



Quod

Matter 10

Merton Local Plan
Stage 1 – Local Plan
Examination

Statement prepared by Quod
(Respondent Reference ID: 5)

MAY 2022

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1 Introduction

- 1.1 We are instructed by Aviva Life and Pensions UK Ltd (c/o Aviva Investors) to submit this Statement in respect of the examination of the Merton Local Plan (MLP) ahead of the Stage 1 hearing sessions that are due to commence on the 14th June 2022.
- 1.2 Aviva Investors is a key stakeholder in the Borough, acting as asset managers of one of the largest underutilised brownfield sites that is under single ownership in the Borough (80-86 Bushey Road, Raynes Park SW20 0JW) ('the Site'), which is subject of a draft allocation (Site RP4) in the MLP.
- 1.3 Although continuing to identify the Site as a Locally Significant Industrial Site ('LSIS'), alongside strategic objectives to encourage economic growth through protecting and managing designated industrial locations, the MLP (under draft allocation RP4) seeks the comprehensive redevelopment of the Site to deliver a residential-led scheme. This approach is despite the London Borough of Merton's ('LBM') own evidence identifying that employment land is 'scarce' in the Borough and there being underlying demand for such uses.
- 1.4 Aviva Investors are committed to bringing forward redevelopment proposals for the Site and are shortly to enter into formal pre-application discussions with LBM to deliver an employment-led scheme. The intention to submit a planning application by September 2022.
- 1.5 The scheme being advanced reflects substantial and confirmed demand, alongside identified constraints associated with delivering high-density residential development. These ambitions for an employment-led development also aligns with the Site's allocation as a LSIS – as reflected in both adopted and emerging local planning policy.
- 1.6 It is therefore essential that there is a flexible policy framework in place to ensure that this allocated site is delivered, and the maximum benefits associated with this are realised. As currently drafted the MLP fails to provide this flexibility, nor does it provide the most appropriate strategy for its delivery in light of the needs identified and LBM's aspiration for economic growth.
- 1.7 This Statement further supports earlier representations submitted on behalf of Aviva Investors and responds directly to the Matters and Questions raised by the Inspector of relevance to the Site as part of the examination of the MLP.

2 Matter 10

Issue (ii) Is the Plan's approach to land for industry, logistics and services to support London's economic function justified, effective, consistent with national policy, and in general conformity with the London Plan?

Question 1. Does the Plan set out effective measures for the planning, monitoring and management of the retention, enhancement, and provision of any additional industrial capacity?

Question 6. Are the policies relating to the Borough's Strategic Industrial Locations (SIL), and Locally Significant Industrial Sites (LSIS) flexible enough to accommodate needs not anticipated in the plan period and to enable a rapid response to changes in economic circumstances, particularly in terms of the range of employment-generating uses that might be acceptable on such sites?

Question 7. Related to the question immediately above, the implications of the COVID-19 Pandemic and the UK's Exit from the European Union, alongside more recent economic circumstances have been referred to in the Economic Paper. Against this background, does the Plan set out a sufficiently flexible and effective set of policies relating to employment uses?

2.1 The MLP (LBM02) seeks to allocate the Site (referred to as '80-86 Bushey Road, Raynes Park, SW20 0JQ') (Site RP4) for mixed-use development. Specifically, this allocation seeks to deliver the following:

Residential-led mixed use development with potential for ground and lower floors commercial, business, services and local community uses appropriate to a residential area."

2.2 The MLP identifies that the Site is deliverable in 5 to 10 years and has an indicative site capacity for 400 to 550 new homes.

2.3 The Site comprises a largely cleared site following the demolition of the former Thales office building and vacant warehouse. The remaining building comprises an active retail use.

2.4 Adopted local planning policy (0D26 and 0D27) allocates much of the Site (excluding the active retail use) under Site Proposal 48 ('Land at Bushey Road') for employment-led mixed-use development and the wider area as a LSIS.

2.5 Consistent with adopted planning policy, the MLP continues to identify the Site as a LSIS – as designated on the Merton's Policies Map (0D2).

