Examination of the Birmingham Development Plan 2031

Matter J – Employment and Waste Provision

Hearing Statement on behalf of St Modwen Developments Ltd

1.0 Introduction

1.1 These further submissions are made on behalf of St Modwen Developments in respect of Matter J of the Birmingham Development Plan (BDP) Examination concerning employment and waste provision.

1.2 Their views point to the Plan being unsound by reasons of not being consistent with national policy, and not being justified, effective or positively prepared.

1.3 This is explained further below, structured around the Inspector's Matters and Questions (only those questions are addressed below that are relevant to St Modwen's duly made objections to the Plan).

1.4 In order to assist and support the views expressed in this statement, St Modwen have commissioned Regeneris Consulting who are specialist economic consultants who provided both input to the evidence supporting the Longbridge Area Action Plan but also have considerable experience and knowledge of economic policy and emergence of RIS. Their Report is attached here at Appendix 1.

1.5 The report provides a review of the evidence base on economic, employment and property changes that are relevant to these matters raised by the Inspector's questions here and the objections to the Plan submitted by St Modwen. Some of the analysis presented in their report is based upon a refresh of the evidence base which underpinned their 2008 report *'Economic Impact Assessment of the proposed Longbridge Redevelopment'* for St Modwen and Advantage West Midlands, the former Regional Development Agency (RDA) for the West Midlands. This is referred to as the Regeneris 2008 report and was one of the documents used as the evidence base for the Longbridge Area Action Plan. The 2008 report included an assessment of the scale and nature of science and technology activity (employment) in the West Midlands region, and provided an overview of science and technology parks in the region. One of the key outcomes of this work was to assess the evidence on demand (take-up) for science and technology floorspace within these facilities in the region and this work as updated is again relevant today.

2.0 Matter J: Employment and Waste Provision

1a) Is it appropriate, and consistent with national policy, for policy TP17 to limit development on Regional Investment Sites to the uses in the last paragraph of the policy?

2.1 Regional Investment Sites (RIS) had a strategic policy context within the Regional Spatial Strategy which has now been lost. They are now out dated and inflexible particularly for sites within the urban area of the City, particularly Longbridge which

faces its own challenges to delivery. Their aim as stated in the BDP is to be of a "high quality" and "attractive to international and national investors and support the diversification and modernisation of the economy". The policy states they will be restricted to high quality uses falling within B1 and B2 use classes. A range of complimentary and supportive uses are allowed for.

2.2 The aim to diversify and modernise the economy is supported. However, the policy for RIS does not achieve this and is unduly prescriptive in its definition of appropriate and acceptable uses. Fundamentally it is unclear as to what would be deemed to be "high quality". As currently worded, the policy for RIS will constrain and limit the development and delivery of this employment land as it has done so to date, threatening the provision of the required diverse and modern employment development which is sought by the policy.

2.3 The entire concept of RIS should be deleted in order to provide for greater flexibility which will help stimulate and promote the development and delivery of employment. With reference to the work undertaken by Regeneris it is evident that;

- **The policy for RIS is too precise and without justification** - The focus of the current RIS policy towards Longbridge, as set out in the AAP, is very much focussed on the development of the RIS as a 15 hectare "technology park" and with offices that "support and complement the high technology sector". This planning designation is further supported by the concept of the ITEC Economic Zone at Longbridge (although there is a lack of clarity on precisely what this means).

- **The scale of the site is not justified and is too large** - There is no clear evidential basis for the need for a RIS to be a minimum of 25 hectares. The 15 hectare or 25 hectare designation as a technology park would make Longbridge by far the largest site in the West Midlands (and so Birmingham). It is fundamentally not deliverable in the prescriptive way set out in the BDP noting;

    - The only site of comparable size is Warwick Science Park (WSP), which started in 1982 and took around 20 years to reach full capacity. However, the location of WSP, right by the University of Warwick and in a large cluster of science and technology based businesses is very different from that of Longbridge.

    - The historic evidence from the Regeneris review of science and technology parks is that the rate of development even during the period up to 2008, which was one of unprecedented and sustained economic growth, was generally modest.

    - The period from 2008 to the current day has seen total employment fall across UK science parks and practically no additional development of floorspace. The science and technology sector has therefore been far from immune from the wider economic recession. Taking the recessionary period into account the average annual rates of development of all science parks including those in the West Midlands would be much slower.

    - This evidence on development and employment in science parks is supported by recent trends in employment in science and technology

related sectors in the West Midlands. Over the period 2009 to 2013 employment has fallen by 8% (around 8,900 jobs), with a fall of 18% (9,600 jobs) in the ICT sector.

- Nevertheless there is a clear conclusion to be drawn that the overall scale of the Longbridge RIS allocation and its strong focus on being a "technology park" of an ITEC Economic Zone is substantially out of kilter with the experience of other locations in the West Midlands and indeed elsewhere.

- It is also interesting to reflect on the current and historic distribution of science and technology activity in the West Midlands. There are strong clusters around Birmingham city centre and in the Solihull/Coventry/Warwickshire area. However, historically there has been limited development in South West Birmingham. This is a further indication of the practical difficulty of expecting a 25 hectare RIS site to be developed purely for a narrow defined set of uses.

- **No justification for specifically RIS** - The idea of the need for a range of large high quality sites in the West Midlands has permeated planning policy in the region for some time. However, there is no justification as to what uses should and should not be located on a RIS. The evidential support for the RIS policy generally in the BDP is weak. The evidence base that is quoted makes a case for an overall quantum of good quality employment land across Birmingham. It does not, however, provide any clear justification for the concept of large RIS locations per se.

- **No justification for technology focus** - The strong intended technology focus of the RIS at Longbridge is a product of the regional work on the economic and spatial strategies in the 2000s. The evidential basis for why this focus would work and indeed could work was weak. The "A38 corridor" or "Birmingham Worcestershire High Technology Corridor" was always more of a concept that anything rooted in fundamental economic, science and technology or business drivers.

  This is equally the case for the ITEC Economic Zone at Longbridge which does not in reality provide any particularly convincing evidence for the attractiveness or scale of activity in the ITEC sectors at Longbridge. Indeed much of the evidence it draws on suggests that many firms in this sector would seek a city centre location. St Modwen have never been consulted upon the idea of the ITEC park at Longbridge and the concept has not been consulted upon through the BDP to date.

2.4 There is no reason why Longbridge cannot be a successful location for employment uses including some technology based activity. There is clearly the historic evidence of the take up of space for small firms in the existing Technology Park. However, the issues are ones of scale and planning constraints at Longbridge.

2.5 There needs to be much more flexibility in policy if the development of Longbridge is to be successful. The quantity of employment land allocations and the specific focus of uses is at variance with the experience of other technology parks, especially given the lack of proximity to a research-based university, or indeed any university.

2.6 Furthermore the idea of the specific need for two large Regional Investment Sites as opposed to say a range of good quality employment land In Birmingham is simply not supported by any evidence, especially in relation to the specific criteria including minimum size. Indeed, the whole concept of RISs seem to be the product of historic thinking harking back to a different area when there was a much larger degree of mobile inward investment.

1b) Should the policy exclude B1(a) office use?

2.7 The policy should not exclude B1a office use. Office uses form an important aspect of any employment site and should also form part of any regional investment site, if so justified. Such an approach is inconsistent in the case of the Longbridge RIS and the provisions set out within the Longbridge AAP which already allow for upto 25,000 sq m of B1a offices essential for firms that support and compliment the technology sector.

2.8 B1(a) offices uses are a key component of potential demand at Longbridge and many high tech or technology based businesses are largely office based. It would be self-defeating in terms of the ability of the RIS site at Longbridge to develop to have to exclude these uses. This was the case acknowledged in the appeal regarding 2 Devon Way at Longbridge (APP/P4605/A/09/2115711) and contained in Appendix 2, where the Inspector in paragraphs 27 – 30 acknowledged that B1a offices are appropriate to RIS subject to an overall appropriate quantum of space. Further there is no need to be any more prescriptive on the range of uses within B1a.

1c) Should the policy limit the sub-division of Regional Investment Sites?

2.9 We have seen absolutely no evidence that there is a need for retaining the Longbridge RIS site for a few large single users, which is presumably to what this question refers. Indeed, as this report points out the idea of the need for a few very large sites (as opposed, say, to more smaller but high quality sites) is not evidenced anywhere. There is no case for any such restriction.

2a)Is it appropriate, and consistent with national policy, for policy TP18 to limit development in Core Employment Areas to the uses listed in the second paragraph of the policy?

2.10 It is not clear why B1a office use is excluded from the list of uses. This is inconsistent with the positive, flexible approach endorsed by the NPPF, which seeks to remove barriers to economic development.

2b) Should other ancillary or sui generis uses be permitted in them?

2.11 For employment areas to be successful they must present an environment that is attractive to businesses, their clients, and which supports the ability to attract and retain a workforce. They must be more than simply places to work, but also places to spend a working day and support modern lifestyles.

2.12 For these reasons ancillary uses such as cafes, pubs and restaurants may be appropriate, as may small shops, and possibly hotel and conference facilities. It will, however, be important to ensure that any such uses are genuinely ancillary in type and scale to the main employment purpose of these areas. They should not be allowed to evolve into destinations in their own right, which attract custom from

elsewhere solely to use the facilities rather than have an interaction with the businesses, and potentially compete with town centre provision.

3a) Are policies TP18 and TP19 fully justified in their approach to the protection of employment land?

2.13 No. The general approach suggested by Policy TP19 – i.e. prioritising the Core Employment Areas, whilst allowing some flexibility in other areas – is reasonable. However, the more detailed provisions are not appropriate and this policy needs to be carefully worded and flexible if the wider needs of the City including opportunities for housing are to be maximised within the City limit, and wider greenfield and Green Belt development avoided.

2.14 The policy cross refers to the SPD on the Loss of Industrial Land to Alternative Uses in assessing the continued attractiveness of employment land. The SPD predates the NPPF by six years, and does not therefore reflect the strong positive approach to promoting sustainable development and meeting development needs embodied in that document.

2.15 The SPD states that the normal marketing period for land before alternative uses can be considered will be two years. Whilst it also sets out other factors which may be considered this extended marketing period represents a significant barrier to the redevelopment of previously developed land for alternative use. In circumstances where Birmingham is struggling to find sufficient land within the City to meet other development needs including especially housing, this is not the most appropriate strategy.

3b) Should they be made more flexible?

2.16 The NPPF states (paragraph 22) that, "Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose." The concept of "reasonableness" is difficult to encapsulate in policy but this does suggest that a more flexible approach should be adopted by the Plan. There are significant demands for land within the City for a range of uses, and a flexible approach is necessary if the need for development is to be more fully met.

2.17 The Regeneris Report argues that the overall quantum of demand/need for employment land across Birmingham could be significantly overstating the future need for industrial employment land.

2.18 Their analysis based on the past take-up rates over a 12 year period (2/3rds pre and 1/3 post recessionary impact) suggests the need for around 320 hectares of B2/B8 employment land across the Birmingham area, the analysis used to support the BDP prepared by WECD suggests a "most likely" requirement of 407 hectares. The analysis of Regeneris suggests that the assumptions by WECD are reasonable for B8 but appear to potentially be significantly overstating the future need for B2 employment land. The need for such fundamental protection of employment land in the way set out in the BDP is not justified in this context.

4) Does the reference to a Supplementary Planning Document in the second bullet point of policy TP19 comply with the Town and Country Planning (Local Planning) (England) Regulations 2012?

2.19 The SPD is not a document for making new policy but an explanation of existing policy. The SPD was prepared in the context of the former UDP policy. Where concerns have been expressed in respect of the approach taken in the BDP, the SPD should be reviewed in order to draw it into line with the Plan. The absence of such has the potential to conflict with the Regulations.

5) Is the requirement in the last paragraph of policy TP19 for a financial contribution justified and consistent with national policy, including in respect of its impact on viability?

2.20 No, the final paragraph of the policy is unreasonable. It suggests that any proposal leading to the loss of employment land will be required to make a financial contribution to the improvement of other development land locally. If the employment land lost through redevelopment is obsolete and making no contribution towards the economy then it is not clear why this should be the case – no mitigation is required. Equally, it will not always be the case that other employment land in the vicinity has a genuine need for improvement. It is difficult to see how any such requirement could be judged necessary to make the new development acceptable in planning terms, or directly related to the development.

2.21 As worded it is an absolute requirement, suggesting that any proposal leading to the loss of employment land will be required to make a financial contribution to the improvement of other development land locally, whether relevant and necessary, or not. If the employment land lost through redevelopment is obsolete and making no contribution towards the economy then it is not clear why such a contribution should be demanded – no mitigation is required. Equally, it will not always be the case that other employment land in the vicinity has a genuine need for improvement.

