

Land at Common Road, Merthyr Tydfil

Employment Land Statement

McDonald's Restaurants Ltd

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1.0 Introduction

- 1.1 This report has been prepared by Lichfields on behalf of McDonald's Restaurants Ltd (McDonald's). It accompanies a full planning application for the delivery of a new Drive-Thru restaurant on land at Common Road, Penygarnddu Business Park, Merthyr Tydfil. The site comprises of 0.42 hectares of land and is located in the Merthyr Tydfil County Borough Council administrative area.
- 1.2 The application site is not identified as a specific employment land allocation within the Merthyr Tydfil Replacement Local Development Plan (RLDP). A review of the RLDP Proposals Map shows that the site is not covered by any specific policy designations. It is understood, however, that Policy EcW2 of the RLDP is intended to provide protection for unallocated, existing employment sites across the local authority area. The Policy states that:
- “...At existing employment sites and premises outside the sites identified development proposals for non B-class uses that would result in the loss of employment land/premises will be permitted where it can be demonstrated that the existing use is inappropriate or the land/premises are surplus to the requirements of the employment market.”*
- 1.3 The above policy test is understood to apply to the application site as a planning history search indicates that the last lawful uses of the site was for B2 industrial – albeit that this use has now ceased and the previous buildings have been demolished.
- 1.4 Having regard to the above, this report considers the demand for, and supply of, employment land in Merthyr Tydfil, as well as the impact of the application site coming forward as a Drive-Thru restaurant (rather than traditional employment uses).
- 1.5 The remainder of the document is structured as follows:
- **Section 2.0:** assesses the demand for employment land in Merthyr Tydfil over the Plan period, having regard to the conclusions of the Council's latest Employment Land Review and an analysis of more recent development activity;
 - **Section 3.0:** considers the supply of available employment land allocated within the County Borough Council's RLDP;
 - **Section 4.0:** brings the analysis from Sections 2.0 and 3.0 together to quantify the scale of any under/oversupply of employment land in Merthyr Tydfil; and
 - **Section 5.0:** provides an overview of the headline messages identified in the preceding sections of the document.

2.0 Demand for Employment Land

- 2.1 This section considers the demand for employment land within the Merthyr Tydfil County Borough Council area. It is understood that the employment land strategy outlined in the RLDP is underpinned by the findings of the authority's Employment Land Review (ELR) which was published in June 2018. As such, the analysis presented within this section draws largely upon the assessment of future land requirements presented in the ELR, whilst also having regard to more recent rates of land take-up.

Employment Land Review

Headline Land Needs

- 2.2 In assessing the future need for employment land across Merthyr Tydfil, the Council's ELR considered three alternative modelling approaches. These are summarised below, alongside the associated land requirements for the period 2016 to 2031:

- 1 **Scenario 1 – Past Building Completions:** Data regarding floorspace take-up for the 10-year period 2006 to 2016 was annualised and projected forward over the 15-year Plan period (2016 to 2031). This analysis identified the following rates of development:

- a B1 office: 10,661sqm (an average of 1,066sqm per annum); and
- b B2/B8 industrial: 15,601sqm (an average of 1,560sqm per annum).

Two alternative plot ratios (40% and 80%) were applied to translate floorspace into land needs. Paragraph 7.9 of the ELR advises that the former better reflects the form of development observed in the local market and therefore recommends that *“the need assessment at a 40 percent plot ratio only be used.”* As a result, the scenario results in a requirement for 9.85ha of employment land (4.00ha for B1 office uses and 5.85ha for B2/B8 industrial uses).

- 2 **Scenario 2 – Labour Demand Forecast:** Underpinned by a ‘policy-off’ employment growth forecast produced by Cambridge Econometrics, this forecast anticipated *total employment* in Merthyr Tydfil would increase by 2,135 jobs over the Plan period (although the total number of *B class jobs* was expected to contract by 45). A series of alternative employment density figures are applied to the forecast change in employment, with the ELR recommending that future needs should reflect mid-level density assumptions. This results in a projected need for 2.47ha of employment land (3.24ha for B1 office and -0.77ha for B2/B8 industrial).

Paragraph 7.25 of the ELR advises that the land needs associated with Scenario 2 increase to a total of 8.80ha *“if the loss of manufacturing jobs is discounted and only sectors predicted to gain jobs are considered.”*

- 3 **Scenario 3 – Resident Workforce Forecast:** This ‘policy-on’ scenario is predicated on ensuring employment land/job opportunities are available locally to meet the population growth associated with Scenario D of the Council's Population and Housing Requirements Background Paper. The modelling assumes that the number of residents in employment will increase by 210 between 2016 and 2031, with 100 of these residents expected to be working in B class sectors of the economy. Based upon the application of mid-level employment densities, the ELR advises that this scenario could

result in a need for 1.09ha of employment land over the Plan period (0.19ha for B1 office and 0.90ha for B2/B8 industrial).