2.6 Policy EC13.1 ('Promoting Economic Growth & Successful High Streets') of the MLP states that LSISs will be 'protected', and that LBM will ensure that they are 'prioritised for industrial and distribution uses'.

2.7 This retention and protection of such locations is supported elsewhere within the MLP. Policy EC13.1 outlines that LBM will ensure a supply of viable and appropriate sites and premises, which will be achieved through protecting and managing the designated industrial locations (including LSISs).

2.8 The supporting text (para. 13.1.5) to this Policy also identifies that:

“There is a relatively limited amount of land and floorspace available for business and jobs, relative to the space available for homes, parks and open spaces.” (our emphasis)

2.9 Paragraph 13.1.6 of the MLP goes on to highlight that:

“One of the council’s main aims is to be open for business and invest in the quality of life of our residents by providing suitable and well-located space for a wide variety of businesses and services that enable residents to work and run businesses locally, reducing the need for excessive commuting. This approach helps to deliver the council’s objectives of supporting resilience, tackling climate change, the 20-minute neighbourhood, places for people and good growth.” (our emphasis)

2.10 These objectives will not be met if existing employment land is not retained and protected, and sufficient opportunities made available to encourage businesses to invest in the Borough.

2.11 An approach of seeking to protect and retain employment land is consistent with the adopted London Plan (2021) (0D32). Policy E4 of the London Plan states that a sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions should be provided and maintained.

2.12 The London Plan goes on to state that local authorities should make provision for light industry (Class B1c and B2), storage and logistics / distribution (Class B8) and flexible (Class B1c/B2/B8) hybrid space to accommodate services that support the wider London economy and population.

2.13 Linked to this, Policy E4 goes on to identify that the retention, enhancement and provision of additional industrial capacity across the three categories of industrial land (which includes LSISs) should be planned and the retention, enhancement and provision of additional capacity prioritised.

2.14 The protection of such locations is particularly important given that the MLP recognises that business space in the Borough is ‘scarce’¹. It is evident that to address the scarcity of business space, LBM has introduced an Article 4 Direction to remove permitted development rights from offices in designated industrial areas and Wimbledon town centre that want to convert into residential use – as confirmed within the MLP². This provides further important context on the need to ensure a flexible approach to sites to deliver a mix of uses.

¹ Paragraph 13.1.12

² *Ibid*

- 2.15 Likewise, the Topic Paper (LBM01b) recently prepared by LBM³ alongside the MLP in direct response to the Inspectors' preliminary matters (INSP01) reiterates the importance that Merton continues to retain industrial / employment land. In particular this states (para. 1.6) that:

"The economic evidence demonstrates that Merton should continue to retain the industrial capacity it has..." (our emphasis)

- 2.16 The same Topic Paper highlights that market signals since the preparation of the evidence supporting the London Plan (2021) demonstrates an increased demand and very low vacancy rates in industrial estates in Merton.

- 2.17 Likewise, the Topic Paper⁴ goes on to acknowledge that previous employment and industrial studies / guidance across London⁵ have categorised Merton and other boroughs in the Wandle Valley industrial market as needing to retain industrial capacity and restrict release.

- 2.18 Indeed, in reviewing the findings of this guidance, the Topic Paper acknowledges that this remains true and that (*sic*):

"...these borough have easy access to central London and outer south London, high demand for industrial and warehousing uses to serve central London markets, combined with a limited supply of land."

- 2.19 Paragraph 46 of the Topic Paper identifies that:

"...although other sectors of Merton's economy such as retail have not recovered as quickly, market signals taken from mid 2021 demonstrate Merton continues to experience high demand for industrial floorspace, continued low vacancy rates and continued investment in industrial land and floorspace."

- 2.20 This acknowledged very strong demand for land and floorspace for industry and logistics is repeated elsewhere within the Topic Paper⁶.

- 2.21 Consistent with the thrust of the available evidence and the London Plan, Policy EC13.2 of the MLP outlines that proposals relating to employment sites (including LSIAs) will be supported where they retain existing employment land and floorspace, and LBM will support proposals for the redevelopment of vacant and underused existing employment land for employment uses.