2.22 Moreover, the absolute nature of the requirement takes no account of its effect on viability. The NPPF provides (paragraph 173) that "To ensure viability, the costs of any requirements likely to be applied to development…should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable." A universal demand of the type envisaged by policy TP19 may make development unviable, and no allowance is made for this prospect.

2.23 It is therefore difficult to see how any such requirement could be judged necessary to make the new development acceptable in planning terms, or directly, fairly and reasonably related to the development (i.e. the tests set out in national policy).

6) What is the significance of the "HS2 Safeguarding Zone" designation on the Policies Map for the Core Employment Area(s) which it covers?

2.24 The BDP Policies Map highlights a zone proposed for HS2 Safeguarding. However, there is no corresponding Policy within the BDP which appears to relate to this designation or provides any policy context to which the designation applies. Emerging proposals for HS2 are still evolving through other legislative arrangements

outside the Development Plan process. They are accompanied by some degree of uncertainty with significant objections raised by numerous parties. The City Council have themselves made representations and conditional requirements about the areas affected by the HS2 proposals and St Modwen, who control significant land at Washwood Heath. Whilst the BDP may identify the HS2 proposals, it should set out a Policy which both explains how applications would be dealt with in the short term, and what development may be acceptable should the HS2 proposals not come to fruition during the Plan period. A Policies Map designation with no further clarification is inappropriate and unhelpful.

2.25 A policy needs to be added to explain the implications and intent of the HS2 Safeguarding Zone. It should explain how applications would be dealt with in the short term, and what development may be acceptable should the HS2 proposals not come to fruition during the Plan period. This new policy should be subject to consultation.

7) – 12) Inclusive

2.26 No comment on these questions.

APPENDIX 1

REGENERIS REPORT

BDP Representations:
Longbridge RIS

A Final Report by
Regeneris Consulting

St Modwen Developments Limited

BDP Representations: Longbridge RIS

October 2014

Regeneris Consulting Ltd
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1. Purpose of the Report

1.1 Regeneris Consulting have prepared this short report to assist St Modwen and their planning consultants, Planning Prospects, to respond to specific matters raised by the Inspector for the Examination in Public of the submitted version of the Birmingham Development Plan (BDP). The two matters addressed by this report are:

- **Matter G: spatial delivery of growth** – and in particular policy GA10 for Longbridge
- **Matter J: employment and waste provision** – and in particular the policy of Regional Investment Sites (RIS).

1.2 This report provides a review of the evidence base on economic, employment and property changes that are relevant to these two matters.

1.3 Some of the analysis presented in this report is based upon a refresh of the evidence base which underpinned our 2008 report *'Economic Impact Assessment of the proposed Longbridge Redevelopment'* for St Modwen and Advantage West Midlands, the former Regional Development Agency (RDA) for the West Midlands. This is referred to as the Regeneris 2008 report. It was one of the documents used as the evidence base for the Longbridge Area Action Plan.

1.4 The 2008 report included an assessment of the scale and nature of science and technology activity (employment) in the West Midlands region, and provided an overview of science and technology parks in the region. One of the key outcomes of this work was to assess the evidence on demand (take-up) for science and technology floorspace within these facilities in the region.

2. Key Messages

2.1 Our review of the evidence in this report as it applies to the Longbridge RIS brings out the following key messages:

Overall scale of demand

1) The focus of the current RIS policy towards Longbridge, as set out in the AAP, is very much focussed on the development of the RIS as a 15 hectare "technology park" and with offices that "support and complement the high technology sector".

2) This planning designation is further supported by the concept of the ITEC Economic Zone at Longbridge (although there is a lack of clarity on precisely what this means).

3) The 15 hectare or 25 hectare designation as a technology park would make Longbridge by far the largest site in the West Midlands (and so Birmingham) with such a designation that was not right next to a major research-based university. The only site of comparable size is Warwick Science Park (WSP), which started in 1982 and took around 20 years to reach full capacity[1]. However, the location of WSP, right by the University of Warwick and in a large cluster of science and technology based businesses is very different from that of Longbridge.

4) The historic evidence from our review of science and technology parks is that the rate of development even during the period up to 2008, which was one of unprecedented and sustained economic growth, was generally modest.

5) Average development rates were around 3,000 sq m per annum per site across all 30 science/technology parks surveyed in the UK. Only five developments had achieved take up rates of over 5,000 sq m per annum. The average take up rate for developments in the West Midlands was just 1,800 sq m per annum per site up to 2008.

6) The period from 2008 to the current day has seen total employment fall across UK science parks and practically no additional development of floorspace. The science and technology sector has therefore been far from immune from the wider economic recession. Taking the recessionary period into account the average annual rates of development of all science parks including those in the West Midlands would be much slower.

7) This evidence on development and employment in science parks is supported by recent trends in employment in science and technology related sectors in the West Midlands. Over the period 2009 to 2013 employment has fallen by 8% (around 8,900 jobs), with a fall of 18% (9,600 jobs) in the ICT sector.

8) Clearly, there is now a recovery taking place which is likely to see future growth in the science and technology sectors. The most recent forecasts indicate a 16% increase in IT services in Birmingham over the period 2012 to 2031.

[1] Staffordshire Technology Park is of a comparable size (18 hectares) but, in practice has developed as a general business park with no particular science and technology focus

9) Nevertheless there is a clear conclusion to be drawn that the overall scale of the Longbridge RIS allocation and its strong focus on being a “technology park” of an ITEC Economic Zone is substantially out of kilter with the experience of other locations in the West Midlands and indeed elsewhere.

10) It is also interesting to reflect on the current and historic distribution of science and technology activity in the West Midlands. There are strong clusters around Birmingham city centre and in the Solihull/Coventry/Warwickshire area. However, historically there has been limited development in South West Birmingham. This is a further indication of the practical difficulty of expecting a 25 hectare RIS site to be developed purely for a narrow defined set of uses.

11) In terms of the overall quantum of demand/need for employment land across Birmingham we consider that the evidence base used for the BDP could be significantly overstating the future need for industrial employment land.

12) Our analysis based on the past take-up rates over a 12 year period (2/3rds pre and 1/3 post recessionary impact) suggests the need for around 320 hectares of B2/B8 employment land across the Birmingham area, the analysis used to support the BDP prepared by WECD suggests a "most likely" requirement of 407 hectares. Our analysis suggests that the assumptions by WECD are reasonable for B8 but appear to potentially be significantly overstating the future need for B2 employment land.

Critique of Policy towards Longbridge

13) The idea of the need for a range of large high quality sites in the West Midlands has permeated planning policy in the region for some time. However, there has been ambivalence as to what uses should and should not be located on a RIS or Premium Employment Sites (PESs as they were called in previous RPG), in particular the amount of office uses that are suitable.

14) There has been an element of received wisdom coupled with fuzzy thinking around the minimum size of a RIS or PES, with it ranging from 15 to 25 hectares. Indeed, we are not aware of any clear evidential basis for the need for a RIS to be a minimum of 25 hectares.

15) The strong intended technology focus of the RIS at Longbridge is a product of the regional work on the economic and spatial strategies in the 2000s. The evidential basis for why this focus would work and indeed could work was weak. The “A38 corridor” or “Birmingham Worcestershire High Technology Corridor” was always more of a concept that anything rooted in fundamental economic, science and technology or business drivers.

16) The specific evidence base drawn on by Birmingham City Council to support the idea of the ITEC Economic Zone at Longbridge does not in reality provide any particularly convincing evidence for the attractiveness or scale of activity in the ITEC sectors at Longbridge. Indeed much of the evidence it draws on suggests that many firms in this sector would seek a city centre location.

17) Similarly, the evidential support for the RIS policy generally in the BDP is weak. The evidence base that is quoted makes a case for an overall quantum of good quality employment land across Birmingham. It does not, however, provide any clear justification for the concept of large RIS locations per se.

18) Finally, as noted above there are reasons to consider that the future overall need for employment land in Birmingham have been overstated in the methodology used in the evidence.

Conclusions

19) There is no reason why Longbridge cannot be a successful location for employment uses including some technology based activity. There is clearly the historic evidence of the take up of space for small firms in the existing technology Park. However, the issues are ones of scale and planning constraints at Longbridge.

20) There needs to be much more flexibility in policy if the development of Longbridge is to be successful. The quantity of employment land allocations and the specific focus of uses in the AAP is at variance with the experience of other technology parks, especially given the lack of proximity to a research-based university, or indeed any university.

21) Furthermore the idea of the specific need for two large Regional Investment Sites as opposed to say a range of good quality employment land In Birmingham is simply not supported by any evidence, especially in relation to the specific criteria including minimum size. Indeed, the whole concept of RISs seem to be the product of historic thinking harking back to a different area when there was a much larger degree of mobile inward investment.

Responding to the Inspector's Questions

2.2 Matter G: The specific question raised by the Inspector (18) is whether it is "*appropriate for policy GA10 to state that development will process in accordance with the adopted AAP, especially with regard to Longbridge's status as a Local Centre*".

- Our report does not address the issue of the Local Centre, but **the evidence shows quite clearly that there needs to be a fairly fundamental rethink of the AAP policy in respect of the RIS policy in particular**.

2.3 Matter J: The specific questions raised by the Inspector in relation to Policy TP17 this report addresses are:

- (1(a)) whether it policy TP17 should "*limit development on RISs to the uses listed in the last paragraph of the policy*"
  - Our report shows that **first it is not really clear what is meant by "*high quality uses*" and this is very difficult to define and indeed is subjective and for the Longbridge area what this means seems to have changed over time**. There is no particular value in this wording.
  - The overall evidence base used for the BDP and indeed evidence from the industrial market shows that the distinction in practical terms between B8 and B2 (or B1(c)) uses is quite blurred and not as clear cut as the policy suggests. **Loosening or removing this restriction would allow for greater flexibility to respond to market requirement and the ability to develop the RIS site and meet the job creation objective**.

- 1(b) whether policy TP17 should "*exclude B1(a) office uses*"?
  - B1(a) offices uses are a key component of potential demand at Longbridge and many high tech or technology based businesses are largely office based. **It would be self-defeating in terms of the ability of the RIS site at Longbridge to develop to have to exclude these uses**.
- 1(c) whether policy TP17 should "*limit the sub-division of the RISs*"?
  - We have seen absolutely no evidence that there is a need for retaining the Longbridge RIS site for a few large single users, which is presumably to what this question refers. Indeed, as this report points out the idea of the need for a few very large sites (as opposed, say, to more smaller but high quality sites) is not evidenced anywhere. **There is no case for any such restriction**.

3. Planning and Economic Policy Context

3.1 Currently spatial planning policy towards Longbridge is driven by two main sets of polices:

- The Birmingham-wide policy towards Regional Investment Sites (RIS) which covers the 25 hectare RIS that has been designated at Longbridge.
- The Longbridge Area Action Plan, which specifies in some detail the development that can and cannot happen at Longbridge, including in particular the RIS at Longbridge.

3.2 In addition the Big City Plan and the Economic Zone Prospectus have implications for Longbridge.

Birmingham's RIS Policy

3.3 The concept of a Regional investment Site (RIS) is one that has a considerable history. In the West Midlands the idea of a series of RISs was set out in RPG11 (adopted in 2004). At the time they were called Premium Employment Sites (PES), and their purpose was described as:

"The availability of high-quality sites is an important part of any portfolio, both to encourage inward investment and to allow for the expansion of existing firms with particular requirements"

3.4 A number of requirements for a PES were set out including that:

- They needed to be readily accessible from the urban area by public transport.
- Have an available workforce locally.
- Sites should be in or adjacent to the built-up areas of the metropolitan area in locations that are easily reached from local housing and that minimise the need to travel.
- Sites should be in attractive settings or offer the opportunity for environmental improvement, and should be capable of being developed to a very high standard.
- They needed to be large as site of "less than 15 hectares are unlikely to meet these requirements" and that "sites of 40 hectares or more may be best suited to the nature of the demand".

3.5 The policy also stated that "*sites should only be used for high-quality development within Class B1*", with B2 and B8 uses excluded. The policy also indicates that care is needed in encouraging B1 offices uses due to the potential impacts on town centres. RPG11 mentions both Birmingham Business Park and Blythe Valley Park as PESs. No particular focus on technology was seen as part of the PESs.

