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Economic and Employment Land Review Study for the Anglesey and Gwynedd Planning Authority area **Executive Summary**

July 2012



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Introduction

URS was commissioned along with ESYS Consulting and Williams and Goodwin to prepare an Economic and Employment Land Review on behalf of the Isle of Anglesey County Council and Gwynedd Council. The report provides an assessment of the local economic prospects for the joint Anglesey and Gwynedd Planning Authority Area (which excludes the Snowdonia National Park) and the current and future provision of employment land to meet the needs of the area to 2026.

This document is the Executive Summary of the findings of the Economic and Employment Land review.

Understanding the Strategic Context

National

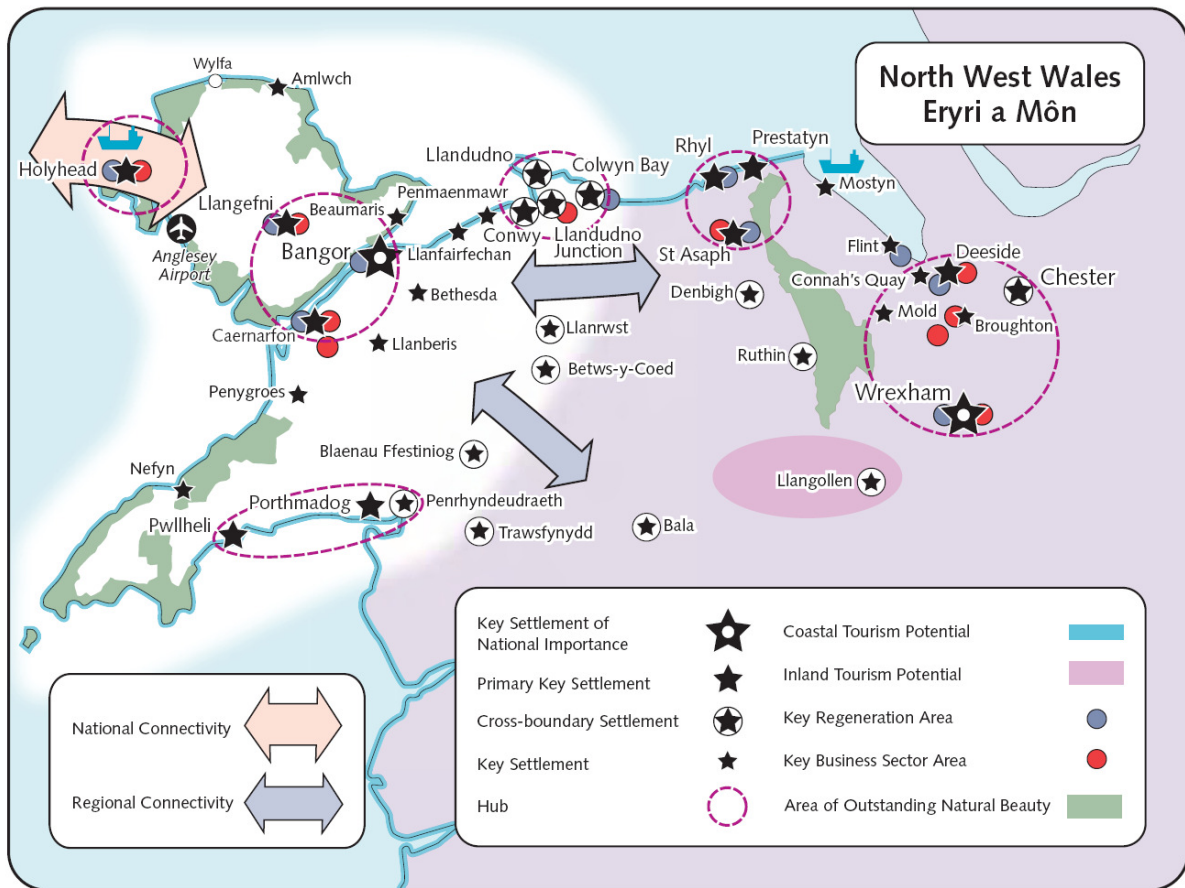
Planning Policy Wales (PPW) (Edition 4, published in 2011) sets out the land use planning policies of the Welsh Government.

