



Strategic Planning Research Unit  
*A specialist team within DLP Planning Ltd*

For and on behalf of  
**Babergh District Council**

## **Review of Addendum to Employment Land and Viability Report (Fenn Wright, February 2021)**

**Land on the North Side of Church Field Road, Chilton Industrial Estate, Chilton, Sudbury**

**Prepared by  
Strategic Planning Research Unit  
DLP Planning Ltd  
Sheffield**

June 2021



Prepared by:	Kirsten Ward BSc (Hons) MA PhD MRTPI Associate Planner
Checked by:	Alex Roberts BSc (Joint Hons) AssocRTPI Director
Approved by:	Alex Roberts BSc (Joint Hons) AssocRTPI Director
Date: June 2021	Office: Sheffield

### Strategic Planning Research Unit

**V1 Velocity Building**  
Ground Floor  
Tenter Street  
Sheffield  
S1 4BY

**Tel: 01142 289190**

**Broad Quay House (6<sup>th</sup> Floor)**  
Prince Street  
Bristol  
BS1 4DJ

**Tel: 01179 058850**

**4 Abbey Court**  
Fraser Road  
Priory Business Park  
Bedford  
MK44 3WH

**Tel: 01234 832740**

DLP Consulting Group disclaims any responsibility to the client and others in respect of matters outside the scope of this report. This report has been prepared with reasonable skill, care and diligence. This report is confidential to the client and DLP Planning Ltd accepts no responsibility of whatsoever nature to third parties to whom this report or any part thereof is made known. Any such party relies upon the report at their own risk.

<b>CONTENTS</b>	<b>PAGE</b>
<b>1.0 Introduction</b> .....	<b>4</b>
<b>2.0 Assessment of ‘Addendum to Employment &amp; Land Viability Report’ (Fenn Wright, February 2021)</b> .....	<b>5</b>
a) Consideration of Site Suitability for Employment Use (B1, B2 and B8) .....	5
b) Demand for Employment Floor Space .....	7
c) Supply of Employment Land in Locality of the Church Field Road Site .....	8
d) Identification of Alternative Available Sites.....	9
e) Impact upon Heritage Assets .....	9
f) Commentary on the Fenn Wright Addendum to the Employment Land and Viability Report (ADS, April 2021) .....	11
<b>3.0 Conclusion</b> .....	<b>12</b>
<b>Appendix 1 Commentary on the Fenn Wright Addendum to the Employment Land and Viability Report (ADS, April 2021)</b> .....	<b>14</b>

## 1.0 INTRODUCTION

- 1.1 The purpose of this report is to review and provide a response to the Addendum to Employment & Land Viability Report (Fenn Wright, February 2021) which was made in response to comments from DLP Planning Limited (September 2020 and January 2021) and the Viability Appraisal prepared by Rider Levett Bucknall (January 2021). This report responds in particular to the response made by Fenn Wright to the DLP Planning Limited report (January 2021) which considered whether the further information submitted in support of application ref. DC/20/01094 met the requirements of Policy EM24 of the Babergh Local Plan (2006). A rebuttal to the comments made by Fenn Wright in relation to the RLB report has also been prepared by ADS<sup>1</sup> and is attached at Appendix 1.
- 1.2 This report should be read in conjunction with our original Employment Land Need and Viability Report (September 2020) which focused on reviewing the applicants' Employment & Viability Land Study (Fenn Wright, December 2020) in the context of Policy EM24, and our Review of Employment Land Need and Viability Addendum Report (January 2021), which provided a response to the Employment & Viability Land Study (Fenn Wright, December 2020).

---

<sup>1</sup> The consultant at ADS is the same who did the work for RLB and has since changed companies.

