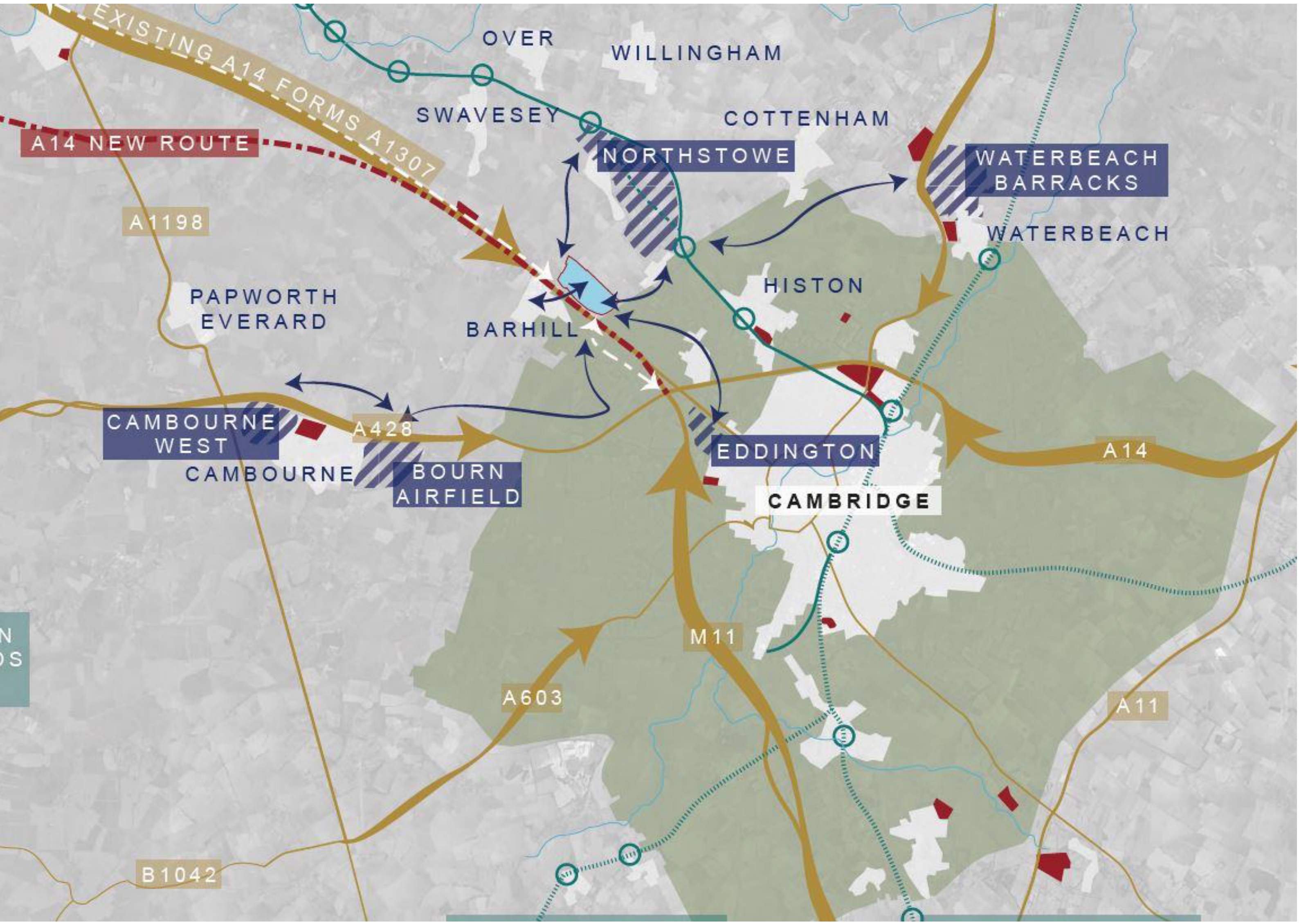
Land at Bar Hill
Simons Sahlia

February 2020

BIDWELLS

STRATEGIC PLANNING CASE FOR EMPLOYMENT JOINT LOCAL PLAN ALLOCATION:

SUBMISSION TO GREATER CAMBRIDGE ISSUES AND OPTIONS CONSULTATION FEBRUARY 2020



Quality Assurance

Site name:	Land at Bar Hill
Client name:	Simons Sahlia
Type of report:	Strategic Planning Case for Employment Joint Local Plan Allocation: Submission to Greater Cambridge Issues and Options Consultation February 2020
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Introduction

1.1 This report considers the case for a strategic employment site at Bar Hill in South Cambridgeshire. It considers the current economic conditions in the District and wider area, and the potential for future growth in employment floorspace to meet predicted future demands. It updates the previous Strategic Case Report submitted as part of the call for sites process in 2019.

1.2 The site is located on the north side of the A14 Junction 25, with easy access to A1(M) and M11 and local roads connecting it to Bar Hill, Longstanton and Northstowe. Its enviable location on the strategic highway network, just outside of the Cambridge Green Belt, would suggest that employment uses might be most suitable.

1.3 This report sets out:

- The commercial need for further employment land in South Cambridgeshire;
- The economic need for commercial land;
- The opportunity afforded by the site's location; and
- The site's relevance to local planning and development initiatives.

Commercial Need

1.4 The Cambridge area industrial market is small relative to the buoyant office/R&D market and is under prioritised by the City and South Cambridgeshire District Councils. The industrial market is characterised by a severe lack of stock and under-allocated B1c/B2/B8 land and yet there is positive demand driven by the knowledge intensive industries.

1.5 In Cambridge City itself, industrial development is unlikely with some owner-occupiers securing residential consents on their industrial sites, and landlord/institutions actively encouraging higher value residential or mixed-use schemes on their estates. As a result, the industrial stock within Cambridge will continue to reduce but as the Cambridge economy grows even further, the City will need additional B1c/B2/B8 space which is simply not being catered for. The massively expanding companies such as Astra Zeneca, ARM and other occupiers on the business parks surrounding Cambridge will need a supply chain which will require services operating from B1c/B2/B8 properties as well as office space.

1.6 In addition, Cambridge is one of the most prosperous centres in the UK and is expected to generate interest from internet retailers and parcel companies.

1.7 Premises of all sizes are required in Cambridge, although the number of locations suited to large scale development (over 100,000ft^2) is constrained by the inherent requirement to be on key transport corridors and interchanges. The site at Bar Hill, at the A14/M11 crossroad, provides one of the best locations in the area.

1.8 The adopted Cambridge and South Cambridgeshire Local Plans identify sites for future employment development**.** However, most of these sites are allocated only for B1 uses or have access and design constraints. None are located on the strategic road network. As such, the choice of sites on offer for industrial uses is severely limited.

1.9 The anticipated reduction in industrial stock coupled with the increasingly restricted availability of B1c/B2/B8 land and positive demand profile reinforces the view that the site provides a good opportunity to contribute further industrial land that the Cambridge area desperately needs.

1.10 Depleted supply of industrial floorspace is suppressing requirements suggesting the lack of industrial premises has been a bottleneck to the level of business growth in Greater Cambridge over the last two years. Anticipated rises in rental level for prime property, driven by an undersupply of premises, indicates suppressed economic growth will continue without additional industrial development.

Economic Need for Industrial Sites

1.11 The Cambridgeshire and Peterborough Independent Economic Commission (IEC) in-depth analysis of the county's economy[1], identified recent economic growth in Cambridgeshire and Peterborough is likely to be greater than official ONS statistics report. As such, the statistical basis on which the local planning authorities based their employment land need predictions is not representative of what is happening in the area. The research findings indicate that additional employment sites will be required, for businesses wishing to be part of the agglomeration and others which are part of the supply chain. Currently, only 10.8% of supplies are from this local area, while 27.8% are from overseas, reflecting lost potential for economic growth.

1.12 Agglomeration forces make it essential that those sites within the clusters are prioritised for KI industries and that other sites close to but outside of the agglomeration area are made available for more footloose, non-knowledge intensive businesses. The study identifies that the A14 corridor is a growth area and a favoured location for non-KI industries.

1.13 Greater Cambridge businesses play an important economic role in the county, accounting for more than half of the county's GVA (53%). Manufacturing and distribution businesses, i.e. those requiring industrial floorspace, make a significant contribution to GVA, particularly in South Cambridgeshire where they account for 28% of GVA and 18% of all employment. Supporting growth of these industries is, therefore, important to delivering the required step change inherent in doubling economic growth by 2041.

1.14 While the logistics industry is not a major employer, it is a driver of the nation's productivity. CPIER indicates productivity growth of 0.8% is needed to meet the doubling of GVA targets. Provision of logistics premises for either national, regional or local operations is part of the package of actions required to achieve this target.