In designating sites for economic and employment purposes, PPW highlights the need for Local Planning Authorities (LPAs) to select key employment locations in line with sustainable development principles. There is a preference for locating employment sites on previously developed land, within close proximity to existing urban developments, with good accessibility to public transport and the primary road network and with good quality telecommunications.

The Wales Spatial Plan (WSP) (updated in 2008) provides a national vision and a framework for developing regional and local policy by setting out overarching planning policies, promoting and facilitating engagement, and aligning investment to spatial priorities.

The WSP also sets out a series of area strategies for six areas of Wales. The Isle of Anglesey and the northern part of Gwynedd fall within the North West Wales area strategy. Figure 1 below shows the North West Wales area covered in the strategy. The North West area (Eryri a Môn) is characterised by a high-quality natural and physical environment supporting a cultural and knowledge-based economy. The Menai hub is made up of the region's centres of population (Bangor and Caernarfon in Gwynedd and Llangefni in Anglesey) and the strategy highlights the importance of this area for driving forward the growth in North West Wales. Holyhead and Porthmadog-Pwllheli are identified as secondary hubs in the strategy that will underpin the spread of prosperity and sustainable growth from the principal hubs.

Figure 1 – Map showing the North West Wales area covered in the Wales Spatial Plan



The WSP highlights that there are a number of underlying structural, infrastructure and functional weaknesses within the local economy. These include generally low levels of economic activity and a prosperity gap, which has arisen in the area as a result of a dependency upon a small number of large, predominantly public sector employees. Another imminent threat to the value of the local economy is the decommissioning of Wylfa and Trawsfynydd nuclear power stations.

Welsh Government has produced a series of strategies, programmes and statements which:

- aim to strengthen the conditions that will enable business to create jobs and sustainable economic growth
- include Enterprise zone designation for the Isle of Anglesey to help balance and grow the Anglesey economy and contribute to the Low Carbon Economy in Wales
- recognise the need to ensure that the transition to low carbon maximises the economic renewal opportunities for practical jobs and skills
- aim to ensure that all residential premises and businesses in Wales will have access to high speed broadband by 2015

Regional

The **North West Wales Spatial Development Strategy (June 2008)** was adopted by Conwy and Gwynedd Councils in partnership with the Welsh Assembly Government. The purpose of the strategy is to build upon and develop the content of the updated Wales Spatial Plan by presenting an agreed local framework for future development in North West Wales. This strategy forms part of a series of plans and strategies that together serve as economic strategy for Gwynedd.

The Môn a Menai Strategy Programme 2011 – 2014 (September 2010) sets out the main themes and priorities of the Môn a Menai Regeneration Area (incorporating the Isle of Anglesey and the northern part of Gwynedd) from April 2011 to March 2014. The strategy sets out the intention to redefine the nature of the economy in North West Wales by embracing a sustainable social market economy, a smarter, greener economy, where prosperity comes from innovations, more efficient use of resources and where the key input will be knowledge.

Local

The adopted development plan for the Isle of Anglesey County Council is the **Gwynedd Structure Plan (1993) and the Ynys Môn Local Plan (adopted in 1996)**. The stopped Anglesey Unitary Development Plan (2005) carries significant weight as a material planning consideration for development control purposes.

The current development plan for the Gwynedd Local Planning Authority area is the **Gwynedd Unitary Development Plan (UDP) 2001-2016**. The UDP establishes a policy framework for Gwynedd and makes provision for development needs for the period from 2001 to 2016. A key responsibility of the UDP in relation to the economy is to ensure that sufficient sites are available for economic purposes in the area. A key element of the UDP in relation to the development of sites for economic and employment uses is to develop employment opportunities on a scale suitable to the area, with the objective of creating sustainable economic development.