## **2.0 ASSESSMENT OF 'ADDENDUM TO EMPLOYMENT & LAND VIABILITY REPORT' (FENN WRIGHT, FEBRUARY 2021)**

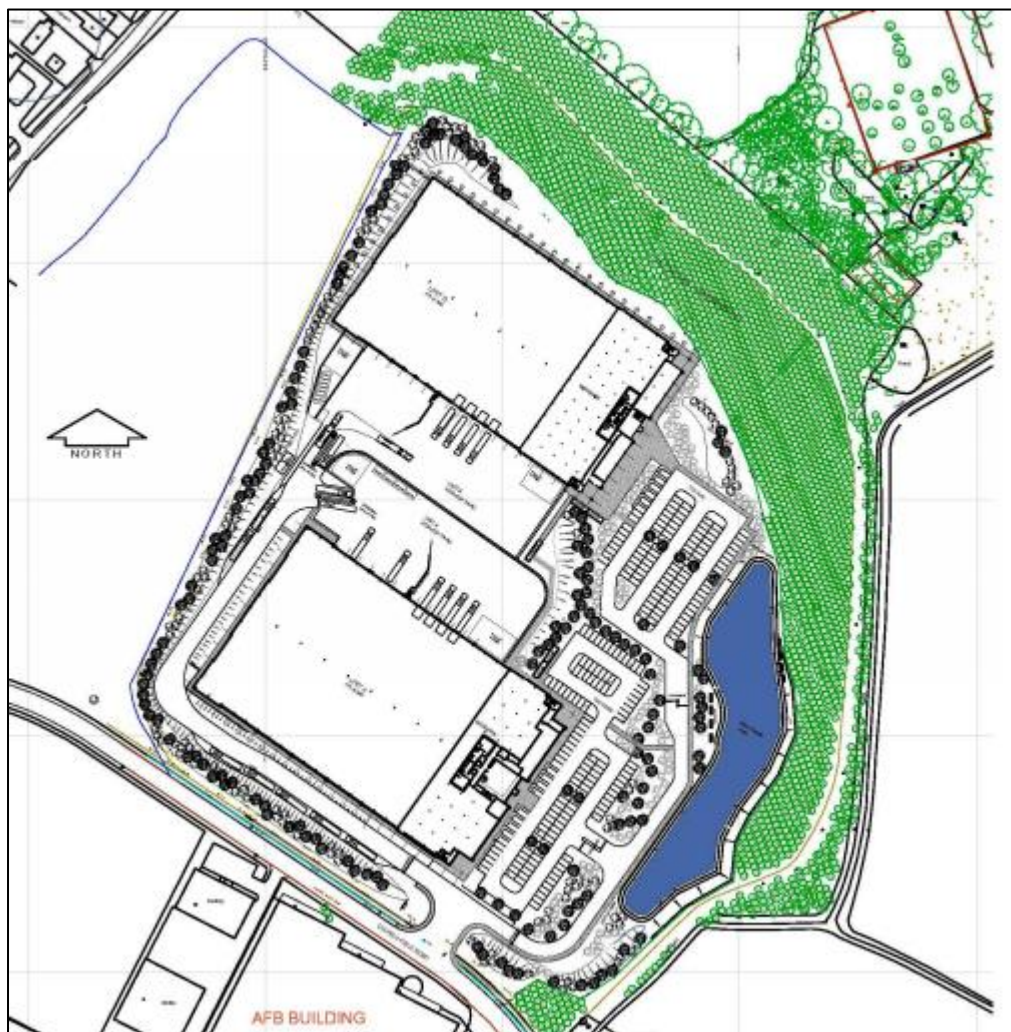
- 2.1 This section provides an assessment of the 'Addendum to Employment & Land Viability Report' prepared by Fenn Wright (February 2021) in the context of Babergh Local Plan Policy EM24.
- 2.2 The sub-sections below consider how Fenn Wright has responded to each of the issues highlighted in our Review of Employment Land Need and Viability Addendum Report (January 2021). These issues are summarised in the Executive Summary of the Fenn Wright (February 2021) report.

### **a) Consideration of Site Suitability for Employment Use (B1, B2 and B8)**

- 2.3 Paragraph 3.2 of the Fenn Wright report states that *"owing to the topographic, ecological constraints and proximity of an heritage asset we have significant concerns over the practicality of development of the site for any employment uses"*. They have chosen not to address the suitability of the site for B1 uses as the RLB report (January 2021) identified that delivery of B1 uses on the site is not viable. We agree with this point.
- 2.4 Paragraph 3.4 of the Fenn Wright report identifies a number of planning permissions for employment use on the Church Field Road site that have been subject to judicial review. It is noted however that the reasons these permissions were overturned was on points of law rather than issues pertaining to the suitability of the site for employment-related uses.
- 2.5 The site has been found to be suitable in planning terms for employment use, as evidenced by the following permissions:
- B/01/01747/OUT – Outline consent granted in May 2002 respectively for community hospital (north west part of site) and Classes B1, B2 and B8 (on remainder of site). Whilst the subsequent reserved matters application (ref. B/05/00589) was overturned following judicial review, this was on grounds that EIA procedures were not followed correctly and was not due to unsuitability of the site for employment uses.
  - B/09/00932 – Permission granted in January 2014 for erection of 2 no. detached industrial buildings (Use Class B1, B2 & B8), centrally located service yard area, surface car parking, landscaping and associated works.
- 2.6 In respect of the issue of screening of the heritage asset to the north east of the site, permission ref. B/09/00932 included the retention of the existing tree shelter belt. The buildings that were proposed within the site (A and B) were between 13.6m and 13.8m in height to the ridge and both included a mezzanine level. This provided a gross internal floorspace of 25,934 sqm. Whilst some additional landscaping was proposed along the northern and eastern site boundary, together with a landscaped bund, this permission was found to be acceptable in planning terms and approved, thus demonstrating the suitability of the site for employment uses. Although this permission was subsequently overturned at judicial review, the permission was not overturned on matters relating to the non-suitability of the site for employment uses.
- 2.7 Paragraph 3.7 of the Fenn Wright report states that *"while the shape of the Site is currently quite regular, factoring in the required additional landscape screening may offer some challenges that would make configuration of an employment use challenging and cost prohibitive. It is our experience most commercial users will require regular shape buildings and plots for reasons such as goods loading, servicing, racking and automation"*. Example layouts for schemes with 'regular