1.15 Productivity is also a factor of the health and wellbeing of the labour force. This can be influenced by the work environment, commuting (time, length, stressfulness and mode of travel) as well as the type of job and company culture or policy. The developer is committed to a high quality building design and landscaped environment with opportunity for physical activity and building social networks (as set out in the Vision Document - Zero Carbon Employment). The development would be of a quality that maximises an individual's ability to have a healthy work life that does not rely on company policy and practice. This is a step change in environment that traditionally typifies logistics and industrial premises in Greater Cambridge.

[1] The Cambridgeshire and Peterborough Independent Economic Review 2018 (CPIER), September 2018.

Meeting Policy Objectives

1.16 A full review of the evidence base as at December 2018 was undertaken in the previous Strategic Planning Case submitted during the Call for Sites, and should be considered alongside this report. This report focuses on the recently published Cambridgeshire & Peterborough Industrial Strategy and summarises the importance of the site to delivering national, regional and local policy objectives.

1.17 The regional Strategy supports the UK Strategy in tackling the challenges to growth and building on the four sectoral strengths of the region (life sciences, agri-tech, digital and information technologies, and advanced manufacturing and materials) and five key supporting sectors.

1.18 Logistics is recognised as a supporting sector where local strengths exist and local partners can build on its strong market position to create growth. The strategy recommends suitable sites need to be allocated and developed offering both good motorway connections and access to the local labour force, in order to capture the growth in this sector.

1.19 It recognises a need for space that enables firms to grow and views expanding the economic benefits of infrastructure investment such as the A14 improvements as a priority.

Conclusion

1.20 Current industrial land allocations in the Local Plans are based on an under estimation of economic growth. Looking forward, a step change in economic growth is required if the C&P region is to double economic growth by 2041.

1.21 Growth in employment will be the key driver of economic growth, but productivity increases are also needed given the UKs high employment levels.

1.22 Industrial occupiers, particularly manufacturers in S Cambridgeshire, are a significant generator of jobs and GVA in Greater Cambridge, accounting for 18% of all employment and 28% of GVA. More efficient logistics is a means through which firms improve productivity, hence these sectors are important to both the UK economy and locally if the ambition of doubling economic growth by 2041 is to be realised.

1.23 A lack of industrial space has reduced enquiry levels and stymied take-up in Greater Cambridge. Nevertheless, there remains a healthy number of enquiries for a broad range of space requirements. Without additional, well located, high quality industrial floorspace in Greater Cambridge, business growth in the area will be hindered.

1.24 The proposed development at Bar Hill will provide a range of industrial premises to support the Cambridge clusters and facilitate growth of supply chains. High quality buildings in a landscaped setting, providing an indoor and outdoor environment in which people can maintain and improve their health. The design concept provides a product which is not commonly found: it is a long way from the socially isolated and people unfriendly traditional warehousing and industrial estates typical of the area.

1.25 The site's location is special combining the attributes required to meet commercial requirements with proximity to a labour force that can get to work through active means of travel and access amenities in Bar Hill. The proposed development at Bar Hill is one which maximises the assets of the area to deliver employment and productivity growth in Greater Cambridge and beyond. The site opportunity generates meaningful and tangible benefits:

- Its location would be attractive to the local, regional and national industrial market.
- It is a sustainable location for employment given its proximity to Bar Hill, Northstowe and Cambridge, providing easy access to the labour market through the excellent pedestrian, cycle and bus opportunities arising from the A14 corridor improvements.
- It provides a relatively low-cost site within the Cambridge cluster for businesses that:
  - are part of the Cluster supply chain; and/or
  - require proximity to the cluster.
- It is relatively unconstrained and is readily developable once work on the A14 is completed.
- Its proximity to Cambridge could be used to free up sites in the City for uses that are less footloose.
- It is situated in a location known to be favoured by local non-KI business.
- It is ideal for a unified freight consolidation centre which helps reduce air pollution by reducing the need for HGVs to enter the City.
- It provides HGV overnight parking and the chance to reduce HGV nuisance in local villages.
- It is a flexible site that would suit a wide range of industrial uses.

2.0 Introduction

2.1 This report considers the case for a strategic employment site at Bar Hill in South Cambridgeshire. It considers the current economic conditions in the District and wider area, and the potential for future growth in employment floorspace to meet predicted future demands. It updates the previous Strategic Case Report submitted as part of the call for sites process in 2019.

2.2 The site is located on the north side of the A14 Junction 25, with easy access to A1(M) and M11. It is also accessible from local roads connecting it to Longstanton and Northstowe. The A14 is currently in the final stages of a substantial upgrade that will increase capacity and bypass Huntingdon before improving the connection with the A1 and A1(M). The realignment of the A14 provides an opportunity to review development opportunities at Bar Hill – its enviable location on the strategic highway network, just outside of the Cambridge Green Belt, would suggest that employment uses might be most suitable.

2.3 The site itself was historically farmland but is currently used for works related to the A14 development.

2.4 This report sets out:

- The commercial need for further employment land in South Cambridgeshire;
- The economic need for commercial land;
- The site's relevance to local planning and development initiatives.

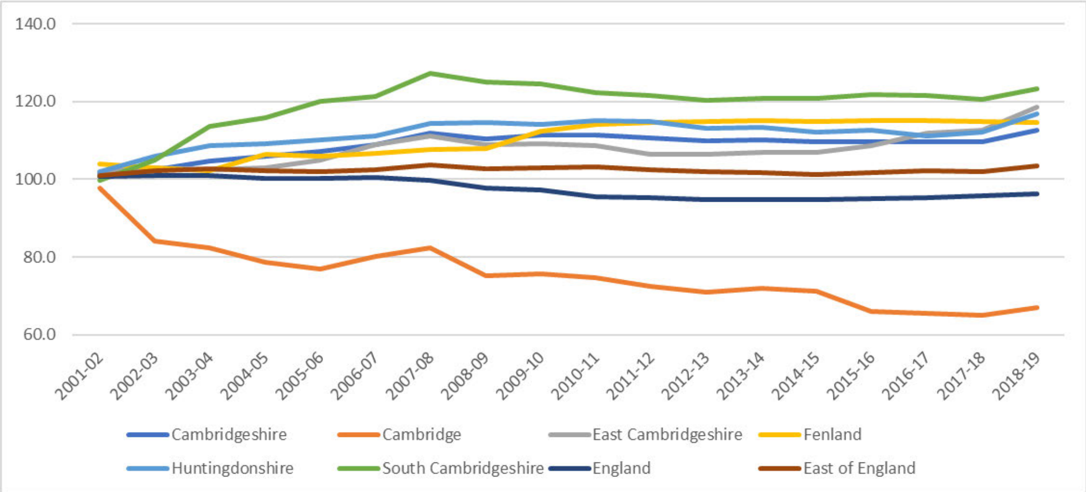
3.0 Commercial Need for Employment Sites

3.1 The Cambridge commercial property market (Cambridge and a 10 mile hinterland) is one of the most buoyant in the South East, dominated by the burgeoning office/R&D market both within the City and on the surrounding business parks.

3.2 The Cambridge industrial warehouse property market is small in comparison to the office/R&D market with total industrial stock of C. 8.66 million ft² within 10 miles of Cambridge including 2.4m ft² situated within the City itself.

3.3 Higher value uses such as residential, retail warehousing and student accommodation have meant that during the last 20 years, total industrial stock in Cambridge has reduced year on year (see Figure 3.1). By 2026, industrial floorspace had fallen 33.1%. Furthermore, planning policy is currently focussed on the delivery of new housing rather than industrial and warehousing in the Cambridge area. For example, industrial estates such as Clifton Road Industrial Estate (180,000 ft²) is earmarked as part of a wider mixed-use development area in the adopted Cambridge City Local Plan. Around 160,000 ft² at Dales Manor, Babraham Road, Sawston is earmarked for residential development in the South Cambridgeshire emerging Local Plan.

Figure 3.1 Change in industrial floorspace since 2000/01 (=100)



Source: Valuation Office Agency

3.4 Industrial owner-occupiers in the City such as Travis Perkins, Ridgeons and Marshall of Cambridge have secured, or are shortly to secure, residential consents on sites of between five and fifteen acres.

3.5 The continual reduction in the total industrial warehousing stock is already forcing occupiers to pay higher rents and/or take space further away from the City and its immediate environs.

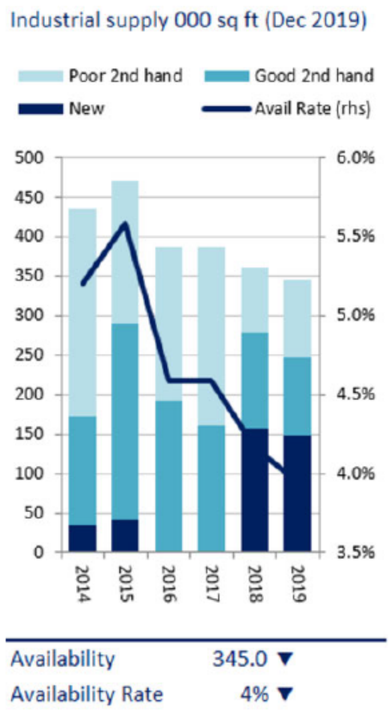
Supply

3.6 At the end of 2019, total supply of industrial stock in Cambridge had fallen below 350,000ft²; less than half the stock in 2006.