The **Anglesey Energy Island Programme (Potential Opportunities and Economic Impacts) (May 2010)** highlights three objectives relating to the production, demonstration and servicing of low carbon energy opportunities. These are as follows:

- Objective 1: Production – New low carbon energy production on the Island.
- Objective 2: Demonstration – Establishing world-class facilities to promote Anglesey as a leading location for low carbon energy innovation and demonstration.
- Objective 3: Servicing – Local companies taking advantage of opportunities from new energy investment, decommissioning and operation

The report sets out a series of recommendations:

- Nuclear New Build represents the central opportunity within Energy Island;
- Re-training and skilling the potential workforce for new build and wider energy market should be supported;

- Consultation with local communities will be critical;
- Development of Holyhead Port; and
- Enhancing energy infrastructure.

The **Gwynedd Regeneration Strategy 2008 to 2013** (and the Gwynedd Community Strategy) supports the use of eight Gwynedd Regeneration Areas as a spatial basis for planning key interventions, concentrating particularly on communities of need. The strategy promotes substantial growth and investment in the Môn-Menai Hub and the Porthmadog/Pwllheli/Penrhyndeudraeth area. It also aims to target communities of opportunity (such as Pwllheli catchment area, Porthmadog and Penrhyndeudraeth), strategic sites, development land or other potential to help distribute economic growth.

The **Meirionnydd Employment Plan 2010** provides a strategic role for Dolgellau as a chief employment and service centre and seeks to maximise the availability and strength of IT infrastructure. A key policy aim in Gwynedd is spatial targeting and specifically to channel economic development in Meirionnydd but there is a desire also to achieve economically balanced, sustainable communities across the whole of Gwynedd.

In both authority areas the reality of limited resources is likely to mean that investment in sites will need to be prioritised and key factors which will need to be assessed as part of this study will include the deliverability and strategic economic and planning fit (sub regional or local strategic) of these sites which sit in the pipeline.

Making the most effective use of the combined resources and powers available from the public sector including EU programmes, Enterprise Zone status, prudential borrowing powers alongside land and property assets is essential to lever in private investment, new jobs and value added created across Anglesey and Gwynedd.

Despite limited public and private sector resources this section has highlighted the opportunities that the proposed nuclear new build at Wylfa and wider Energy Island Programme offer the North Wales region. The following section also highlights potential growth from a range of other sectors of the economy that will create demand for land and premises.

In both authorities there are clear plans and ambitions for the future which can help to steer investment from the private sector and de-risk potential investments. This is critical in an area that has suffered from a lack of speculative development from the private sector.

Understanding the Economic Context

Despite a relatively positive period of employment and productivity growth prior to 2008, the effects of the recession have had a major detrimental impact on North West Wales. Anglesey in particular has seen major job losses in manufacturing; and whilst Gwynedd has fared slightly better, the impacts of public sector budget cuts and redundancies are likely to have a significant negative impact on economic activity in the authority area over the next few years.

Despite the widespread negative implications of the recession and subsequent low growth, there are some positive opportunities including the Energy Island Programme which will play a major

role in the Welsh Government's Energy policy going forward. Similarly investment in Bangor by organisations including the University, alongside other private sector proposals such as Land and Lakes and Lateral Power at the Anglesey Aluminium site provide evidence of private and public interest in the area.

A number of sectors that are key to the North West Wales economy are set out below. The sectors reviewed are based on a sample of sectors which are either important in terms of having a large share of overall employment or where there is future potential growth. The list is not intended to be exhaustive but includes the following:

- Environmental goods and services
- Marine technology
- Tourism
- Public sector
- Manufacturing
- Energy
- Nuclear

Stakeholder Consultations

A series of discussions were held with a number of stakeholders to derive a broad picture of:

- Economic intelligence about the area and its competitors and key strategies;
- The overarching direction for economic development;
- Value and strength of sectors;
- Key projects which have been supported and the rationale behind this; and
- Priorities for the future.