shaped' layouts are provided in Appendix VIII of the Fenn Wright report. Permission ref. B/09/00932 that was approved managed to achieve 'regular shaped' buildings and plots on the sites without significant amounts of 'dead space', as shown in Figure 1 below. The shape of the site therefore would not appear to render the site unsuitable for employment use.

**Figure 1. Proposed site layout, application ref. B/09/00932, Design and Access Statement (p.27, July 2009)**



- 2.8 Paragraph 3.8 of the Fenn Wright report states that “Close proximity to residential dwellings on Waldingfield Road, the Sudbury Community Health Centre and Chilton Hall, will also likely limit the end use of the site for many B2 and B8 industrial uses”. Whilst restrictions relating to noise, vehicle movements and lighting may be placed on future B2 and B8 users of the site, these mitigation measures have proven to make sites such as this acceptable in planning terms and therefore are not considered sufficient to make the site unsuitable for employment uses. Other non-B class uses, such as A1 retail and D2 leisure would also likely have similar restrictions imposed.
- 2.9 Paragraph 3.9 of the Fenn Wright report states that a mixed use development comprising both employment and residential uses would need to incorporate a landscape buffer between the two uses to preserve the amenity of new residents. Again, this is a typical design consideration that would need to be incorporated in order to make the development acceptable in planning terms, but is not sufficient to

render the site unsuitable for these uses.

- 2.10 Paragraph 3.10 of the Fenn Wright report states “*Heritage considerations have played a part in the failed planning history of the site and the emerging local plan evidence base suggests that this, together with lack of need, is the reason for de-allocating the site from employment use*”. Further, at paragraphs 3.12 and 3.12, Fenn Wright state that site-specific constraints on this site are “*much greater than other established commercial locations within the Sudbury area*”, including the Chilton Woods site.
- 2.11 It should be noted that the emerging plan has only recently been submitted for examination and has not yet been adopted and therefore the site is currently allocated for employment use in the adopted Local Plan. The weight to be afforded emerging Local Plans is clearly set out in the NPPF at paragraph 48, and the level of weight to be attributed to emerging plans is for the decision taker. A recent appeal dealing with this issue in Babergh (Land East of Bramford Road, Sproughton, Ref. 3256969) dealt with a similar issue. Here the Inspector afforded the emerging plan limited weight, as have other inspectors in similar circumstances.
- 2.12 The proposed Joint Local Plan Policy SP05 – Employment Land, once adopted is set to supersede Policy EM02. Whilst Chilton Industrial Estate, Sudbury is listed in the emerging policy, the land subject to this application is no longer identified. The site is not included in the emerging Local Plan as a proposed housing allocation.
- 2.13 The SHELAA (October 2020) confirms that the reason for discounting site SS0933 from employment or housing allocation is that “*Site lies within an area of high heritage sensitivity*”. However, a sensitively designed scheme may still be considered acceptable in planning terms. Further discussion of heritage issues is presented in section 2(e) below.
- 2.14 Fenn Wright state that it is these site-specific issues that have prevented the site coming forward for employment development since its allocation and that the LPA has accepted the site is not suitable for employment uses as it is deallocated within the emerging local plan. However, as set out above, legal challenges appear to have prevented previous permissions from being implemented.

**b) Demand for Employment Floor Space**

- 2.15 In considering evidence of demand for employment floorspace by land use type, in paragraph 3.15, Fenn Wright state in respect of the Economic Land Needs Assessment (ELNA) (Lichfields, March 2016) that “*The report identified that Babergh has a high percentage of relatively small organisations 95% employing less than 20 people. The needs of businesses of that size are likely therefore to be for relatively small footprint buildings, with good levels of onsite parking, good proximity to amenities e.g. coffee shops / supermarkets for lunch breaks, nearby Gyms and so on*”. There is however no evidence that smaller organisations could not occupy larger footprint buildings, or that good levels of onsite parking could not be provided at the Church Field Road site. The proximity to amenities and public transport would also be a consideration in any proposed residential development at the site. It should also be noted that the ELNA report also identifies high proportions of businesses employing 20 people or fewer across the whole of the Ipswich Economic Area, including 94% in Ipswich and 96% in Mid Suffolk. In 2015, Babergh District had 180 businesses employing more than 20 people, including 20 businesses employing between 100 and 249 people.
- 2.16 Table 7.10 of the ELNA identifies a total employment land requirement of 13.9 hectares (Class B uses) in Babergh District during the period 2011 to 2031.