Flexibility Buffer

- 2.3 The ELR advises that a flexibility buffer should be added to each of the headline requirements discussed in the preceding paragraphs. Paragraph 7.10 of the document recommends that the buffer should represent a minimum of five years of demand and is intended to allow for *“a choice of sites by size, quality and location and to provide a continuum of supply beyond the end of the 2031 period.”* The same paragraph also advises that the buffer is intended to make *“some allowance for the loss of further employment land to non B-Class uses over the period.”*
- 2.4 With respect to Scenario 1, a flexibility buffer of 4.61ha is applied. It should be noted, however, that the calculations which underpin this (presented at Paragraph 7.10) appear to erroneously calculate the B2/B8 buffer on the basis of five years of *total* take-up (rather than five years of B2/B8 take-up), thereby overstating the overall buffer required.
- 2.5 Table 2.1 provides a summary of the total land requirement generated by each scenario. It can be seen from the table that employment land requirements in Merthyr Tydfil are expected to range from 1.45ha to 14.46ha over the period 2016 to 2031. The upper bound of the range is based upon a continuation of past rates of development and this is identified by the ELR as representing the most reliable estimate of future demand. Indeed, Paragraph 7.32 of the document advises that:

“...the roll forward of historic take-up remains the most appropriate method for forecasting the County Borough’s B-Class employment land needs to 2031.”

Table 2.1 Employment Land Requirements by Scenario

Scenario	Land Use	Land Requirements (2016 to 2031)		
		Headline Land Requirement	Flexibility Buffer	Total Land Need
1: Past Building Completions	B1	4.00ha	1.33ha	5.33ha
	B2/B8	5.85ha	3.28ha	9.13ha
	<i>Total</i>	<i>9.85ha</i>	<i>4.61ha</i>	14.46ha
2: Labour Demand Forecast (net job change)	B1	3.24ha	1.08ha	4.32ha
	B2/B8	-0.77ha	N/A	-0.77ha
	<i>Total</i>	<i>2.47ha</i>	<i>0.82ha</i>	3.29ha
2: Labour Demand Forecast (growth sectors only)	B1	3.24ha	1.08ha	4.32ha
	B2/B8	5.56ha	1.85ha	7.41ha
	<i>Total</i>	<i>8.80ha</i>	<i>2.93ha</i>	11.73ha
3: Resident Workforce Forecast	B1	0.19ha	0.06ha	0.25ha
	B2/B8	0.90ha	0.30ha	1.20ha
	<i>Total</i>	<i>1.09ha</i>	<i>0.36ha</i>	1.45ha

Source: Merthyr Tydfil ELR / Lichfields analysis

Recent Take-Up

- 2.6 An analysis of the take-up of employment land in the local area can help to understand whether the projected requirement which informed the Council's spatial strategy has been reflected in levels of observed demand recorded to date.
- 2.7 Following the adoption of the RLDP in 2020, the County Borough Council has published four Annual Monitoring Reports (AMRs):
- 1 October 2021 (covering the period 1st April 2020 to 31st March 2021);
 - 2 October 2022 (covering the period 1st April 2021 to 31st March 2022);
 - 3 October 2023 (covering the period 1st April 2022 to 31st March 2023); and
 - 4 October 2024 (covering the period 1st April 2023 to 31st March 2024).
- 2.8 A review of the above documents reveals that no development has taken place on allocated employment sites during the first four years of the Plan period. Furthermore, the accompanying analysis makes no reference to any employment development having occurred on *unallocated* sites. It would appear, therefore, that take-up in Merthyr Tydfil between 2020/21 and 2023/24 amounted to *zero* of employment land.
- 2.9 The AMRs provide a summary of the trajectory of employment development assumed by the Council. This identifies an expectation that:
- 1 4.82ha of allocated employment land would be developed by 2021; and
 - 2 9.64ha of allocated employment land would be developed by 2026.
- 2.10 It is clear, therefore, that observed demand has been significantly lower than the level of projected need underpinning the Council's RLDP. Indeed, the Executive Summary of each AMR acknowledges that some aspects of the RLDP are not working well and that this includes *"targets not being met in relation to the delivery of allocated employment land."*

