

DECISION-MAKER:	CABINET
SUBJECT:	CORE STRATEGY PARTIAL REVIEW (PROPOSED SUBMISSION)
DATE OF DECISION:	19 MARCH 2013
REPORT OF:	CABINET MEMBER FOR RESOURCES

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
NOT APPLICABLE

BRIEF SUMMARY

The Core Strategy was adopted in 2010 and sets out the strategic policies and development targets for the City. The Core Strategy Partial Review reduces the target for office development (2006 – 2026) from 322,000 sq m to 110,000 sq m and for retail development from 130,000 sq m to 100,000 sq m. This reflects the effects of the recession, of changing office working practices, and internet retailing. The Core Strategy Partial Review also incorporates the “presumption in favour of sustainable development” set out in the National Planning Policy Framework.

RECOMMENDATIONS:

- (i) To approve the Core Strategy Partial Review (Proposed Submission) as placed in the Members’ rooms.
- (ii) To delegate to the Head of Service for Planning, Transport and Sustainability (in consultation with the Cabinet Member for Resources) the power to make changes to the Core Strategy Partial Review; provided these do not affect its main policy direction. Such changes could be made prior to publication of the ‘proposed submission’ or ‘submission’ plan; or proposed during the public examination.

REASONS FOR REPORT RECOMMENDATIONS

1. To update the Core Strategy and provide a realistic basis for the City Centre Action Plan.
2. To ensure the efficient processing of the Plan through to examination.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Not to prepare the Partial Review. This would not provide a realistic basis for the City Centre Action Plan.

DETAIL (Including consultation carried out)

Presumption in Favour of Sustainable Development

4. The Government finalised the National Planning Policy Framework (NPPF) in 2012. This introduces a 'presumption in favour of sustainable development'. The NPPF explains that sustainable development has 3 dimensions:
 - Economic – contributing to a strong economy by making sure sufficient development sites are identified.
 - Social – providing housing, in a good quality environment with the right services.
 - Environmental – protecting the natural, built and historic environment.
5. The Government and Planning Inspectorate advise that plans will not be found 'sound' unless they include a reference to the presumption. The Planning Inspectorate has recommended some 'model wording', and this has been included in the Core Strategy Partial Review.
6. In summary, the wording explains that the Council will take a positive approach which reflects the presumption in favour of sustainable development. It will work proactively with applicants to find solutions wherever possible. Proposals in accordance with the Council's Plans will be approved without delay unless material considerations indicate otherwise. If the Plans have no relevant policies, or they are out of date, the Council will grant permission unless the adverse impacts would significantly outweigh the benefits, or specific policies in the NPPF indicate otherwise.

Office Targets

7. The Core Strategy was adopted in 2010 and sets out the strategic policies and development targets for the City as a whole. This included a target to deliver an increase of 322,000 sq m of offices in the City centre (2006 – 2026). Achieving this target would have led to a more than doubling of the office floorspace in the City centre.
8. The target was based on the Partnership for Urban South Hampshire's (PUSH) original South Hampshire Strategy (2009) which aimed to improve the area's economic performance and focus development on the two cities. The Strategy and target were based on economic forecasts undertaken in 2005, during the period of strong economic growth.
9. PUSH revised the South Hampshire Strategy in 2012. It still aims to achieve a significant improvement in economic performance, focussed on the two cities. However, it is based on updated economic forecasts undertaken in 2009. These take account of the recession and of changing working practices (eg working at home, 'hot desking', etc). The effect is to significantly reduce the office targets. Those for Southampton are reduced to a minimum of around 106,000 sq m, with the aim to achieve 162,000 sq m (expressed on a like for like basis).
10. It is proposed to amend Southampton's Core Strategy target, by reducing it to 110,000 sq m. This target reflects both the revised South Hampshire Strategy and a more detailed assessment of likely delivery on Southampton's sites. Whilst the reduction is significant, the new target still represents a 40%

increase in Southampton City centre's office floorspace. In addition, the effect of the changing working practices mean that more jobs are created for a given level of new office floorspace. It is estimated that the revised target for new office development still provides for a net growth of around 5,000 jobs. The updated economic forecasts indicate that a significant proportion of the new office development is likely to be occupied by business services. This will include for example: legal, accounting, marketing, and employment firms. It will also include consultancies, such as environmental / engineering consultants. Other occupiers are likely to come from the public, financial, health and marine sectors. Based on past experience, most space will be occupied by businesses already established in South Hampshire and seeking to expand, but some space will also attract inward investment.