3.6 During the 2000s there was an increasing alignment of the then regional Economic Strategy and regional planning. The draft Regional Spatial Strategy (RSS) for the West Midlands[2] which of course was never adopted introduced the concept of three types of regional significant sites:

- Regional logistics sites
- Major Investment Sites (MIS) – under policy PA8, over 50 hectares and aimed at large single inward investors
- Regional Investment Sites (RIS) - under policy PA7.

[2] West Midlands Regional Spatial Strategy, Phase Two Revision – Draft Preferred Option, December 2007

3.7 Policy PA7 stated that "*within the portfolio of employment sites, provision should be made for a series of Regional Investment Sites (RIS) the purpose of which will be to support*:

- *i) the diversification and modernisation of the Region's economy; and in particular*
- *ii) the development of the Region's cluster priorities as identified in the West Midlands Economic Strategy*".

3.8 The criteria for RISs were similar to the former Premium Employment Sites, and draft RPG stated that sites should be:

- i) in the order of 25–50 hectares
- ii) high-quality sites attractive to national and international investors
- iii) served or capable of being served by multi-modal transport facilities and broadband IT infrastructure
- iv) possess good quality public transport links, or be capable of having such links provided
- v) well related to the motorway and trunk road network
- vi) located within, or close to, the areas of greatest need and
- vii) accessible to effective education and training opportunities to ensure that the employment benefits are available.

3.9 Draft RSS also relates the provision of RISs to the then policy of High Technology Corridors (HTCs). One of these corridors, that had been developed via the West Midlands Regional Economic Strategy (WMRES), was that a "*new RIS will be required to meet the needs…of the Birmingham Worcestershire HTC*". Draft RSS then notes that "*in respect of the Birmingham to Worcestershire HTC, the emerging Longbridge Area Action Plan proposes an RIS which would serve this corridor*".

3.10 The development of the concept of the RIS was therefore very much supportive of the RSS spatial vision and the then WMRES and the idea of High Technology Corridors. HTCs were a concept in the part borne out of the Rover Taskforce and the aim to "diversify and modernise" the regional economy. The Birmingham Worcestershire HTC (along the A38) was very much a concept that, in fact, bore little relation to the actual functioning of the region's and Birmingham's economy.

3.11 The UDP for Birmingham adopted in 2005 also makes reference to the A38 corridor concept that had emerged in around 2000. It states:

"*4.32B. The A38 Corridor is likely to play a significant role in changing the economic and technological structure of the City's economy throughout the Plan period. The Strategy has already identified the following key technology drivers:-*

- *nano-technology – very small-scale manufacturing and "leading edge" technologies;*
- *sustainable energy and environmental technologies, products and services;*
- *medical and health care technologies.*

4.32C. These technologies are likely to require a range of space (e.g. incubator, small and medium-sized high quality office and technology space) and significantly improved communications links within the A38 Corridor, public transport investment and improved environmental conditions".

3.12 The UDP does not however identify the needs for a RIS or PES at Longbridge or indeed along the A38 corridor. It is not until the development of the AAP that the location of a RIS at Longbridge was mooted.

Birmingham Development Plan 2031 – Submission Draft

3.13 The Birmingham Development Plan 2031 (BDP) will, once it is adopted, become the statutory planning framework guiding decisions on all development and regeneration activity in Birmingham over the period to 2031. The idea of Regional Investment Sites is continued in the BDP.

3.14 Policy TP17 sets out policy towards Regional Investment Sites. The thrust of the policy and thinking toward RIS appears very similar to that in earlier draft RSSs. RISs are intended to: "support the diversification and modernisation"…. of the Birmingham economy. The sites are described as "*large high quality sites attractive to national and international investors in the order of 25 to 50 ha that are:*

- *Served or capable of being served by multi modal facilities and broadband IT infrastructure.*
- *Possess good quality public transport links.*
- *Located within or close to the areas of greatest need and Accessible to effective education and training opportunities to ensure that the employment benefits are available to the local workforce*".

3.15 Two RIS sites are identified in the BDP – Longbridge and East Aston. Policy TP17 also states that development on these sites will be "*restricted to high quality uses within B1 and B2 use classes, while B8 (warehousing) uses will only be considered when they are ancillary to the main B1 or B2 use*". Other complementary (service) uses may be considered at an appropriate scale.

3.16 There are several key points from this review:

- First, the idea of the need for a range of large high quality sites in the West Midlands has been a policy for some time.
- Second, there has been some ambivalence as to what uses should and should not be located on a RIS or PES, in particular the amount of office uses that are suitable.
- Third, there has been an element of received wisdom coupled with fuzzy thinking around the minimum size of a RIS or PES, with it ranging from 15 to 25 hectares. These has been limited evidential base for the need of a 25 hectare site, bearing in mind that a RIS is definitely not aimed at meeting the needs of a single large inward investor. It has never been clear why, therefore, size matters.
- Fourth, the technology focus of the RIS at Longbridge is a product of the regional work on the economic and spatial strategy in the 2000s. The evidential basis for why this focus would work and indeed could work was weak. The A38 corridor or Birmingham Worcestershire High Technology Corridor was always more of a concept that anything rooted in fundamental economic or business drivers.

The Longbridge Area Action Plan, 2009

3.17 The closure of the MG Rover plant at Longbridge in 2005 had a profound impact on the local economy and community of South Birmingham and North Bromsgrove, as well as the region as a whole. Birmingham City Council, in association with St Modwen, Bromsgrove District Council and other stakeholders, prepared the Longbridge Area Action Plan (AAP). Following a consultation process, the AAP was adopted in 2009. The AAP was put in place as a spatial planning policy tool for the area to seek comprehensive regeneration and guide future development over a 15-20 year period. In broad terms the aims for Longbridge were to:

- Develop approximately 1,450 new homes
- Develop a new local centre for the community (retail, leisure, employment, community facilities), including significant new convenience and comparison retail floorspace
- Develop the 25 hectare Regional Investment Site (RIS)
- Create 10,000 new jobs, of which the RIS would support 4,500 jobs.

3.18 The AAP had four policies which focus on planning for employment at Longbridge. These were:

- Proposal RIS1: Longbridge Regional Investment Site (RIS)
- Proposal EZ1: An employment zone adjacent to the centre
- Proposal EZ2: Nanjing
- Proposal EZ3: Cofton Centre.

Proposal RIS1: Longbridge Regional Investment Site (RIS)

3.19 The RIS is a 25 hectare brownfield site on part of the former West Works, Bristol Road South and North Works car park, and also included the already existing Longbridge Technology Park. The aim of the RIS as stated in the AAP is to provide a site which is "*attractive to high profile regional, national and international inward investors*", particularly those with a science/technology focus. The AAP stated that employment could be in the form of "*manufacturing facilities, laboratories, research facilities, studios, and headquarters*". The RIS focus on technology was intended to support the then wider regional "A38 High Technology Corridor" initiative, developed by Advantage West Midlands (the former regional development agency) in response, in part, to the closure of MG Rover.

3.20 To ensure that the RIS had what were seen as the right balance of development and regeneration outcomes for the area, the AAP set out some clear parameters for the range of uses permitted in the RIS and an "appropriate" level of floorspace. The AAP stated that these parameters are "deliverable and viable". The RIS parameters were as follows:

- The total size would be 25 hectares (including the existing 3.4 hectare technology park)
- This would include a technology park of at least 15 hectares to provide a minimum of 100,000 sq m of B1(b) (R&D), B1(c) (light industrial), B2 (general industrial) and high quality high technology uses.
- A maximum of 25,000 sq m of B1(a) office space would be permitted for firms that "*support and complement the technology sector*", with B1(a) uses mainly located on the Bristol Road South frontage.
- A maximum of 10,000 sq m of floorspace would be permitted for service and amenities primarily for the use of staff and businesses in the RIS (e.g. facilities such as meeting spaces, retail and other services).

ITEC Economic Zone at Longbridge

3.21 The Big City Plan, launched in September 2010, is a 20 year vision for Birmingham's City Centre to transform it in to a 'world class city centre' delivering 'sustainable growth, improved connectivity, authentic character, environmental quality, new residential communities and a diversified economic base'. In essence, the Plan provides the vision, strategy and principles to guide the future development and regeneration of the City Centre.

3.22 To support the Plan, in 2012 Birmingham City Council published the prospectus: "*Economic Zones: investing in Birmingham".* The economic zones are a tool to pinpoint the areas which will enable Birmingham to exploit its comparative advantages and enable economic growth to benefit the city.

3.23 The prospectus indicates that the zones have been selected as a result of their strategic sectoral focus to support the wider Birmingham area in meeting their growth objectives. Some of the zones focus on advanced manufacturing and science, while others focus on the need for additional growth in office employment floorspace to support sectors such as financial and professional services, as well as ICT, digital and creative industries.

3.24 Longbridge has been identified as a stand-alone economic zone – the "*Longbridge ITEC Park*". The City Council see Longbridge as presenting an opportunity for businesses requiring large floorplates with high-spec fittings, set within a new high quality town centre. The ITEC Park is seen as particularly suitable to software producers, IT services, business process outsourcing, cloud computing, data mining and e-commerce.

3.25 However, the Economic Zones prospectus is unclear about how much of the RIS at Longbridge is intended to be part of the ITEC Park. The evidence base for the Economic Zones also rather confusingly suggests that the Longbridge RIS site might be suitable for a wide range of office-based sectors (see below). However, the more recent Employment Land and Office Targets Study by WECD that is used as the evidence base for the Birmingham Development Plan[3], seems to allocate all the RIS site at Longbridge to future industrial uses.

Table 3.1 Other Potential RIS uses – including office-based sectors

Sector	Proposed space for sector (hectares)
Financial Services	7.8
Business & Professional	7.8
Computer Services	1.9
Digital Media	0.2
Total	17.7

Source: Employment Land Study for the Economic Zones and Key Sectors in Birmingham, Warwick Economic and Development (WECD), October 2012

Evidence Base for the RIS and Economic Zones

3.26 In the justification of Policy TP17 the BDP states that that a "*study by Warwick Economics and Development supports the ongoing provision of Regional Investment Sites as an important component of the portfolio of employment land*". The study referred to is the work that underpins the overall quantum of employment land allocated and the assessed need for different types of employment land in the BDP[4]. This work is in many respects a sound piece of work, however its use to justify and support some of the BDP policies is less clear cut:

[3] "Birmingham Development Plan 2031", Birmingham City Council, October 2013

[4] "Employment Land Review and the Employment Land and Office Targets Study for Birmingham City Council", WECD, October 2013

Overall quantum of need

3.27 WEDC use growth forecasts in the real rate of GVA for the manufacturing sector to forecast future demand. By so doing they, in effect, assume that the sq m of manufacturing space rises in line with increases in output. This is very much a non-standard approach as it would be normal to expect increases in the real value of output per sq m of space used to rise as more and more technology is embedded in manufacturing activities. This assumption is important. Over the period 2012 to 2031, the economic forecasts they use show an 11% rise in B2 employment, whereas the growth in GVA in B2 uses is much higher at 52%.

3.28 We agree that the crude use of forecasts in employment in the manufacturing sector does not necessarily translate into change in the demand for B2 floorspace. However, we consider the use of GVA/output will significantly overstate the likely future demand for manufacturing floorspace. This matters, as applying employment change rather than GVA change would alter the projected B2 requirement from 433 hectares to 92 hectares[5] over the period 2012 to 2031 (see Figure 5.3 of the WECD report).

3.29 The added future need based on the impact of HS2 look somewhat arbitrary and potentially on the high side given that the connection to Birmingham is not due to be completed until 2026 (at the earliest) and this would exclude connections further north. They are also based on an analysis by KPMG that has been subject to considerable criticism.

3.30 In fairness, WEDC also consider past completions data as an alternative measure. Their data uses the 10 years 2001 to 2011 and on this basis projects a requirement of 248 and 96 hectares for B2 and B8 respectively. We cannot quite reconcile the information in the WEDC report with that supplied by the City Council in their 2012 Annual Monitoring Report and we have considered the effect of including more recent data (see Figure 5.1 below). This suggests annual average completions rates/land take-up of 12.0 and 4.7 hectares for B2 and B8 respectively (with B8 running just below a third of all industrial land take-up). Clearly these completion rates were depressed during the recession, but by the same token they were high during the early part of the last decade when the economy was booming. Projecting these take-up rates over 19 years would equate to 228 and 96 hectares of take up for B2 and B8 uses respectively or 318 hectares overall.