3.0 Supply of Employment Land

- 3.1 This section provides a summary of the current supply of available employment land in Merthyr Tydfil. The Council's RLDP provides the most up-to-date assessment of the supply of employment land, with no further information presented within the more recently published AMRs.
- 3.2 Policy EcW1 of the RLDP allocates 30.65ha of (net developable) employment land, to meet demand for B1(b), B1(c), B2 and B8 uses over the Plan period. This supply figure does not include any land at the application site. Rather, it is comprised of available land at:
- 1 Former Hoover Factory Car Park: 1.50ha;
 - 2 Goatmill Road: 14.75ha;
 - 3 Ffos-y-fran: 11.30ha; and
 - 4 Land south of Merthyr Tydfil Industrial Estate: 3.10ha.
- 3.3 The supporting text (Paragraph 6.7.10) acknowledges that the ELR identified a need for 14.46ha, before stating that a supply of 30.65ha is required to: *"provide for a sufficient range and choice of employment sites across the County Borough"* and to allow for *"the loss of previously productive employment land in the area."*
- 3.4 Within the context of the above, it is noted that the Council's ELR, in identifying a projected *demand* figure of 14.46 hectares, applies a flexibility buffer equivalent to five years of future need. This demand-side buffer is justified (in Paragraph 7.10 of the ELR) on the basis that it is intended to allow for *"a choice of sites by size, quality and location and to provide a continuum of supply beyond the end of the 2031 period"* and to make *"some allowance for the loss of further employment land to non B-Class uses over the period."*

4.0 Demand-Supply Balance

- 4.1 This section draws together the key messages from Sections 2.0 and 3.0 to consider the extent to which the demand for, and supply of, employment land in Merthyr Tydfil are in alignment.

ELR Demand Forecast

- 4.2 As outlined in the preceding sections of this report, the County Borough Council's ELR recommended planning for 14.46ha of employment land over the period 2016 to 2031. It should be noted, however, that the derivation of this figure includes a minor calculation error which serves to overstate the scale of the flexibility buffer required (and therefore the overall level of demand).
- 4.3 To meet this forecast requirement, The Merthyr Tydfil RLDP allocated a supply of available land totalling 30.65ha. This corresponds to an oversupply (in purely quantitative terms) of 16.19ha.

Implied Supply

- 4.4 In addition to the above analysis, historic rates of development can be used to convert an area's portfolio of allocated sites into an estimate of its 'implied supply'. This refers to the number of years of take-up that can be accommodated by the current stock of available land.
- 4.5 With respect to Merthyr Tydfil, the Council's ELR draws upon past take-up data over a 10-year period to 2016. During this time, 2,626sqm of employment floorspace was delivered each year, on average. Based upon a plot ratio of 40% (as recommended by the ELR) this correspond to 0.66ha of land per annum. Within this context, the 30.65ha of employment land allocated in the County Borough's RLDP would represent an implied supply of 46 years. Taken from a base date of 2024 (when the Council's latest AMR was published) this would suggest that the area has enough land to meet its requirements to 2070. This is almost 40 years beyond the end of the current Plan period.
- 4.6 As outlined in Paragraph 2.10, recorded take-up since the adoption of the RLDP (in 2020) has been significantly lower than the level of projected need underpinning the Council's Plan. Indeed, AMRs published by the Council covering the four years from April 2020 to March 2024 indicate that no employment land take-up has occurred during this period. Should take-up continue to fall below the level assumed in the RLDP, the current supply of land in Merthyr Tydfil would be capable of meeting requirements well beyond 2070.

Impact of the Proposed Development

- 4.7 The application site comprises of 0.42ha of land. As outlined in Section 4.0, however, it does not form part of supply of employment land (totalling 30.65ha) allocated under Policy EcW1 of the RLDP. Furthermore, the site is no longer in active employment use and the industrial buildings previously located on-site have been demolished.
- 4.8 The development of a Drive-Thru restaurant on the application site would, therefore, leave the County Borough Council with the full 30.65ha of available employment land. As

established above, when benchmarked against projected need, this corresponds to an oversupply of 16.19ha. Furthermore, when considered in the context of past take-up data, this level of supply is sufficient to meet Merthyr Tydfil's needs over the period to 2070.

- 4.9 Having regard to the analysis presented in the preceding paragraphs, it is clear that no quantitative justification exists to protect the application site for employment uses. Indeed, even allowing for the loss of the site to alternative uses, the County Borough would have a considerable oversupply of land relative to future needs.

5.0 **Summary**

- 5.1 It can be seen from the analysis presented in this report that no quantitative justification exists to protect the application site for employment uses. The County Borough Council's RLDP allocated a supply of employment land totalling 30.65ha for the period 2016 to 2031. This is more than double the level of need identified in the Council's ELR (which provided the evidential basis for the employment land policies in the RLDP). In simple terms, the RLDP allows for an oversupply of 16.19ha of employment land.
- 5.2 The employment land requirement identified in the Council's ELR is based upon projecting forward past rates take-up data (for the period 2006 to 2016). Within this context, it should also be noted that recent rates of development have fallen significantly below those recorded between 2006 and 2016. Indeed, it is understood that the take-up of allocated employment land for the first four years of the RLDP period (up to March 2024) totalled 0ha.
- 5.3 In addition, the application site is small, comprising of just 0.42ha of land. It is not included within Merthyr Tydfil's supply of 30.65ha of employment land, nor is it in active employment use (with the industrial buildings previously located on-site having been demolished). As a result, granting planning permission for the delivery of a Drive-Thru restaurant on the site would not result in any loss of existing employment/employment premises and would leave the Council's demand-supply balance (as described above) unchanged.

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