A review of the macro-economic and property market impacts of COVID-19 is provided at Section 6.
- Guided by the economic policy assessment, an analysis of market demand and need is then provided. Firstly, an overview of the key drivers, trends and dynamics of the manufacturing (B1c and B2) and logistics (B8) sectors, is provided at Section 7¹.
- A review and analysis of the macro statistics in relation to supply and take-up of the manufacturing and logistics floorspace has been undertaken in order to set the context for the likely demand for the SEA (Section 8).
- The supply of, and demand for, land and premises within the defined market area which are likely to be competing with proposals at J3, is then considered at Section 9, in the context of indicative proposals which are being drawn up for the SEA.
- A review of the potential economic benefits and deliverability of the indicative proposals, including an in-depth consideration of the characteristics of logistics employment is provided at Section 10 (there are a number of common misconceptions regarding the economic contribution which this use typically provides).
- A summary of the report's findings and conclusions in relation to deliverability and viability of the proposals are provided at Section 11.

¹ An element of the proposed uses may fall within the new Use Class 'E' from 1st September 2020.

3. Site context and indicative proposals

Site Location

3.1.1. The land at Junction 3 of the M54 comprises a large swathe of largely arable land within the county of Shropshire, totalling approximately 700 hectares, 8.6 miles east of Telford and 11.6 miles west of Wolverhampton as shown by the plan below (Figure 3.1).

Figure 3.1 Site Location



Source: www.promap.co.uk

3.1.2. The site occupies a highly accessible, strategic location on the M54 Corridor, immediately adjacent to Junction 3, and therefore benefits from excellent accessibility to Shropshire, Telford, the Black Country, Birmingham and the wider West Midlands via the M54/M6.

3.1.3. Other nearby settlements include Shrewsbury (21.7 miles to the west) and Birmingham (26.4 miles to the south east). J3 also benefits from good passenger rail links, being approximately 1.1 miles away from

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Cosford Railway Station, which offers direct trains to Birmingham New Street (35 minutes) and Wolverhampton (16 minutes) from where services to the rest of the UK are available, including direct trains to London Euston (1 hour 20 minutes from Birmingham New Street, 1 hour 50 minutes from Wolverhampton), the North and Scotland.

3.1.4. The site benefits from close proximity to RAF Cosford, which constitutes a major part of the Defence College of Technical Training. JLR's Engine Manufacturing Centre is at Junction 2 of the M54, approximately 7 miles away, whilst a number of Further Education and Higher Education colleges are also located nearby, including Harper Adams University; University of Wolverhampton – Telford Innovation Campus; Telford College; and University Centre Telford.

Strategic Employment Area

3.1.5. As illustrated by the plan below (**Figure 3.2**), the overall J3 site is located to the west of the A41, is bounded by the M54 on its southern boundary, and the A5 on its northern boundary. The site's western boundary largely comprises arable land towards the south, with Coppice Lane forming the north western boundary.

3.1.6. The proposed SEA extends to 110 ha gross, including areas of open space, and forms the southern part of the overall J3 masterplan, being located immediately to the north of the M54 and adjacent to the motorway junction. The SEA provides the opportunity to meet sub-regional, regional and national demand, as well as local employment needs, being of a sufficient scale to be classed as a **strategic site** (generally defined as a minimum of 25ha, and often being much larger).

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Figure 3.2: J3 Masterplan and Strategic Employment Area



Key: Gross Area
110 ha including
green buffers



Source: Bidwells Illustrative Masterplan (approximate SEA boundary superimposed)

Initial masterplan

3.1.7. Guided by the overarching principles of creating a sustainable community, Bradford Estates commissioned masterplanning and commercial advice in order to establish the capacity of the overall J3 site and the deliverability of an exemplar mixed use development in this location.

3.1.8. An indicative masterplan was prepared (see **Figure 3.2**) and this formed the basis for the initial proposals for the site, which have been presented to Shropshire Council² and broadly included:

- a new community of approximately 3,000 homes, supported by schools and local amenities;
- a SEA located adjacent to Junction 3, comprising 183,379 sq. m (1.97 million sq. ft.) of employment floorspace; and
- a 'Training and Skills Hub' linked to nearby Further and Higher Education Facilities.

3.1.9. Further details of the initial indicative masterplan are included at **Appendix 1**.

3.1.10. A market assessment had not been carried out at this point and the initial indicative masterplan was based on high level assumptions only. Savills undertook a Market Assessment of these initial proposals on the basis of the indicative masterplan parameters in February 2020. The purpose of the study was to consider the

² As part of a Local Plan consultation under Regulation 18 in September 2019.

commercial and residential markets for the site in greater detail and assess the potential economic benefits arising from the indicative proposals.

3.1.11. Key conclusions from that report in relation to the market for commercial uses were:

- Local demand for industrial (B2/B8) space is driven by larger occupier requirements against a backdrop of low quality existing stock and a supply constrained market (particularly for B8 uses).
- A significant proportion of existing supply for both B2 and B8 units is of units of 9,290 sq. m (100,000 sq. ft.) and above and approximately two thirds of existing stock is in B8 use.
- There has been stable positive demand for B2/B8 floorspace since 2013.
- The site's scale and location within the M54/A5 Growth Corridor means that demand will not be restricted to the local area.
- There are strong global demand factors driving growth in the sectors of advanced manufacturing, environmental technologies and agri-tech and, given the site's location and characteristics, there could be significant strategic opportunities to accommodate demand from these sectors.
- The demand for office space is relatively small in comparison and focused in urban centres, with a low quality of existing stock and low rental levels, which are yet to reach the levels seen prior to the 2008 crash.
- Office demand is focused on small premises.
- Based on case studies, average take up rate for new stock was assessed to be 14,455 sq. m (155,600 sq. ft) per annum for industrial uses (B2/B8) and 864 sq. m (9,300 sq. ft) per annum for office uses.

