

Appendix 1 Background to Merton's Core Planning Strategy (Rainbow Industrial Estate) and assessment of options

Background to Merton's Core Planning Strategy

- 1 In **2003**, Merton Council adopted a Unitary Development Plan and Proposals Map, designating this site for industrial uses.
- 2 In **2004**, the Mayor of London published the first London Plan. In this plan, the Mayor identified strategic industrial locations in each of London's boroughs. These were large industrial estates designated for heavy industrial uses, away from residential neighbours, schools and other sensitive locations.
- 3 Like other small industrial estates near shops and residential areas, Rainbow wasn't considered suitable as a strategic location for London's industry by the Mayor, and was designated as a Locally Significant Industrial Location. This allocated the site as suitable for light industrial, and workshop-based businesses that could locate closer to shops, schools and homes without causing undue noise, smell or other disturbance. The 2008 London Plan continued this approach.
- 4 In **2007 and 2008**, the landowners started to explore the site's potential for whole-site redevelopment as a waste management facility, coinciding with the first stages of the South London Waste Plan (a joint planning document between Croydon, Kingston, Merton and Sutton, allocating sites across south London for waste management and transfer purposes).
- 5 Plans were drawn up for the site's use as an anaerobic digestion facility. These plans were consulted on by the landowner at a series of public meetings with local communities, and the site was included as potentially being suitable for waste management purposes in a draft of the South London Waste Plan.

- 6 The proposal for anaerobic digestion did not proceed to a planning application and the site was removed from the South London Waste Plan by **2010**.
- 7 Increasingly over the past 10 years, the demand for industrial floorspace in London and the south east has been declining due to a combination of factors: cheaper land prices and operating costs elsewhere in the UK, global competition, road congestion, the expense and difficulty of getting planning permission and other licences with so many sensitive land uses (homes, schools etc) close by.
- 8 The two areas of more sustained demand during this time have been for sites suitable for waste management and for logistics.
- 9 Successive governments have required boroughs to review their industrial land to ensure that there is a realistic prospect of industrial land being occupied. If there is no realistic prospect of this, land should not be designated for industrial / employment and should be considered for other purposes.
- 10 Merton reviewed the supply of and demand for industrial land, publishing two Employment Land Studies 2005 and again in 2010/11. Each study recommended that Rainbow could help meet the borough's limited demand for industrial floorspace.
- 11 In February **2010**, Merton Council published an Economic Development Strategy with the following objectives:
 - *to improve the average levels of productivity, gross value added and hence pay for jobs in Merton*
 - *to build on Merton's strengths in location, attractiveness, brand value and expertise to promote its economy*
 - *To promote economic resilience in Merton through a diverse local economic base*
 - *To ensure that activity is delivered in a way that supports other values and objectives, notably addressing deprivation in the east of the borough and protecting built heritage and the environment.*
- 12 Research carried out in **2009**, supporting Merton's Economic Development Strategy illustrated that Merton had a lower level of jobs growth between 2000 and 2009 in contrast to the increase in employment found in surrounding boroughs and much of London and the south east.

- 13 During this period, Merton's business, industrial and employment land was well occupied with the lowest vacancy rates in south London and had some of the highest rents. While the council always robustly defends employment land from unnecessary loss to other uses, this approach didn't always succeed in capturing all of the economic benefits of more jobs and revitalised adaptable business premises. This policy-focussed approach resulted in protecting employment floorspace but didn't focus on the delivery of jobs or the provision of new business premises attractive to a changing economy.
- 14 In order to maximise the potential for fit-for-purpose employment floorspace, potential for jobs and business growth and minimise poorly executed development which adds little to the borough, the council is working with the landowner, a workspace specialist who develops and manages business and creative industry premises, representing a long-term investment in the borough. The focus on delivery, job and business creation and support, will complement the council's policy approach of protecting its employment land. jobs and business growth and minimise poorly executed development which add little to the borough, the council wants to work with specialists who build and manage employment and creative industry premises, representing a long-term investment in the borough.
- 15 In **July 2010**, Merton Council resolved to submit Merton's draft Core Planning Strategy to the Secretary of State for public examination by an independent Planning Inspector. The Rainbow site was resolved for allocation as a Locally Significant Industrial Site in this document.
- 16 **February 2011**: At Merton's Core Planning Strategy examination, the council supported continuing business and employment uses on three local industrial sites: at Rainbow Industrial Estate, Raynes Park, Gap Road, Wimbledon, and 80-88 Bushey Road, SW20 in the face of opposition by the landowners.
- 17 The council's case was:
 - that there was evidence of a need for all types of business and industrial employment space across the borough, and the council had carried out research and produced an Economic Development Strategy (2010) to support business growth;
 - That at a regional level the Mayor of London had identified south west London as having a limited supply of industrial land relative to demand and that all south west London boroughs were asked to restrict the release of such land where there was demand.