- 2.22 However, despite the findings of the available evidence and the policy direction identifying the need to maintain and protect employment land (which is also reflected through the Article 4 direction introduced), the approach of LBM in respect of the Site is at odds with this overarching approach. Instead, the proposed allocation seeks to redevelop the Site for residential-led development and no consideration is given to the potential for this site to be used for employment uses – reflecting its LSIS status and currently adopted policy position.

³ Economic evidence base: offices and industry, dated 21 March 2022

⁴ Paragraph 37

⁵ Including the Mayor of London's Land for Industry and Transport Supplementary Planning Guidance 2015

⁶ Paragraph 30

2.23 Such an approach will result in the loss of substantial employment land (LSIS) within the Borough where there is an acknowledged strong demand and a scarcity of land. Such an approach will also fail to support London's economic function.

2.24 The justification for this approach of LBM is outlined within the Sustainability Appraisal (SA) (0D5i) prepared in support of the MLP. Appendix B of the SA outlines the 'reasonable alternatives' identified for the site allocations. In respect of the Site this notes that:

"The alternative to allocate the site for industrial and logistics purposes only is not taken forward due to the greater need for new homes."

2.25 It is therefore evident that no robust justification has been provided to support this position. Instead, LBM is simply placing greater weight on the need to deliver housing over employment uses. Such an approach is not supported by national or strategic policy. Furthermore, given LBM's concern regarding the scarcity of employment land is such that an Article 4 direction has been introduced, we would question why LBM would not consider the potential for the Site to come forward for employment uses should there be demand.

2.26 Whilst the provision of housing is important, the National Planning Policy Framework (2021) ('NPPF') (0D20) states⁷ that all plans should promote a sustainable pattern of development that seeks to meet the needs of their area. This includes the objectively needs for housing and other uses. National policy does not prioritise housing over other uses. Instead, the NPPF identifies that plans should make sufficient provision for employment and other development⁸ and that planning policies should support an appropriate mix of uses across an area – not just housing⁹. It is essential that sufficient employment opportunities are available, particularly in locations where such uses are suitable, viable and will meet a pressing demand.

2.27 Similarly, a report from the Industrial Land Commission at the Centre for London published in September 2021 (referred to in LBM's Topic Paper¹⁰) identifies that whilst there is well documented and unmet demand for housing, Londoners also need places to work as well as live.

2.28 This report also highlights that rising rents and low vacancy rates are creating an overheated industrial market and that further reductions in industrial land in London will impact on its economic success and its ability to respond flexibly to changing patterns in society.

2.29 In addition, the economic circumstances are notably different to that identified at the time (2016/17) the Site was first identified as being promoted as potentially suitable for residential-led development. Since this time there has been the impact of leaving the EU and the Covid-19 pandemic and now we are facing a significant cost-of-living crisis and an ongoing war in Ukraine. These significant events have fundamentally impacted upon the economy and is placing an increased emphasis on the importance to deliver jobs and economic growth – this represents a significant shift since the start of the preparation of the MLP. Addressing these changing economic circumstances will not be achieved through restricting employment-led development by adopting inflexible policies.

