

8. Stage 3–Synthesis and Conclusions

Introduction

8.1 This final part of the report brings together the strands of research and concludes on the key issues identified in the study. Finally we consider the policy implications of the findings, for the client team to consider. The final section divides into three main areas:

- Testing Supply against Demand
- Summary of Main Findings
- Policy Implications

Testing Supply against Demand

8.2 In the previous chapter, we thoroughly analysed the evidence on demand for offices floorspace. Although there was some evidence of a falling off in the level of enquiries over the last three or four years, and the area has a relatively poor track record on inward investments, all the other indicators were positive and pointed to:

- Recent rapid growth in the economy;
- Increases in the stocks of workplaces and businesses, likely to drive demand for office space;
- Healthy take-up of office units;
- Significant levels of interest from outside Central Lancashire, even if this does not extend to overseas investors.

8.3 In the light of these positive trends, the projections produced, which imply continuing significant growth (albeit at a level more conservative than the evidence suggests for recent years), are considered to be a sound basis for planning forward.

8.4 The projections indicate a requirement for B1 space of around 200,000sq m from 2006 to 2021. The remainder of this sub-section now assesses how the supply available stacks up against this demand. In Table 8.1, the baseline position on supply, without any consideration of qualitative factors, is shown. This comprises:

- Vacant stock as at April 2006, taken from the Locate in Lancashire database;
- Commitments in the form of outline and detailed permissions for B1 floorspace, also as at April 2006;
- Residual capacity – the estimated capacity remaining on sites with allocations for B1 or allocations for mixed uses including B1, or general employment – these sites were identified and analysed in the supply chapter (Section 6.0), and have been detailed in the schedules at **Appendix 3**. The assumptions used to calculate the residual capacity are explained in detail in **Appendix 2**, and discussed fully in the supply chapter;
- Minimum vacant stock – this column reflects an assumption that the local property market is likely to require a minimum vacancy level to function effectively – 5% has been used.

Table 8.1 Baseline Assessment of B1 Supply Baseline Scenario

Baseline Scenario					
	Vacant Stock Actual 2006	Committed as at 2006	Residual Capacity in Sites	Less assumed minimum vacant stock (5%)	Potential supply
Chorley	6,459	13,711	96,436	5,830	110,776
Preston	30,683	57,069	75,392	8,157	154,987
South Ribble	8,016	50,763	65,784	6,228	118,335
CLC	45,158	121,543	237,612	20,216	384,097

Source: Drivers Jonas, based on Local Authority Information

8.5 Comparing this table with the sub-regional demand requirements established above, of about 200,000sq m from 2006 to 2021, it is immediately evident that there is far more latent potential within the supply pipeline than projected demand is likely to call on, in fact not far short of double the quantity. This is true for each of the local authority areas, as well as for CLC as a whole, although the distribution of potential between the various stages of the supply pipeline differs markedly in the case of Chorley, where 83% of the capacity is in the residual capacity column.

8.6 Thus in simple volumetric terms, there is ample capacity in the pipeline to cater for the growth in demand foreseen over the next 15 years. Indeed, there is sufficient capacity within vacant stock and commitments alone (158,400sq m, discounting 5%, as before) to accommodate demand for the next ten years, up to 2016, across the sub-region, as a whole, and in all districts except Chorley, where less than 20,000 sq m is available against demand of 44,000sq m up to 2016 (Table 8.2).

Table 8.2 B1: 'Hard' Baseline Supply and Requirement up to 2016

Baseline Scenario			
	Vacant and Committed Stock as at 2006 (less 5% discount)	B1 Requirement to 2016	Hard Supply less Requirement to 2016
Chorley	19,162	44,384	-25,223
Preston	83,364	56,969	+26,395
South Ribble	55,840	21,724	+34,116
CLC	158,366	123,077	+35,289

Source: QESR/ Drivers Jonas, based on Local Authority Information

8.7 However, Chorley has substantial residual capacity on sites with a presumption in favour of permission for B1, so there is no real issue here, either in volume terms.

Qualitative Assessment of Demand and Supply

8.8 In Section 6.0, the process by which sites have been appraised was described in detail. This covered two main aspects – their attractiveness to businesses and developers, and their worth in terms of sustainability and planning policy aims. The sites were scored using a common framework, and this has allowed a qualitative assessment of the adequacy of the supply, set against demand. Only sites with residual capacity were included in this assessment, since there is little scope to affect sites which have already received outline or detailed permission for development. The

qualitative assessment has been implemented by setting out a number of scenarios, using the site appraisal scores, as follows:

- **S1: Sustainable Development Scenario 1 (Brownfield Sites only)**
- 8.9 Under this scenario, only brownfield sites were included
 - **S2: Sustainable Development Scenario 2 (High Scores)**
- 8.10 Under this scenario, only sites were included that achieved a score of at least 3 out of 4 on the planning and sustainability criteria. This scenario is therefore relatively compatible with national and local planning, regeneration and social inclusion aims, including environmental and sustainability goals.
 - **S3: Market Attractiveness 1 (High Scores)**
- 8.11 Under this scenario, only sites were included that achieved a score of at least 3 out of 4 on the marketing attractiveness criteria. This scenario favours sites which are considered to be the most attractive to both developers and potential site occupiers, with few constraints, good access to motorways or primary roads, and in attractive locations.
 - **S4: Sustainable and Attractive to Market (High Scores)**
- 8.12 Under this scenario, only sites which met the criteria for both Scenarios 1 and 2 were included – in other words, both attractive to the marketplace, and sustainable.
- 8.13 The results of running these scenarios are set out in Table 8.3, below, alongside the base scenario and the ‘target’ requirement of around 200,000sq m of floorspace over the period to 2021.