The stakeholders consulted included: Isle of Anglesey County Council (IOACC) and Gwynedd Economic Development Units; Welsh Government; Bangor University – Estates and Facilities Department; Snowdonia National Park Authority – Planning Policy Department; Federation of Small Businesses; Developers and commercial property agents.

Some of the key points arising from the stakeholder consultation are set out below:

- There have been a relatively limited number of new investments in the authority areas over the past 18 months. Most of the other investment has come through the public sector (IOACC, Welsh and European Government funding).

-
- The key constraint in bringing forward new development is viability and market failure – limited demand compounded by development costs which far exceed the value of completed development meaning funding new development or securing developer commitment is extremely difficult.
 - Over the next five years the main focus of investment on Anglesey is anticipated to relate to Energy Island investments and related infrastructure improvements including the planned nuclear new build at Wylfa, biomass power plant and related energy investments at the Anglesey Aluminium site.
 - In March 2012 the HNP joint venture stopped working on the new nuclear build plans blaming the global economic crisis, developments in the nuclear industry in Germany and what they called the "significant ongoing costs" of running the Horizon joint venture for the decision. Efforts are ongoing to secure another company to take the project forward and the opportunity remains and should still be planned for.
 - There have been a range of high profile business closures over the past three years the most significant being that of Anglesey Aluminium's smelting operation resulting in the loss of 550 jobs within the manufacturing sector in late 2009. Public sector budget cuts and redundancies have also adversely affected the two authority areas
 - Key partners to the economic fortunes of the area include Coleg Menai and Bangor University who represent opportunity to increase the number of high value added and skilled jobs through for example the electronics sector.
 - One of Gwynedd Council's objectives is to rebalance economic growth from Menai Hub to Meirionnydd and to achieve this it was felt that provision of small and medium scale mixed use B1, B2 and B8 sites and re-use of redundant buildings would be appropriate to meet a state of under supply and local demand in locations such as Porthmadog, Pwllheli, Penrhyndeudraeth, Bala, Twyn, Barmouth, Dolgellau, Blaenau Ffestiniog and Nefyn to actively intervene and develop native demand supporting economic policy objectives and if necessary cross subsidise development by accepting mix of uses including higher value uses such as residential. It should be recognised that it can be difficult to establish demand in more remote areas but that identification of locations (highlighted above) which align with the emerging spatial planning framework and settlement hierarchy is important to ensure a joined up approach between planning and economic development.
 - A lack of demand has created an over supply of premises in the Menai and Bangor areas. There have been an increasing number of vacant units across the area on industrial sites in particular. Enquiries for land and premises have dropped in Anglesey and Gwynedd
 - It was felt there are not enough small incubator style units available to business start ups across the area and a lack of available commercial and industrial premises in the Pwllheli catchment area and there is interest here (not necessarily huge demand)
 - Next generation broadband is to be made available by 2015 for all of Wales and Welsh Government has made commitments to achieve this.
 - The Menai area and the north coast of Gwynedd are felt by a number of those consulted to have potential.

Taking Stock of the Existing Situation – Stage 1

An assessment was undertaken of existing employment land provision through an agreed criteria based site appraisal methodology which emphasises market attractiveness and deliverability. Stage 1 site appraisals were carried out on a total of 52 sites (18 on the Isle of Anglesey, 33 in Gwynedd and the proposed new nuclear new build at Wylfa) that had been identified by representatives from the IOACC and Gwynedd Council. Through completing the stage 1 appraisals, a number of sites were identified which were taken forward for more detailed analysis.

Table 1 summarises the sites that were recommended to undergo further consideration in a stage 3 appraisal and those that should be discarded following the stage 1 appraisal.