Paragraph 3.19 of the Fenn Wright report breaks this down to an annual floorspace requirement of 0.35 hectares per annum in Sudbury. This approach is incorrect, employment land needs should be met across the Functional Economic Market Area (FEMA) geography. Evidence can be prepared within an Employment Need Assessment to identify certain quantum at lower geographies, such as at a District level. It is not appropriate or robust to assume that any specific proportion of need should be disaggregated down to Sudbury. Needs have been identified at a District level and as such, supply to meet this need is located across the District.

- 2.17 The Fenn Wright report does not identify whether this disaggregated amount has been met in Sudbury (3.5 hectares between 2011 and 2021). It is not clear from the Fenn Wright report what net total amount of B-Class floorspace has been delivered in Babergh District since 2011 and what 'need' remains outstanding.
- 2.18 At paragraph 3.48, Fenn Wright highlight the Persimmon scheme at Hadleigh, in which the site was partly allocated for employment use under Policy EM03 but which has subsequently been granted permission for 170 dwellings and outline consent for 10,000 sq ft of class A1, A2 and A3 floorspace (ref. DC/17/03902, granted June 2020). However, upon reviewing the decision notice for this application it would appear that the 10,000 sq ft also includes B1 uses. Therefore part of this site is still likely to be in employment use, albeit not a significant proportion.
- 2.19 At paragraph 3.51 of the Fenn Wright report it is noted that a residential use on an allocated employment site (EM07) in Great Cornard (south Sudbury) was granted under permission ref. B/11/01433 in January 2013. However, it should be noted that this decision was based on an employment report prepared by the applicant which referred to a 2009 Employment Land Review which concluded that at that time land supply exceeded demand in Babergh District with the likelihood of there being enough land to meet future demand. The latest evidence on employment land requirements set out in the ELNA shows that there is now a need for additional employment land in Babergh District in the period 2011 to 2031.
- 2.20 Paragraph 3.52 of the Fenn Wright report also identifies a current application at the existing Babergh council office on Corks Lane for the conversion to residential use, permission for this development has since been granted on 9<sup>th</sup> March 2021 (ref. DC/18/04966). The Fenn Wright report states that this application was backed up by a viability appraisal "*which appears to adopt much more generous assumptions than those suggested by RLB in their report of January 2021*".
- 2.21 Having reviewed the Cork Lane / Bridge Street viability report note it is for the conversion to residential use of the existing buildings ( ie the viability relates to the residential values and costs ) and concludes that the scheme shows a deficit of £2.7 million. We are unclear how this viability appraisal relates to RLB's report for Church Field Road, which is based solely on industrial use, and in what respect the assumptions in the Cork Lane / Bridge Street viability are relevant and might be regarded as more generous .

**c) Supply of Employment Land in Locality of the Church Field Road Site**

- 2.22 Paragraphs 3.25 to 3.28 of the Fenn Wright report identify four sites with a total current available industrial floorspace of 294,038 sq ft. Paragraph 3.30 of the Fenn Wright report states "*Therefore it is clear to see that there is sufficient availability to meet the industrial needs within the short to medium term*". The ELNA identifies a net floorspace requirement of 7,940 sqm (84,465 sq ft) industrial floorspace in Babergh District during the period 2011-2031. This would appear to suggest that sufficient industrial floorspace is available.



