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The Minster Building
21 Mincing Lane
London EC3R 7AG

020 7837 4477
london@lichfields.uk
lichfields.uk

Oxford-Cambridge Arc Unit
Fry Building
2 Marsham Street
London
SW1P 4DF

By email (oxford-cambridgearc@communities.gov.uk)

Date: 12 October 2021
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Dear Sir/ Madam

Creating a vision for the Oxford-Cambridge Arc Consultation:

Representation on behalf of Lolworth Developments Limited

Introduction

We write on behalf of our client, Lolworth Developments Limited ('LDL'), to comment on the government's 'Creating a vision for the Oxford-Cambridge Arc Consultation' (July 2021) ('the Consultation Document').

LDL is a subsidiary of Salhia Real Estate and is promoting a site adjacent to the A14, to the north west of Cambridge for a major leading-edge employment park development with business and logistics capability and capacity.

We welcome the preparation of, and opportunity to comment on, the government's first public consultation on the Oxford-Cambridge Arc Spatial Framework ('OCASF') which will, appropriately, provide a national planning policy framework for the Arc that local planning authorities must have regard to when preparing local Development Plans and policies and will be a material consideration for determination of planning applications within the Arc.

Our comments are made recognising this context, with two further rounds of consultation planned, having regard to national policy and guidance (the NPPF and PPG), the Consultation Document, the Sustainability appraisal scoping report and annex.

We respond directly to selected questions within the Consultation Document and, where possible, our responses are limited to 500 characters for consistency with the Digital Platform response form.

What is your positive vision for the Arc in the future?

Q2*. If you can, we would love you to tell us more about* ***your vision for the Arc*** *to 2050?*

We support the OCASF's vision for the Arc to be a 'national economic priority area' and the clear ambition for sustainable economic growth (at paras 1.1 & 3.1 respectively). We would envisage that, by 2050, the Arc would have a thriving sustainable economy, supported and connected by high quality physical and digital infrastructure that makes the whole area a better place to live and work for all, including sustainable development that positively exploits the locational advantages and characteristics of the Arc, whilst

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protecting and enhancing the Arc's beautiful built and natural places and helping to build resilience to climate change.

Q.4 *What do you think are the* ***most important things that it needs to do****, as a strategic plan, to achieve this? Work at an Arc-wide level to tackle shared issues/opportunities on:*

The OCASF (para 3.4) will need to coordinate and focus investment in the Arc area, informed by a robust and objective evidence base to identify where new development is most needed and best located to optimise the Arc's economic potential, prior to planning positively for its delivery (e.g. at existing clusters, edge of settlements or along the strategic road network). To not do so, would encourage growth in sub-optimal locations which could create undue negative pressure on local communities, infrastructure, services and the environment.

That economic evidence base must consider all sectors that make a contribution to the Arc's economy, including the distribution and logistics sector which has been a significant driver employment and economic growth, and is expected to continue to be in the future (see our supporting analysis at Annex 1).

Thinking about your vision for the future of the area, how important is it that the Spatial Framework focuses on?

Q.5 *Making sure that* ***existing industries*** *keep growing within the Arc. For example, through putting industries in the best places to suit their needs.*

It is fundamental to economic sustainability that the OCASF supports all existing industries in a manner consistent with the predicted need and demand at 2050, and not just be limited to the high-value life sciences, space, energy and digital innovation sectors around Oxford, Cambridge and Milton Keynes. This must include making provision for clusters for storage and distribution operations at a variety of scales and in suitably accessible locations (required by NPPF para 83), given its rapid growth nationally, role in serving many business sectors and uneven spatial distribution across the Arc as we show in Annex 1.

The Arc will continue to be an attractive location for these businesses, given its central geographical location and excellent access to the strategic road network, connecting the Arc with the Midlands 'Golden Triangle', London and the Freeports of Felixstowe and Harwich International, and its limited existing provision. The locational opportunity provided by the converging of many strategic roads around Cambridge for accommodating such strategic development on large sites is self-evident (from figures 3.4 and 4.1).

Q.7 *Making sure that the right* ***types of buildings*** *are provided in the Arc so that businesses can keep growing as well as supporting the green economy. For example, through building new flexible and adaptable workspaces meeting the needs of a range of different businesses of different sizes.*

It is very important that new building types must be capable of accommodating current and future predicted needs of specific sectors and thus necessitate adaptability and designed for a longer life to be sustainable. However, the location of buildings must first and foremost respond to the spatial needs of different sectors, including the fast-growing and rapidly innovating logistics sector.

Thinking about the future of the area, how important is that the Spatial Framework focuses on:

***Q.1** Making sure **planning** takes a combined approach to new development by providing the **infrastructure and services** required at the right time to support growth. For example, by planning for the need for utilities (e.g. water, energy, waste) and community infrastructure (e.g. schools, hospitals, GP surgeries)*

The OCASF should establish the infrastructure and employment space needs arising from the housing and employment projections. New development should be directed to areas where there is existing or planned investment in infrastructure and services. Logistics is not only a major employment sector in its own right but is an essential supporting sector for businesses, shops, homes and indeed all sectors of the Arc and national economy.