Table 1: Summary of stage 1 appraisal

| | Sites to be discarded following stage 1 appraisal | | Sites that are recommended to undergo stage 3 appraisal | |
|--|---|------------------|---|------------------|
| Local Authority | Total No. of sites | Total Hectareage | Total No. of sites | Total Hectareage |
| Isle of Anglesey | 7 | 18 | 11 | 224.4 |
| Gwynedd | 12 | 17.5 | 21 | 108 |
| Nationally Significant Proposed new nuclear build at Wylfa (Site A2) | | | 1 | 233 |
| Total for both authorities | 19 | 35.5 | 35 | 565.4 |

The key sites identified that provide key potential employment land identified in stage 1 are set out below:

- Parc Cybi (Isle of Anglesey)
- Bryn Cefni and sites at Llangefni (Isle of Anglesey)
- Proposed new nuclear build at Wylfa (Isle of Anglesey)
- Land owned by Anglesey Aluminium (Isle of Anglesey)
- Parc Bryn Cegin (Gwynedd)
- Parc Menai (Gwynedd)
- Cibyn Industrial Estate, Caernarfon (Gwynedd)
- The Trawsfynydd Nuclear Decommissioning Site (Gwynedd)

- Llanbedr Airfield (Gwynedd)

Creating a Picture of Future Requirements – Stage 2

A series of recommendations relating to employment land provision up to 2026 are set out below:

- Based on historic take up it is recommended that as a minimum each authority should provide for 4 ha p.a. of employment land in accordance with an adopted spatial planning approach over the plan period equating to 56 ha respectively or 112 ha combined.
- It is further recommended that each authority should maintain as a minimum a continuous (i.e. rolling arrangement) 5 year supply (i.e. 20 hectares) of genuinely deliverable, development ready land capable of use across the range of B use classes in accordance with an adopted spatial planning approach.
- It is recommended that the authority jointly carries out an annual monitoring review to ensure that the portfolio of land as calculated above is appropriate in terms of quality and location to meet strategic policy direction and that a full Employment Land Review is undertaken every 5 years.
- The site for the nuclear new build at Wylfa should be given special consideration within the Isle of Anglesey supply due to the unique nature of the site (in terms of energy infrastructure of national significance).
- Mindful of the strategic importance of the new nuclear new build proposals, IOACC should seek to ensure that sufficient potential sites to support this and wider EIP proposals are identified to provide a flexible supply of sufficient sites with the potential to meet potential needs and opportunities. In order to address this situation it is proposed to adopt a tiered approach to inclusion of sites potentially needed to support the new nuclear new build proposal and EIP.
- Re-use and some redevelopment of both the Trawsfynydd Nuclear Power Station and the Llanbedr Airfield sites have been identified by Gwynedd Council as strategically important to the economic well being of its area.

Stage 3 - Detailed Site Appraisal and the New Employment Land Portfolio

Stage 3 builds on the assessment of sites undertaken as part of the stage 1 site appraisal process. This assessment identified the development potential of sites within the existing portfolio. This stage represents the completion of the employment land review and the New Portfolio of sites to be taken forward as a basis for the emerging JLDP.

Table 2 below summarises the results of the stage 3 site appraisals for the Isle of Anglesey and Gwynedd. The table shows the gross supply of employment for the two areas in comparison to the identified demand.