3.7 The lack of grade A (i.e. new) ready to occupy buildings in 2016/2017 encouraged developers to build speculatively, adding around just over 300,000ft² in 2018 and 2019. Despite this, availability has continued to fall, dropping to 3.8% in 2019 of which only around 129,000ft² is new build grade A and the majority is in small units.

3.8 Salmon Developments completed speculative development of 16 units totalling 68,000ft² at Cambridge South, Dales Manor in early 2019. Most of the units are under 3,000ft², with three 1,000-2000ft² units. Quoting rents are around £10pft². As at December 2019, only two units have been let. Due to planning restrictions on operations as a result of close proximity to residential development, access through an area with HGV use, site located at rear of industrial estate and inflexible lease offer. Furthermore, adjacent parts of the estate currently in industrial use have been allocated for housing development in the Local Plan, which will limit the type of uses that could be accommodated at Dales Manor to 'neighbourly' occupiers. Hence, currently available sites are limited to employment and industrial uses that are business park friendly and appropriate within a residential neighbourhood.


Cambridge South, Dales Manor



3.9 With the latest unit at Buckingway Business Park (50,284ft²) about to exchange shortly, this supply will be reduced to unprecedented levels (Source: Bidwells).

Available Industrial Land

3.10 Table 3.1 details the very few available significant employment sites with planning consent for industrial uses (B1c/B2/B8) within 10 miles of Cambridge.

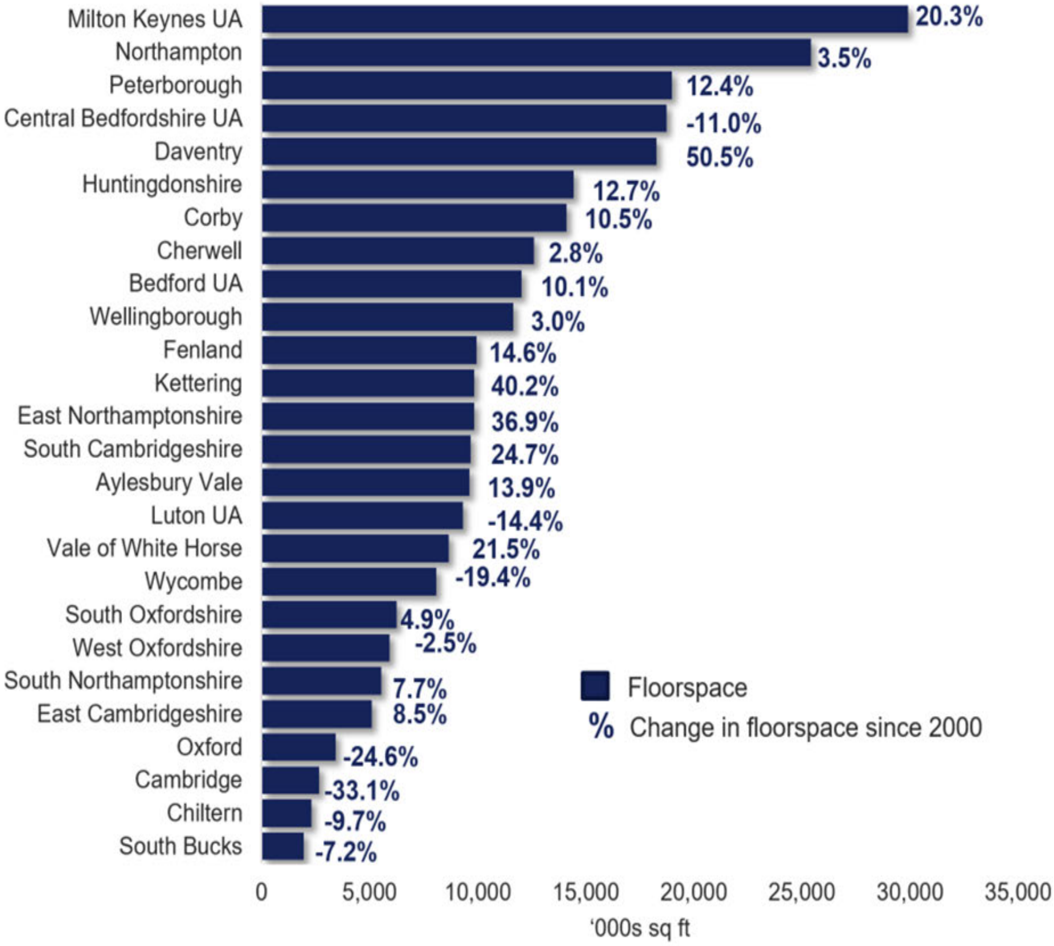
3.11 Additional land has been allocated in the later phases of the new settlements at Northstowe, Bourn and Waterbeach, but is not 'readily available'.

Table 3.1 Significant Employment Sites

ADDRESS	OWNER / DEVELOPER	SIZE	COMMENTS
Cambridge Research Park, CB25 9PD	XLB / Royal London	Plot 5000: 9 acres Plot 6000:2.5 acres	Any new development likely to be high office content 'mid tech' use rather than B2 or B8 given CRP's business park environment
Cambridge South Site, Dales Manor Business Park, Sawston, CB22 3TJ	Salmon Developments	3.3 acres	Approx 68,000 ft² of B1c, B2 & B8 completed speculatively in units from 1,500 - 21,000 ft². Plus 3 acres with outline consent
Bourn Quarter, CB23 2TQ	Savills IM / Aitchison Developments	25 acres	Proposing a 1st phase of 150,000 ft² on 15 acres in units ranging from 6,000 to 40,000 ft², with a large unit of 100,000 ft².

3.12 Figure 3.2 shows that Cambridge is relatively small and declining compared to other locations in the Oxford-Cambridge corridor, with the largest market share in more UK central locations.