- that Rainbow and particularly Gap Road industrial estates were largely occupied by existing businesses and so could not be said to be obsolete or unfit for businesses purposes;
- That enough new homes had been built in Merton in the previous 10 years to satisfy Merton's share of London's housing need, and that the council had extensive evidence that it would be possible to build enough new homes over the following five years, without the release of either of these sites for any new homes;
- That if the landowners wanted alternative business use (i.e. not industrial or warehousing) on the sites in question they could apply for planning permission for such a scheme and make their case there.

18 The landowners' representatives for Rainbow and Gap Road put forward the argument that both estates were unsuitable to industrial type employment and should be designated for a mix of business and residential uses (Rainbow) or 100% residential (Gap Road).

19 The landowners' case for the unsuitability for continued whole-site industrial-type employment was based on the following:

- Both the sites were in very close proximity to existing homes, on the edge of Raynes Park and Wimbledon town centres, long and narrow, tightly bound by railway lines with a single entrance off congested residential roads, unsuitable for HGVs and noisy or smelly industrial processes.
- In Rainbow's case, the representatives stated that the landowners had owned the site for 20 years and could evidence the declining demand for industrial space within London, backed up by the Mayor of London's and the council's research.
- To revitalise the whole estate for business and employment purposes, the landowner had tried to redevelop Rainbow in its entirety for industrial-type uses in 2009 (the waste management plant proposal) but received significant local opposition mainly on the grounds of the unsuitability of the area for such industrial-type development (traffic, noise, smell in proximity to residential areas).
- In Rainbow's case, the landowner proposed to develop the site for small business space (workshops/offices, known in planning as Use Class B1a,b and c) targeted at small and medium sized enterprises, which would support more jobs than industry and

warehousing. It would be compatible with residential areas. However this type of business development would not be acceptable under the Locally Significant Industrial Area land designation that the council were applying to Rainbow, so a relaxation of the designation was needed in the Core Planning Strategy.

- That, at the time, the council itself was promoting the need for more jobs, higher remunerated jobs and SME business space through Merton's *Economic Development Strategy 2010* and through the *Core Planning Strategy policy CS12: economic development* and the redevelopment of Rainbow would provide these.
- In the case of Rainbow, that the landowner – Workspace – specialises specialising in the provision and management of office, studios and light industrial space in London

- 20 In **February 2011** at the public hearing, the independent planning inspector agreed with the landowners of Rainbow and Gap Road that economic development could successfully take place in line with the council's Economic Development Strategy via a wider range of uses than the industrial land designation would allow. She disagreed with the council's position that the site was likely to continue to be in demand for viable industrial uses. She considered that the council clearly considered the site unsuitable for the waste management and the site circumstances made it unsuitable for the increased traffic that would come with logistics.
- 21 Workspace wanted to be able to develop the site for new workshop, light industrial and office-based businesses suitable for SMEs, which the council's own Economic Development Strategy (February 2010) strongly encouraged. Workspace could demonstrate a track record over 20 years of redeveloping and managing such premises as attractive to SMEs, whereas the council received a very small number of planning applications during the previous 5 years for such sites, and even fewer were ever built after permission had been granted.
- 22 The Planning Inspector determined that alternative uses to light industrial could be considered for Rainbow as long as the redevelopment proposals delivered employment-led regeneration and the objectives of Merton's Core Planning Strategy Policy CS12 on economic development and Merton's Economic Development Strategy.