3.31 An analysis based on the past take-up rates over a 12 year period (2/3rds pre and 1/3 post recessionary impact) suggests the need for around 320 hectares of B2/B8 employment land across the Birmingham area (before any buffer is applied). The analysis by WEDC suggests a "most likely" requirement of 407 hectares. The analysis suggests that the assumptions by WEDC are reasonable for B8 but appear to potentially be significantly overstating the need for B2 employment land (in large part because of their method of forward projection).

The Evidence on RISs

3.32 The study also appears to suggest that the whole of the RIS at Longbridge is suitable for industrial land uses (rather than offices). The report also suggests that the total demand for the two RIS sites in Birmingham will be equal to the supply of land over the period 2012 to 2031 (Longbridge and East Ashton with 42 hectares between them)[6], although no justification for this conclusions is set out.

[5] This is calculated as projections base on GVA growth in manufacturing equals 433 hectares, ratio of B2 jobs growth to B2 GVA growth is 21% (11%/52%) so 21% of 433 equals 92 hectares

[6] Figure 5.7, page 32, the conclusions that rather neatly show the future demand for land at RIS sites exactly equals the supply is described as having been "informed by discussions with Birmingham City Council".

3.33 The report also provides no evidence per se or justification of the continued importance of the concept of RISs in Birmingham. It provides support for the two RIS allocations in terms of their contribution towards the total stock of good quality employment land in Birmingham. However, no evidence is provided to justify the need for the sites to be over 25 hectares - which of course is harking back to the very traditional view of the RIS as a site which could potentially accommodate larger potential inward investors.

3.34 The analysis of demand for RIS sites (and other sorts of industrial sites), makes no distinction between B2 and B8 uses, whereas Policy TP17 states that "*warehousing will only be supported where it is ancillary to the main B1 or B2 use*". The report's own analysis suggest that at the base level 20% of the 379 hectares of industrial employment land would be for B8 uses[7]

The Evidence on Economic Zones

3.35 The 2012 Economic Zones prospectus sets out the concept of the Longbridge ITEC Park for "businesses requiring large floorplates with high-spec fittings", that it was "ideal for companies requiring high quality, low cost large floorplate office space" and a suitable location for companies in a wide range of technology sub-sectors, such as "software products, IT services, business process outsourcing, cloud computing, data mining and E-commerce". No particular justification for these sub-sectors is given.

3.36 The work on Economic Zones also seems to suggest that the ITEC Park will comprise 5 hectares of the Longbridge site, but straddling the existing technology Park, the West Works part of the RIS site and part of the town centre.

3.37 However, the study that reviewed the link between Birmingham's key sectors and the economic zones[8] seems to draw rather different conclusions:

- First, in the SWOT analysis of the proposed ITEC Park in relation to computer services and software/digital media, the report notes "many of these operations will be in the form of small companies (particularly in the digital media sector) who would place a premium on central city locations that offer relatively lower cost office type accommodation".
- Second, the assessment of demand for land by sector and supply suggests that 17.7 hectares of land at the ITEC Park could be taken up by a range of office-based activities, of which only 2.1 hectares are actually in the ITEC sector.
- Finally, the study does not provide any particularly convincing evidence for the attractiveness or scale of activity in the ITEC sectors at Longbridge. Much of the evidence it draws on suggests that many firms in this sector would seek a city centre location, although the cost effectiveness (if the right property product can be produced) of an out of city centre location is an important factor for some firms.

[7] See Figures 5.5 and 5.6 page 32

[8] : Employment Land Study for the Economic Zones and Key Sectors in Birmingham, Warwick Economic and Development (WECD), October 2012

4. Science & Technology Based Activity in the West Midlands – Past Evidence

4.1 Regeneris Consulting's 2008 report on the economic impact of Longbridge provided a headline analysis of science and technology (S&T) activity at the national level, but a comprehensive analysis at the regional (West Midlands level).

Science & Technology Employment in the Region

Defining Science & Technology

4.2 Regeneris Consulting's 2008 report included an extensive analysis of science and technology (S&T) activity at the UK level, but in particular at the West Midlands regional level. Defining S&T activity at the national level allowed a variety of definitional approaches and measures to be used. For instance we considered R&D expenditure as a proportion of Gross Value Added (GVA) (an approach advocated by the OECD), employment levels defined by Standard Industrial Classification (SIC) and occupational analysis using Standard Occupational Classification (SOC) groups).

4.3 However, to try and understand S&T activity below the national level, and where concentrations of activity are most prevalent, we could only rely on using employment data. At this time the most robust data at the lower spatial level was the Annual Business Inquiry (ABI) which has data on employment and number of business units by detailed 2003 Standard Industrial Classification categories. The definition we used to define S&T employment is at Appendix A. These are sectors that either exhibit relatively high levels of R&D activity, or concentrations of S&T professionals or both.

4.4 This SIC employment approach is not without its limitations as the degree of R&D and S&T professional activity and intensity can only be measured at a national level and may vary regionally. Nevertheless, the approach offers a helpful way of analysing patterns of activity and allows an examination of a sub-sector, such as ICT.

Scale of Science and Technology (S&T) Employment in the West Midlands

4.5 ABI employment data from 2005, our best estimate for S&T employment, suggests that there were around **113,000 people** employed in S&T industries in the West Midlands (5% of the regional total). Our analysis showed that there had been important changes in S&T employment in the region since 2000. The most noticeable feature was that there has been a significant decline in employment in those sectors defined as high or medium technology based on R&D intensity – largely because they are manufacturing businesses. This points to the danger of focusing on R&D intensity as the key way of defining future occupiers for Longbridge.

4.6 A significant proportion of the growth in the S&T sector in the region has been in the ICT sector (+52,000 jobs). We concluded that this evidence pointed towards the need for Longbridge to be able provide and allow business in these sectors to locate there. Other definitions which we examined, which specifically focussed on just a 'high–tech' definition of S&T employment (even narrower and used by OECD) or 'medium-technology' manufacturing sectors illustrated that there had been some important changes in S&T employment in the region since 2000. There had been a significant decline in employment in those sectors defined as high or medium technology based on R&D intensity – largely because they were manufacturing businesses. This pointed to the danger of focusing on **R&D intensity** as the key way of defining future occupiers for Longbridge.

Survey of Science Parks and Conclusions

4.7 As part of our 2008 report we undertook analysis of the science park sector in the UK, including a survey of 30 science parks – including eight science and technology parks in the West Midland's region. The key conclusions from this work were as follows:

- At the end of 2007, there were 71 science and technology developments registered with the UK Science Parks Association (UKSPA), of which eight are located in the West Midlands. There had been significant growth in the sector nationally in recent years. By 2005, the UKSPA found 1.4m sq m of internal floorspace in these developments, with those in the West Midlands accounting for around 170k (c. 10%) of this.
- Regeneris Consulting surveyed 30 of the 71 developments in the UK. The average size of the development surveyed was 12 ha. All but five developments surveyed offer less than 50,000 sq m of floorspace. The report noted that the proposal for a RIS at Longbridge would have made it one of the biggest science and technology developments in the UK and the largest such development in the West Midlands.
- Average take-up rates were around 3,000 sq m per annum per site across all 30 developments surveyed in the 10 to 15 years up to 2008, a period of exceptional growth at the UK level. Only five developments had achieved take up rates of over 5,000 sq m per annum. Average take up rate for developments surveyed in the West Midlands was **just 1,800 sq m per annum**.
- The research concluded that attempting to develop large scale research-based science and technology developments can be problematic where local conditions are weaker. Problems can be exacerbated by strict land use or occupier restrictions, which impinge on the flexibility to respond to circumstances[9].

[9] This was the experience of Staffordshire Technology Park – an 18 hectare site close to Staffordshire University which was originally restricted to B1(b) uses. Due to slow take-up, the site ran into financial difficulties and was forced to essentially abandon the knowledge industry focus for most part of the site

5. Science & Technology in the West Midlands - Current Evidence

5.1 This section of the report focuses on:

- An overview of the science and technology park sector in the UK today
- An overview of current science and technology based employment in the West Midlands
- An update on the evidence base for demand in science and technology floorspace in the West Midland's region.

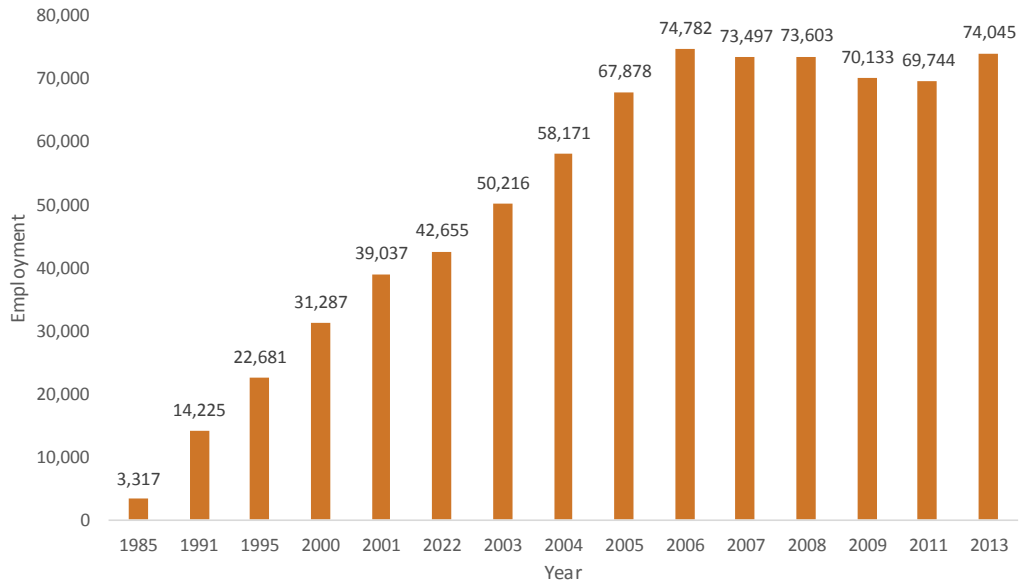
The UK Science & Technology Park Sector, 2014

5.2 Our previous report utilised evidence from the UK Science Parks Association (UKSPA). The UKSPA is a membership organisation representing the interests of a significant number of the UK's science and technology parks. Its membership has increased from 71 in 2007/08, when our previous study was undertaken, to representing 82 in 2013/14. This level of representation is the highest since the association began in 1984. A further 17 parks have Associate membership status.

5.3 The latest estimates from the UKSPA indicate that the number of tenant companies within the member parks has risen substantially throughout the recent years of the economic recovery. In 2013/14 UKSPA member parks supported approximately 4,100 tenant companies and just over 74,000 jobs.

5.4 Figure 5.1 illustrates changes in employment between 1985 and 2013. While employment now stands at approximately 74,000 jobs, it fell amongst tenant companies fell between 2008 and 2009, reflecting the recession. Total employment at member parks is still below the 2006 high point. Whilst there has been an increase of almost 5,000 jobs supported by member parks since 2011, some of this growth reflects an improved economic climate, but some employment growth amongst UKSPA parks may be associated with an increase in UKSPA membership over this period.

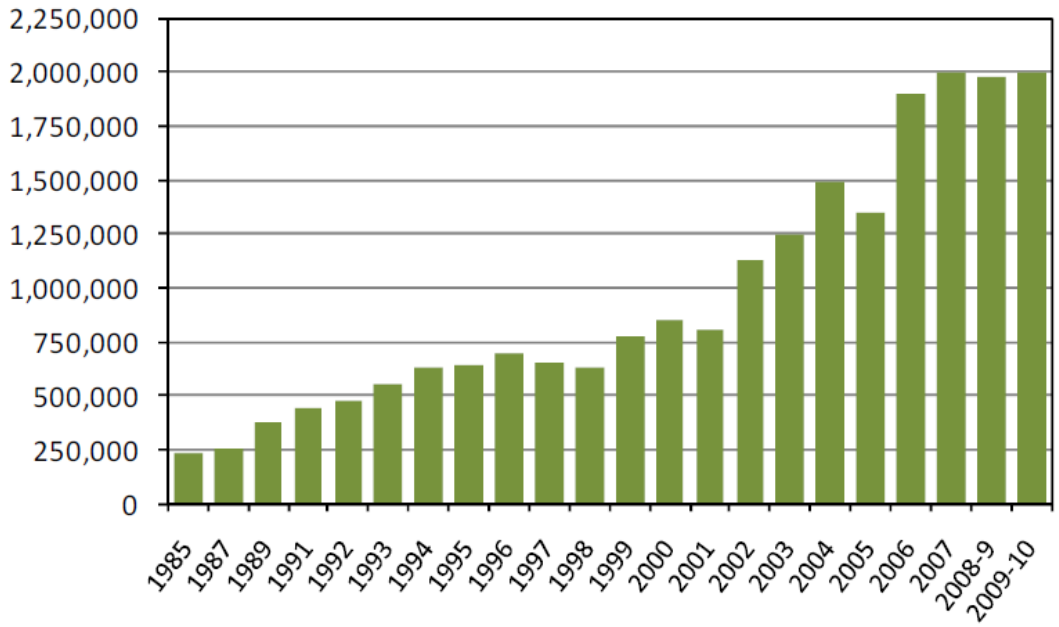
Figure 5.1 Total employment within UK science and technology parks, 1985-2013



Source: UKSPA

5.5 While the UKSPA still maintain a survey of employment and tenants for recent years, they no longer collect floorspace across their membership. However, previous work undertaken by Regeneris Consulting obtained data on UKSPA member floorspace in the period until 2009/10. This therefore includes some of the subsequent years following our earlier work on Longbridge. This data demonstrated that the total volume of floorspace at UKSPA parks flat-lined after 2007-2009/10, reflecting the prevailing economic circumstances during this period. This data is also consistent with the cessation of employment growth. Indeed given that employment fell from 2006, but the volume of floorspace stayed static, there will have been an increase in vacancy rates in UK science parks.