Figure 3.2 Industrial Floorspace Across the Arc

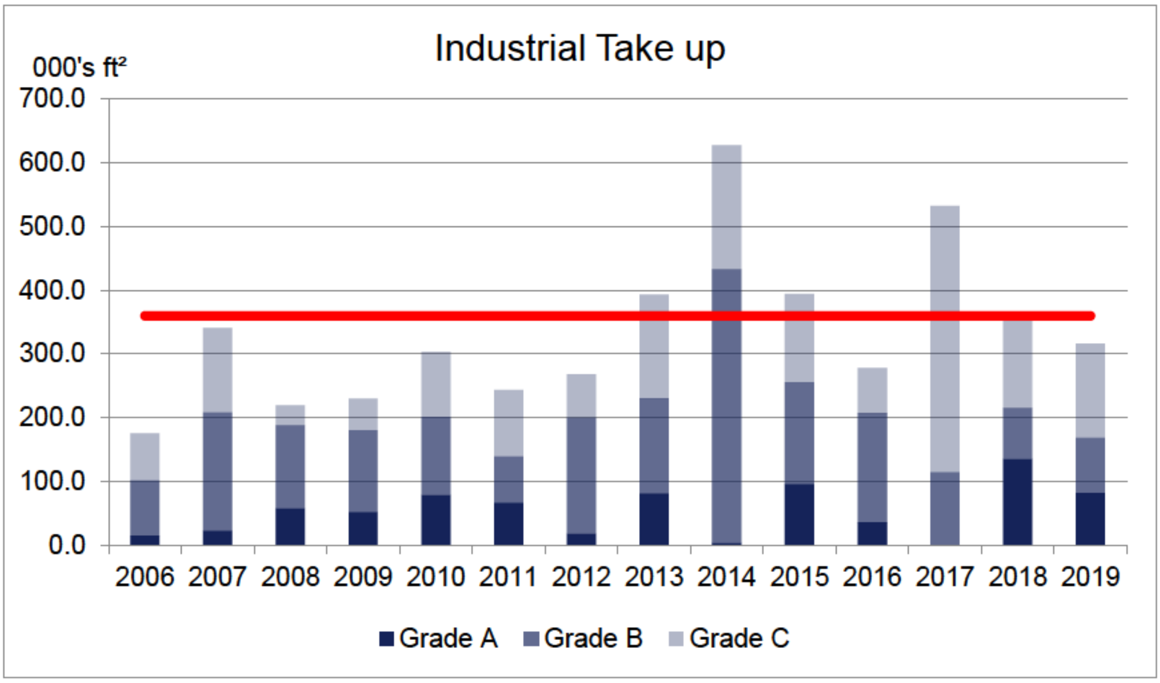


Source: Bidwells Research

Take Up

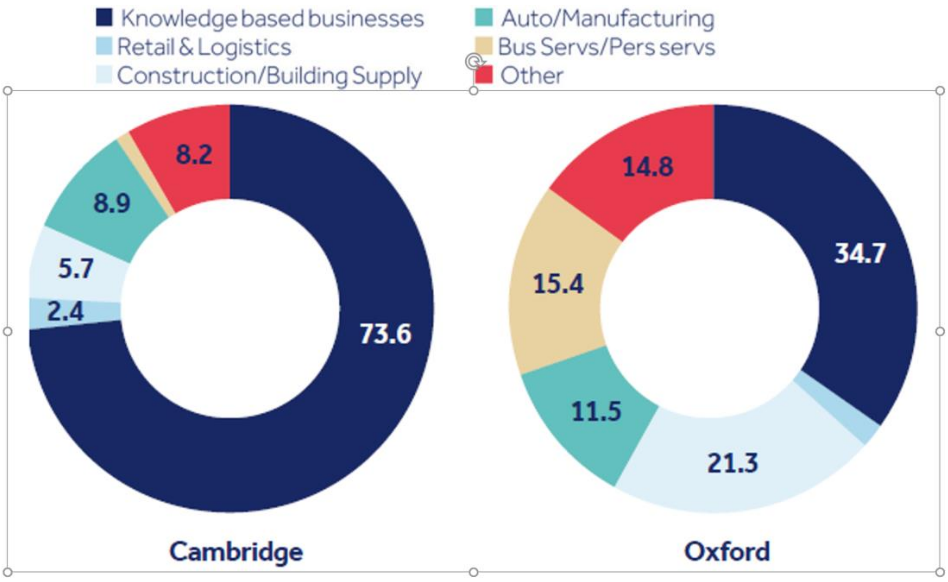
3.13 Figure 3.3 shows take up from 2006 to end of 2019, with trend take up around 360,000 ft² per annum. Take up in the Cambridge industrial market has remained above trend rates of activity since 2013, only dipping below this level in 2016, 2018 and 2019 due to lack of available industrial units. Take-up has been reduced in later years also by Brexit uncertainties. The highest annual take up was 625,000ft² in 2014. This followed the highest availability of 770,000ft² in Q4 2013, which suggests that the trend rate of take up would be higher if sufficient Grade A and B space was available. Broadly speaking, the 425,000ft² of Grade A and B space available at the end of 2013 was all taken up during 2014.

Figure 3.3 Industrial take up



Source : Bidwells

3.14 Take-up in Cambridge is dominated by knowledge based industry, a sign of the importance of the industrial market to the continued growth of the industrial clusters in Cambridge.



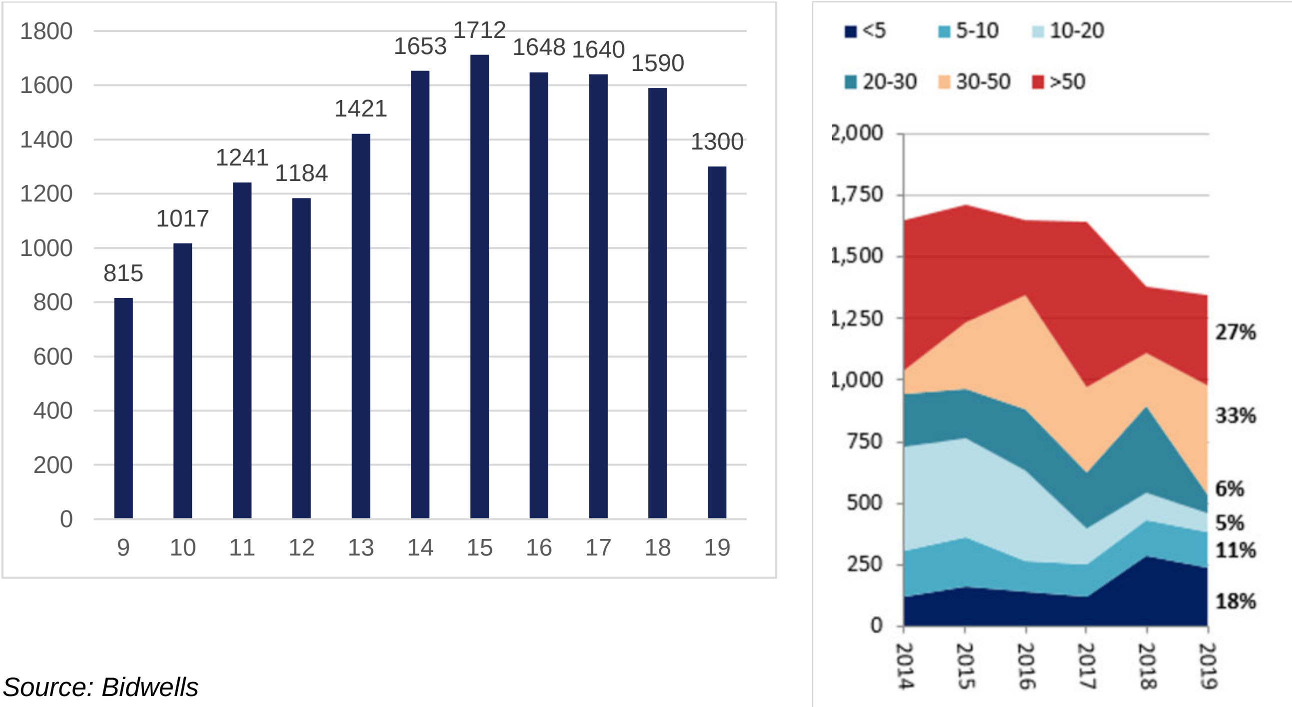
Source: Bidwells Research

Industrial Requirements

3.15 Figure 3.4 shows that demand for industrial floorspace units less than 100,000 ft² between 2014 and 2017 in the Cambridge area was steady at 1.6m to 1.7m ft² of unsatisfied requirements. Requirements have tailed off in the last two years, as the lack of supply reduces the level of enquiries to 1.3 million ft².

3.16 The market for large sheds (more than 100,000 ft²) is limited in Cambridge, with less than 27% of the market requirements over 50,000 ft², reflecting the lack of supply. Large sheds continue to be a buoyant market elsewhere in the country with take up of 34.31m ft² in 2019 across 136 transactions, both measures higher than the long term averages by 31% and 24% respectively. Demand was driven by the 100,000-200,000 ft² market, with demand for units over 200,000 ft² down by 25% (as measured by ft² of transactions)[2].

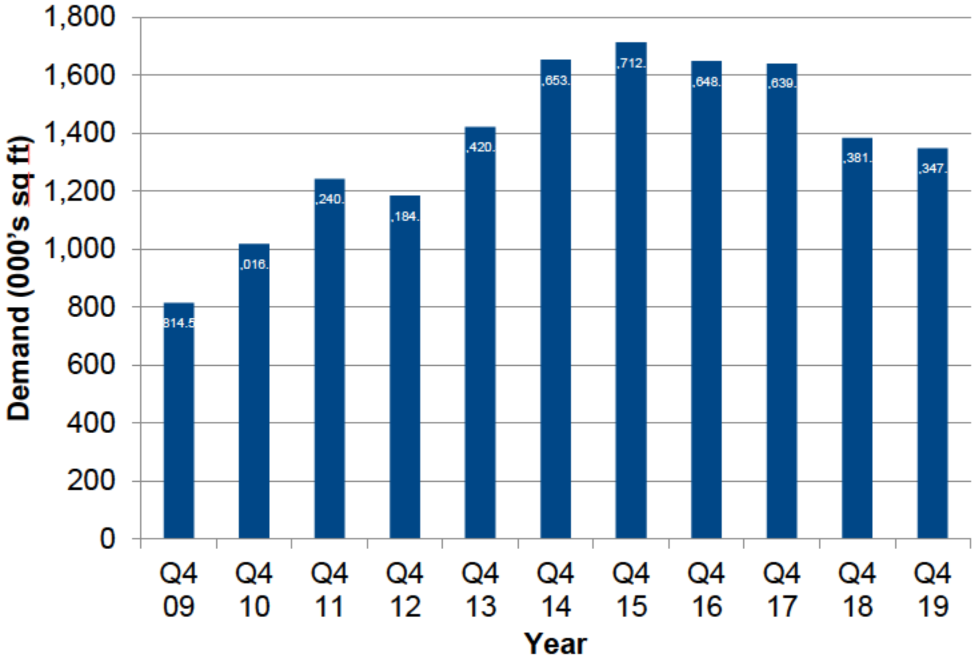
Figure 3.4: Demand for industrial floorspace in the Cambridge area (000's Ft²)



Source: Bidwells

[2] Savills (January 2020) Spotlight: Big Shed Briefing

Demand / requirements (000's sq. ft.)