- 23 The council suggested to the inspector that, if this was to be her decision, any change to the sites could be done via the production of a supplementary planning document. This would set a statutory binding process - guaranteeing six weeks of public consultation - to ensure that there was opportunity for local residents, businesses, the council and others to have their say and influence the uses, design, scale transport and other changes to the sites in advance of any planning application being submitted.
- 24 The council made this suggestion in the awareness that Rainbow is a large site in the context of Raynes Park and that the alternative to a SPD would have been straight to a planning application, reacting to the proposals over the statutory three weeks of community consultation. The inspector agreed with the council's decision and included the reference in Merton's Core Planning Strategy Policy CS12
- 25 In her report, published in **June 2011**, the Planning Inspector recognised the necessity of cross-subsidy from higher value uses in order to deliver high quality employment floorspace. The need for plans to be financially viable is now a key part of the planning system; plan-makers and decision-takers must consider deliverability and financial viability as a key part of delivering sites.
- 26 In her report, the inspector also noted:
- the opportunities that could arise through redeveloping the sites to improve access to the sites, make more efficient use of the sites and improve the way they function;
 - the physical challenges involved in redeveloping these sites,
 - the low returns generated by SME business floorspace
 - the importance of maintaining employment uses on these sites
 - the necessity of securing cross-subsidy from higher value uses in order to deliver new employment floorspace on the sites.
- 27 The inspector's report amended the Core Planning Strategy and said that she took into account the evidence presented and the Government's "*Plan for Growth*" in making her decision.

- 28 The inspector did not specify particular alternative higher-value uses that could be used to subsidise employment floorspace and the redevelopment of the sites. For the past few years residential and supermarket retailing have been the highest value land uses. Supermarket retailing is not appropriate for either Gap Road or Rainbow due to the constrained access to these sites and the potential deviation of trade from nearby town centres.
- 29 The inspector's report was published on Merton's website in **June 2011** and in **July 2011**, Merton Council resolved to adopt Merton's Core Planning Strategy. In line with the Inspector's report, the Rainbow Industrial Estate is designated in Merton's Core Planning Strategy (Policy 12 - Economic Development) as a Locally Significant Industrial Area, stating:

In recognition of the site-specific circumstances relating to the Locally Significant Industrial Sites at Rainbow Industrial Estate and Gap Road, a wider range of uses than B1(b), B1(c), B2 and B8 [research and development, light industrial, heavy industry and storage] may be considered for each of these estates where these uses contribute to the site delivering policy CS12 and meet the terms of other policies in the development plan for Merton. Any proposal seeking to incorporate uses other than B1(b), B1(c), B2 and B8 would be subject to the adoption of a planning brief (supplementary planning document) for the whole site, setting out [how] any employment-led redevelopment would proposals would meet the terms of policy CS12 and the objectives of Merton's Economic Development Strategy.

- 30 The Core Planning Strategy and Planning Inspector's report are available online:
http://www.merton.gov.uk/environment/planning/planningpolicy/ldf/core_strategy.htm

Options and alternative options

31 The council considered options for the Rainbow estate with reference to the following:

- National Planning Policy Framework 2012,
- the Mayor's London Plan 2011,
- Merton's Core Planning Strategy 2011,
- Merton's Economic Development Strategy 2010 and 2012 update
- The Raynes Park Enhancement Plan 2008-11
- the deliverability of each option

32 Deliverability is key to the assessment and production of plans. The **National Planning Policy Framework** paragraph 173 states:

Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements 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.