3.1.12. Drawing on these findings, and the indicative masterplan parameters, the report sought to set out various options for the potential mix of uses within the SEA.

3.1.13. It was concluded that the SEA should broadly include 75% B2/B8 floorspace and 25% office floorspace. The annualised take-up rate for industrial floorspace suggested that this level of B2/B8 floorspace could be delivered within c. 9.5 years. Given the weaker market fundamentals of the office sector, the proposed level of office floorspace was included on the basis that this could be provided as a later phase, allowing time to work with partners to explore the site's potential to accommodate office requirements.

3.1.14. Three potential options for a split within these uses were provided as set out at **Figure 3.3**.

Figure 3.3: Savills February 2020 Employment Scenarios

Proposed Development	Scenario 1: Local Demand	Scenario 2: Major B2 Occupier	Scenario 3: Inward Investment
Office floor space	45,845m ²	45,845m ²	45,845m ²
Manufacturing floor space	33,666m ²	68,767m ²	103,868m ²
Warehouse floor space	103,868m ²	68,767m ²	33,666m ²
Homes	3,000 (20% affordable)	3,000 (20% affordable)	3,000 (20% affordable)
Social infrastructure	Education, training, sports and recreation facilities	Education, training, sports and recreation facilities	Education, training, sports and recreation facilities

Source: Savills

3.1.15. The report also considered the economic benefits and the viability and deliverability of the initial proposals and demonstrated that the overall J3 proposals are likely to be viable, in line with the tests set by national planning policy, noting that as would be expected, the assumptions behind the viability modelling will be refined as more information becomes available and detailed design is undertaken. Viability work which has been shared with the Council demonstrated that the delivery of the SEA (based on this level of floorspace and the proposed mix of uses) was contingent on the associated delivery of the residential element of the proposals.

3.1.16. Based on the initial indicative masterplan and mix, it was estimated that the J3 proposals could provide between 6,500 and 8,000 new jobs in total, taking into account on-site employment and additional employment created in the wider area. It was also estimated that the proposals could generate Gross Value Add of between £265 million and £390 million per annum.

SEA masterplan evolution

3.1.17. Since the preparation of the February 2020 report, further, more detailed, masterplanning work has been commissioned specifically in relation to the SEA. This work builds upon the initial indicative masterplan and has looked in detail at the capacity of the SEA to accommodate the various types of employment use, taking into account the scale and massing of the associated buildings, access arrangements and the relationship of new employment units to existing development and the characteristics of the area.

3.1.18. There has been an increased focus on deliverability of the SEA and the associated economic benefits because of the unprecedented economic impacts of COVID-19 and this has underpinned the refinement of the SEA masterplanning.

3.1.19. As part of the latest masterplanning exercise, Savills has advised on the details of the floorspace mix which could be provided on a plot-by-plot basis, guided by the latest market indicators and taking into account site and plot characteristics, surrounding uses, and infrastructure and servicing considerations. The level of detail available has allowed a finer grain assessment to be undertaken.

3.1.20. As a general principle, it is essential that the SEA proposals evolve and respond to market signals, as well as to the more detailed information which has come from the SEA masterplanning exercise. Jobs and economic growth can only be delivered if the proposals provide for the right kind of employment floorspace which appeals to occupiers and is fundable.

3.1.21. The previous analysis was undertaken pre-COVID-19, which continues to have wide-ranging and significant impacts on the economy and the property market (see Section 6). The conclusions of the market and economic analysis (including the uncertainty around the impacts on the office market); and the increased focus on the deliverability of the SEA in light of current and anticipated economic conditions, has led to a shift in the mix of uses which is proposed in the SEA.

3.1.22. The results of the SEA masterplanning exercise are twofold:

- Overall, using the additional level of information which this work has provided, it has been possible to improve the efficiency of the site and increase the floorspace capacity of the SEA by c. 10% compared to the initial indicative masterplan.
- A revised mix of employment uses is proposed, based on a detailed assessment of the site and its capacity and characteristics, together with the latest market indicators and forecasts. The mix includes a reduced proportion of purely office floorspace in comparison to the previous indicative proposals.

3.1.23. These more detailed proposals for the SEA provide for an employment scheme which is deliverable and viable as an early phase of the wider J3 proposals, or as a freestanding proposal, with no cross-subsidy required from the residential element of the scheme. They also provide for an increased amount of floorspace and a similar significant level of associated economic benefits when compared to the initial indicative proposals (see Section 10).

SEA Indicative Proposals

3.1.24. The updated revised indicative SEA masterplan, informed by the analysis set out in subsequent sections, is provided below at **Figure 3.4** and also included at **Appendix 2**.