⁷ Paragraph 11

⁸ Paragraph 20

⁹ Paragraph 106

¹⁰ LBM01b

- 2.30 The above provides important context in considering the policy framework for the Site and provides further background when considering the merits of retaining employment land against the need to provide new homes.
- 2.31 The NPPF and the London Plan require councils to prepare planning policies to support the conditions for business to invest, expand and adapt, supporting economic growth and being clear how this will be realised.
- 2.32 An approach that does not fully consider or allow the potential for employment-led development on the Site (as proposed by LBM) would be at odds with LBM's (and the London Plan's) aspiration for economic growth. Such an approach will have adverse implications for the long-term success of the Borough, particularly where there is a pressing demand. This represents a fundamental failing of the MLP.
- 2.33 The circumstances are such (as acknowledged in LBM's own evidence and confirmed interest in bringing forward the Site for development) that there is strong demand for employment uses and there is need to maintain and improve the employment land supply in the Borough. Whilst a number of policies within the MLP do seek to retain and protection such locations, this is not consistent in the consideration of the specific sites. The potential loss of the Site as an employment location (as proposed) means that the MLP does not plan to enable sufficient employment uses to be delivered and to meet LBM's objective and aspiration for economic growth.
- 2.34 The proposed wording of the site allocation cannot therefore be considered positive, justified or consistent with national policy, the London Plan and the wider objectives of the MLP. The inflexible approach of LBM in respect of the Site does not represent the most appropriate and effective strategy given the needs of the Borough – the MLP is currently unsound.
- 2.35 Instead, for all these reasons identified there is robust justification to support a more flexible approach for the Site that enables the delivery of employment only uses on the Site. Local plans must take a balanced approach to meeting future needs.
- 2.36 Such an approach would be consistent with its existing and proposed allocation as a LSIS, and the substantial demand for such uses in the Borough. It will also provide the appropriate framework for the Site to be delivered.
- 2.37 Flexibility in plan making is acknowledged by the NPPF. This states¹¹ that planning policies should:
- “be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.”*
- 2.38 The Site's potential for continued industrial / business uses is recognised by LBM in continuing to allocate it as a LSIS. Furthermore, planning policies need to support the conditions for business to invest, expand and adapt, supporting economic growth, and be flexible enough to

¹¹ Paragraph 82

accommodate needs not anticipated and to enable a rapid response to changes in economic circumstances. Currently, LBM's approach fails to achieve this.

2.39 As outlined in our past representations¹², revised wording in respect of the Site's allocation is necessary in order provide a more flexible approach and ensure the Site (which remains one of the largest underutilised brownfield sites under single ownership in the Borough) is delivered and the benefits associated with its development realised. It is critical that full flexibility is provided within the wording of the proposed site allocation to ensure its delivery. This includes the potential to deliver an employment-led scheme should there be demand.

2.40 Accordingly, the following revised wording in respect of the Site's allocation (additional text in bold and underlined):

*~~"Site allocation: Residential-led mixed use development with potential for ground and lower floors~~ **Suitable for a mix of uses with the potential for residential**, commercial **(including retail, subject to the relevant tests being met)**, business, **industrial**, services and local community uses appropriate in this area ~~to a residential area.~~"*

2.41 This approach will increase the Site's development potential to ensure that this prominent brownfield site can be comprehensively delivered and can respond to demands, both from the market and local needs. Such an approach is identified are necessary to ensure the MLP is positively prepared, justified, and effective.

2.42 In conclusion, it is demonstrated that there is a pressing need to retain and improve existing employment land in Merton to meet the needs of the Borough and deliver economic growth. This is confirmed by LBM's own Topic Paper.

2.43 In this respect, the continuation of employment uses on the Site proposed the most appropriate location of meeting this identified need. The Site comprises a LSIS in a location that is accessible to the strategic road network.

2.44 Furthermore, the proposals being advanced reflect strong commercial demand and are deliverable. It is therefore essential that the framework is in place to achieve such development.

2.45 As current proposed, the MLP fails all four soundness criteria set out in the NPPF:

- i. has not been **positively prepared** – in the sense that attempts have not been made to plan for the full extent of economic needs of the Borough.
- ii. the plan has not been **justified** as the most appropriate strategy because it fails to consider employment-led development for the Site where there is a pressing and urgent need. Inadequate justification has been provided to support housing delivery over employment uses as part of flexible consideration of the Site.
- iii. the MLP is not **effective** as it fails to provide the necessary flexibility to ensure that important sites are delivered, and all needs are met.

¹² Including submissions to the consultation on the Merton Local Plan – Stage 3 Draft Local Plan (September 2021)

- iv. the plan is not **consistent** with the NPPF because it fails to fully recognise the importance and the need to retain existing employment land to meet the needs of the Borough.

2.46 In light of the above, we would request the opportunity to attend the hearing sessions in respect of Matter 10 so the points raised can be expanded upon and any specific issues addressed.