***Q.5** Making sure the **growth** within the Arc is **placed around areas with better transport links**. For example, through having more development around stations and bus routes, supported by cycling and walking.*

We agree with this principle. However, for new storage and distribution uses, this means locations at or close to nodal points on the strategic road network and in proximity to settlements to minimise workforce travel distances and maximise accessibility by bus or more active modes of transport such as cycling and/or walking. In addition, providing logistics facilities close to urban centres enables the use of electric fleet (which currently have specific distance limitations) and cargo bikes for last mile deliveries. These contribute towards decreasing congestion, improving air quality and, overall, tackling the climate crisis.

Thinking about the future of the area, how important is that the Spatial Framework focuses on:

***Q.1** Making sure **new developments are built in the most sustainable locations**, for the environment, the economy and communities. For example, by developing brownfield redevelopment and making sure they have good access to town centres, shops and schools.*

It is fundamental that new developments are built in the most sustainable locations, for the environment, the economy and communities, but this will mean different locations for different types of development, including greenfield locations for uses best located outside but close to settlements such as logistics hubs which have a servicing function for all other development sectors.

Locating logistics facilities close to urban centres enables the use of electric fleet and cargo bikes for last mile deliveries. In addition, this encourages workforce to travel to work via sustainable and more active transport modes, such as cycling, encouraging healthier lifestyles, decreasing congestion and improving the air quality.

Concluding Remarks

LDL support the preparation of the Oxford-Cambridge Arc Spatial Framework ('OCASF') to provide a national planning policy framework for the Arc and help to better coordinate and provide strategic direction for Development Plans.

We trust that our comments and suggestions above will be carefully considered, so as to inform the framing of the OCASF to help ensure that the Arc optimises its potential for contributing sustainable economic growth for the nation to 2050.

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We would be pleased to discuss any of the points raised above and would welcome further engagement on the OCASF

Yours faithfully

[redacted]

Steven Butterworth
Senior Director

Annex 1:
Analysis of the Oxford-Cambridge Arc Economy

1.0 Introduction

1.1 This note has been prepared by Lichfields in support of the representation made on behalf of our client, Lolworth Developments Limited ('LDL'). LDL is a subsidiary of Salhia Real Estate and is promoting a site adjacent to the A14, to the north west of Cambridge for a major leading-edge employment park development with business and logistics capability and capacity.

1.2 The purpose of the note is to provide an analysis of the Oxford-Cambridge Arc economy, and specifically the role of the distribution and logistics sector within it. In doing so, we seek to provide evidence to inform the development of the Oxford-Cambridge Arc Spatial Framework ('OCASF').

2.0 The Arc's economy today

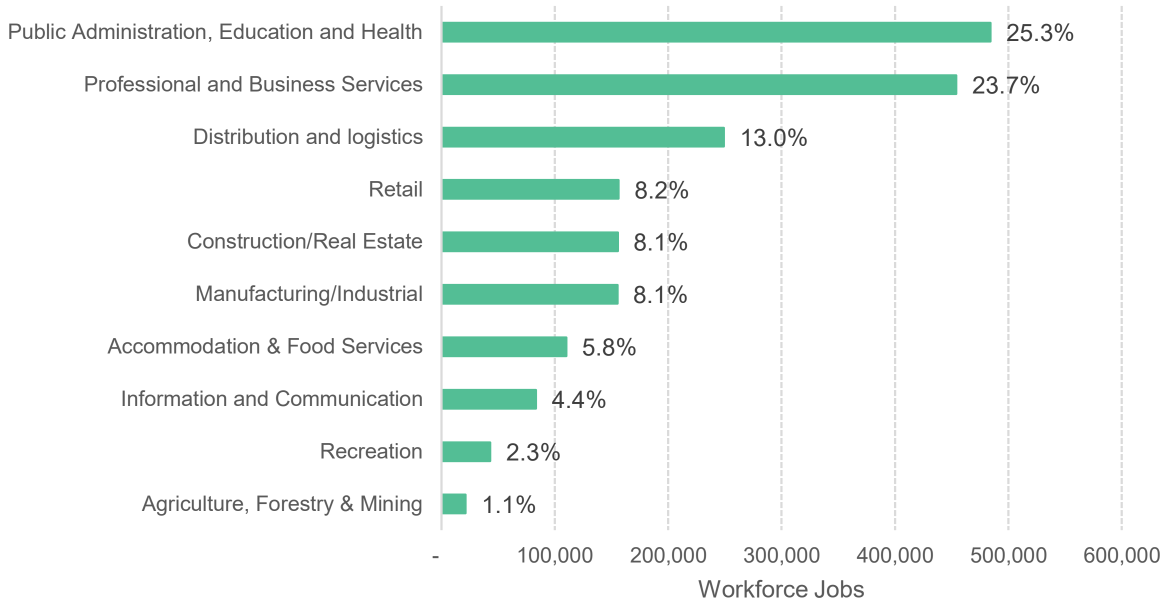
2.1 As outlined in 'Creating a vision for the Oxford-Cambridge Arc Consultation' (July 2021) ('the Consultation Document'), the Arc is *'home to a booming and varied economy contributing significantly to national prosperity'* (para 3.2). The Consultation Document places emphasis on the life sciences, advanced manufacturing, energy and digital innovation clusters and sectors, as key strengths that distinguish the Arc's economy at a national and international level.