Figure 3.4: Revised Indicative SEA Masterplan



Source: Stephen George Partners Illustrative Masterplan South Drawing reference: 20-097-SGP-ZZ-ZZ-DR-A-303-A

3.1.25. The proposals provide a layout of plots which enables the flexible delivery of buildings of varying scales and uses in direct response to market demand, and to the target sectors and economic growth areas, as set out in the various economic policy documents reviewed at Section 5. Hence the draft masterplan now provides for a total of 210,158 sq. m (2.26 million sq. ft) of floorspace on a site of c. 50 ha, and includes:

- An indicative mix of uses which includes:
 - B1 (new Use Class E) – approximately 15% of floorspace;
 - B2 – approximately 35% of floorspace; and
 - B8 - approximately 50% of floorspace.

- Smaller scale buildings with a finer grain of development within the transition zones (or 'buffer' areas) adjacent to Tong and around Vauxhall Farm (Plots EM01, 02 & 07); typically these will accommodate offices, R&D functions and smaller scale light industrial/warehousing – the latter is likely to appeal to more locally based SME companies and it is envisaged it will include incubator and grow-on units targeted at local businesses;
- Larger scale buildings on Plots EM03, 04, 05 & 06) which will be suitable for both manufacturing and logistics within uses B2 and B8, noting that an element of office use amounting to between 5-10% of the total floorspace is typical within such buildings);
- The largest plots (Plots EM08 & 09): suitable for the largest buildings, again either manufacturing and/or logistics, but which would be particularly attractive to major inward investors requiring large scale sites which are in short supply across the West Midlands as highlighted through the policy and market research within this report.
- Additional amenities to support the overall scheme are proposed to be located in the area around Vauxhall Farm, including the Training & Skills Hub and other facilities such as co-working space, cafes, restaurants, crèche, gym, small-scale convenience retail and pharmacy.
- In the extensive green areas on the SEA, there are plans for a running track and playing fields to encourage workers to exercise with the pools on site also offering recreational opportunities for employees at the site.

3.1.26. The development of the masterplan has been governed by Bradford Estates' overarching strategy for legacy development, community and sustainability – all buildings will be constructed to the highest standards of sustainability in line with the embedded carbon zero strategy.

3.1.27. The formulation of the masterplan and the mix of uses ensure that the SEA is deliverable and can be started as an early phase of the wider J3 scheme, or as a freestanding project. Albeit that the proposals within the masterplan are different in this regard; the absorption rates of the smaller scale buildings (likely to include a mix of light industrial, offices and R&D) are likely to be slower and will be enhanced by a comprehensive delivery of the overall masterplan proposals.

3.1.28. Inevitably the dynamics of the various sub-markets deployed for the larger floorplate manufacturing and logistics buildings will result in a faster take-up of these plots, simply because of the demand dynamics and the scale of the buildings. The higher absorption rates of the larger buildings can therefore enable the funding and delivery of infrastructure for the whole of the SEA, thereby ensuring that the opportunity to attract investment across the various target sectors is both enabled and maximised.

3.1.29. The issue of scale and critical mass is considered in detail at Section 10. A larger site (more floorspace) reduces the cost per developable acre of fixed upfront costs but also maximises the economic opportunity (jobs, GVA and revenue for Shropshire Council); allows flexibility in responding to occupier requirements; and enables occupier expansion over time. There is a strong argument, therefore, to extend the area of the SEA at J3, enhancing its status and its attractiveness for large scale inward investment into Shropshire and the West Midlands.

3.1.30. A further indicative enhanced proposal has therefore also been drawn up which demonstrates that an expanded SEA site could be accommodated, utilising land to the north of the current SEA (within the boundary of

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the wider J3 site) and providing up to 347,375 sq. m (3.74 million sq. ft) of employment floorspace on a site of c. 75 ha.

3.1.31. The draft indicative enhanced proposal is included at **Figure 3.5** and also at **Appendix 2**.

Figure 3.5: Indicative Enhanced SEA (increased area)



Source: Stephen George Partners Illustrative Masterplan North & South Drawing reference: 20-097-SGP-ZZ-ZZ-DR-A-304-A

4. Socio-Economic Context

4.1.1. The site is located in the Marches Local Economic Partnership (LEP) area which covers Shropshire, Herefordshire and Telford & Wrekin, and the development of the site relates and responds to the key characteristics of this area.

4.1.2. The LEP undertook a study of the socio-economic characteristics of the area in 2018³ which concluded the following:

- The Marches contributes £14.3 billion to the UK economy and has had steady growth in Gross Value Added (GVA) over the past two decades.
- Since 2006, growth has outpaced comparable LEPs around the country.
- Economic activity and employment rates are high in comparison to the national average.
- Businesses in the area have a high survival rate.
- Businesses in the area have a strong trading relationship with the EU, particularly Germany and the Netherlands.
- The economy has specialisms in advanced manufacturing including metals, machinery, plastics and rubber and automotive.
- The economy is 22% less productive than the national average and has experienced slow productivity growth over the past decade.
- The age profile of the LEP area is older than the UK average (although the population of Telford & Wrekin is younger than average).

4.1.3. Looking specifically at Shropshire⁴, it can be seen that there are high self-employment rates, particularly in the south of the county and above average employment rates overall. However, there is a greater proportion of part time employment when compared to the regional and national average. The Claimant Count is lower than average. There is also an issue of low levels of graduate (and further education leaver) retention.

4.1.4. Those who work in Shropshire earn less than the regional and national average. However, those who live in the county earn slightly more than the regional average (but still some way below the national average). This indicates that a proportion of people who live in Shropshire are commuting to higher paid employment opportunities elsewhere. As a predominantly rural area, job opportunities within the county itself are often reliant on lower paid sectors such as agriculture, care and leisure. For example 21.2% of registered businesses are within the agricultural sector, compared to just 5.8% in the West Midlands.