Figure 5.2 Total volume of developed floorspace at UK science parks, 1985-2009/10 (sq m)



Source: UKSPA

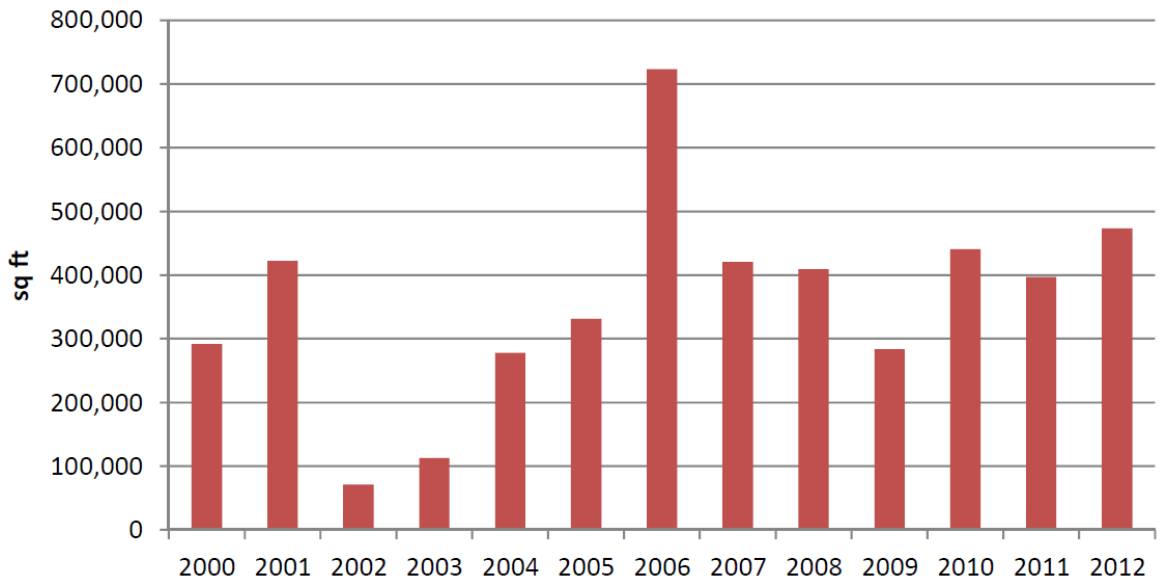
5.6 A lack of growth in floorspace is not surprising in the light of the deep UK recession since 2007. It shows that science parks are far from immune from the vagaries of the wider economy. It also means that any data based on take-up/development rates during the period to 2007, when the economy and the property market were growing rapidly, needs to be treated with **great caution** when extrapolating into the future.

5.7 A further analysis from Colliers International in March 2013 on the nature of take-up and demand analysis for 20 of the UK's science parks also provides some interesting messages for the sector[10]:

[10] The following parks were included in Colliers' *UK Science Parks Take Up and Demand Analysis, March 2013* report: Birmingham Science Park, Bristol & Bath Science Park, Cambridge Business Park, Cambridge Research Park, Cambridge Science Park, Chesterford Research Park, Chilworth Science Park, Coventry University Technology Park, Granta Park, Nottingham Science & Technology Park, Oxford Science Park, St John's Innovation Park, Surrey Research Park and Westbrook Centre.

- The total amount of floorspace in the science parks analysed by Colliers was 5.8m sq ft in 2012
- Average annual gross take-up of floorspace was 358,000 sq ft over the period 2000-12 (17,900 sq ft or 1,660 sq m per park on average), with a peak of 722,900 sq ft in 2006.
- Colliers found that take-up[11] (but not total stock) post credit crunch and recession at these science parks has shown a partly counter-cyclical trend. Average annual take-up over the period 2000 to 2007 was 330,000 sq ft compared to 400,000 sq ft over the period 2008 to 2012.
- The average size of deals (transactions) on science parks has contracted to around 3,000 sq ft per deal over recent years, reflecting the increase of incubator style accommodation.

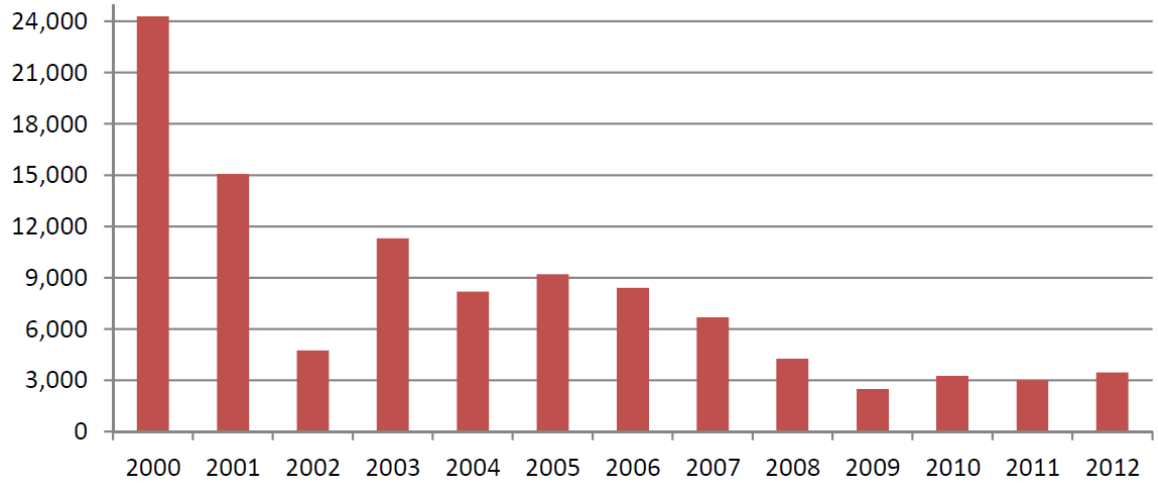
Figure 5.3 Total science park take-up (sq ft), 2000-12



Source: Colliers International

[11] Take up is new lettings it does not net off tenant who downsize or leave science parks altogether

Figure 5.4 Total Science Parks Take-up (Average Deal Size, sq ft), 2000-12



Source: Colliers International

S&T Employment in the West Midlands

Recent Overall Change

5.8 Given that current policy towards the Longbridge RIS focusses on attracting significant inward investment and occupiers which fall within the S&T (R&D) banner, we have examined the scale, role and locations of science & technology employment in the West Midlands today.

5.9 The 2008 Regeneris report made use of employment data taken from the ONS Annual Business Inquiry from 2000-2005. This was from a period in which the economy exhibited levels of sustained and unprecedented growth. Throughout this period, unemployment remained low, and the S&T sector in the West Midlands expanded considerably. Using the narrower definition of S&T employment, as described in Section 4, we reported that S&T employment in the region stood at approximately 113,000 employees in S&T industries. This was around 5% of all employment in the region.

5.10 Given the scale and length of the UK's recession, we have analysed S&T employment[12] today to better understand the scale of employment in the region now, what has happened in recent years, and to better understand where the key concentrations of S&T employment activity are located in the region.

5.11 Based on the same definition of S&T employment, it is estimated that the West Midlands' S&T sector now supports around 103,000 jobs. The latest data suggests that the businesses within the ICT sub-sector supported just over 40% of all employee jobs within the S&T sector. However, **over the period 2009-13 total employment in the sector contracted by approximately 8,900 jobs (-8%), with significant employment losses within the ICT sub-sector (9,600 jobs, or 18%).**

[12] We have been consistent with the S&T definition used in the previous study and updated the definition to reflect the changes between SIC 2003 and 2007, as well as taking into account of the ONS' move to the ONS Business Register Employment Survey (BRES) from the Annual Business Inquiry (ABI). We have used six sub-sectors within this definition of S&T employment. These include: ICT, Media, R&D, Technical Services, Health & Pharmaceuticals, and Other Advanced Manufacturing. The SIC definition and sub-sectors are included in the appendix.

Table 5.1 Employment by S&T sub-sectors, West Midlands 2013		
S&T and S&T Sub-sectors	Total employees	Share of total S&T Employment
Total S&T Employment	**103,000**	
Of which ICT	*44,000*	*43%*

Source: Regeneris Consulting analysis of the Business Register and Employment Survey 2013

5.12 The available economic forecasts reviewed in the 2008 Regeneris report were, with the benefit of hindsight, optimistic regarding their predictions of employment growth in the S&T sector. More recent forecasts for the UK, which attempt to assess employment changes within the period 2012-2022 do not provide an exact indication of growth within the S&T sector as defined in our analysis, given that the definitions do not align precisely. However, they do provide an illustration of prospects in the West Midlands.

5.13 The UK Commission for Employment and Skills' (UKCES) Working Futures report[13] assesses the net requirement for jobs, which can be separated into two types of demand. Firstly, expansion demand arises as a result of increased growth within a sector. Replacement demand arises as firms recruit additional workers to maintain their workforce as existing employees exit the industry, most commonly as a result of retirement, mortality or a career change.

5.14 The UKCES report only provides a forecast at a national level. Their analysis showed that 913,000 science, engineering, research and technology professionals will be required within the next decade. This would represent a 52% increase in the current workforce. The forecasts show that replacement demand accounts for 559,000 jobs, whilst the remaining 354,000 is attributed to expansion demand.

5.15 The report also highlights an increase in the number of science, engineering and technology associate professionals, a category that experienced a net decline between 2002 and 2012. This is more modest than the professional occupations, and will only begin to show significant increases once the economy has exhibited further levels of growth. Nevertheless, within this group replacement demand is again the main driving force, accounting for 138,000 of the total net requirement of 241,000.

5.16 SEMTA[14] provide some indication of the level of recruitment that is likely to take place within the West Midlands. The sector skills council find that science, engineering and manufacturing recruitment in the area is likely to amount to 21,500 between now and 2016. Almost half (11,700) of these vacancies will be for technical roles.

5.17 There is some evidence that suggests that the West Midlands S&T sector is recovering and beginning to experience positive growth. UK Business Count data reveals that the number of enterprises within our definition of the S&T sector has increased in most districts within the West Midlands relative to 2011. In fact, out of 30 districts, there were only three districts in which the number of enterprises had fallen between 2011 and 2013. Overall, the total number of businesses was 2% higher, with Coventry recording the largest overall growth of 6%.

[13] UKCES Working Futures 2012-2022 Report, UK Commission for Employment and Skills, March 2004.