2.2 By our estimates, employment in these sectors cumulatively accounts for around a third of the total employment across the Arc[1] (Figure 2.1 overleaf). It will therefore be important that the role of other sectors that support significant levels of employment and economic outputs also need to be recognised when developing the OCASF.

2.3 In this context, we would highlight that the 'distribution and logistics' sector[2] currently represents 13% of the Arc's economy, supporting over 249,000 workforce jobs and is the third largest sector in the Arc in employment terms. The sector produces nearly £11.0 billion Gross Value Added (GVA) per annum which equates to about 6% of the total GVA produced across the Arc[3] annually (Figure 2.2 overleaf).

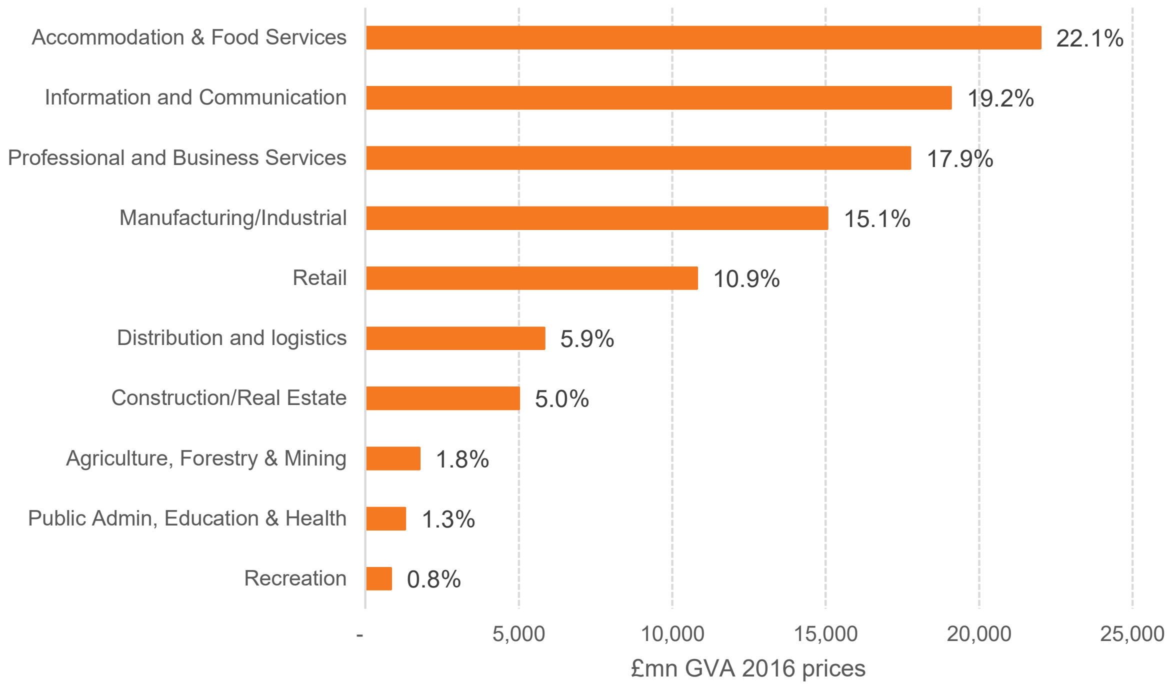
[1] Based on professional and business services, manufacturing/industrial and information and communication, and assuming that half of the manufacturing/industrial activities will relate to mainstream manufacturing and the rest to advanced manufacturing.
[2] Comprising Wholesale, Land transport and storage and air and water transport sectors (Experian 38 sectors)
[3] Experian (2021) - £ CVM 2016 prices

Figure 2.1 Employment by sector in the Arc, 2021 (% of Arc total)