Conclusion

4.1.5. This demonstrates the importance of the provision of high quality, well-located employment sites (such as J3) to meet the needs of local businesses, as well as to attract inward investment, providing high quality jobs for local residents thereby increasing graduate retention and reducing out-commuting.

³ The Marches LEP – SEP Evidence Base (October 2018)

⁴ Shropshire Snapshot – Employment & Economy (Shropshire Council, 2019)

5. Policy context

5.1.1. This section sets the proposals in the context of existing and emerging economic policy (and the supporting evidence base). The following documents are relevant and have been considered below:

- National Planning Policy Framework
- Industrial Strategy White Paper
- The Midlands Engine Strategy
- Midlands Engine Vision for Growth
- Midlands Connect Transport Strategy
- Midlands Engine Independent Economic Review
- The WMCA Strategic Economic Plan
- West Midlands Land Commission – Final Report
- West Midlands Revised Draft Spatial Investment Delivery Plan
- The West Midlands Strategic Employment Sites Study
- Black Country Urban Capacity Review
- The Marches LEP Strategic Economic Plan
- The Marches Local Industrial Strategy
- The Shropshire Economic Growth Strategy
- Shropshire Local Plan Review
- The Avison Young M54 Growth Corridor Strategic Options Study
- Shropshire Local Plan Review: Consultation on Strategic Sites
- Shropshire Employment Land Review
- Shropshire Pre-Submission Draft Local Plan

5.1.2. Key points from the review of economic policy are summarised below followed by a review of each document.

Summary

National policy & guidance

- Economic development is central to Government policy and the NPPF makes clear that the locational requirements of different sectors should be taken into account, specifically including storage and distribution operations at a variety of scales, and in suitably accessible locations.
- There is strong national support for decentralisation, regional growth and devolution, including an increased role for the LEPs and the Combined Authority, as evidenced by the Industrial Strategy.
- There is a strong focus on growth in the advanced manufacturing sector and the West Midlands (particularly the automotive and aerospace industries) is well-placed to take advantage of this. Logistics is also identified as being strategically important to both economic growth and productivity.

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Regional policy & guidance

- As part of five packages proposed to deliver a step-change in productivity, The Midlands Engine Vision for Growth proposes to increase employment and business opportunities in logistics and freight, maximising the export and import capabilities of the region's assets which can help to rebalance the economy.
- The delivery of the Midlands Connect Strategy is also a key part of the Vision. **J3 is located within an Intensive Growth Corridor**, which will be a focus for growth under the Strategy. It is therefore a logical location for a strategic site.
- The WMCA SEP sets out ambitious growth targets, including 500,000 additional jobs by 2030 and identifies an urgent need for additional major strategic sites for employment development in the West Midlands.
- It is a priority of the WMCA to strengthen the competitive advantage of manufacturing businesses in the region, strengthen supply chain linkages and secure further inward investment, with ambitious growth targets for the sector (an additional £8 billion GVA by 2030). Sufficient supply of well-located sites of the necessary scale is essential to enable the delivery of these targets.
- The M54 Corridor including RAF Cosford is identified by WMCA as a strategic opportunity having potential to make a significant contribution to employment growth and being crucial to delivering the economic vision of the SEP and West Midlands Industrial Strategy.

Regional evidence base

- The West Midlands Strategic Sites Study concluded that there was a **severe shortage of strategic employment sites (those sites in excess of 25 ha, capable of accommodating the largest manufacturing and logistics facilities)** particularly in those areas of highest demand (including the Black Country) and that the Green Belt was the primary constraint to supply.
- The West Midlands Land Commission subsequently concluded that a **step-change in the number of sites** being brought forward was required to support the WMCA's growth agenda and that a **credible pipeline of strategic sites is a prerequisite for economic growth** in the West Midlands.
- At a regional level there is a critical need for strategic sites and that regional guidance and strategy identifies the M54 Corridor as being very well-placed to meet that need.

The Black Country

- The Black Country has been identified as one of the areas of highest demand for strategic scale industrial and logistics sites and also as being particularly supply constrained.

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- There is a severe shortage of employment (and housing) land in the Black Country and although South Staffordshire is likely to be able to accommodate a significant element of additional employment land (at West Midlands Interchange) which will go some way towards meeting the Black Country's needs, there is still a very considerable shortfall (233ha – 393ha).
- Those parts of Shropshire which are easily accessible to the Black Country (for example the proposed SEA at J3) are very well placed geographically to address some of this unmet need.
- Further support for a Green Belt review is given by the Black Country Urban Capacity Review.

The Marches LEP

- The Marches LEP SEP sets out ambitious growth targets including 58,700 additional jobs and £8.7 billion additional GVA by 2038.
- The Marches LEP SEP identifies core (high value growth, high employment), enabling (low growth but high employment) and emerging (high value growth potential but low employment currently) sectors. Advanced manufacturing is identified as a Core Sector and logistics is identified as a key enabling sector. Emerging sectors where the area has the potential for high economic and productivity growth are environmental technology; cyber security and resilience; agri-tech, and innovative health and social care.
- The Marches LEP will work to ensure the availability of commercial land and work to maximise opportunities along the M54 Corridor.
- The Local Industrial Strategy identifies major growth opportunities in high tech, energy efficient manufacturing; the future of the food production supply chain; agri-tech innovation; and cyber security and resilience. In relation to the M54 corridor, the LIS sets out the scale and importance of the opportunity for both employment and housing growth.
- The proposals at J3 offer an opportunity to help meet the needs of companies within the key sectors and growth areas by virtue of their location, excellent accessibility to wider regional and sub-regional markets, and proximity to further education establishments, particularly (but not exclusively) University of Wolverhampton's Telford Innovation Campus, RAF Cosford and Harper Adams University.