- 2.23 In respect of available office floorspace, paragraphs 3.34 to 3.38 of the Fenn Wright report identify five locations in Sudbury with available office accommodation totalling 6,905 sq ft. The requirement for net additional office floorspace in Babergh District over the period 2011 to 2031 is 62,420 sqm (671,883 sq ft).
- 2.24 It is unclear from the Fenn Wright report how the existing supply relates to previous employment floorspace developments (i.e. what has been delivered over the Plan period to-date), and what existing allocations and extant permissions are expected to deliver. This would have provided a clearer and more comprehensive picture of supply vs requirement.
- 2.25 Paragraph 3.40 of the Fenn Wright report states that there is a *“lack of demand for employment uses and this is highlighted within the transactional evidence...but also substantiated with the above analysis of available stock. We have identified that there are no clear current requirements for B1, B2 and B8 uses within the Sudbury area. Whilst plainly there would be some occupational demand, this occurs on an adhoc basis and it is likely that transactional volume and demand simply correlate with previous levels of stock turnover rather than anything substantially more. There is a fairly consistent level of take up annually, and relatively good levels of availability which are around 5 times the sq. ft. average annual take up which suggests a fairly balanced market for supply and demand, with no evidence to suggest increases in supply will be met by increasing demand”*.
- 2.26 There is no specific requirement for office or industrial accommodation in Sudbury identified by Estate Agents Clearing House (EACH) in Appendix VIII of the Employment Land & Viability Study (Fenn Wright, December 2020) report. This is reiterated in Appendix 1 and paragraph 3.41 of the February 2021 report, with additional reasons provided as to why Sudbury would not be a suitable location for each of these listings. The site may still be suitable for one or two of these listings, for example No.35, which requires a minimum eaves height of 10-12 metres, as there is no clear evidence to suggest this would not be deliverable on the site subject to appropriate mitigation and design considerations.
- 2.27 In paragraph 3.42, Fenn Wright note that members and officers of Babergh District Council enquired about acquiring the site in 2015 but that discussions were subsequently not progressed *“presumably as the local authority did not consider the site suitable for developing for employment generating uses”*. No clear evidence has been provided to confirm this was the reason these discussions were not carried forwards.
- 2.28 Paragraph 3.43 of the report states that *“The general comments from other agents appear to be that there would be some very finite occupational demand for part of the site for employment uses, of small quarter acre or half acre plots, which would obviously be significantly more expensive to deliver than a typical scheme of minimum single acre plots due to additional servicing and estate roads etc”*. It is not clear that the viability of these indicative uses, for which Fenn Wright identify there is demand, has been fully assessed.

**d) Identification of Alternative Available Sites**

- 2.29 The Fenn Wright report does not assess the suitability of any other alternative sites apart from the Chilton Woods site.

**e) Impact upon Heritage Assets**

- 2.30 Paragraphs 3.55 to 3.61 of the Fenn Wright report considers the potential impact of developing the site for employment use upon the heritage assets to the north (Chilton

- Hall and Gardens) and south (St Mary's Church). Paragraph 3.56 states that *"The above heritage constraints will limit the ability to develop the subject site in a commercial way. Height of units is a material requirement for occupiers – see the Ladoria site constructed by Ipswich Borough Assets within the Babergh district where the building has a ridge height of 40.475 metres. It is self-evident that a building of this scale and size would be unsuitable for a site in close proximity to such important heritage assets"*. Whilst it is possible buildings of this height would not be suitable in such close proximity to the heritage assets, it is possible that buildings of lower height could be developed (see paragraph 2.6 above).
- 2.31 Paragraph 3.57 states that *"Topographic changes mean that the land gently rises to the west as you reach Waldingfield Road and realistically any modern warehouse building with an eaves of more than 8 or so meters is likely to have an over bearing effect on the landscape. An inability to develop tall buildings is likely to have a material adverse impact on the marketability of the assets when all of new industrial / warehouse deals lately have been on units in Babergh / Mid Suffolk are of in excess of 16 metres as referred to within our evidence schedule forming part of our previous report"*. It is possible for the topography of a site to be altered to enable taller buildings to be built whilst being screened from surrounding viewpoints, as was proposed as part of the scheme previously consented on the site (ref. B/09/00932, see paragraph 2.6 above).
- 2.32 Paragraph 3.58 of the Fenn Wright report relates to ecology and states that an area of land will need to remain undeveloped *"to provide an area for reptile mitigation, an area for great crested newt mitigation and an area for the re-location of priority habitat grassland. These considerations will further limit the amount of land and shape of plot that can be brought forward for employment use, particularly as many industrial uses can present an issue to preservation of such features – additional requirements likely will exist beyond typical industrial obligations to ensure the protection"*. Whilst it is likely that ecological constraints exist on the site and would need to be taken into consideration in the design and planning of any proposed scheme for employment use, it is not clear that such constraints would render the site unsuitable for employment use.
- 2.33 Paragraph 3.60 of the Fenn Wright report states *"Plainly it is the case that with limited demand and varied choices for occupiers, any tenant or owner-occupier will take preference in a site which does not limit their ability to use the property without any limitation on the design of the buildings and how the use is to be operated"*. In response to this point, the design of the buildings and how the use is to be operated are common issues on most employment sites that are dealt with and negotiated through the planning application process.
- 2.34 Paragraph 3.61 of the Fenn Wright report is as follows: *"DLP state within paragraph 2.25 of the report dated January 2021 that the Paragraph 6.39 states that "The Heritage Assessment submitted with the planning application concludes that the site does not materially contribute to the setting or significance of the heritage assets of Chilton Hall, the listed wall surrounded by the walled garden and the Historic Park and Gardens, and St Mary's Church". As this conclusion relates to the site itself rather than the proposed uses, this conclusion would likely be the same were the site to be developed for employment use." I do not believe this to be correct, the statement is made in the context of the planning application - Given the comments made above and the Heritage Officer comments, I do not believe this statement made by DLP to be current or accurate"*.
- 2.35 Whilst we agree that the Heritage Impact Assessment itself was prepared in the