Source: Experian (June 2021)/Lichfields analysis

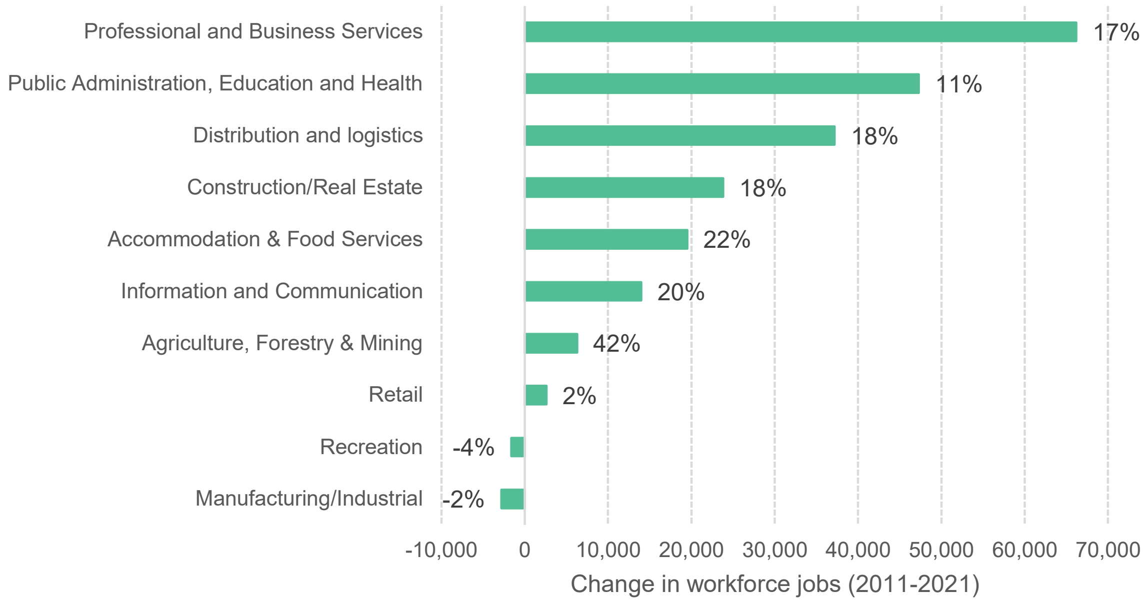
Figure 2.2 Gross Value Added by sector in the Arc, 2021 (% of Arc total)



Source: Experian (June 2021)/Lichfields analysis

2.4 Over the past decade, total employment across the Arc has grown by 212,500 workforce jobs (12%) reaching currently over 1.9 million workforce jobs. In absolute terms, professional and business services registered the highest increase of over 66,000 jobs, followed by public sector (+47,000 jobs), distribution and logistics (+37,200 jobs) and construction/real estate (+23,800 jobs) (Figure 2.3**Error! Reference source not found.**). It is notable that the distribution and logistics sector was the third highest employment growth sector in the Arc since 2011, with a growth rate of 18% which exceeded the overall Arc employment growth rate of 12%.

Figure 2.3 Employment Change in the Arc, 2011 to 2021 (% growth)

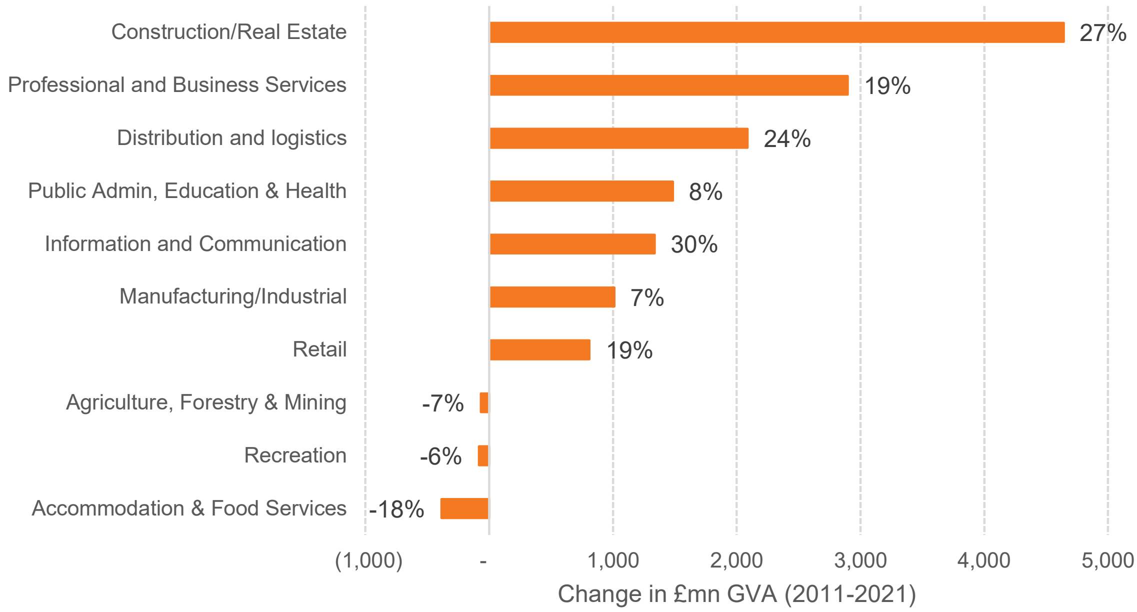


Source: Experian (June 2021)/Lichfields analysis

2.5 Analysis of GVA trends indicates that construction/real estate (+£4.6bn), professional and business services (+£2.9bn), distribution and logistics (+£2.1bn) and public sector (+£1.5bn) have been the sectors which contributed the highest absolute increases in economic output over the last ten years (Figure 2.4). The distribution and logistics sector registered the third highest growth of GVA in proportionate terms, growing by 24%.