33 Table 1 below summarises the options considered for the site that were considered against the specific requirement set out in Merton's Core Planning Strategy (paragraph 20.16) *Any proposal seeking to incorporate uses other than B1(b), B1(c), B2 and B8 would be subject to the adoption of a planning brief (supplementary planning document) for the whole site, setting out [how] any employment-led redevelopment would proposals would meet the terms of policy CS12 and the objectives of Merton's Economic Development Strategy.*

34 **Merton's Core Planning Strategy Policy CS12 Economic Development** states:

(a) *We will support the development of a diverse local economic base in Merton by encouraging the increased provision of the overall number and range of jobs in Merton; particularly in the commercial and business sectors (including the provision of business, leisure, retail, creative, cultural and 'green jobs')(Please refer to the full definition of employment uses as defined in PPS4: Planning for Sustainable Economic Growth (2009)).*

(b) *We will encourage and support the provision of employment in Merton that results in higher levels of productivity, gross values added and, hence, remuneration.*

c. *We will seek to ensure that there is an adequate supply of viable and appropriate sites and premises for employment use in locations which minimise the need to travel by private car while meeting the needs of business by:*

(i) Directing 'town centre type uses' especially retail, office and leisure development that generate a large number of trips towards the Major Centre (Wimbledon) and District Centres (Mitcham; Morden, and Colliers Wood {Subject to its designation post 2011 as a District Centre, in accordance with Chapter 17 Centres - Policy 7}

(ii) Protecting and managing the designated Strategic Industrial Locations and maintaining and improving our Locally Significant Industrial Sites; ensuring that they contribute towards business, industrial, storage and distribution functions;

(iii) Facilitating new employment by protecting and improving scattered employment sites for small and growing businesses or community uses;

(iv) Not supporting live/work developments;

*(v) Support the rationalisation of employment land, where it will fulfil policy points **a** and **b** above*

35 The objectives of **Merton's Economic Development Strategy 2010** are

- To improve the average levels of productivity, gross value added and hence pay for jobs in Merton
- To build on Merton's strengths in location, attractiveness, brand value and expertise to promote its economy

- To promote economic resilience in Merton through a diverse local economic base which does not rely too heavily on any one sector for its continued success
- To ensure that activity is delivered in a way that supports other values and objectives, notably addressing deprivation in the east of the Borough and protecting built heritage and the environment.

36 The **Raynes Park Enhancement Plan (2008-11)** three objectives are

- To improve access and circulation for pedestrians, cyclists, road traffic and public transport users
- To strengthen Raynes Park's retail offer, making it a more attractive destination for shopping needs
- to improve the physical environment, appearance and maintenance of the public realm in Raynes Park

37 Under the access and circulation objective, Raynes Park Enhancement Plan's Action point 8 states:

Determine feasibility of creating a new drop-off point for the station. Could be provided on the north or the south side of the station. South side could be deliverable linked with any planning obligation for the Rainbow Industrial Estate

38 The following table sets out the assessment of land uses for the site and assesses them against deliverability criteria:

- suitable: is the site physically suitable for the proposed land uses
- Available: is the site available? What are the intentions of those who control the land? Are there any legal covenants or other restrictions preventing redevelopment?
- achievable: is the development proposal financially viable?

Table 1 Assessment of uses for the Rainbow Industrial Estate

	Positives	Negatives	Conclusion
Do nothing	Meets the terms of policy CS12. Would continue to provide similar jobs and business location as present. Passive support for Merton’s Economic Development Strategy.	Continued heavy traffic to and from site. No station dropoff improvements. No new homes. No regulation of traffic from the site or parking in front of the site. Doesn’t actively deliver Merton’s Economic Development Strategy. Landowners’ intentions since 2008 have been to pursue site redevelopment; this option is not available	Not deliverable
All new business uses)	Meets the terms of Policy CS12. Supports jobs and businesses. Additional daytime trade from workers on site to	No improvements to the site or to station dropoff etc. No new homes. Proximity of residential areas makes site unsuitable for	Not deliverable -