Table 2: Isle of Anglesey: Gross supply of employment land versus demand/need forecast

| Use | Isle of Anglesey | | | Gwynedd | | |
|--|--|-----------------|---|--|-----------------|---|
| | Demand/ Need Forecast (based on 6 hectares per annum) | Total Supply | Potential over supply or under supply | Demand/ Need Forecast (based on 6 hectares per annum) | Total Supply | Potential over supply or under supply |
| B1 (office, research and development and/or light industrial) | 30 | 73.79 | +43.8 | 30 | 52.6 | +22.6 |
| B2 (Medium and Heavy Industrial) | 30 | 16 | -14 | 30 | 15 | -15 |
| B8 (Logistics) | 30 | 134.6 | +104.6 | 30 | 40.4 | +10.4 |
| Sui Generis (Proposed Nuclear New Build at Wylfa) | N/A | 233.14 | N/A | N/A | N/A | N/A |
| Total (excluding the Proposed Nuclear New Build at Wylfa) | 90 | 224.4 | +134.4 | 90 | 108 | +18 |

The proposed portfolio of sites is shown at Appendix 9 of the main report and in map form in Appendix 4. To help as a guide for developers and potential investors the map distinguishes between the prime and secondary sites.

The assessment suggests a reasonably healthy picture in terms of supply of employment land meeting demand for employment land over the 15 year JLDP period. There are however some caveats, namely:

Given that the supply of employment land is to cover a 15 year period it is not unusual for sites identified in the medium and long term (5 to 15 years) to be currently constrained. In order though that constrained sites have a prospect of being delivered it will be important that constraints are addressed. More detail of this is set out in Chapter 9 Delivery and Intervention Strategy for the New Site Portfolio of the main report.

There are low levels of vacancy reported in Council-owned stock and a broad consensus based on consultations, on enquiries and anecdotal evidence that there is an unmet demand for smaller scale incubation (offices) and start up manufacturing premises.

Policy considerations and recommendations

A summary of the policy considerations and recommendations within the main report are set out below:

- **Alignment with National and Regional Policies** – It is recommended that changes to national and sub regional policy should be monitored to ensure that the findings of this study remain consistent with what is being proposed at a national and sub regional level.
- **Cross boundary collaboration** – There is value in presenting an economic area approach encompassing both Gwynedd and Anglesey which would assist in marketing and securing new investment. Joint working in planning, economic development and inward investment with neighbouring authorities in North Wales should also be pursued.
- **A hierarchical approach to employment land provision** – In order to provide a balanced portfolio of land which addresses the employment needs and opportunities of the area and which is in alignment with economic strategy it is recommended that a hierarchical approach to employment land provision is taken.
- **Re-use of existing vacant land and buildings for employment uses** – In relation to key settlements and cross boundary settlements as defined by the North West Wales spatial plan it is appropriate to consider first the re-use of existing under utilised, vacant or derelict land and buildings in settlements for employment use as they may be appropriate for business needs and would help stem the decline in the vibrancy and vitality of town centres.
- **New Provision of Employment Land** – In order to safeguard and enhance the role of the primary settlements of Porthmadog and Pwllheli and based on the quality and deliverability of the existing portfolio in these locations it is felt appropriate to make for additional provision in terms of new sites in the primary settlements of Porthmadog and Pwllheli.
- **Delivery** – New development should wherever possible be directed towards sites which have been the subject of previous public investment (e.g. reclamation, accessing, servicing). Further public investment may be necessary to secure private sector investment and positive consideration should be given to enabling development of a non employment nature on sites to secure new built work space.
- **Sites to be considered for release for alternative uses** – Based on the assessments which set out a relatively healthy supply of employment land over the plan period the following sites should be considered for alternative uses as they represent the least attractive and deliverable employment sites within the portfolio:
 - Caeau'r Ddol, Blaenau Ffestiniog (Site Reference G26)

- North Quay, Pwllheli (Site Reference G31)
- Cardiff Road, Pwllheli (Site Reference G32)
- **Community Infrastructure Levy** – This study has not sought to place a value on development and its potential to attract Community Infrastructure Levy. However, consideration should be given to preparation of a strategy to identify and capture benefits from Community Infrastructure Levy.
- **Development Management** – Development management policies should reflect and align with the policy direction as set out in this study.
- **The New Portfolio** – That the sites identified in Appendix 9 of the main report form the basis of the new portfolio of employment land.