2.6 Taken together, both in terms of current representation and recent growth rates, the analysis points to the critical importance of a wider range of sectors as key drivers of the Arc's economy beyond those specifically referred to within the Consultation Document. More specifically, the distribution and logistics sector should be recognised for the sizeable employment and growing contribution to economic output that it supports in the Arc economy.

Figure 2.4 Gross Value Added Change in the Arc, 2011 to 2021



Source: Experian (June 2021)/Lichfields analysis

3.0 Stock of distribution and logistics floorspace

3.1 Based on analysis of data from the Valuation Office Agency (VOA)[4], there is approximately 27.2 million sq.m of distribution and logistics floorspace located across the Arc within over 4,100 individual properties. This is equivalent to around 80% of the total stock of what is typically defined as "employment floorspace" (i.e. office, industrial and distribution) recorded across the Arc.

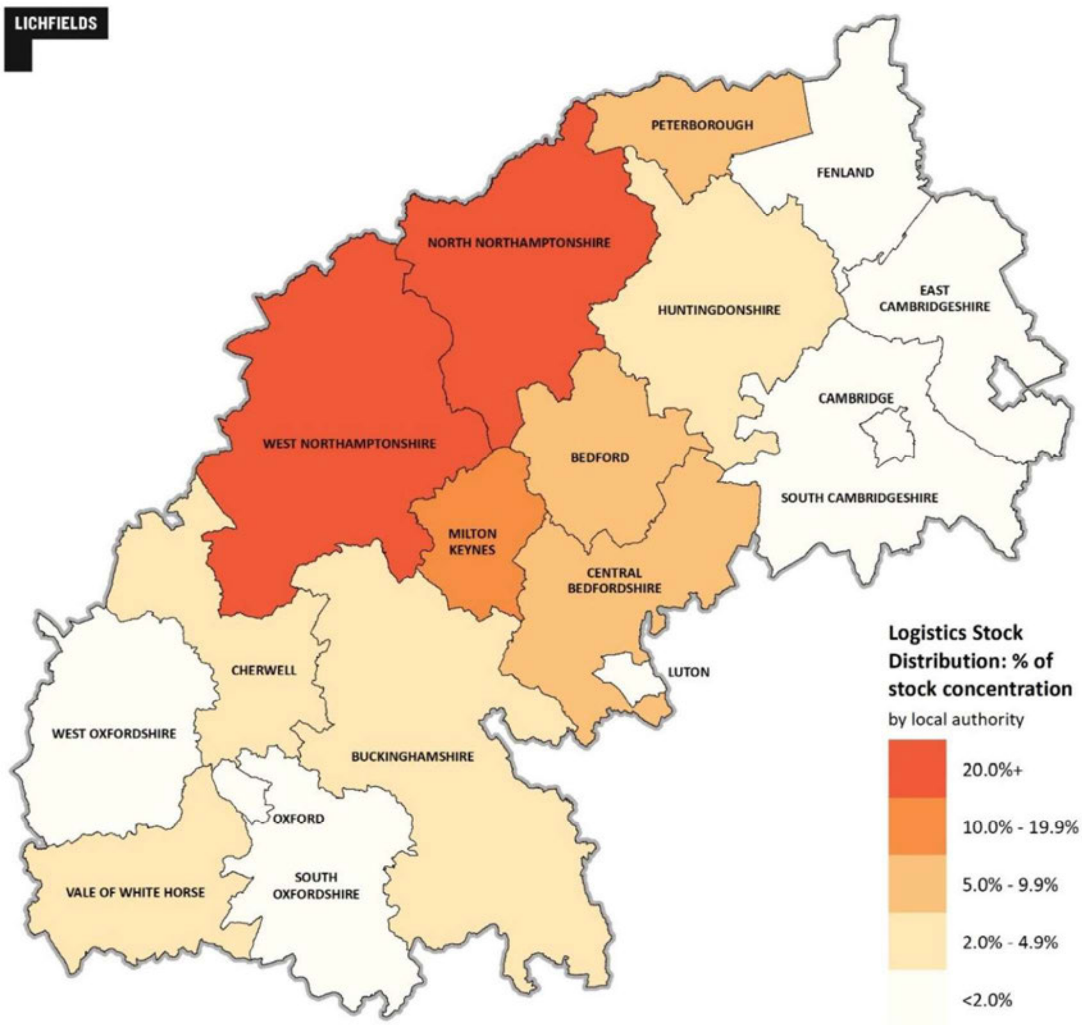
3.2 Looking across the Arc, the location of the distribution and logistics floorspace is concentrated within a relatively small number of locations (Figure 3.1 overleaf). Some 80% of the stock is within just five local authority areas – North and West Northamptonshire together accommodate 45% of all stock, followed by Milton Keynes (14%), Central Bedfordshire (8%), Bedford (6%) and Peterborough (6%). By contrast, areas towards the edges of the Arc, including much of Cambridgeshire and Oxfordshire, have the lowest provision of distribution and logistics floorspace.