Office/R&D Market Effect on Industrial Demand

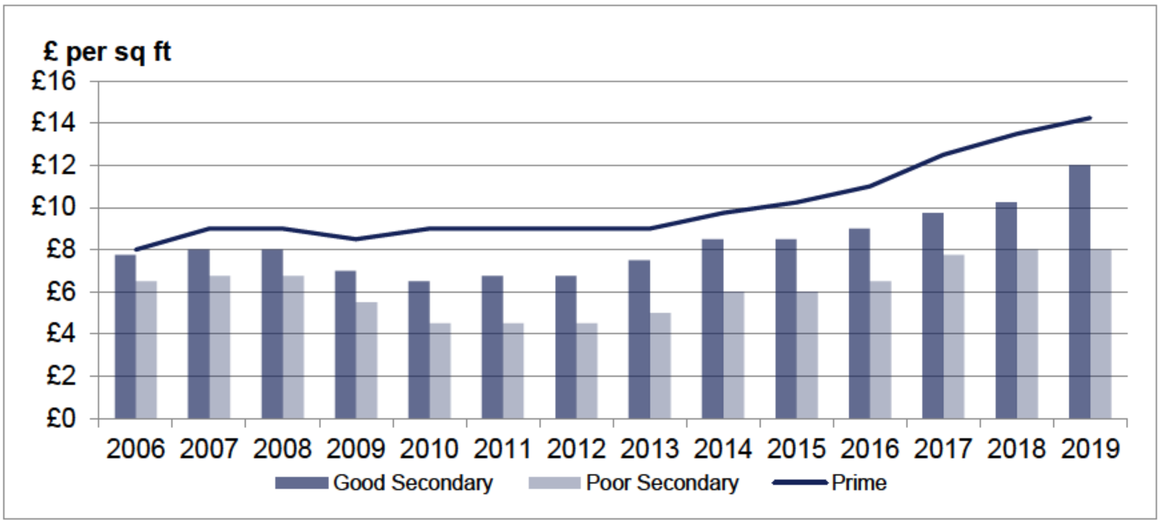
3.17 In addition, there has been a step change in office/R&D requirements and consequently it is anticipated that there will be an increase in industrial/warehouse demand to serve these large new office/R&D developments, which include:

- Astra Zeneca – Construction of 450,000 ft² of their consent for 890,000 ft² on the Biomedical Campus to be completed in 2019.
- ARM – Construction of a new 180,000 ft² facility to complete in late 2019 at Peterhouse Technology Park.
- Illumina – Construction of 150,000 ft² at Granta Park to be completed shortly.
- Gilead – 90,000 ft² also at Granta Park.
- Amazon – 70,000 ft² office at One Station Square to focus on their drone technology.
- 22 Cambridge Science Park – 66,000 ft² under offer to a confidential occupier with occupation due Summer 2019.
- 26 Cambridge Science Park – 66,000 ft² recently let to Frontier.
- 50/60 Station Road – 140,000 ft² let to Samsung, Amazon (among others).
- 30 Station Road – 79,000ft² for Apple.

Rental Values

3.18 Figure 3.5 shows the prime rental value for Cambridge industrial since 2006. Prime industrial rents in Cambridge have been increasing since 2013, by 58% over this period to H2 2019 standing at a new peak level for the city at £14.25 per ft², representing some of the highest rents outside London. Over the past four years rents on good quality second hand space have grown by 40% to £12.00 per ft². within the city, whilst rents on poorer quality second hand stock are up by 30% to £8.00 per ft², not having changed over the past year. Given the supply/demand dynamic of the Cambridge industrial market, Bidwells' prime rental growth is forecasted to be 5.74% per annum (annualised growth rate over the next five years to end of 2024), compared to 2.7% per annum for offices.

Figure 3.5: Rental values in Cambridge



Source: Bidwells

Summary

3.19 The Cambridge area industrial market is small relative to the buoyant office/R&D market and is under prioritised by the City and South Cambridgeshire District Councils. The industrial market is characterised by a severe lack of stock and under-allocated B1c/B2/B8 land and yet there is positive demand driven by the knowledge intensive industries.

3.20 In Cambridge City itself, industrial development is unlikely with some owner-occupiers securing residential consents on their industrial sites, and landlord/institutions actively encouraging higher value residential or mixed-use schemes on their estates. As a result, the industrial stock within Cambridge will continue to reduce but as the Cambridge economy grows even further, the City will need additional B1c/B2/B8 space which is simply not being catered for. The massively expanding companies such as Astra Zeneca, ARM and other occupiers on the business parks surrounding Cambridge will need a supply chain which will require services operating from B1c/B2/B8 properties as well as office space.

3.21 In addition, Cambridge is one of the most prosperous centres in the UK and is expected to generate interest from internet retailers and parcel companies.

3.22 Premises of all sizes are required in Cambridge, although the number of locations suited to large scale development (over 100,000 ft^2) is constrained by the inherent requirement to be on key transport corridors and interchanges. The site at Bar Hill, at the A14/M11 crossroads, provides one of the best locations in the area.

3.23 The anticipated reduction in industrial stock coupled with the increasingly restricted availability of B1c/B2/B8 land and positive demand profile reinforces the view that the site provides a good opportunity to contribute further industrial land the Cambridge area desperately needs.

3.24 Depleted supply of industrial floorspace is suppressing requirements suggesting the lack of industrial premises has been a bottleneck to the level of business growth in the last two years. Anticipated rises in rental level for prime property, driven by an undersupply of premises, indicates suppressed economic growth will continue without additional industrial development.

4.0 Economic Growth

4.1 Demand for commercial property is driven by economic growth. This chapter describes the importance of the industrial sector to the Cambridgeshire economy, both in terms of GVA and employment.

How much growth?

Historic growth rates

4.2 Cambridge and Peterborough Independent Economic Commission (CPIEC or IEC), set up by the C&PCA, undertook in-depth analysis[3] of the region's economy, with findings presented in the Cambridgeshire and Peterborough Independent Economic Review (CPIER) in November 2018. The report is an authoritative evidence based assessment of the economic performance and potential of the C&P economy, which has been used to inform the C&P industrial Strategy. It has considered both past rates of employment growth and scenarios for future growth.

4.3 The IEC concluded that past levels of economic growth have been higher than the rates recorded by the Office for National Statistics (ONS) in its Business Register and Employment Survey data (BRES) and those of the EEFM. The IEC used a comprehensive database of companies in the area, compiled by the Centre for Business Registration (CBR) at Cambridge University, and reviewed company accounts. Differences in the nature of data collected by BRES and CBR helps to explain the CBRs higher growth rates.

- BRES data, unlike CBR, includes the self-employed, sole proprietorships and the public sector;
- CBR captures small companies, while BRES only looks at those registered for VAT. In an area with significant numbers of small start-up companies, this could be a significant cause of discrepancies.
- CBR records company employment growth, which may include growth outside of the region. However, extensive company surveys suggest that growth in the sub area is very closely aligned to company growth.

4.4 To take account of businesses not included in the database, IEC created a blended rate of growth using some BRES Data to overcome the limitations of the CBR database. A comparison of ONS and CBR/BRES blended rates is shown in Figure 4.1. This blended rate suggests past employment growth to be 3.3% per annum, while official ONS rates are 2.4%. No uplift was found in Cambridge, but South Cambridgeshire rates at 4.2% were almost twice that recorded by ONS, and even higher than the 1.7% annual growth rate in jobs recorded in the EEFM.

4.5 As such, the basis on which the local planning authorities set their employment land need predictions in the current Local Plans underestimates economic activity in the area, and the amount of land required.

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[3] CPIER September 2018

Figure 4.1 Average employment growth rates per annum in Cambridgeshire and Peterborough – a comparison between ONS and CPIER figures

Comparison with BRES	6yrs 2010-2016	
District	**ONS (BRES) Data**	**CPIER/BRES Blended Data**
Cambridge	2.4%	2.4%
South Cambridgeshire	2.3%	4.2%
East Cambridgeshire	3.9%	4.4%
Huntingdonshire	1.5%	2.1%
Peterborough	2.5%	3.5%
Fenland	2.3%	3.1%
Cambridgeshire & Peterborough	**2.4%**	**3.3%**