context of the current planning application, the assessment of the site in the context of the setting of the heritage assets is based on the current site rather than the proposed development. Paragraph 5.3 of the recently updated Heritage Impact Assessment (March 2021) reaffirms this, stating *“The proposed application site is made up of land parcels that, on the evidence of the tithe map, were already in general arable and pastoral uses by c.1840 and had already ceased to have a connection with the former Park. There are no particular connections between the proposed application site and any of the heritage assets that would give rise to historically or architecturally significant connections. In short, the proposed application site does not materially contribute to the setting or significance of the heritage assets”*.

- 2.36 It is however acknowledged that the impact of any proposed development of the site upon these heritage assets would need to be assessed on its own merits. It is also noted that Historic England have maintained their objection to the currently proposed development on grounds that the application would harm the significance of the heritage assets, due to the erosion of their rural setting.

**f) Commentary on the Fenn Wright Addendum to the Employment Land and Viability Report (ADS, April 2021)**

- 2.37 John Barber of ADS (formerly employed by RLB) has provided comments on the section of the Fenn Wright Addendum to the Employment Land and Viability Report that relates to the viability report prepared by RLB (January 2021).
- 2.38 John Barber states that the difference of opinion on the rents and yield appropriate to the market for the B2 / B8 appraisal is a matter of opinion and not one of fact. The RLB report has used the rents and yield from the Aspinall Verdi Plan Viability and CIL Review Study (AVPVCRS), which forms the basis for the Babergh and Mid Suffolk adopted CIL policy, and has not sought to review or provide their own evidence of values.
- 2.39 In response to Fenn Wright’s criticism of build costs used, John Barber responds that the approach to costs is consistent with the approach to values, which they feel is appropriate where there is no specific plan, restriction or requirement to adopt a particular range of sizes of units. It is however noted that the latest BCIS average ( mean ) published costs for advanced warehouses rebased to Babergh over the last 10 years is now given as £758 per sqm which compares to the £784 per sqm used in the RLB appraisal which would improve the viability.
- 2.40 In response to Fenn Wright’s querying of the approach to determining benchmark land value (BLV), John Barber responds that the RLB approach is in line with published guidance by applying a 10 to 20 times multiplier to the *agricultural* value as the site is regarded as greenfield. John Barber also confirms the approach used in the RLB report to calculate residual land value.
- 2.41 John Barber also responds to Fenn Wright’s approach to appraising serviced land, stating that by applying 15% to the cost of the infrastructure where the landowner is creating serviced plots is a reasonable return to the landowner in incurring that cost and risk. The developer will look to make a profit on the acquisition of any plot and the subsequent development that is delivered but this is completely separate from the position of the landowner who will get their returns from the price paid for the plots and uplift on the base value.

### 3.0 CONCLUSION

- 3.1 This report has provided an independent appraisal of the additional evidence presented in Addendum to Employment & Land Viability Report (Fenn Wright, February 2021) in respect of planning application ref. DC/20/01094 as it relates to site-specific issues of employment land need and suitability.
- 3.2 This report follows on from our Review of Employment Land Need and Viability Addendum Report (January 2021), which provided a response to the Employment & Viability Land Study (Fenn Wright, December 2020).
- 3.3 In terms of demonstrating compliance with the first part of the second limb of Policy EM24, the Fenn Wright Addendum Report (February 2021) the Fenn Wright (February 2021) report has provided further evidence which considers the suitability of the Church Field Road site for employment use. The Fenn Wright report states that the site is unsuitable for employment uses due to its proximity to a number of heritage assets and the fact that previous permissions for employment use at the site have been overturned following judicial review, however these permissions were overturned on points of law rather than because the development was unacceptable in planning terms. Other points raised relating to the suitability of the site, such as its irregular shape and proximity to residential uses, we believe are not sufficient to render the site unsuitable for all forms of employment use. Many of these constraints could be overcome through appropriate design considerations.
- 3.4 The evidence also responds to points raised in our earlier reports (September 2020 and January 2021) regarding a need to consider demand for employment land and the availability of suitable alternative sites.
- 3.5 In respect of considering demand for employment land, the Fenn Wright report has sought to disaggregate the employment land requirement set out in the ELNA to produce a figure Sudbury (3.5 hectares). However, this approach is incorrect as employment land needs in the ELNA are set out at a District level, and as such, there is no evidence to support this disaggregated figure for Sudbury. It is also unclear from the Fenn Wright report what net total amount of B-Class floorspace has been delivered in Babergh District since 2011 and what 'need' remains outstanding.
- 3.6 In terms of considering the supply of employment land in the locality of the Church Field Road site, the Fenn Wright report identifies a number of office and industrial sites with floorspace currently available. However, it is still unclear from the report how this existing supply relates to previous employment floorspace developments (i.e. what has been delivered over the Plan period to-date) and what existing allocations and extant permissions are expected to deliver, including how much floorspace has been lost.
- 3.7 In respect of considering the availability of suitable alternative sites, the Fenn Wright report focuses on demonstrating the suitability of the Chilton Woods development site as an alternative employment site. The Fenn Wright report does not assess the suitability of any other alternative sites.
- 3.8 The Fenn Wright report does not sufficiently demonstrate that the site is 'inherently unsuitable' for all forms of employment related use, and therefore the scheme does not demonstrate compliance with the first part of the second limb of Policy EM24.
- 3.9 In respect of the considering the viability of employment related uses (the second part of the second limb of Policy EM24), the report prepared by ADS (attached at Appendix 1) responds to the criticisms of the viability report prepared by RLB (January 2021) as set out in the Fenn Wright report. This response upholds the findings of the viability