3.3 This pattern is also observed when the share of larger-scale distribution floorspace is appraised, defined for the purposes of this analysis as units of 9,000 sq.m or larger (Figure 3.2 overleaf). Units of this type generally support strategic distribution needs, and play an important role in the national and regional distribution network alongside also serving local needs. In West Northants, some 80% of the stock is comprised of larger units above 9,000 sq.m, and the position is similar in North Northants (78%), Milton Keynes (70%) and Peterborough (63%). Conversely, towards the edges of the Arc the proportion of strategic distribution floorspace is significantly lower, for example South Cambridgeshire (41%) and Cambridge (18%).

[4] VOA (2017 survey and 2019 update), Non-domestic rating lists

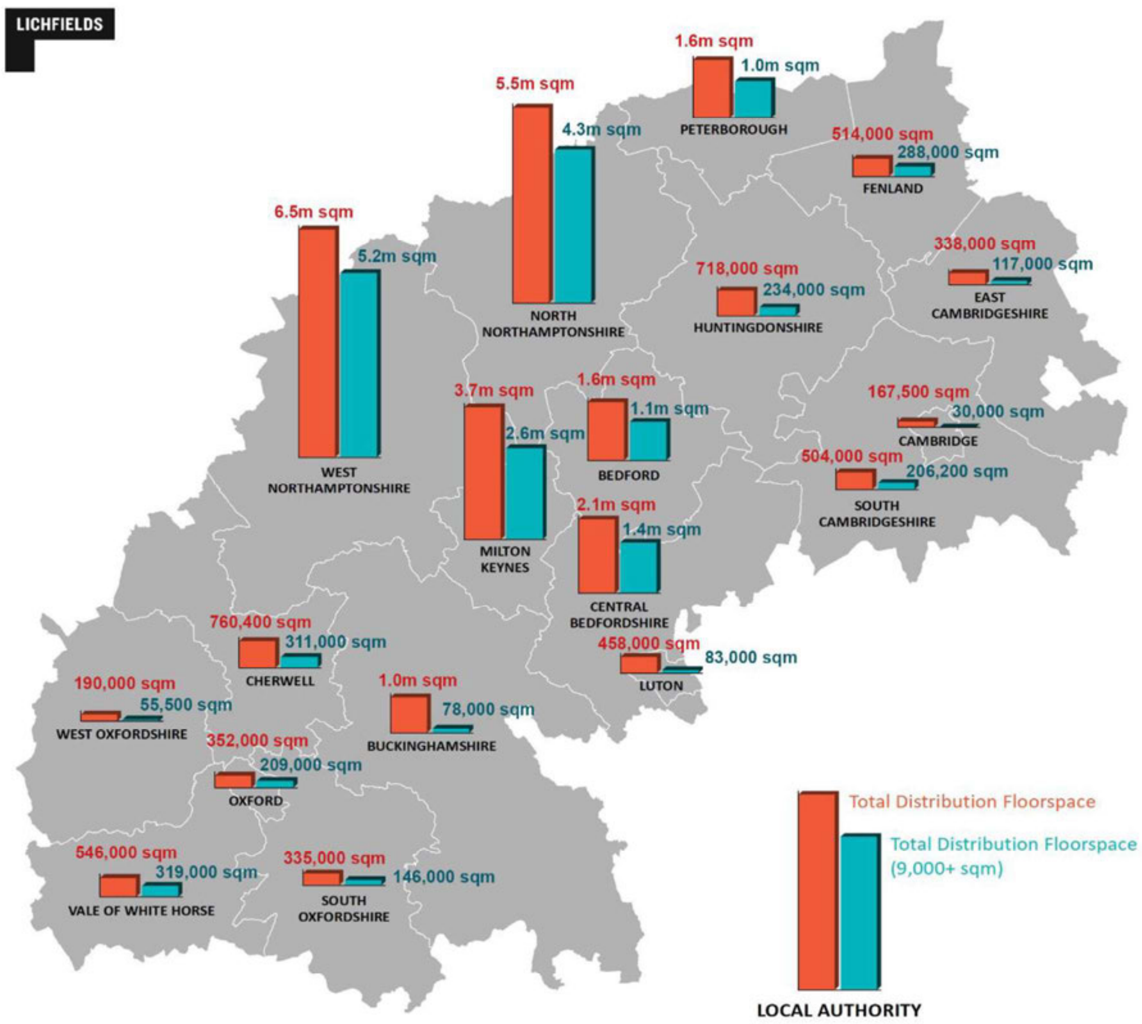
3.4 Whilst the pattern of floorspace stock and scale across the Arc to some extent reflects market drivers, it is also a function of where land has, or has not, been made available to accommodate distribution and logistics development. The National Planning Policy Framework (para 83) requires planning policies to make provision for storage and distribution operations at a variety of scales and in suitably accessible locations. Accordingly, it will be imperative that in developing the OCASF there is regard to providing for distribution and logistics needs across the Arc geography, and ensuring that a greater range of locations for distribution and logistics activities are provided for. This will be essential to supporting flexible and efficient supply chains across the area, and recognising the important economic contribution that the sector makes as noted above.