Shropshire

- The Shropshire Economic Growth Strategy recognises that a 'step-change' in productivity is required and that the attraction of inward investment is key to achieving this. The importance of the M54/A5 Growth Corridor is noted. Six existing sectors with growth potential are identified: advanced manufacturing; food and drink processing; health and social care; visitor economy; environmental science; and creative and digital industries.

- J3 has been assessed by the M54 Growth Corridor Study (June 2019) which forms part of the evidence base for the Local Plan Review which found that ***“The timing and conditions are right given the once in a generation review of the Green Belt for Shropshire to drive forward their corporate economic growth objectives and bring forward strategic sites along the M54, a location ripe for investment.”*** The Corridor is noted as being ‘extremely well-placed’ to deliver growth within Shropshire’s key identified sectors and it was concluded that J3 is one of three sites which should be prioritised, noting **substantial economic benefits and potential close alignment with Shropshire’s growth sectors** due to supply chain opportunities linked to RAF Cosford.
- A key objective of the J3 site identified by the Study was to deliver **supply chain opportunities** and growth for companies in key sectors identified in the Shropshire Economic Growth Strategy (including but not limited to engineering, advanced manufacturing, aviation, innovative healthcare and environmental technologies).
- Shropshire’s Consultation on Strategic Sites (July 2019) identified J3 as a potential strategic site, specifically recognising the site’s potential to help address the unmet needs of the Black Country, given its highly accessible location on the M54 corridor.
- The site is described as a **‘once-in-a-generation’ opportunity to meet cross boundary needs**. Of the three preferred strategic sites (Clive Barracks, Former Ironbridge Powerstation, and RAF Cosford) none offer a strategic employment opportunity and none offer the opportunity to meet employment needs arising from the Black Country, being more local in nature (or specialised in the case of RAF Cosford).
- The Council’s Employment Land Review (July 2019) states that ***“the timing and conditions are right for Shropshire to drive forward their corporate economic growth objectives.”*** And that ***“It will be necessary to bring forward strategic and local employment sites.”*** The strong credentials of the M54 corridor for strategic employment land are once again noted.
- **The exclusion of J3 from the Pre-Submission Draft Local Plan (August 2020) means that there are no employment sites within the draft plan which are capable of meeting a strategic employment need, or that are able to help to meet the unmet employment land needs of the Black Country.** None of the proposed employment allocations are of sufficient scale to be considered strategic (nor are they sufficiently well-located in terms of accessibility to the motorway network, the Black Country and wider Midlands markets to address a greater than local need or address the Black Country’s unmet employment land requirement).

5.1.3. A review of the relevant documents is provided below.

National Planning Policy Framework (2019)

5.1.4. The National Planning Policy Framework (NPPF) was updated in February 2019. Economic development continues to be central to national policy. Local planning authorities should help create conditions for businesses to invest, expand and adapt and should place significant weight on the need to support economic growth and productivity.⁵ Planning policies should have regard to Local Industrial Strategies and other local policies for economic development and regeneration⁶. The locational requirements of different sectors should also be taken into account, specifically including storage and distribution operations at a variety of scales, and in suitably accessible locations.⁷

Industrial Strategy White Paper (November 2017)

5.1.5. The White Paper is the UK Government's strategy for economic growth in light of the upcoming exit from the European Union. The key objective is to improve living standards and economic growth by reducing disparities within the UK (and with the UK and the rest of Europe) increasing productivity and driving growth across the whole country.

5.1.6. The aim of the Strategy is *'that by 2030 we will have transformed productivity and earning power across the UK to become the world's most innovative economy and the best place to start and grow a business, with upgraded infrastructure and prosperous communities across the country.'*⁸

5.1.7. The White Paper is based upon five foundations of productivity: ideas; people; infrastructure; business environment; and places. Four 'Grand Challenges' are identified, with the aim of putting the UK at the forefront of the industries of the future (page 34):

- Put the UK at the forefront of the artificial intelligence and data revolution;
- Maximise the advantages for UK industry from the global shift to clean growth;
- Become a world leader in shaping the future of mobility; and
- Harness the power of innovation to help meet the needs of an ageing society.

5.1.8. Particularly relevant in relation to the economy of the West Midlands is the third challenge, which relates to the way in which people, goods and services are moved around and the changes being driven by innovations in engineering technology and business models. For example, electrification and automation of road vehicles. The region is at the forefront of new technologies in the automotive sector.

5.1.9. The Strategy announced the launch and roll out of Sector Deals (partnerships between Government and industry aiming to increase sector productivity) in life sciences, construction, artificial intelligence and the automotive sector. This builds upon previous successes, such as the Government's backing of the UK aerospace sector.