11. The 110,000 sq m target is expressed as a net increase in office floorspace. This will require the development of a greater quantum of new offices to counteract the likely loss of some older office space. The target is anticipated to be met as follows:

	Sq M	For example:
2006 – 2012: Completions		
New offices	+51,500	Carnival HQ; Police HQ; One Guildhall Square
Losses	-5,000	
2012 – 2026: Future Development		
New offices	+133,300	Aqua; The Bond; Royal Pier; Station Quarter; Western Gateway
Losses	-66,000	Redevelopment of some older office areas
(Total)	(+113,800)	
Total (Rounded)	+110,000	

The target runs from 2006 to 2026 and 30% of the new offices needed have already been completed.

12. The new target provides a more realistic basis for the City Centre Action Plan. It ensures that the Action Plan does not seek unrealistic levels of office development on specific sites, which in turn could lead to a shortage of sites for other uses (particularly housing). The Action Plan still allocates sufficient sites to meet the full South Hampshire Strategy target of 162,000 sq m, but incorporates sufficient flexibility to judge development schemes in the light of the economic and commercial climate at the time a planning application is made.

13. The Core Strategy Partial Review target is based on an assessment of likely delivery and equates to the lower target in the South Hampshire Strategy. It should be noted that the South Hampshire Strategy target is based on forecasts undertaken in 2009. The level of overall economic growth since then has been less than these forecasts anticipated. This accounts for the difference between the lower and higher target in the South Hampshire Strategy. Therefore, the difference does not equate to unmet demand and so does not require the provision of additional office development elsewhere in South Hampshire. In any case the Action Plan allocates sufficient sites to meet the higher target if future delivery is greater than expected.

Retail Targets

14. The Core Strategy adopted in 2010 included a target to provide 130,000 sq m (gross) of 'non food' retail development in the City centre. This was based on retail forecasts undertaken in 2005 / 06. The forecasts were based on long term expenditure growth trends, rather than the particularly strong economic growth experienced at that time. However, the extent of the subsequent recession has reduced these long term trends downwards to some degree. The forecasts were also based on a market share for internet retailing of 1.3%; whereas the estimate at 2012 is that internet retailing has achieved a 14.3% market share. These factors have the effect of reducing the appropriate target for new retail development. In the light of a retail study undertaken for Southampton and Eastleigh Councils in 2011 and a focussed update undertaken by officers in 2013, the target should be reduced to 100,000 sq m. This space will be taken by a range of city centre retailers (eg clothing / footwear, department stores, electrical, etc). It is important that the target is realistic so that the City can plan for appropriate retail expansion without promoting excessive growth which would undermine the existing shopping area. The reduction in the overall target, and other changes, reduces the indicative need for expansion from around 95,000 sq m to around 80,000 sq m.

Public Consultation

15. The Partial Review was published as a draft for public consultation early in 2012. A small number of comments were received, generally supporting the reduction in the office target as realistic. A full schedule of responses has been placed in the Members' rooms. The main changes from the draft to the latest plan are to:
- Slightly reduce the office target from 120,000 sq m to 110,000 sq m, to reflect the latest circumstances;
 - Include the reduction in the retail target. This reflects comments received about the changing nature of retailing.

Programme

16. The Core Strategy Partial Review must follow a statutory process before it is adopted. The anticipated programme following Cabinet approval is:
- June / July 2013 – formal consultation on the Plan, supported by evidence (eg on the economy and office market).
 - October 2013 – submission of the Plan.

- January 2014 – public examination of the Plan held by an independent planning inspector who will consider the representations made in June / July 2013.
- Summer 2014 – adoption of the Plan by full Council. Legally, the Council can only adopt the Plan if it follows the main changes made by the inspector.

Therefore, the decision sought of Cabinet on 19th March 2013 represents the last opportunity for the Council to shape the main aspects of the Plan.

17. Delegated powers are sought to make changes to the Plan. Changes may be made prior to the formal consultation in June, or as a result of the representations received or the inspector’s comments. This is likely to include refinement of the 80,000 sq m figure referred to at the end of paragraph 14.

RESOURCE IMPLICATIONS

Capital/Revenue

18. Capital: None.
19. Revenue: The Plan is prepared within the existing planning policy budget.

Property/Other

20. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

21. The report is prepared in accordance with sections 16, 17 and 19 of the Planning and Compulsory Purchase Act, 2004

Other Legal Implications:

22. None.

POLICY FRAMEWORK IMPLICATIONS

23. The Core Strategy Partial Review will form part of the development plan. Planning applications will be determined in accordance with the Plan unless material considerations indicate otherwise.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Bargate; Bevois; All.
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SUPPORTING DOCUMENTATION

Appendices

1.	None.
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Documents In Members' Rooms

1.	Core Strategy Partial Review (Proposed Submission)
2.	Schedule of Comments and Proposed Response

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	Draft Sustainability Appraisal	
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