Figure 3.1 Distribution and logistics floorspace by local authority (% of Arc total)



Source: VOA (2017; 2019)/Lichfields analysis

Figure 3.2 Distribution and logistics floorspace by local authority (total/total above 9,000 sq.m)



Source: VOA (2017; 2019)/Lichfields analysis

3.5 Furthermore, logistics is a key part of the service-based economy nationally and there are strong trends that point to further grow in the future. The sector has contributed significantly to the economic rebound from the pandemic and the associated e-commerce boom combined which have resulted in the requirement for a more resilient supply chain nationwide, but particularly in proximity to large population centres.

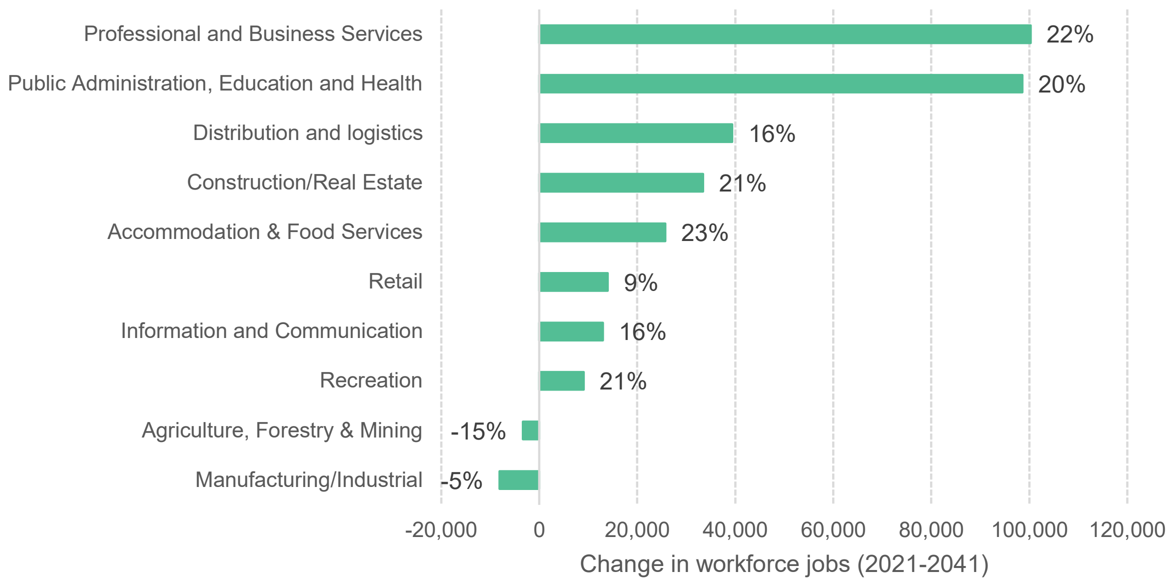
3.6 Consequently, there is a high demand for distribution and logistics facilities across the Arc, which is an area of large population and high accessibility. In addition, the future growth of housing will generate additional demand. Supporting analysis conducted in the British Property Federation report [‘What Warehousing Where?’] suggests that 69 sq. ft. of warehousing floorspace is required for every new home built in England. This suggests that the targeted level of new housing associated with the Arc would require 69 million sq. ft. or 6.4 million sq.m of new warehousing floorspace[5].

[5] Savills: The Oxford-Cambridge Innovation Arc

3.7 Moreover, the Oxford to Cambridge innovation arc report states that there is already a projected undersupply of Class B employment land of circa 1,895 acres (i.e. 767 ha) of additional land that needs to be allocated across the Arc in order to meet the anticipated 5-year future demand. A significant element of this will relate to an undersupply of land for distribution and logistics.

3.8 Looking longer term over the next twenty years, it is projected that employment will grow by 322,100 workforce jobs across the Arc (16.8%) reaching over 2.2 million workforce jobs. In absolute figures, it is projected that professional and business services will see the highest increase of over 100,300 jobs, followed by public sector (+98,000 jobs), distribution and logistics (+39,400 jobs) and construction/real estate (+39,000 jobs) (Figure 3.3).