⁵ NPPF, 2019, paragraph 80

⁶ *Ibid.* paragraph 81

⁷ *Ibid.* paragraph 82

⁸ Industrial Strategy White Paper, 2017 – page 241

5.1.10. In order to help de-centralise the UK economy and reduce regional disparities, the Strategy also proposed to agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities and guide use of local and national funding. Regional collaboration, such as the Midlands Engine, is identified as being increasingly important to increase skilled labour, drive market competition and help promote the UK on the World Stage (page 225).

5.1.11. Key themes of the document are continued devolution to regional and local level, with increasing accountability and regulation for LEPs and an increasing role for the Combined Authority. The Government's support for local growth and funding for infrastructure which supports economic growth in the regions is clear. The West Midlands is very well placed to take advantage of the proposals in the Strategy, being one of the regions at the forefront of devolution, with many structures already in place. The region is also home to a strong advanced manufacturing sector, which is the focus of the Government's Strategy for industrial growth. The automotive and aerospace sectors particularly are well-placed to take advantage of the additional (albeit not new) funding available via Sector Deals.

The Midlands Engine Strategy (March 2017)

5.1.12. The Midlands Engine Strategy, published by the UK Government, builds on the Industrial Strategy and sets out a collective ambition for economic growth and prosperity, highlighting how the region can build upon existing business sectors and areas of opportunity. The Midlands is essential to national economic success, accounting for over a fifth of the UK's manufacturing capacity.

5.1.13. It was announced as part of the Strategy that the Government was making £392 million available via the Local Growth Fund and a further £4 million to support the operation of the Midlands Engine Partnership. This included £21.91 million for The Marches LEP including £38 million funding for a new teaching university in Hereford and up to £3 million to set up a skills infrastructure investment programme in the Marches.

5.1.14. The Strategy sets out the actions that the Government is taking to address productivity barriers across the region and sets out five key objectives:

- 1) Improving connectivity in order to raise productivity.
- 2) Strengthening skills in order to make the Midlands a more attractive location for businesses.
- 3) Supporting enterprise and innovation in order to foster a more dynamic regional economy.
- 4) Promoting the Midlands nationally and internationally in order to maximise trade and investment in the region.
- 5) Enhancing quality of life in order to attract and retain skilled workers, as well as to foster the local tourist economy.

The Midlands Engine Vision for Growth (September 2017)

5.1.15. The Midlands Engine Strategy is the Midlands Engine Partnership's response to the Midlands Engine Growth Strategy and sets out five priorities for investment that will enable the Midlands to contribute to the UK's

Industrial Strategy and drive Britain's post-Brexit growth. The stated ambition is to match or exceed the national average GVA per head by 2030. Five packages are outlined which will enable a step-change in productivity across the Midlands:

- 1) *Connect the Midlands* (maximising new technologies; delivering the Midlands Connect Transport Strategy; accelerating HS2; securing funding for rail, road and smart connectivity package; becoming the UK's transport innovation test bed; and maximising the potential of the international airports).
- 2) *Invest in Strategic Infrastructure* (invest in long-term energy security; create a 5G testbed; **increase logistics and freight capabilities**; use HS2 as a catalyst for growth).
- 3) *Grow International Trade & Investment* (grow trade and investment in new markets; expand the Midlands Engine Trade & Investment Programme; explore the potential of an International Free Trade Zone; create a regional subvention fund to attract large events and conferences).
- 4) *Increase Innovation & Expertise* (create an environment where the strengths identified by the Science & Innovation Audit can be maximised to benefit the whole region; develop the SIA Investment Programme; create a Midlands Management & Leadership Institute; secure National Initiatives, Sector Deals and Industrial Strategy Challenge Fund Investments); progress UK supply chain initiatives).
- 5) *Shape Great Places* (promote the Midlands; secure strategic sectoral relocations; unlock housing growth enabling the building of at least 600,000 new homes within 15 years)

5.1.16. In relation to logistics (within the third package), it is stated that the Midlands Engine will continue to explore how to increase employment and business opportunities in logistics and freight, maximising the export and import capabilities of the region's assets which can help to rebalance the economy and relieve congestion at Heathrow.

Midlands Connect Transport Strategy (March 2017)

5.1.17. Midlands Connect is a partnership of local transport authorities, local enterprise partnerships and local business representatives working with the Department for Transport and its key delivery bodies and forms the transport component of the Midlands Engine for Growth. Improving transport connectivity between the towns and cities in the Midlands is essential to ensuring that productivity across the region is improved in line with the Midlands Engine Strategy.

5.1.18. Six Intensive Growth Corridors are identified and J3 is within Corridor 2 (*Birmingham – the Black Country– Staffordshire and the North, and includes connections to Telford, Shrewsbury and North Wales*). Together with the Strategic Growth Hubs, the Corridors will be the focus for economic growth in the Midlands.

Midlands Engine Independent Economic Review (2020)

5.1.19. The primary focus of the review was on productivity. Challenges identified for the Midlands economy include a need to improve its productivity performance and respond effectively to 'grand challenges' of Artificial

Intelligence, an ageing society, clean growth and the future of mobility. Closing the productivity gap between the Midlands and the Rest of England (minus London) would result in an additional £20 billion per annum. Levels of productivity are not equal across the Midlands with some areas (Coventry & Warwickshire, Greater Birmingham & Solihull, and Leicester & Leicestershire) having above average productivity, with lower levels elsewhere such as the Marches and Shropshire. The automotive sector is a notable exception to the trend, having above average levels of productivity.

