



**HARDISTY JONES
ASSOCIATES**

FINAL REPORT

South Gloucestershire ELR Review

December 2023





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1 Introduction

- 1.1 Following work being halted on the West of England Spatial Development Strategy (SDS) there is a need to consider a range of strategic matters that were expected to be established within the SDS.
- 1.2 HJA in partnership with Lambert Smith Hampton (LSH) has been appointed by the five administrative authorities within the West of England area (Bath & North East Somerset Council, Bristol City Council, North Somerset Council, South Gloucestershire Council and the West of England Combined Authority) to prepare evidence for each respectively, drawing on a consistent methodological approach. The specific requirements of each authority vary and are reported individually.
- 1.3 The SDS was prepared using employment evidence set out within the Employment Land Spatial Needs Assessment¹ (ELSNA). As part of its new Local Plan an updated employment evidence study is sought to provide a more robust picture of employment needs and available supply within South Gloucestershire. This includes procuring new economic forecasts and agreeing a shared set of economic scenarios across sub-regional partners, and an independent review of the South Gloucestershire Employment Land Review (ELR). This will ensure evidence that is relied upon at subsequent Local Plan Examinations is up to date.
- 1.4 This paper sets out the findings of an independent review of the South Gloucestershire Employment Land Review [ELR] (Atkins for South Gloucestershire Council, January 2022).
- 1.5 This review has been undertaken following the completion of the analysis set out in the main South Gloucestershire Future Economic Needs Assessment report. The primary purpose of this review is to assess whether the strategic conclusions of the ELR remain valid.

¹ Atkins (2021) West of England Employment Land Spatial Needs Assessment. This no longer forms part of the South Gloucestershire Local Plan evidence base.

2 Review of the South Gloucestershire ELR (2022)

ELR Structure

- 2.1 The ELR was prepared when the West of England Spatial Development Strategy (SDS) was still progressing. As such, the ELR was closely related to the evidence base prepared to inform the employment elements of the SDS; namely the West of England Employment Land Spatial Needs Assessment [ELSNA] (Atkins, 2021)² produced by the same consultants.
- 2.2 The ELR comprises a 'Core Report' and three technical papers:
- Functional Economic Market Area Analysis
 - Summary of Stakeholder and Property Market Engagement
 - Supply Analysis and Site Assessment
- 2.3 Each of these elements has been subject to a high-level review with site assessment updates ongoing.

Core Report

- 2.4 The ELR Core Report refers to the quantitative assessment of employment land needs and available supply within the Core Report. Both elements have been subject to update as part of the current Future Economic Needs Assessment, this has implications for the conclusions reached and therefore the findings in this new (2023) study on both of these elements should supersede those within the 2022 ELR.

Demand comparison

- 2.5 In quantitative terms the recent (2023) analysis identifies higher levels of future need than set out in the core or baseline demand assessment within the ELR (based on the ELSNA):
- Office and R&D requirement - increased from 16ha to 17-21ha.
 - Industrial requirement - from 20ha to 30ha
 - Storage and distribution requirement - increased from 31ha to 95-105ha.
- 2.6 The most significant upward revision in absolute terms is within the storage and distribution Use Class. The primary driver for this is the change in approach to calculating replacement demand.
- 2.7 The ELR (based on the ELSNA) also included a 'qualitative adjustment' scenario. The results of this approach are also compared:
- Office and R&D requirement – is very similar 22ha identified within the ELR and 17-21ha in the more recent analysis³.
 - Industrial requirement – ELR set out a higher requirement estimating need of 56ha compared to 30ha within latest analysis.
 - Storage and distribution requirement – ELR estimate remained significantly lower than the 2023 analysis. Whilst adjustment increased requirement to 40ha this is substantially lower than the 95-105ha estimate.

² The ELSNA no longer forms part of the South Gloucestershire Local Plan evidence base.

³ Consistent site densities are used across both analysis to allow comparison.

- 2.8 The comparison of this scenario finds a broadly similar estimate for office needs. A different balance is identified for industrial and storage uses. There is some interchangeability of industrial and warehousing space. The combined position comparison is 96ha within the ELR and 125-135ha in the current analysis. This indicates a higher estimate within the recent analysis but the variation is less marked than the core or baseline demand assessment.