report prepared by RLB (January 2021) and concludes that the land to the north of Church Field Road, Sudbury is capable of delivering a viable scheme for employment uses. Therefore, the scheme does not demonstrate compliance with the second part of the second limb of Policy EM24 (i.e. demonstrating the site is unviable for all forms of employment related use).

**APPENDIX 1 COMMENTARY ON THE FENN WRIGHT ADDENDUM TO THE  
EMPLOYMENT LAND AND VIABILITY REPORT (ADS, APRIL 2021)**

## INTRODUCTION

The following comments relate to the Fenn Wright ( FW ) Addendum to Employment & Land Viability Report February 2021 issued in response to the DLP ( DLP ) Review of Employment Land Need and Viability Addendum Report dated January 2021 incorporating the Rider Levett Bucknall ( RLB ) viability report.

Please note that at the time of producing the RLB report John Barber was employed by them as Senior Development Consultant and has since left and set up his own Company, ADS Appraisal & Development Services Ltd. As John Barber had produced the original RLB report with no other input from anyone else at RLB, DLP felt it appropriate that he would be best placed to offer a response to the Fenn Wright Addendum Report in respect of the FW comments relating specifically to viability.

## SUMMARY

We do not agree with the summary of the FW report where this suggests that the RLB report is factually incorrect or that there are errors in the methodology and approach and would pick up on various points in the FW report accordingly and respond below in detail with reference to the FW Addendum as follows.

## B2 / B8 VALUES

**At 1.15** FW have stated that the RLB report is based on incorrect information and is factually incorrect, whilst we appreciate there is a difference of opinion on the rents and yield appropriate to the market for the B2 / B8 appraisal this is a matter of opinion and not one of fact. The RLB report has used the rents and yield from the Aspinall Verdi Plan Viability and CIL Review Study ( AVPVCRS ) which forms the basis for the Babergh and Mid Suffolk adopted CIL policy and not sought to review or provide their own evidence of values. As such, we feel the independent opinion of values derived by Aspinall Verdi should carry some weight where there is clearly no undue influence to be overly optimistic or pessimistic and reflects approaching the viability on the basis of a generalised view as there is no specific detailed scheme for developing out the site for employment uses.

We note FW have referred to the AVPVCRS report in other areas of their report.

**At 4.23** FW have stated they don't have any significant issues with the 6.5% initial yield adopted in the AVPVCRS report and consequently in the RLB report, but then at 4.24 go on to say that *'There is simply no evidence of this type of approach in Babergh within the actual market which in turn should dictate the approach adopted to value'* hence there appears to be a contradiction in these two statements.

## BUILD COSTS

**At 4.29 to 4.31** FW have queried the build cost adopted by RLB from the published BCIS average prices rebased to Babergh and have at Appendix VII of their report included an extract from BCIS dated February 2021 rebased to Babergh and showing average prices over the last 10 years for a range of industrial types of buildings. Whilst the range of industrial building types is quite varied in Appendix VII of their report we take the view that categories other than Advance Warehouses i.e. Factories ( likely to be

bespoke buildings to occupier / owner specification ), Purpose Built Factories and Purpose Built Warehouses are not appropriate as this would not tie in with the approach to values. With regard to unit sizes and average costs / m2 clearly small units might have a higher cost per m2 with large units having a lower cost per m2 to the one adopted by RLB. Similarly RLB have adopted the rents and yield in the AVPVCRS which might also be regarded as an average value where smaller units might have higher rents, with large units having lower rents. On this basis we believe the approach to costs is consistent with the approach to values and therefore feel is appropriate where there is no specific plan, restriction or requirement to adopt a particular range of sizes of units.