Source: CPIER, p45

Future Growth

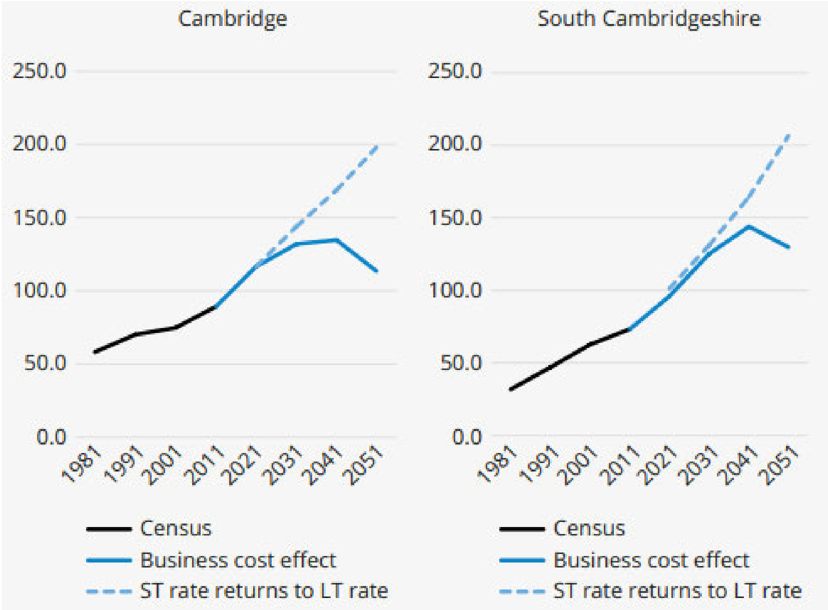
4.6 The GCPCA devolution deal set an ambitious target of doubling regional economic growth (GVA) over the next 25 years (to 2041). The IEC concluded that this level of growth is realistic but requires the area going beyond what it has achieved in the past. Economic growth has between 2.5% per annum since 1998, yet 2.81% growth is required to meet the target. Achieving this requires employment growth and productivity growth, as the area is already at comparatively high levels of employment. New transport infrastructure and housing is required to support employment growth. Productivity growth (0.8% growth is proposed in CPIER) requires more efficient working practices, innovation and a healthier workforce.

4.7 Looking specifically at Cambridge and Peterborough, IEC modelled four growth scenarios, including one which extrapolated the growth, transport and land use assumptions of the current Local Plans. In this scenario, business cost effects kick in more quickly in Cambridge and peg employment growth back to current levels by 2051. In other words, as the number of employees grows, demand for housing and pressure on infrastructure (including commercial premises) increases which can create additional costs to business and inhibit growth. The constraint on growth is shown in Figure 4.2.

"*We find an inconsistency between the plans for infrastructure and housing development and this hypothetical rate of employment growth. In fact, the costs in this scenario soar – particularly in areas where there is already a backlog, such as Cambridge and South Cambridgeshire. When these costs are fed back into the model, employment growth begins to slow by 2021, and actually goes into reverse beyond 2031. That is, businesses start shrinking and moving away from the area, as the Cambridge area overheats so much that it burns out*."[4]

[4] CPIER p46

Figure 4.2 Rising business costs damage employment growth



Source: CPIER p47 Figure 15

Making the most of a special location

4.8 To meet and sustain higher growth levels means supporting Greater Cambridge's high growth sectors, the science and tech clusters. This includes enabling their supply chains and delivering sites that reduce commuting and negative health and wellbeing impacts. CPIER found that currently, only 10.8% of supplies are from this local area, while 27.8% are from overseas. There is clearly scope to strengthen local supply chains. An appropriately located, high quality supply of industrial floorspace is a key part of this.

4.9 IEC research in CPIER shows that the knowledge-based industries (KI) are very location selective, preferring to move abroad rather than take a sub optimal location outside the main business cluster. As such, it is essential that commercial sites within the clusters are prioritised for KI industries and that other sites close to but outside of the agglomeration area are made available for more footloose, non-knowledge intensive businesses, many of which require industrial premises.

4.10 The research shows that the A14 corridor is a growth area and a favoured location for non-KI industries. Supporting this market-led growth is also consistent with another key recommendation that development follows a blended spatial strategy with emphasis on fringe and transport corridor locations as well as densification and dispersal.

4.11 It therefore follows that additional employment sites, such as at Bar Hill, are required for businesses wishing to be part of the agglomeration and others which are part of the supply chain.

4.12 It is also a rare site, in that its location makes it ideal for a consolidation centre, to reduce HGV movements into the city and improve business efficiencies. Such facilities are recognised in CPIER as a priority for investment:

"improving the "last mile" – the ability to move around within the city of Cambridge – is of a higher immediate priority than [these] inter-city links, as their effectiveness will be severely blunted without this" [5]

Importance of the logistics and manufacturing sectors

4.13 The logistics industry provides significant macro contributions to national economy by creating employment, and creating national income and foreign investment influx. On the micro scale, it is a key industry in increasing the competitive power of corporations and helping to improve the competitiveness and productivity of other industries.[6] Today, all industries are dependent on logistics sector. Logistics in the UK currently employs 2.7 million people[7] and contributes £124bn to the UK economy[8].

4.14 The manufacturing sector plays a significant role in the UK economy. As measured in the national accounts, it provides over 2.7 million jobs, makes up 49% of UK exports, and contributes 66% of all UK R&D business expenditure. Manufacturing's contribution to the UK economy – about 9% of GDP – may seem dwarfed by services, which make up 70% of UK GDP. However, research by Huage and Sullivan suggests that the value placed on manufacturing is outdated and inaccurate methods of counting the economic value of manufactured goods underplay the sector's significance in the economy.[9]

4.15 Within the Greater Cambridge economy, these sectors are essential to supporting the globally significant economic clusters, offering premises for supply chain businesses, helping to improve productivity and contributing to economic growth in Greater Cambridge.

Economic Diversity Requires Industrial Space

4.16 The value of the Greater Cambridge economy as measured by the 'balanced' measure of GVA gives a single measure of economic activity in the region combining the strengths of the income and production approach, thereby avoiding confusion from having two different estimates of the same thing.[10]

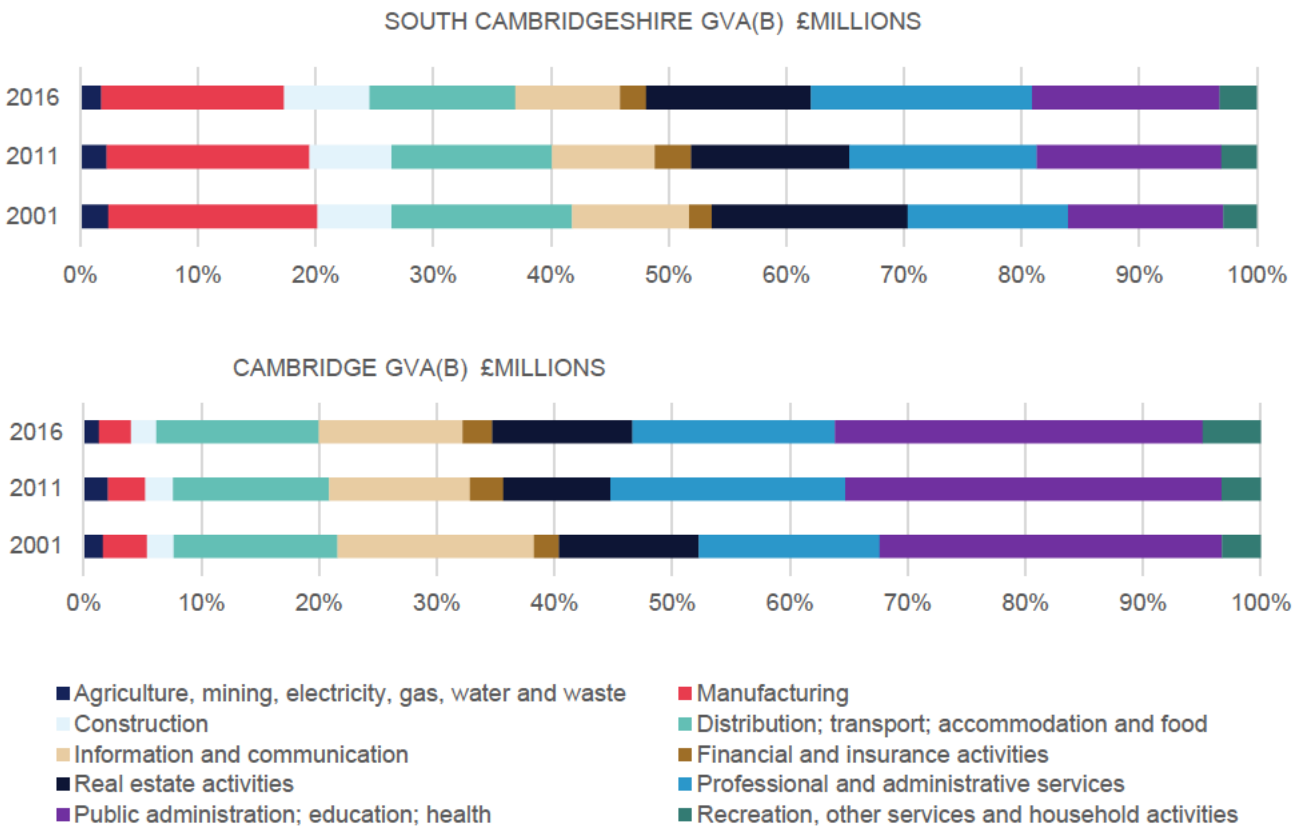
- GVA in Cambridge: £5,127million in 2016 constituting 28% of Cambridgeshire GVA, up from 25% in 2000.
- S Cambs GVA: £4,591million constitutes 25% of the county GVA in 2016, a share that remains unchanged since 2000.