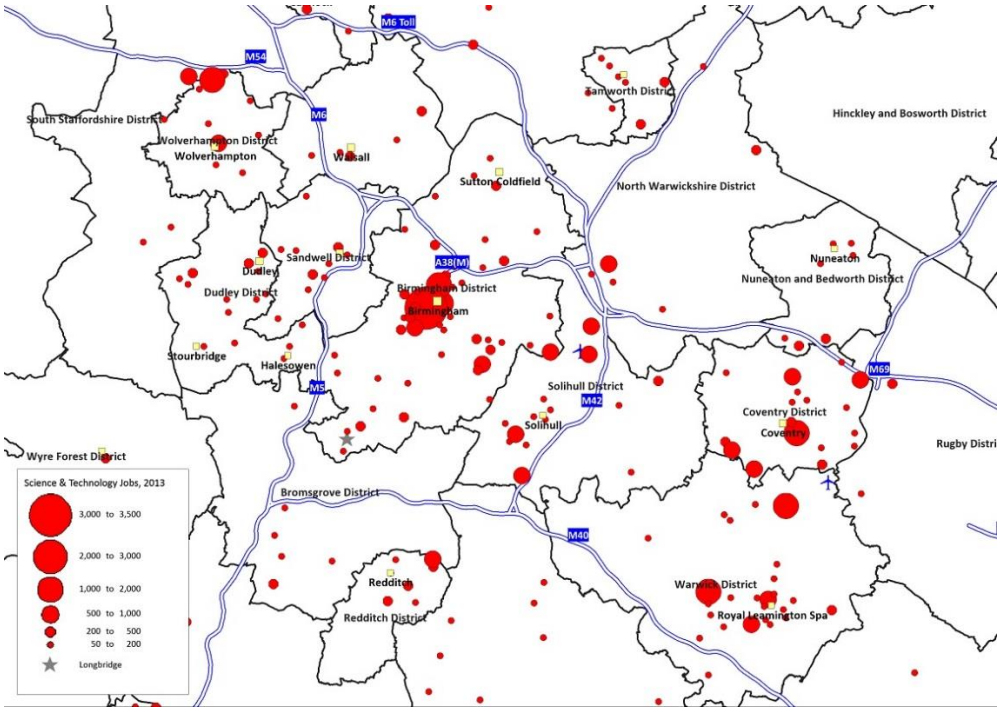
[14] SEMTA is the Sector Skills Council for Science, Engineering and Manufacturing Technologies.

The Location of S&T Activity in the West Midlands

5.18 Given the focus within the Longbridge Area Action Plan and in Birmingham City Council's ITEC Economic Zone is on attracting inward investment and occupiers who operate in higher value science and technology (S&T) sectors, it is also helpful to understand the key locations for science and technology employment in Birmingham and across the wider Birmingham area. The following analysis of 2013 S&T employment data, by Lower Super Output Areas (LSOAs), looks at concentrations of science and technology employment.

5.19 There are clear concentrations of S&T employment located in the city centre of Birmingham and the immediate areas surrounding it. Other notable locations for S&T employment include parts of the M42 corridor area (outside of Birmingham but again, most likely office-based), while S&T manufacturing activities support jobs in manufacturing areas such as the Black Country/M5 area and other parts of the West Midlands region. The mapping also highlights a small concentration of S&T employment currently within the Longbridge area, reflecting the jobs associated with businesses located at the Longbridge Technology Park.

Figure 5.5 Concentrations of Science & Technology Jobs, 2013



Source: Regeneris Consulting mapping of ONS, Business Register Employment Survey 2013

Forecast of Demand

5.20 We do not have access to up to date regional or local forecasts of future employment growth in the S&T sector. However, we have reviewed the information set out in the evidence base for the BDP which provides some employment forecasts (from the Cambridge Econometrics LEFM service). This suggest a future growth rate of 16% over the 19 years 2012 to 2031. Baseline employment in these sectors was 11,000 in 2011 according the evidence base, therefore suggesting total growth of around 2,000 jobs over this period in the IT sector. Unfortunately, the way the data is presented does not lend itself to an analysis of sectors by degree of science and technology fit.

6. West Midlands Science & Technology Parks – An Update on Demand, 2014

6.1 The 2008 Regeneris Report included an analysis of eight science and technology parks in the West Midlands. To inform this, we undertook a short telephone survey with each park in 2007, and supplemented this with web research and other secondary sources, such as the UKSPA directory. A second survey was conducted in October 2014 to update this research. Table 6.1 provides an update of information on the science and technology Parks that were surveyed in the initial report.

Table 6.1 Main science and technology property developments in the West Midlands

Development (year of opening)	Size (ha)	Floorspace (internal sq m)	Total jobs	Take-up rate (sq m)[2]
Malvern Hills Science Park (1999)	4	5,330	350	1,324
Coventry University Technology Park (1997)	8	11,600	1,000	996
Wolverhampton Science Park (1995)	4.1	9,300	600	1,577
Staffordshire Technology Park (1990) [1]	17.8	43,55	2,490	2,364
University of Warwick Science Park (1982)	19.8	46,450	2,200	3,406
Birmingham Science Park Aston (1983)	5.6	23,225	Not available [3]	1,535
Birmingham Research Park (1986)	3.2	5,200	250-275	1,277
Keele University Science and Business Park (1987)	4	14,000	500-600	730
Total	66.5	158,655	7,390 -7,515	10,889
Average				1,360

Source: UKSPA and Regeneris Consulting Survey, October 2014.

Notes:

(1) We have not been able to speak with Staffordshire Technology Park to clarify survey information collected from the previous report. Information regarding the size of each Park and the amount of lettable floorspace available is correct as of October 2014, and does not take account of future expansions. There are no B1(b) planning restrictions in place at any of the Parks surveyed.

(**2)** The take-up rate provides a measurement of how quickly a science park is able to develop its floorspace to prospective tenants. It is calculated by dividing the total amount of lettable floorspace by the number of years that it takes to become 'fully occupied' (defined as 90% occupancy to account for churn) once the park is operational.

(3) We have been unable to calculate an overall employment figure for Birmingham Science Park Aston. However, our survey has indicated that approximately 200-300 workers are supported by businesses within the Birmingham Innovation Centre, which comprises half of the Park.

6.2 Overall, since 2007 the growth in space within the West Midlands' science parks has been **minimal**. Since 2007, only Malvern Hills Science Park has grown in size (by two hectares), and this is to provide the scope for further expansion in the near future (i.e. the expansion in floorspace has not taken place and has therefore not affected our assessment of take-up rates). In terms of floorspace, only Coventry University Technology Park has expanded, increasing its lettable space by an extremely modest 170 sq m.

6.3 This position of limited change in the total quantum of S&T floorspace within the parks and the extent of annual S&T floorspace take-up (1,360 sq m) was anticipated, given the prevailing economic conditions in recent years, but the survey has provided greater certainty on these matters. As such, the key conclusions drawn from the 2008 Regeneris Study, and highlighted in Section 4, **remain broadly valid but should be interpreted as very much maximum rates of take-up that occurred over a period of very strong and sustained economic growth**.

6.4 As outlined above, our survey has identified that some of the science parks in the region have expanded in size (i.e. footprint of the park) or with very modest increases in floorspace. However, some of the parks are also in the process or planning expansions. The following table presents an overview of actual or planned growth. After, in effect, a seven year freeze on development there are signs of life emerging in terms of expansion plans. This is as would be expected, however the scale of plans proposed are very unlikely to alter our previous research about realistic development rates for any S&T park in the West Midlands.

Table 6.2 Future Plans of S&T Parks in the West Midlands

Science Park	Actual or Planned Expansion
Malvern Hills Science Park	The park has already expanded its footprint since our last survey and is now 4 hectares in total (although this was not associated with an increase in floorspace to date). They are in the process of currently expanding floorspace by c. 2,300 sq m by the end of 2014/early 2015 as part of their Phase 4 proposals.
Coventry University Technology Park	Coventry University Technology Park has only modestly expanded its lettable floorspace space by a 170 sq m.
Keele University Science and Business Park	Keele University Science and Business Park is currently undergoing a considerable expansion to increase the size of the site from 4 ha to 20 ha. However, the amount of land to be developed could support approximately 120,000 sq m in extra space, although this is not exclusively for use by S&T businesses. As some of this space includes land for a hotel, the maximum amount of land available for S&T firms to develop on is 100,000 sq m, although a considerable proportion of this is likely to be occupied by non-S&T firms.
Birmingham Research Park	A new scientific BioHub is due to open at Birmingham Research Park in late 2014 providing a range of laboratory space and other facilities. A lease for one major tenant, NanoTi, has already been agreed.
Birmingham Science Park Aston	At Birmingham Science Park Aston, a new £35 million development zone has been announced. This could deliver 11,500 sq m of accommodation for technology firms on a 0.4 hectare site. The new floorspace is expected to be available for occupancy at the end of 2015.
The University of Wolverhampton Science Park	The University of Wolverhampton Science Park plan to increase the size of their park by 13,000 sq m, with work due to commence towards the end of 2016.

Source: UKSPA and Regeneris Consulting Survey, October 2014

Appendix A - Case Studies

The 2008 Regeneris report contained a series of case studies of science and technology parks throughout the UK. Of those parks covered in the case studies, three were within the West Midlands. As a result of our updated survey of West Midlands parks, where possible, we have updated the 2008 case study to reflect any expansions or planned future developments.

Malvern Hills Science Park, Malvern Hills

Malvern Hills Science Park (MHSP) occupies a brownfield site, at the foot of the Malvern Hills, Worcestershire, close to the A449 and within an hour's drive of Birmingham International Airport. Although MHSP has no formal university links, QinetiQ (formerly DERA), a large research organisation which works closely with the MoD, is adjacent to, and is one of the partners of the Science Park. The first phase of MHSP was established in 1999 and part funded by the then Regional Development Agency (AWM).

Genesis, rationale & planning policy

The development of MHSP was instigated by Worcester County Council (WCC) and Malvern Hills District Council (MHDC), to ensure adequate property was available to facilitate the spin out of companies from QinetiQ and grow other high tech companies, in order to broaden the high tech employment base of the area. This has remained the core mission of MHSP Ltd (MHSPL), a joint venture company formed between QinetiQ, MHDC, WCC and Herefordshire and Worcestershire Chamber of Commerce to oversee and manage MHSP's development. MHSPL's Board of Directors is made up of representatives from each of the partners and makes strategic decisions for the company. Since 2005, Worcestershire County Council has held the freehold to MHSP's 4 ha site, all of which is wholly given over to B1 uses. There is no B1(b) restriction imposed on the site, although MHSP Ltd operate a gateway entry policy by which prospective tenants are assessed by according to their potential to create employment in high tech industries locally.

Realised take-up & development

MHSP's site has thus far been developed in three phases. The first of which being the Innovation Centre, followed in 2001 by the Regional Technology Exchange and in 2007 by the third phase, which consists of a mixture of office and laboratory accommodation. To date, 5,300 sq m net lettable floorspace has been constructed. There is currently a waiting list for units and since the park opened, the average vacancy rate has been 5%. MHSP reached full capacity for the very first time in September 2013.

QinetiQ's stake has impacted on MHSP's development and focus, which is reflected in a concentration of tenants involved in nanotechnology, micro-engineering, ICT and environmental technologies. MHSP believe that it has been successful in attracting high tech companies, inward investment and venture capitalists to the area and approximately 350 people are employed within the Park's tenants. However, MHSP has had less success facilitating spin outs from QinetiQ, the volume of which has been lower than anticipated and although spin out companies still play a role in MHSP, a larger proportion of space is taken up by entrepreneurs and R&D departments of major companies.

Plans for future expansion

A fourth and final phase of development received planning permission in 2013 and construction work was due to commence in late 2013. However, this was delayed and will now begin in November 2014, adding 2,300 sq m in lettable floorspace. MHSP believe that due to the successful application of tenant selection, it has been able to achieve its aims without a B1(b) constriction. .

Wolverhampton Science Park, Wolverhampton

Wolverhampton Science Park (WSP) occupies a 4.1 ha brownfield site, which is approximately one mile from the University of Wolverhampton's City Centre campus. The first phase of the development was opened in 1995.

Genesis, rationale & planning policy

The development of WSP was instigated by the University of Wolverhampton, which owns an 81% stake in the Science Park, and Wolverhampton City Council, which owns the remaining 19%. The Science Park was set up with a broad remit: to contribute to the recruitment and retention of graduates in the city, attract new and sustainable businesses and industries, enhance university / industry working, act as a flagship development, assist in halting the loss of creative industries from the city and encourage the development of business opportunities arising from the university. The Science Park is owned and controlled by Wolverhampton Science Park Ltd (WSPL), the board of which includes representatives from The University of Wolverhampton and Wolverhampton City Council.

All of the current development is wholly given over to B1 uses and there is no planning B1(b) restriction imposed on the site. However, applications for space at WSP are judged on a case by case basis according to whether they are deemed innovative or sufficiently research and development focussed as well as their potential to contribute to the wider goals of the Science Park. In addition, emphasis is placed on business' potential to form links with other tenants.

Realised take-up & development

The site has been developed in three phases. The Technology Centre and Development Centre Buildings were constructed in the first phase of development, which was completed in 1995. Phase two saw an expansion of the Technology Centre, adding an additional 2,230 m^2 net lettable floorspace in 2000. The Creative Industries Centre was constructed as the third phase of development and added a further 4,180 m^2 floorspace on its completion in 2003. These three phases have completed the build out of WSP's 4.1 ha site. WSP acquired an additional 1.2 ha on which to construct the science park's fourth phase, which provided an additional 2,790 sq m floorspace. This phase was completed in 2009.