We note the latest BCIS average ( mean ) published costs for advanced warehouses rebased to Babergh over the last 10 years is now given as £758 per m2 which compares to the £784 per m2 used in the RLB appraisal which would improve the viability.

### **BENCHMARK LAND VALUE**

**At 4.36 and 4.37** FW have queried the approach that RLB have adopted to arrive at an appropriate benchmark land value ( BLV ), however we believe the RLB approach is in line with published guidance.

The Homes and Communities Agency Published Guidance ( HCAPG ) suggests greenfield benchmark land values can be established as follows *“Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value’.”*

FW appear to have taken the view that in establishing a BLV that the site should be regarded as allocated employment land and therefore in accordance with the HCAPG established an EUV ( proposed as £15,000 per acre ) but then instead of applying the 10% to 30% uplift to the EUV as set out in the guidance have actually applied the multiplier ( i.e. 10 to 20 times ) to the EUV. RLB have, in our view, correctly applied the 10 to 20 times multiplier to the agricultural value in accordance with the guidance where the site is regarded as greenfield which we believe is the correct interpretation of the guidance.

**At 4.38** FW have suggested that a land value should be included as a cost in the appraisal to produce a residual land value ( RLV ). This is not the usual approach in calculating a residual site value where the site value is an output not an input and to then compare it with the BLV in assessing viability. Generally, the test of viability is as follows:-

- where the RLV is below the BLV then that would not be regarded as a viable development
- where the RLV is equivalent to or higher than the BLV the development would be regarded as viable.

This is a standard approach to viability in planning appraisal where profit is included as a cost and where the residual output is the site value which can then be compared to the BLV.

FW have also referred to interest costs and profit being applied to the land value and attributable to the landowner and we believe this is confusing the position of the landowner with that of the Developer. The Developer in acquiring the land from the landowner at the BLV ( or residual value ) will incur interest on



the cost and require a profit return on that element but these are not costs borne by the landowner in selling on the land. The landowner's return is covered by the Premium, multiplier over and above agricultural value or by the % uplift on the EUV - this is clearly set out in guidance and a standard approach to viability in planning.

#### **SERVICED LAND APPRAISAL**

**At 4.41** FW appear again to be confusing the position of the landowner and Developer in respect of profit applied to the costs of infrastructure which will be borne by the landowner and will not relate in any sense to the ultimate GDV. We believe applying 15% to the cost of the infrastructure where the landowner is creating serviced plots is a reasonable return to the landowner in incurring that cost and risk. The Developer will look to make a profit on the acquisition of any plot and the subsequent development that is delivered but this is completely separate from the position of the landowner who will get their returns from the price paid for the plots and uplift on the base value.

John Barber : [john.barber@ads-consulting.co.uk](mailto:john.barber@ads-consulting.co.uk)

Tel : 07412 588551

27 April 2021

**BEDFORD / SDD / SPRU**

4 Abbey Court, Fraser Road  
Priory Business Park, Bedford. MK44 3WH  
bedford@dlpconsultants.co.uk  
01234 832 740

**BRISTOL / SDD / SPRU**

Broad Quay House (6th Floor)  
Prince Street, Bristol. BS1 4DJ  
bristol@dlpconsultants.co.uk  
01179 058 850

**EAST MIDLANDS / SDD**

1 East Circus Street, Nottingham  
NG1 5AF  
nottingham@dlpconsultants.co.uk  
01158 966 622

**LEEDS**

Princes Exchange  
Princes Square, Leeds. LS1 4HY  
leeds@dlpconsultants.co.uk  
01132 805 808

**LONDON**

108 Clerkenwell Workshops,  
31 Clerkenwell Close, London, EC1R 0AT  
london@dlpconsultants.co.uk  
020 3761 5390

**MILTON KEYNES**

Midsummer Court, 314 Midsummer Boulevard  
Milton Keynes. MK9 2UB  
miltonkeynes@dlpconsultants.co.uk  
01908 440 015

**SHEFFIELD / SDD / SPRU**

Ground Floor, V1 Velocity Village  
Tenter Street, Sheffield. S1 4BY  
sheffield@dlpconsultants.co.uk  
0114 228 9190

**RUGBY / SDD**

18 Regent Place, Rugby, Warwickshire  
CV21 2PN  
rugby.enquiries@dlpconsultants.co.uk  
01788 562 233

**RTPI**

Chartered Town Planner