4.17 The GC economy as measured by GVA is diverse, as shown in Figure 4.1. In Cambridge, the largest contributors of GVA are Public admin/ Health/Education (31% driven by the universities and hospital), Professional and administrative services (17%) with Real Estate, Information / communication and Distribution etc (driven by accommodation and food) each contributing 12-14%. S Cambs GVA is split more evenly over the industrial sectors, with manufacturing and

[5] CPIER p80
[6] Rashidi, Kamran & Cullinane, Kevin, 2019. "Evaluating the sustainability of national logistics performance using Data Envelopment Analysis," Transport Policy, Elsevier, vol. 74(C), pages 35-46
[7] Labour Forces Survey, ONS 2018
[8] Annual Business Survey 2017 ONS November 2018
[9] Dr Jostein Hauge and Dr Eoin O'Sullivan (xxx) Inside the Black Box of Manufacturing pub www.cam.ac.uk
[10] ONS, These are experimental statistics

distribution combined accounting for 28% of GVA, illustrating the Districts role supporting Cambridge industries.

Figure 4.1 Greater Cambridge Industry by GVA(B).



Source: ONS

Table 4.1 % of District GVA (Balanced) by Industry

INDUSTRY	% OF CAMBRIDGE GVA			%OF S CAMBS GVA		
	2001	2011	2016	2001	2011	2016
Agriculture, mining, electricity, gas, water and waste	1.6%	2.1%	1.3%	2.4%	2.2%	1.8%
Manufacturing	3.7%	3.2%	2.7%	17.8%	17.2%	15.5%
Construction	2.3%	2.3%	2.1%	6.3%	7.0%	7.3%
Distribution; transport; accommodation and food	13.9%	13.3%	13.8%	15.4%	13.7%	12.4%
Information and communication	16.7%	11.9%	12.2%	10.0%	8.7%	8.9%
Financial and insurance activities	2.1%	2.8%	2.5%	1.9%	3.1%	2.2%
Real estate activities	11.9%	9.1%	11.9%	16.6%	13.5%	14.0%
Professional and administrative services	15.3%	20.0%	17.2%	13.6%	15.9%	18.8%
Public administration; education; health	29.1%	32.0%	31.2%	13.2%	15.7%	15.9%
Recreation, other services and household activities	3.3%	3.3%	4.9%	2.9%	3.0%	3.2%
GVA(B)	2750	4280	5126	2610	3743	4590

Source: Bidwells, ONS. (sectors with a growing proportion of the district's GVA are shown in blue, red denotes declining share of district GVA, black for those with little change)

Employment

4.18 Cambridgeshire and Peterborough Independent Economic Commission (IEC) believes that meeting this economic growth target is realistic but will require a step change in both employment and productivity. Economic growth is created through largely increasing employment. The sectors contributing most employment in Greater Cambridge are shown in Figure 3.2. Within the Greater Cambridge economy, the sectors that require industrial space accounted for 34,250 jobs in 2018[11], 18% of all jobs. (See Figures 4.3 and 4.4).

- Wholesale and retail trade is the fourth largest contributor of jobs in GC (10%)
- Manufacturing is the fifth largest generator of employment, accounting for 11.5% of jobs in S Cambs and 1.6% of jobs in Cambridge in 2018.
- Transportation by its very nature is less labour-intensive accounting for 2% of jobs in 2018.

4.19 Over the past 14 years, these three industrial sectors have experienced cyclical employment changes, but overall employment in manufacturing and transportation & storage has remained stable, while wholesale and retail trade has declined (from 15% to 10% of employment between 2009-2018).

4.20 Inclusive employment growth is important. Inclusivity requires a wide range of jobs to be available and workplaces where productivity can boost wage growth. Greater Cambridge has the ability to balance growth of clusters with diversification, using the relative strengths of sites in South Cambridgeshire and Cambridge.

4.21 Using land at Bar Hill for high quality industrial development is one such opportunity for diverse and inclusive jobs to be created. Furthermore, the quality of the environment as set out in the Vision Document provides a healthy work environment that boosts productivity.

"*If workers can be more productive, they can bring home more take home pay, which will flow into the local economy. And they will be able to enjoy a higher standard of life. It is this, before anything else, which needs to be looked at to create an inclusive economic future*."[12]

Conclusions

4.22 Greater Cambridge businesses play an important economic role in the county, accounting for more than half of the county's GVA (53%). Growth of these businesses is essential if the C&PCA ambition to doubling growth by 2041 is to be met. Manufacturing and distribution business, i.e. those requiring industrial floorspace, make a significant contribution to GVA, particularly in South Cambridgeshire where they account for 28% of GVA. Supporting growth of these industries is, therefore, important to delivering the required step change in economic growth.

[11] BRES
[12] CPIER p38

Figure 4.3: Jobs by Industry in Greater Cambridge (BRES 2018)

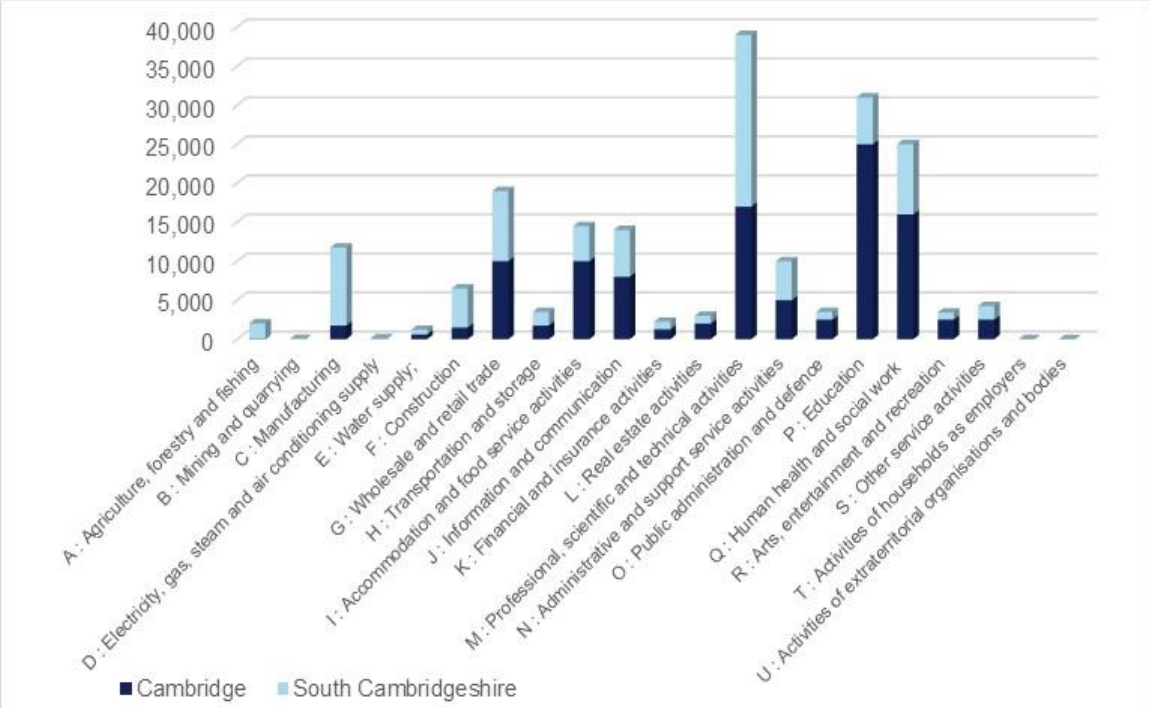
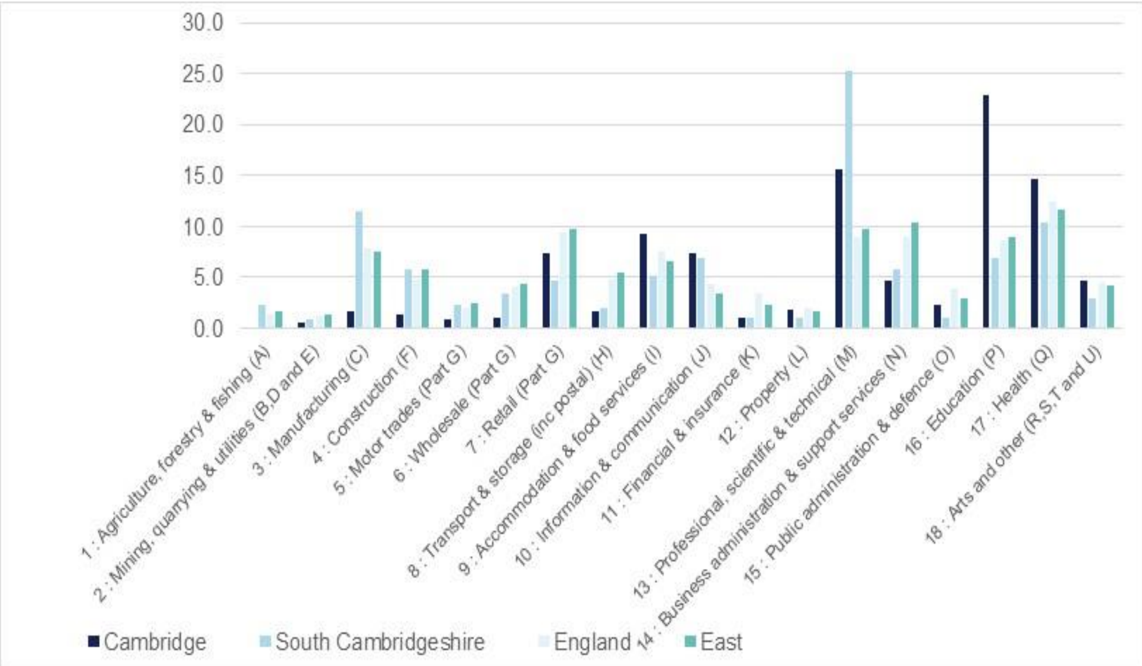