The Park's development has been demand driven rather than speculative. Overall, WSPL report that demand for units has been much higher than expected resulting in a relatively low vacancy rate of 3%. Across WSP's three buildings, just over 13,000 sq m of floorspace has been constructed. The phased nature of development has influenced the rate of growth and the average annual take up rate was 1,084m^2 between 1995 and 2003, when the third phase of development had been completed. WSP has 100 tenant firms, employing approximately 600 employees. There are no anchor tenants as all companies are on short term licensing agreements. Tenants include the Policy Research Institute and the Centre for Healthcare Innovation and Development. There has not been a specific sector focus in the development of the Park; WSP identify particular concentrations of firms in the ICT and Environmental Sciences sectors.

Plans for future expansion

The Park plan to expand the site, and work is due to commence towards the end of 2016 to increase the amount of lettable floorspace by a further 13,000 sq m. WSP believe that they have been able to achieve the ends of the development without B1(b) restrictions. WSP management believe that they have actively and successfully imposed restrictions on tenants based on the type of activities they are involved in and the degree of fit with the aims of the Science Park. However, the lack of a B1(b) restriction provides the Science Park with the important flexibility to loosen these restrictions should the market demand it, as well as accommodating the changing activities of growing firms.

The University of Warwick Science Park, Coventry

The University of Warwick Science Park (UWSP) is located in Coventry; it is adjacent to the A46 and a 15 minute drive from Birmingham International Airport. Constructed on a largely greenfield site adjacent to the University of Warwick campus, the Science Park occupies a 19.8 ha site. Development began in 1982.

Genesis, rationale & planning policy

The Science Park was instigated by The University of Warwick and Warwick and Coventry City Council as a response to recession in the motor industry in the early 1980s, when the development of a Science Park was identified as having the potential to provide local employment by developing new economic activities which build on the university's knowledge base and skills in the area.

UWSP is publicly owned by a partnership between the University of Warwick and Coventry City Council and is managed by University of Warwick Science Park Ltd. Guidance on the park's development and management is provided by the Board of Directors, which is made up of representatives from the University of Warwick and Coventry City Council as well as from Warwick County Council and other industry representatives.

The development of UWSP preceded the Land Use Classification Order (1987), however verbal restrictions on the original planning consent correspond to a predominantly B1 classification, although up to 4,600 m^2 of B2 use is permitted on the site. There is no specific restriction to R&D activities that could be interpreted as being equivalent to a B1(b) restriction although UWSP applies the following criteria to all applications for space at the Science Park: Prospective tenants must be engaged in knowledge based industry and be moving that knowledge forwards, have a business plan which demonstrates growth in employment and be able to demonstrate an interest in developing links with the university.

Realised take-up & development

The 19.8 ha site has undergone phased development, and by 1998, the existing site was almost completely built out, with exception of one 0.8 ha site. Since then, development of satellite sites outside of the Science Park's boundaries has been occurring, including Innovation Centres on Binley Business Park and Warwick Technology Park. In addition, UWSP Ltd manages Blythe Valley Innovation Centre on behalf of Solihull MBC and Blythe Valley Developments.

UWSP Ltd report that demand exceeding expectations occurred, especially in the Science Park's early years, owing to a latent demand in the early 1980s. UWSP believe that take up has been good with an average take up of 3,406 sq m per year between 1982 and 1994, when UWSP reached full occupancy. To date, 46,460 sq m net lettable floorspace has been constructed and the vacancy rate is 6%.

Overall, it the aims UWSP have been well achieved with the Park fostering a significant cluster of businesses in the local area, which collectively employ around 2,200 people. Although there was no specific sector focus identified in the outset, the profile of tenant companies corresponds largely to the strengths of the university, with ICT and industrial technologies being particularly well represented. Over 40% of UWSP's current tenants are involved in ICT.

Plans for future expansion

As of October 2014, there are no plans to expand the current site. UWSP has been able to achieve the ends of the development without any restrictions limiting land to B1(b) uses. UWSP Ltd argued that the strict application of B1(b) land use restrictions could be potentially disastrous for Science Park developments, especially in the West Midlands, which does not have the specific economy required to support a pure science and research park. It is argued that B1(b) land use restrictions would not be favourable to the

economic development interests of the region as parks devoted to pure research tend to largely house public sector R&D and corporate laboratories of large multi-national companies.

A more useful means of controlling Science Park developments is user covenants, which is more flexible and provides a mechanism for future adjustments.

Appendix B - Science & Technology (S&T) Employment Definition

SIC 2003 to SIC 2007 Science & Technology (S&T) Employment Definition

SIC 2003 S&T Definition	SIC 2007 S&T Definition
2231: Reproduction of sound recording	18.2
2232: Reproduction of video recording	18.2
2233: Reproduction of computer media	18.2
3001: Manufacture of office machinery	28.23
3002: Manufacture of computers and other information processing equipment	26.2
3210: Manufacture of electronic valves and tubes and other electronic components	26.11
3220: Manufacture of television and radio transmitters and apparatus for line telephony and line telegraphy	33.2
3230: Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods	26.4
3310: Manufacture of medical and surgical equipment and orthopaedic appliances	32.5
3320: Manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment	26.51
3330: Manufacture of industrial process control equipment	26.51
3340: Manufacture of optical instruments and photographic equipment	32.5
3350: Manufacture of watches and clocks	26.52
3530: Manufacture of aircraft and spacecraft	30.3
6420: Telecommunications	61.9
7210: Hardware consultancy	62.02
7221: Publishing of software	58.29
7222: Other software consultancy and supply	62.02
7230: Data processing	63.11
7240: Data base activities	63.11
7250:	95.11
7260: Other computer related activities	62.09
7310: Research and experimental development	72.19
7320: Research and experimental development on natural sciences and engineering	72.2
7420: Architectural and engineering activities and related technical consultancy	71.12
7430: Technical testing and analysis	71.2
7440: Advertising	73.11
9211: Motion picture and video production	59.11
9212: Motion picture and video distribution	59.14
9220: Radio and television activities	59.11

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APPENDIX 2

2 DEVON WAY APPEAL DECISION (APP/P4605/A/09/2115711)

Appeal Decision

Inquiry held on 16, 17 & 18 March 2010
Site visit made on 18 March 2010

by Andrew Jeyes **BSc DipTP MRTPI**

an Inspector appointed by the Secretary of State for Communities and Local Government

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Decision date:
1 April 2010

Appeal Ref: APP/P4605/A/09/2115711
2 Devon Way, Longbridge Technology Park, Birmingham B31 2TS

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant planning permission.
- The appeal is made by St Modwen Developments Limited & Advantage West Midlands against the decision of Birmingham City Council.
- The application Ref S/00501/09/FUL, dated 4 February 2009, was refused by notice dated 30 April 2009.
- The development proposed is the change of use from B1(b) research and development of products or processes to B1(a) offices and B1(b) research and development of products or processes.

Application for Costs

1. An application for costs was made by St Modwen Developments Limited & Advantage West Midlands against Birmingham City Council. This application is the subject of a separate Decision.

Decision

2. I allow the appeal, and grant planning permission for the change of use from B1(b) research and development of products or processes to B1(a) offices and B1(b) research and development of products or processes at 2 Devon Way, Longbridge Technology Park, Birmingham B31 2TS in accordance with the terms of the application, Ref S/00501/09/FUL, dated 4 February 2009, and the plans submitted with it, subject to the conditions in the attached schedule.

Main Issues

3. I consider the main issue to be whether the proposal conflicts with the Longbridge Area Action Plan 2009 in the absence of a suitable planning obligation and, if so, whether the requirements of Circular 05/2005: *Planning Obligations* apply and, if they do, are the requirements of the obligation reasonable and necessary taking into account the requirements of Circular 05/2005. In addition, I consider there is an issue relating to whether, should the appeal be allowed, a restriction of uses within Use Class B1(a) would be reasonable and necessary.

Reasons

Background

4. Planning permission[1] was granted in 2006 for two buildings for research and development [Use Class B1(b)] or industrial development [Use Class B2] at the

[1] Council reference: S/00986/06/FUL

corner of Longbridge Lane and Bristol Road South. Condition C6 of the permission restricted the use of any part of the site for B1(a) use other than for ancillary offices. These buildings are part of a wider technology park with an adjacent 'park and ride' scheme in association with Longbridge station. Both buildings have been constructed with the first, The Innovation Centre, occupied by a number of organisations that fall within the permitted uses, whilst the other, 2 Devon Way, the appeal building, has remained unoccupied since completion in 2007.

5. The site is part of a larger area that is now covered by the adopted Longbridge Area Action Plan 2009 [LAAP], which was prepared to secure the comprehensive regeneration of the former MG Rover plant at Longbridge following closure in 2005. On the opposite side of Longbridge Lane is a site undergoing development for Bournville College with the large existing buildings to the south-west now occupied by the Nanjing Automobile Corporation. Opposite the site on the other side of the A38 Bristol Road South is the former 'West Works' where the land and buildings have been cleared. The technology park together with part of the former 'West Works' site, form a Regional Investment Site [RIS] indicated in the adopted Regional Spatial Strategy for the West Midlands 2008 [RSS].

6. The proposal is to change the use of the existing building from the permitted B1(b) research and development use to B1(a) office and B1(b) research and development. The Council, as indicated in the Statement of Common Ground [SoCG], raise no objections to the change of use and accept that the use for B1(a) offices is acceptable in principle and in line with development plan policy. I concur with this view. Their objection is to the lack of a planning obligation to pay the Longbridge Infrastructure Tariff [LIT] that is part of the LAAP.

Longbridge Infrastructure Tariff

7. As part of the comprehensive redevelopment of Longbridge, the LAAP set out a number of proposals, including a need for new development to contribute to physical, economic and social infrastructure in the area through a planning contributions model that includes the LIT and traditional contribution mechanisms such as Section 106 and Section 278 agreements. Paragraph 3.85 of the LAAP indicates that within the RIS, the requirements for planning applications and planning obligations, including the LIT that will apply to the development, are set out in Part D of the plan. The LIT would provide for a number of social, economic and other objectives set out in the LAAP.

8. The LAAP sets out to establish a sustainable, employment led mixed use development, with the RIS attracting high profile investors and a major location for high technology businesses. These are the only two new buildings so far built in the RIS and one has been vacant since construction. It was agreed that this did not send out a positive message in terms of the development and potential of the area. The building has been extensively marketed with details provided in submitted documents; the Council accept that adequate marketing has been undertaken.

9. In the Council's view, the LIT relates to a wide range of general physical and social community infrastructure, which is not immediately capable of being related to the impact that arises from individual developments. Failure to contribute to development of this infrastructure could jeopardise its provision, which the Council consider is essential for the social and physical regeneration of Longbridge. However, whilst the majority of funding would need to come from the private

sector, the LAAP recognises that public funding will also be required to achieve all the objectives of the LAAP.

10. The building was granted planning permission prior to the first publication of the proposals for the LAAP, so was considered against the then extant development plan. As part of its implementation, the development provided an increased standard of access to allow use by other development and the 'park and ride' scheme. Conditions were applied relating to a footpath/cycleway connection, a green travel plan and an art installation. The proposal met the requirements to mitigate its impact that were current at the time of the decision. The building is currently capable of occupation for the permitted use with no contribution to the Council.

11. Based on the LAAP, the Council initially indicated that a payment of £387,960 was required. This is based on a figure of £120 per square metre [sq.m] contained in the LAAP, which would apply to all development. The LAAP indicates that payments would be required based on 25% at commencement, 25% at completion and 50% prior to occupation. This, in my view, is clearly aimed at new buildings. The LAAP makes no differentiation between proposals for new buildings and changes of use and the Council did not make any initial differentiation between the permitted use and the proposed use. In my view, the LIT cannot be applied in full retrospectively to buildings that already exist. The Council subsequently indicated in their committee report a requirement of £145,485 based on the difference between the pro-rata LIT rate for B1(b) and B1(a) uses and the application of the 50% on occupation element to reflect the change of use.

12. The LAAP, at Paragraph 4.25, indicates that market conditions can affect the viability of developments and that if an open market appraisal indicates that a scheme would not be viable if the LAAP's policies are applied in full, then the Council will negotiate to determine what may be acceptable to enable the scheme to proceed. It further indicates that where a reduced tariff is accepted, a mechanism to enable payment of the full tariff when market conditions improve should be considered. The Council take the view that there is no option for a zero contribution in such cases. A market appraisal was submitted with the application and the SoCG indicates that the Council fully accepted its conclusions. This appraisal indicates that based on the gross development value and development costs, a loss of 3.19% is indicated.