	<p>help support existing shops, restaurants and other businesses in Raynes Park, especially along Approach Road. Regulation of traffic from site. Meets objectives of Merton's Economic Development Strategy.</p>	<p>industrial businesses. Redevelopment unviable and therefore not deliverable.</p>	
<p>All residential (including supported care)</p>	<p>Would provide new homes. Would be viable to regenerate site with all associated improvements to dropoff. Would be the option generating the fewest lorries, vans and other commercial traffic.</p>	<p>Does not meet the terms of policy CS12. No support for local jobs or businesses. Limited additional daytime trade to support shops, restaurants and other businesses at Approach Road and in Raynes Park town centre. Merton's Core Planning Strategy requires employment-led regeneration to support local shops and services. Would not deliver the objectives of Merton's Economic Development Strategy.</p>	<p>This is an achievable option but this would not meet the terms of Policy CS12 or the objectives of Merton's Economic Development Strategy. It would not provide opportunities for employment or small businesses. Council keen to ensure jobs continues on the estate to help support shops, cafes and other businesses in Raynes Park local centre during the working week. Not suitable.</p>

<p>Mix of residential and business</p>	<p>Meets the terms of Policy CS12. Supports jobs and businesses. Additional daytime trade from workers on site to help support existing shops, restaurants and other businesses in Raynes Park, especially along Approach Road. Regulation of traffic from site. Meets objectives of Merton’s Economic Development Strategy. Provides new homes – meeting NPPF and London Plan. Can cross-subsidise site improvements. Can deliver station drop-off and improved public realm</p>	<p>Must ensure employment floorspace is attractive to and suitable for businesses users. Needs to manage parking all on site and traffic movements. Must ensure no loss of employment floorspace. Network Rail premises complicate site layout.</p>	<p>Deliverable</p>
<p>School</p>	<p>Site assessed as unsuitable for a community school due to access, traffic, ownership constraints (council do not own any land; Network Rail are on the site and will continue to provide rail services from the northern portion of the site) and viability of the proposal.</p>	<p>Not deliverable</p>	

Healthcare	<p>Planning permission has been granted for a new health centre in Raynes Park, due to open in 2013. Amity Grove health service is also open. The Nelson Hospital, within 1.5km of the site, will be redeveloped as a Local Care Centre. Notwithstanding viability and suitability of the site, there are already several healthcare developments being progressed in the immediate area that will meet local demand. Site unavailable for this use</p>		Not deliverable.
Retail (supermarkets or non-food) and other town centre uses (e.g. hotel)	<p>Does not meet the terms of Policy CS12, particularly 12(ci) Location unattractive to retailers as no passing pedestrian or vehicular traffic. Outside the local centre boundary so anything other than a small shop would be unsuitable in planning policy terms as may draw trade from existing shops in Raynes Park town centre.</p>		Not deliverable
Car park	<p>Would provide car parking that may be used by people visiting the area, local businesses or by commuters.</p>	<p>Does not meet the terms of Policy CS12 or the objectives of Merton's Economic Development Strategy. No additional jobs provided. No new homes provided. No drop-off point provided. Could increase traffic movements. Additional traffic drawn into Grand Drive and Raynes Park. Site is fairly hidden and not obviously accessible from the north side of Raynes Park so unlikely to capture passing trade. Much of the site is a 5-10 minute walk (+400m) from Raynes Park central shopping area so will not</p>	Not deliverable

		be attractive for short shopping trips If commuter car park, there is evidence that commuter parking in Merton does not sufficiently support local trade. With limited activity on or overlooking site, could become source of antisocial activities. Not financially viable.	
Public open space	Would provide open space that could be used by local residents in an area deficient in publicly accessible open space.	Does not meet the terms of policy CS12 or the objectives of Merton's Economic Development Strategy. No jobs and business support. No new homes. No dropoff point. Council does not own site. With limited activity on or overlooking site, could become source of antisocial activities. Unviable due to land purchase and decontamination costs. Site unavailable for this use.	Not deliverable
Waste management	Although waste management would meet the terms of policy CS12 in providing jobs this site already assessed as unsuitable for waste management purposes. This site does not meet the terms of the South London Waste Plan (part of Merton's development plan). Undeliverable.		Not deliverable