Supply comparison

- 2.9 Since the ELR was published a more robust and up to date assessment of future supply has been developed. This includes a comprehensive review of the land supply position at Severnside. The current quantitative supply estimates are now represented in chapter 5 of this report. Comparison with the ELR indicates:
- Office supply has increased from 15ha to 20ha;
 - Industrial supply has increased slightly; and
 - Storage and Distribution supply appears to be similar in headline terms.
- 2.10 However, the treatment of previously developed employment land is different in the current study, to ensure alignment with the assessment of future requirements. The current study considers pipeline supply that is known to have been previously used for employment purposes separately. This provides further capacity to meet future needs. In order to compare the ELR/ELSNA figures with the current study on a like for like basis this needs to be added back and this adds substantially to warehousing supply. Notwithstanding, qualitative issues such as the need to provide range and choice, as well edge of centre logistics remain.
- 2.11 It should also be noted that there is a significant planning application for the former Filton Airfield under consideration which, if approved, could substantially increase the quantum of pipeline office supply (albeit over a timeframe that extends beyond the Local Plan period). The scale of the current application may create similar over reliance issues in the office market as with industrial and warehouse capacity at Severnside.

Key locations

- 2.12 Table 2-4 of the ELR provides a summary of key employment areas across South Gloucestershire. The conclusions reached remain valid, subject to the quantitative adjustments resulting from the updated analysis which now replace the ELR figures.
- 2.13 The commercial market analysis has been updated within the current study to capture the latest position and with some further understanding of post Covid trends on markets. However, much of the underlying context remains valid and the stakeholder engagement undertaken as part of the current study was fairly limited given the desire to avoid consultation fatigue and the underlying fundamentals remaining the same.
- 2.14 The key conclusion that there is an over reliance on Severnside to meet identified needs remains and is fully consistent with the current analysis.

Recommendations

- 2.15 Each of the seven ELSNA recommendations, which are set out in the ELR, have been reviewed and the following updates result from the latest analysis.

- Protection of Existing Employment Stock – this remains valid. The updated analysis is expectant of significant redevelopment on previously developed employment sites. Challenges to bring forward new development in many locations heightens the need to retain effective supply where it already exists.
- Identify Additional Land Supply – this remains valid at a local level. In purely quantitative terms the updated analysis for South Gloucestershire identifies a potential surplus. However, there are qualitative issues, particularly the over reliance on Severnside which need to be addressed.
- Maximising the Use of Existing Stock – this remains valid where there is a good case, with market commentary highlighting the need to ensure stock is fit for modern occupier requirements. With rising Minimum Energy Efficiency Standards (MEES) as well as Environmental, Social and Governance (ESG) requirements, and expectations of occupiers, there will be increasing pressure for compliant commercial property stock. This will drive a requirement for regeneration and refurbishment. Some poorer quality stock is likely to need replacement. However, this will help the market to deliver new high quality premises by supporting rents to aid viability. For environmental reasons there are some potential advantages to improving existing stock rather than replacing (e.g. embedded carbon).
- Meeting Emerging Sector Requirements – this remains valid.
- Locational Principles to Prioritise – this remains aligned to current market commentary
- Promoting Flexible Employment Land Policies – this remains appropriate to respond to a changing market and uncertainty. Particularly as post Covid trends remain uncertain.
- Ongoing Monitoring of Supply and Demand – this remains valid given uncertainties.

FEMA Analysis Technical Paper

- 2.16 The FEMA Technical Paper acknowledges South Gloucestershire itself is relatively modest in size, and therefore the recommended sub areas are not self-contained but offer a simplified framework.
- 2.17 There are no substantive new data sources that would lead to changes in the conclusions reached.
- 2.18 There have been no substantive changes to infrastructure that would lead to changes in the conclusions reached.
- 2.19 The areas identified are those understood within the commercial market.
- 2.20 The broad conclusions relating to each of the sub-areas remain valid subject to changes in the South Gloucestershire wide assessment of supply and demand. In particular, the substantial increase in future warehousing and logistics demand in the current study will increase requirements within the Severnside sub-area.

Market Engagement Technical Paper

- 2.21 The analysis set out within the Market Engagement Technical Paper continues to be relevant as part of the evidence base alongside updated commercial market views delivered as part of the current research.



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