5.1.20. Infrastructure and business environment, including the availability of sites and premises, is identified as a key barrier to growth. It is noted that there is a limited supply of grow-on space and large scale industrial premises in some locations. The proposals at J3 directly address this issue, proposing land to accommodate both these types of premises.

West Midlands Strategic Employment Sites Study (September 2015)

5.1.21. Commissioned by the West Midlands Local Authority Chief Executives, this study considered the supply and demand for strategic employment sites capable of accommodating requirements for internationally footloose manufacturing and very large logistics facilities. Strategic sites were defined as:

Strategic employment sites are business development sites that can bring net additional activity and jobs to the region by:

- ***Attracting nationally or internationally mobile business activity;***
- ***Providing accommodation that would not otherwise come forward through the local planning system, principally because:***
 - ***They are large sites, providing at least some 25 ha and often much more;***
 - ***They may be in greenfield locations.***

5.1.22. The Study concluded that there was a severe shortage of such sites in the pipeline to meet demand from large-scale industrial and logistics occupiers in the areas of highest demand (including the Black Country) and that supply was predominantly constrained by the Green Belt.

5.1.23. It concludes that:

“...if supply constraints are relieved in these areas this should add to economic growth and employment in the West Midlands, in the manufacturing as well as distribution industries. This would be not only by attracting inward investment, but also from encouraging firms already based in the region to grow, expand and diversify in the region, and from the suppliers that serve both sets of firms.”⁹

5.1.24. And that:

⁹ West Midlands Strategic Sites Study, 2015, paragraph 4.92

“The evidence suggests that to provide the quality and size required of strategic employment sites requires greenfield releases, which may include Green Belt review.”¹⁰

5.1.25. It is noted that occupiers are increasingly ‘blurring’ the distinction between logistics and manufacturing uses, having a range of uses within one unit (for example manufacturers having a significant distribution element and logistics facilities also including elements of production). Flexibility of use is therefore increasingly important.

WMCA Strategic Economic Plan (2016)

5.1.26. Shropshire is a non-constituent member of the West Midlands Combined Authority (WMCA). The WMCA Strategic Economic Plan (WMCA SEP) brings together the SEPs of the three component LEPs (Greater Birmingham and Solihull; Black Country; and, Coventry and Warwickshire).

5.1.27. Overall the WMCA SEP identifies a need for 500,000 new jobs in the period to 2030, an increase on the sum of the three individual SEPs. This target has been incorporated to close the productivity gap with the rest of the country three years sooner than the individual LEP targets would achieve. The first priority for the WMCA SEP is to harness the biggest concentrations of high value manufacturing business in Europe and their supply chains. Other priorities include maximising the growth benefits from HS2. The WMCA SEP seeks to use the momentum of HS2 to improve connectivity with in the UK Central growth corridor.

5.1.28. The WMCA SEP identifies an urgent need to identify additional major strategic sites for employment development, and for such sites to be an asset for the WMCA as a whole. The WMCA has established commissions to help it achieve its SEP targets. These include the West Midlands Land Commission (WMLC) which reported in February 2017 (see paragraph 5.1.16 for full review of this document).

5.1.29. Eight priority actions are set out in the SEP. Of particular relevance here, is Action 1: ‘New manufacturing economy’. The aims of the SEP in relation to this action include:

- Strengthening the competitive advantage of manufacturing businesses in the region in national and global markets;
- Retain and support the growth of original equipment manufacturers (OEMs) in the region¹¹;
- Strengthen supply chain links and re-shore activity to the region;
- Secure further inward investment;
- Increase the GVA of the sector from £8 billion to £11bn by 2021 and to £16 billion by 2030;
- Increase jobs in the sector by 18,000 up to 2021 and by 20,000 by 2030;

West Midlands Land Commission – Final Report (February 2017)

5.1.30. Based partly on the findings of the 2015 Study, the Commission concluded that developing the new homes and employment space needed to support delivery of WMCA SEP’s growth targets presents a significant

¹⁰ Ibid. paragraph 2.27

¹¹ For example, companies manufacturing components for Jaguar Land Rover.

challenge and would require a 'step change' in the number of sites brought forward for development and the pace at which they are developed.

5.1.31. The report considered a wide range of evidence, including those studies reviewed in this section, and concluded that there is a significant shortfall of employment land:

The Commission believes that a credible pipeline of strategic employment sites – sites in excess of 25 ha which aim to attract net additional economic activity and jobs from businesses which are new to the area and the supply chains that support them - is a prerequisite for the future growth of the West Midlands.¹²

5.1.32. Recommendations included a strategic review of the Green Belt in recognition of the fact that it will not be possible to meet the requirements for new development land through brownfield development alone.

West Midlands Revised Draft Spatial Investment Delivery Plan (SIDP) (2019)

5.1.33. The Spatial Investment Delivery Plan is being prepared by the WMCA and aims to co-ordinate and focus the investment to deliver the spatial priorities set out in statutory development plans. Whilst it is not a statutory development plan, the WMCA and the local authorities have agreed that the SIDP should:

- set out clear joint ambition and vision for regional employment and housing growth;
- identify key growth areas and corridors for new employment and housing growth;
- within these areas, identify priority sites for investment and corridor delivery plans;
- include strategic principles to guide development in particular related to design and quality act as the basis for planned investment by WMCA and other partners; and
- set out operating principles for housing and land funds¹³.