13. In the appellants' view, the proposal cannot therefore support the payment of any LIT. The Council view is that making a loss should not be a bar to paying the LIT and that St Modwen Developments Limited are capable of absorbing an increased loss, which would be small in comparison to their losses in the previous financial year. This seems to me to be a conclusion that is not supported by the LAAP. Proposals to ensure flexibility in approach of the contributions policies within the LAAP were submitted as part of its Examination[2] to ensure soundness. In addition, the requirement relates to the viability of the scheme and not the appellants ability to pay.

14. To my mind, this requires an approach that considers the details of each case. The LAAP does not indicate any minimum payment, but does indicate that the viability of the project must be taken into account. Since construction, the economic situation has deteriorated considerably and this must be taken into account as part of the viability of any scheme. I take the view that for an existing building,

[2] Report on the Examination into the Longbridge Area Action Plan Development Plan Document 2009

permitted prior to the publication of the LAAP and which provided additional infrastructure above that required for its own impact, there is no justification in viability terms to impose a greater loss onto the project, which is already not viable. I conclude that the financial viability of this proposal is such that payment of any LIT in this case is not justified and, therefore, the proposal would not be in conflict with the LAAP.

Planning Obligation

15. The Council indicated that the contributions would be likely to be used for public transport improvements in the vicinity of the site comprising of improvements to Longbridge railway station and the transport hub. These improvements were considered by the Council to benefit the wider area as well as the technology park.

16. A report submitted with the application indicated that employees on the site could rise to 170 persons for the proposed use compared to 104 persons for the permitted use. Based on accepted methodology, this would equate to 50 additional persons travelling to the site by car and 16 by other modes, including public transport. Vehicle trips would represent a 1% increase on Longbridge Lane at peak. The Council accepted that this number of journeys would have no impact on any existing transport provision or facilities. The Council's transportation consultee indicates no objections or requirements arising from the proposal. The Council indicate a close relationship between the site and high quality sustainable transport links.

17. In the Examination of the proposed LAAP, the Inspector indicated that the schemes in the LIT were all reasonably related to securing the comprehensive regeneration of Longbridge and that Circular 05/2005 supports pooled contributions and standard charges. However, Circular 05/2005 also sets out the five tests in relation to planning obligations, with paragraph B35 indicating that standard charges and formulae should not be applied in blanket form regardless of actual impact. In this case, there is no detailed assessment of the state of local infrastructure able to serve this development indicating deficiencies in relation to the impact of this proposal and how they would be catered for. The inclusion of a LIT payment within a development plan document does not preclude the application of the principles contained within Circular 05/2005.

18. Based on the information submitted, I do not consider that the Council has established a need that is directly related to the impact of the proposed development. Obligations should not be used to secure contributions to the achievement of wider planning objectives that are not necessary to allow a particular development to proceed. I therefore conclude that there is no justification in the evidence before me for requiring an obligation for the LIT in this case.

19. Following determination of the application discussions have continued with a further duplicate application[3] submitted. These discussion initially involved a number of scenarios of how the £145,485 or higher could be paid, including deferred payments. In determining the subsequent application, the Council were seeking a payment of £145,485, of which £75,000 was payable within five years of first occupation and the remaining £70,145 within five years of occupation or upon the sale of the building, subject to viability. This was not accepted by the appellant and the application was refused.

[3] Council Reference: 2009/05617/PA

20. However, in support of their appeal, the appellants' have submitted a Unilateral Undertaking that proposes a LIT payment after five years or on sale of the building. This would provide a payment above a profit level of 20% up to a maximum sum of £290,970. This reacts to the requirement in the LAAP for a deferred payment that would be applicable should market conditions improve. The Council do not accept the 20% profit margin that must be exceeded first, despite the fact that it has been in a number of documents submitted with the application and appeal that have not been challenged. They consider that the LIT should be paid prior to profit on the same basis that there should be no reduction in the LIT payment below their revised figure. The contributions paid to the Council would be entirely dependant on the profitability of the scheme so sharing the economic risk of the development.

21. Whilst it was suggested that this would follow the principles of the LAAP in allowing for a deferred payment, there is no guarantee, although contributions could be higher than the minimum sought by the Council. It does not therefore follow the guidelines established in the LAAP for contributions. The Unilateral Undertaking therefore carries little weight, especially when allied to my conclusion that there is no justification in the evidence before me for requiring an obligation for a LIT contribution in the future in this case.

Other Matters

22. Since the date of refusal, the Government has published PPS4[4] that, at Policy EC10, advises that Councils should adopt a positive approach to planning applications for economic development including consideration of matters of high quality inclusive design, its impact on economic and physical regeneration and on local employment. The Council raised no concerns in relation to compliance with this policy and, in my view, this policy supports the proposed change of use.

23. The appellants consider that with the change of use, early occupation of the building would be expected. This would bring a range of benefits in line with the objectives of the LAAP. It would demonstrate positive progress and deliver employment within an area that is undergoing considerable stress, so creating a positive move forward of renewing Longbridge as a centre for sustained prosperity, growth and opportunity. This weighs in favour of the proposal.

24. Bournville College has recently commenced construction of a large college building on the other side of Longbridge Lane. This project is making a full contribution in line with the LIT, despite the college wishing for substantial savings on the scheme. However, this relates to a new building granted permission when the LAAP applied, but with specific infrastructure provisions that relates to mitigating the impact of the college development. To me, this does not set a precedent in relation to the change of use of a building erected before publication of the LAAP.

25. An appeal decision[5] at Lydney in the Forest of Dean considered the issue of viability regarding the provision of affordable housing. This was a proposal that did not meet the affordable housing criteria in a housing proposal that would be provided over an extensive period. The Secretary of State considered viability to be a material consideration, but the proposal as submitted had inadequate levels of affordable housing and so would not therefore contribute adequately to other requirements relating to mixed sustainable communities, especially taking into

[4] Planning Policy Statement 4: *Planning for Sustainable Economic Growth*
[5] Appeal Ref APP/P1615/A/08/2082407: *Land off Lydney Bypass and Highfield Road, Lydney.*

account the extended period of building relating to the scheme. I do not therefore consider that this sets a precedent for overriding viability issues.

Conclusions

26. Considering all the above matters, I conclude that that the financial viability of this proposal does not justify a LIT contribution in this case and, therefore, that the proposal does not conflict with the Longbridge Area Action Plan 2009 in the absence of a suitable planning obligation. I also conclude that the requirements of Circular 05/2005 apply to the proposal and that, based on the evidence before me, there is no justification for requiring an obligation in this case for a future contribution and that the Unilateral Undertaking therefore carries little weight. In addition, the bringing of the vacant building into active use and creation of employment on the site would be a positive outcome that weighs in favour of the appeal. I therefore conclude that appeal be allowed subject to conditions.

Conditions

Office Use Restriction

27. The LAAP indicates at Paragraph 3.80 that within the RIS there shall be a maximum of 25,000 sq.m of B1(a) offices for firms that support and complement the high technology centre and the objectives of the RIS. The RIS was proposed as part of Policy PA7 of the RSS, which indicates that large scale speculative development that could be more appropriately located in town centres would be strictly controlled. At the Examination into the LAAP, the Inspector accepted that B1(a) uses should be supportive of high technology industries to avoid conflict with policies that seek to direct office floorspace away from out-of-centre locations and towards town and city centres. To this end, the Inspector considered the proposal for 25,000 sq.m of B1(a) use to be proportionate.

28. The Council propose a condition to limit the nature of the B1[a] uses that could take place within the building by preventing use by public or commercial organisations that comprise of council, health, social housing, law and order, social security and taxation services, financial services, accountancy and law firms. The Council consider that such uses would not support the high technology park and RIS and should be more appropriately located within town centres. No direct harm is indicated that would result from general office use under Use Class B1(a). The Council agree that it would not be possible, even outside these uses, to require positive support of other activities within the RIS from any general office use. The Council may need to review the uses proposed in outstanding outline applications before the Council to ensure compliance with the maximum B1(a) office element contained within the LAAP.

29. Advantage West Midlands, the Regional Development Agency for the West Midlands and joint appellants, has indicated that restricting the scope of B1(a) uses raises concern for the future development of the RIS as it would be unnecessarily prescriptive in defining high-tech uses. Supporting B1(a) services include a whole range of professional and business support services that will form part of the overall 25,000 sq.m of B1(a) uses agreed in the LAAP without restraint.

30. In my view, the limitation on the total amount of B1(a) office use within the RIS, which this building of some 3,233 sq.m would only form part, is the controlling element that would enable general office use to support and complement other activities within the RIS. Some of the suggested exclusions could clearly support activities within the technology park and the RIS. I consider that the further

restriction of uses within a restricted use class would not be reasonable and would not be necessary to support development plan policy.

Other Conditions

31. In respect of other conditions, I agree that a condition indicating the approved plans is necessary for the avoidance of doubt and in the interests of proper planning. A condition requiring agreement in respect of external plant and machinery is necessary bearing in mind the proximity of nearby residential uses. As the requirements for plant and machinery are likely to change over time, I have required the details to be submitted prior to installation. I also agree that a condition relating to agreement of a green travel plan is necessary in the interests of sustainability.

32. However, I do not agree that a noise limitation relating to existing background levels is reasonable or enforceable, especially as agreement to all external plant and machinery, which can consider noise levels prior to installation, is accepted. Likewise, a condition requiring affiliation to the 'Company Travelwise in Birmingham' or other agreed scheme is not reasonable as these could provide one aspect of the green travel plan that has to be agreed. The proposed conditions relating to opening hours of the access gates and the implementation of art features replicate conditions contained within the original planning permission. As such, they are not related to the proposed change of use, are unnecessary and I shall not apply them.

Andrew Jeyes

INSPECTOR

SCHEDULE OF CONDITIONS

1) The development hereby permitted shall begin not later than three years from the date of this decision.

2) The development hereby permitted shall be carried out in accordance with the following approved plans: Drawing Nos 01A Site Location Plan, 200C Ground Floor Plan; 201E First Floor Plan; 202D Second Floor Plan; and 203C Roof Plan.

3) Details of the siting, type and noise rating level of any external plant and machinery shall be submitted to and approved in writing by the local planning authority prior to its installation. All external plant and machinery shall be installed in accordance with the approved details and no other plant or external machinery shall be installed.

4) The building shall not be occupied until a green travel plan has been submitted to and approved in writing by the local planning authority. The green travel plan shall be implemented as approved from the date of occupation and shall be maintained in perpetuity.

APPEARANCES

FOR THE LOCAL PLANNING AUTHORITY:

Anthony Crean, of Queen's Counsel	Instructed by Stuart Evans, Principle Solicitor, Legal and Democratic Services, Birmingham City Council.
He called	
Pamela Brennan BSc[Hons] PGDipTP MRTPI	Principal Planning Officer, Major Developments Team, Planning and Regeneration Department, Birmingham City Council.
Peter Wright BSc[Hons] MBA MRTPI	Manager of South Development and Regeneration Team, Regeneration Department, Birmingham City Council.

FOR THE APPELLANT:

Martin Kingston, of Queen's Counsel	Instructed by Jason Tait of Planning Prospects Ltd.
He called	
Jason Tait BA[Hons] DipTP MRTPI	Director, Planning Prospects Ltd.
Stephen Nicol BA MA	Managing Director, Regeneris Consulting.

DOCUMENTS

1 Lists of persons attending the Inquiry on the 16, 17 and 18 March 2010.
2 Copy of refusal notice in respect of a subsequent application [Council Reference 2009/05617/PA]; submitted by the Council.
3 Opening statement of Martin Kingston QC on behalf of the appellants.
4 Opening statement of Anthony Crean QC on behalf of the Council.
5 Draft Unilateral Undertaking; submitted by the appellant.
6 Agreed list of conditions.
7 Extracts from the Regional Spatial Strategy for the West Midlands 2008 and the Phase Two Revision Draft Preferred Option December 2007; submitted by the appellant.
8 Correspondence dated 13 November 2008 from Jill Kingaby [Inspector considering the Longbridge Action Area Plan] to Birmingham City Council; submitted by the appellant.
9 Summary of Unilateral Undertaking; submitted by the appellant.
10 Extracts from West Midlands Spatial Strategy Phase Two Revision: Report of the Panel; submitted by the appellant.
11 Deed of Unilateral Undertaking; submitted by the appellant.
12 Letter from Wragge & Co dated 17 March 2010; submitted by the appellant.
13 Response to the application for Costs: submitted on behalf of the Council.