Figure 4.4: % of Employment In Each Region By Industry (BRES 2018)



5.0 Delivering Policy Objectives

5.1 A full review of the evidence base as at December 2018 was undertaken in the previous Strategic Planning Case Submitted during the Call for Sites, and should be considered alongside this report. This section highlights the Site's relevance to the recently published Cambridgeshire & Peterborough Industrial Strategy and summarises the importance of the site to delivering national, regional and local policy objectives.

Cambridgeshire and Peterborough Industrial Strategy

5.2 The Cambridgeshire and Peterborough Local Industrial Strategy[13] is an evidenced based plan to help achieve the UK Industrial Strategy. It looks to build on the four sectoral strengths of the region (life sciences, agri-tech, digital and information technologies and advances manufacturing and materials) and five key supporting sectors.

Logistics

5.3 Logistics is recognised as a supporting sector where local strengths exist and local partners can build on its strong market position to create growth. The strategy recommends suitable sites need to be allocated and developed offering both good motorway connections and access to the local labour force, in order to capture the growth in this sector.

Start up and grow on space

5.4 It recognises a need for space that enables firms to grow:

"*The requirements for physical space, like finance, have stages. What a business needs in its start-up phase is different to its needs as it matures and grows. It is vital, if an innovation ecosystem is to be effective for there to be variety and availability at every stage. There is evidence that Greater Cambridge could benefit from more start up and particularly scale up space, which are less likely to attract private sector funding given the risk profile and need for more commercially focussed wet labs for product development and testing. The Combined Authority and Greater Cambridge Partnership are working to support this*." (pg.41).

Economic benefits of transport links

5.5 In terms of Infrastructure, expanding the economic benefits of infrastructure investment such as the A14 improvements is a priority:

"*local partners will collaborate with Department for Transport, Highways England, East-West Rail Company and England's Economic Heartland to expand the economic benefits of planned strategic transport links, improvements to the Major Roads network and the first-mile-last mile connections across the Arc*" (pg.78).

[13] Department for Business, Energy & Industrial Strategy (2109) Cambridgeshire and Peterborough Industrial Strategy pub www.gov.uk/beis

National relevance

5.6 As an industrial and warehouse development, the site helps build a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right place and at the right time to support growth, innovation and improved productivity in Greater Cambridge and beyond.

5.7 The site makes provision for companies supporting Greater Cambridge's clusters of knowledge and data-driven high technology industries; and for storage and distribution operations at a variety of scales in suitably accessible locations.

Regional Importance

5.8 The Site's location makes it ideally placed to help deliver sub regional (Cambridgeshire and Peterborough) economic objectives, providing:

- Logistics space, one of the five supporting sectors to Cambridge clusters;
- Start-up and expansion space to grow and support companies in the supply chain that are necessary for the survival of the industrial clusters around Cambridge;
- Economic growth within a designated transport corridor maximising the investment that has been placed in upgrading the A14 corridor;
- Economic growth where quality public transport infrastructure already exists;
- Employment within easy access of homes.

Locally appropriate

5.9 The site can help solve one of the regions key challenges: congestion and air pollution during the last mile into Cambridge, a warehousing / consolidation centre at Bar Hill reduces the number of HGV movements into Cambridge releasing road capacity and using more environmentally friendly vehicles.

5.10 A recent review of the Green Belt concluded that no additional sites on the edge of Cambridge should be released and hence development focus is on the City Centre and well-connected settlements, including Bar Hill which is a 'minor rural centre'.

5.11 It is a readily developable site suited to industrial uses, in contrast to other sites and allocations which are not yet available due to the development phasing (e.g land in new settlements) or are limited in their suitability for industrial uses due to their location in business parks or proximity to housing.

5.12 The site's connections and proximity to Bar Hill support it as an employment location, providing opportunities for people to work within a reasonable healthy commute of where they live, through active travel or existing public transport. The proposal will assist in creating accessible rural employment and maximises the opportunity provided by the investment in the A14 improvements.

6.0 Conclusions

6.1 Current industrial land allocations in the Local Plans are based on an under estimation of economic growth. Looking forward, a step change in economic growth is required if the C&P region is to double economic growth by 2041.

6.2 Growth in employment will be the key driver of economic growth, but productivity increases are also needed given the UKs high employment levels.

6.3 Industrial occupiers, particularly manufacturers in S Cambridgeshire, are a significant generator of jobs and GVA in Greater Cambridge, accounting for 18% of all employment and 28% of GVA. More efficient logistics is a means through which firms improve productivity, hence these sectors are important to both the UK economy and locally if the ambition of doubling economic growth by 2041 is to be realised.

6.4 A lack of industrial space has reduced enquiry levels and stymied take-up in Greater Cambridge. Nevertheless, there remains a healthy number of enquiries for a broad range of space requirements. Without additional well located, high quality industrial floorspace in Greater Cambridge, business growth in the area will be hindered.

6.5 The proposed development at Bar Hill will provide a range of industrial premises to support the Cambridge clusters and facilitate growth of supply chains. High quality buildings in a landscaped setting, providing an indoor and outdoor environment in which people can maintain and improve their health. The design concept provides a product which is not commonly found: it is a long way from the socially isolated and people unfriendly traditional warehousing and industrial estates typical of the area.

6.6 The site's location is special, combining the attributes required to meet commercial requirements with proximity to a labour force that can get to work through active means of travel and access amenities in Bar Hill. The proposed development at Bar Hill is one which maximises the assets of the area to deliver employment and productivity growth in Greater Cambridge and beyond.

APPENDIX 1
DOCUMENTS AND DATA SOURCES REVIEWED

General

- National Planning Policy Framework 2018
- South Cambridgeshire Local Plan 2018
- Cambridge Local Plan 2018
- Northstowe Phase 2 Application Report March 2015
- Northstowe Area Action Plan

Economic

- UK Industrial Strategy 2017 - Building A Britain Fit for the Future
- Cambridgeshire & Peterborough Independent Economic Review September 2018 (CPIER)
- Greater Cambridge Greater Peterborough Enterprise Partnership's (GCGPEP) Strategic Economic Plan
- South Cambridgeshire Annual Monitoring Report 2017
- Cambridgeshire Economic Prospect 2013
- South Cambridgeshire and Cambridge City Employment Land Review 2012
- Cambridge City Council and South Cambridgeshire District Council Topic Paper – Employment March 2014
- South Cambridgeshire Economic Development Strategy 2010-2015
- SQW, Cambridge Econometrics Scenario Projections for the Cambridgeshire Local Authorities and Peterborough 2012
- SQW Cambridge Cluster at 50 The Cambridge Economy: Retrospect and Prospect March 2011
- PACEC on behalf of South Cambridgeshire District Council Economic Assessment and Strategy Phase 2 Final Report July 2010
- BEIS (2019) Cambridgeshire and Peterborough Industrial Strategy

Transport

- Highways England Felixstowe to Midlands Route Strategy 2017
- Cambridgeshire County Council Cambridgeshire Rights of Way Improvement Plan Update April 2016
- Cambridgeshire County Council Transport Strategy for Cambridge and South Cambridgeshire (High Level Programme) March 2014
- Cambridgeshire Local Transport Plan 2011-2031
- Policies and Strategies 2014-2031 July 2015
- The Cambridgeshire Long Term Transport Strategy 2011-2031
- The Transport Delivery Programme

Environment

- Cambridge City Council Air Quality Action Plan 2018-2023
- Cambridgeshire and Peterborough Minerals and Waste Plan, Preliminary Consultation Draft May 2018
- Cambridgeshire and Peterborough Minerals and Waste Plan, Core Strategy July 2011
- South Cambridgeshire Air Quality Action Plan 2009