5.1.34. The stated objectives of the SIDP include supporting the delivery of a competitive portfolio of employment sites (Objective 4) and in relation to this objective, it is stated that Shropshire and Telford "...have the potential to make significant contributions both to employment growth and new housing supply, particularly focused on the M54 corridor." T54, the Telford Investment Cluster and Newport Innovation Park are identified as key sites within the area.¹⁴

5.1.35. The 'M54 Corridor and RAF Cosford' is identified as a strategic opportunity within the region and the SIDP states that the successful delivery of the strategic opportunity sites will be crucial to delivering the economic vision of the WMCA SEP and the emerging West Midlands Industrial Strategy.¹⁵

5.1.36. The development of a Corridors and Strategic Opportunities Programme is proposed, focusing investment and public sector activity in key locations around the region. Four initial priority corridors are identified

¹² West Midlands Land Commission (2017, paragraph 5.21)

¹³ Revised Draft Spatial Investment Delivery Plan (WMCA, 2019, page 12)

¹⁴ Spatial Investment and Delivery Plan – Revised Draft (WMCA, February 2019), page 16

¹⁵ Ibid., page 22-23

– Walsall/Wolverhampton, Sandwell/Dudley, Perry Barr/A34, Greater Icknield/Smethwick. It is then proposed to expand the programme to other locations in the region.

Black Country Urban Capacity Review (December 2019)

5.1.37. A Review of the Black Country Plan is underway and the Urban Capacity Review forms part of the evidence base, considering land supply up to 2038; 15 years from the current anticipated adoption year of 2023.

5.1.38. A key element of the existing Black Country Core Strategy is reliant upon the provision of strategic employment sites in South Staffordshire District to contribute towards meeting needs arising in the Black Country, which cannot be met within the administrative area.

5.1.39. The Economic Development Needs Assessment (EDNA) prepared in 2016 found that an additional 800 ha of land was required to meet the needs of the Black Country for the period 2016-2036. This requirement has been recalculated to reflect the 2038 end date for the Plan and the updated employment land need is now 870 ha. The updated figure includes 590 ha of land to meet the 'basic' requirement (historic trends of 26 ha per annum) plus 280 ha (12.5 ha per annum) to meet the economic growth aspirations set out in the West Midlands Combined Authority Strategic Economic Plan (as described at paragraph 5.1.12).

5.1.40. There is a significant shortfall in supply: 283 ha compared to the baseline requirement, and 563 ha assuming the growth scenario (see **Figure 5.1** below).

Figure 5.1: Black Country Employment Land Need & Supply

Growth scenario	Requirement	Completions 2016/17-2018/19*	Supply April 2019	Gap
Baseline	590	75	232	283
Most likely	870	75	232	563

* includes 22ha at i54 South Staffordshire but contributing towards meeting Black Country needs

Source: Black Country Urban Capacity Review (December 2019)

5.1.41. It has been identified that South Staffordshire will be capable of making a contribution to this shortfall through provision of land in the Borough, over and above that required for South Staffordshire's identified needs. A considerable proportion of this is likely to come from the recently consented West Midlands Interchange Strategic Rail Freight Scheme at Four Ashes. The contribution of South Staffordshire has not been finalised but has been estimated by the Association of Black Country Authorities to be between 170ha and 330ha¹⁶, which will

¹⁶ Association of Black Country Authorities response to the Stafford Borough Local Plan Issues & Options Consultation (Letter dated 21 April 2020)

leave a significant supply shortfall of between **233 ha and 393 ha** assuming the most likely growth scenario.¹⁷ These figures are under regular review by the local authorities.

5.1.42. **Shropshire is one of the only other neighbouring authorities which can feasibly contribute to the shortfall** and J3 is well-placed to do so geographically, being very easily accessible to the Black Country via the M54.

5.1.43. The Urban Capacity Review concludes that:

Given the urban capacity evidence summarised above, it is reasonable to conclude that the exceptional circumstances necessary to trigger a Green Belt review in the Black Country, in order to meet housing and employment land needs, have been met.¹⁸

The Marches LEP Strategic Economic Plan 2019

5.1.44. The economy of Shropshire, Herefordshire and Telford & Wrekin contributes £14.3bn in gross value added (GVA) to the UK economy and has grown steadily since 2014. Key characteristics of the LEP area identified in the SEP include:

- There are high levels of economic activity and employment in the LEP area but low levels of productivity and low skill levels in some areas. The population is older than average, apart from in Telford, which has a young population.
- The LEP is generally rural in character with key market towns such as Telford, Hereford and Shrewsbury.
- There are now four dedicated higher education institutions: Harper Adams University (Telford), University of Wolverhampton, University Centre Shrewsbury (part of the University of Chester) and the New Model in Technology and Engineering (NMITE) in Hereford which is due to open this year. Harper Adams leads research into food production and agri-tech, including autonomous vehicles.
- The east of the Marches, which is a focus for manufacturing, has very strong links to the West Midlands (and the automotive supply chains) via the M54 and M6. The LEP is investing heavily in key strategic economic and transport links and is actively engaged with the Midlands Engine, Midlands Connect and the national LEP Network.

5.1.45. Key sectors in the LEP area are set out at **Figure 5.2** below and are classified as either emerging, core, or enabling.

¹⁷ 563 ha gap less 170 ha = 393 ha, 563 ha gap less 330 ha = 233 ha.

¹⁸ Black Country Urban Capacity Review (December 2019) Paragraph 4.10