Figure 3.3 Forecast Employment Change in the Arc, 2021 to 2041

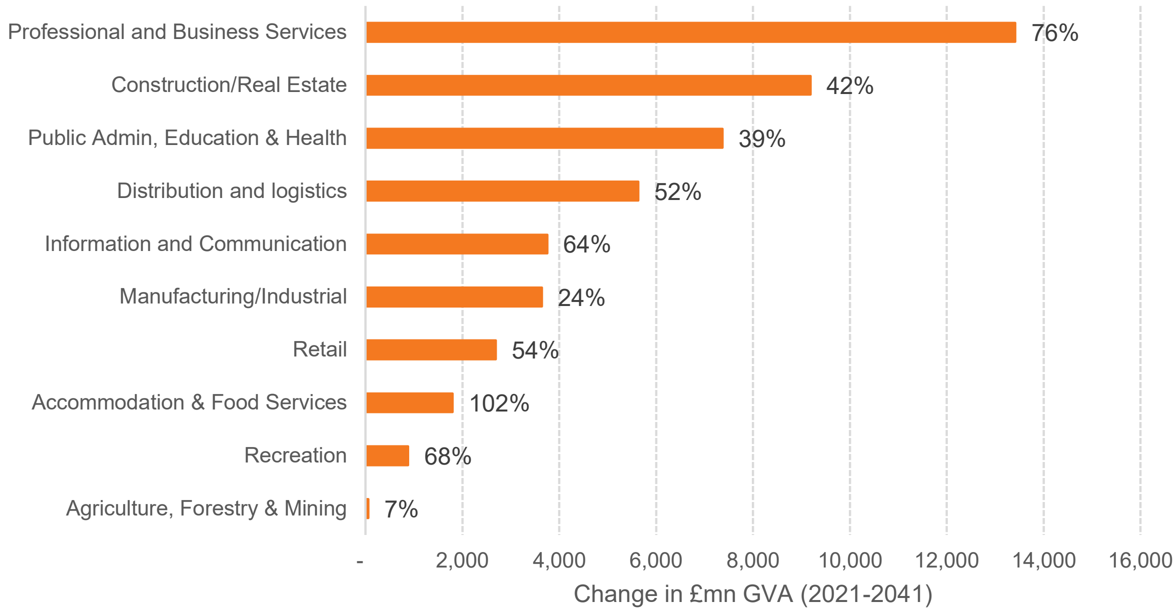


Source: Experian (June 2021)/Lichfields analysis

3.9 In terms of projected GVA, professional and business services (+£13.4bn), construction and real estate (+£9.1bn), public sector (+£7.3bn) and distribution and logistics (£5.6bn) are those sectors with the highest absolute increase expected in the next twenty years (Figure 3.4 overleaf).

3.10 Taken together, the forecasts indicate that there will be significant growth of the distribution and logistics sector over the next twenty years. It will be one of the fastest growing sectors in the Arc in terms of both employment and economic output.

Figure 3.4 GVA Forecasted Change in the Arc, 2021 to 2041



Source: Experian (June 2021)/Lichfields analysis

4.0 Conclusions and implications

4.1 The following conclusions and implications can be drawn from the analysis set out above:

a. The OCASF must be developed in such a way that it takes account of the needs of the economy as a whole, and not just be limited to the key sectors and clusters currently referenced in the Consultation Document. Indeed the future success and competitiveness of these sectors will depend on the supply chains and support drawn from the wider economy of the Arc.

b. The distribution and logistics sector currently represents about 13% of the Arc's economy, supporting over 249,000 workforce jobs and is the third largest sector in the Arc. The sector produces nearly £11.0 billion Gross Value Added (GVA) per annum which equates to about 6% of the total GVA produced across the Arc annually.

c. There is approximately 27.2 million sq.m of distribution and logistics floorspace located across the Arc, of which 80% is located within just five local authority areas. Consequently, significant reliance is currently being placed on a small number of areas to accommodate this floorspace notwithstanding the scale of current and future needs which exists across the Arc more broadly.

d. Looking ahead over the next twenty years, it is projected that employment in the distribution and logistics sector will grow by 322,100 workforce jobs across the Arc (16.8%) reaching over 2.2 million workforce jobs, and GVA will grow by £5.6bn. Taken together, the forecasts indicate that there will be significant growth of the distribution and logistics sector over the next twenty years. It will be one of the fastest growing sectors in the Arc.

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e Accordingly, it is imperative that the OCASF seeks to provide a strategic framework to not only accommodate distribution and logistics needs within the Arc, but also to ensure that it is planned for in a more optimal way with a greater range of locations playing a role in accommodating these needs. This will be critical to align with planned housing growth (which will generate its own requirements for distribution and logistics uses), and given the identified existing shortfall of employment land that has been identified in the Arc even before longer-term growth needs are taken into account.