Table 8.3 B1: Qualitative Assessment by Scenarios 2006 -2021

	Baseline	S1: Sus Dev 2 Brownfield	S2: Sus Dev 2 High Scores	S3: Market 1 High Scores	S4: Combination	Target to 2021
B1						
Chorley	110,776	58,188	63,888	99,965	55,528	72,892
Preston	154,987	110,789	110,789	143,602	104,610	92,568
South Ribble	118,335	80,646	74,452	88,292	67,430	35,787
CLC	384,097	249,623	249,129	331,859	227,568	201,247

Source: Drivers Jonas. QESR

- 8.14 Before interpreting these results it should be remembered that the scenarios act only on the residual capacity of sites, and do not affect the hard commitments or vacant property supply. This means that they can affect only around 238,000 sq m of the baseline supply of just under 384,000sq.m. Bearing this caveat in mind, this table reveals that:
 - most sites are considered reasonably attractive to the marketplace – score 3 or 4 on the market attractiveness criterion -thus the S3 Scenario removes relatively few sites from consideration;
 - in contrast, far less sites scored 3 or 4 on the planning and sustainability criterion, and all three scenarios which included sustainability as a measure restricted the potential supply quite severely;
 - nevertheless, all the scenarios initially tested have sufficient capacity to accommodate the forecast levels of growth in the economy; and

- at the district level, only Chorley has insufficient capacity under any of the scenarios to meet projected demand; however, the capacity available in the sub-region as a whole suggests this need not be an issue.

Main Findings

State of the Central Lancashire City Offices Market

- 8.15 The office market in CLC is characterised by two clear offers, firstly outdated secondary stock located in the urban centres, which are generally not DDA compliant; and secondly, modern out of town business parks with ample car parking.
- 8.16 With specific relation to the Preston City Centre office market, the twin impacts of traffic congestion and lack of available car parking have severely restricted the growth potential of Preston centre.
- 8.17 The strengths of the location for attracting office based users such as demographics, skill base, value, major university, and strategic transport/facilities are all evident across CLC, but the market specifications required to meet modern standards are not available within the existing office supply, and the local roads and public transport systems are issues.
- 8.18 It will be informative to monitor the progress of demand for properties such as Lowthian House, an older property refurbished to modern spec, with car parking and now DDA compliant. These premises are as yet unique to the market and offer 'modern' stock within Preston City Centre, at £11.50 per sq.ft. To date, no deals have been agreed, but there is reported interest in the property.
- 8.19 More generally, the rents that can be achieved currently are reflective of the variety of the stock type and age, ranging from £7 per sq.ft for outdated stock up to £14.50 per sq.ft for out of town business parks, whilst Preston City Centre rents average £10 per sq.ft without car parking.
- 8.20 Despite the low rents available within the centres, neither existing nor new companies are prepared to locate their businesses within the sub-standard stock. Indeed, there has been evidence of companies moving to out of town locations, with no facilities or public transport, and paying 'top end' rents in order to find modern stock that matches their accommodation needs.
- 8.21 Demand across CLC appears to be healthy with a number of enquiries and an increase in the take-up of stock over the past year. The highest levels are seen in Preston, as expected, but Chorley and South Ribble are also witnessing take-up, albeit at much lower levels.
- 8.22 The key drivers of demand are primarily local companies, new start-ups or expanding existing businesses, with little investment by organisations and businesses originating from outside of the county.

Economic Growth set to Continue

- 8.23 There is little doubt that economic growth has been rapid in recent years in the sub-region. Although current 'official' estimates of employment in the area are considered to be on the high side, all the evidence points to substantial jobs growth over the last 5 to 8 years.
- 8.24 Evidence on the key drivers of offices demand, including employment growth, business stocks growth and workplaces growth is all positive, especially when analysis is focused on those sectors of the economy most likely to generate offices demand. The only negative indicators relate to

more strategic level investment indicators such as inward investment trends and recent public sector (Lyons Review) relocations.

- 8.25 Little hard evidence was available on the attractiveness of the area for corporate relocations and expansions originating from outside the region, although 11% of enquiries for Chorley originated from such sources. Offices enquiries recorded by local EDUs indicate a predominantly local and sub-regional market for offices.
- 8.26 Projections of future growth in the area have been built around the forecasting work carried out earlier for the development of strategies for the sub-region and districts. These forecasts suggest aggregate growth in jobs of a little under 12,000 up to 2021, but nearly 15,600 in services sectors, taking into account expected decline in jobs in manufacturing.
- 8.27 The rate of growth projected is faster than that being predicted for the county as a whole, but more conservative than recent growth. This has however been exceptional when viewed against long-run trends over the last two decades.
- 8.28 The growth forecast is focused in those sectors most likely to generate demand for office accommodation.

Future Offices Demand

- 8.29 The forecast growth in jobs translates into a substantial future requirement for office floorspace, comprising in round terms, about 200,000sq m of B1 and a small amount of A2 (less than 15,000sq m), over the period to 2021. By comparison, market take-up for the last 3 years averaged just over 18,000 sq m, and if this high level were projected forward for the next 15 years would aggregate to around 275,000sq m. The forecast from the demand projection is considered therefore to be relatively robust.
- 8.30 However, the pattern of growth forecast means that the requirement is back-loaded to some extent towards the end of the period, with demand over the first ten years amounting to just over 130,000sq m, and the last 5 years about 70,000sq m.

Offices Supply

- 8.31 The supply of offices across CLC is based upon a total of 45 key sites, which are either subject to extant planning permissions or have a policy onus to be developed, wholly or in part, for office use.
- 8.32 Our review of recent developments and committed sites shows that there has been a clear trend of permissions for new office development on market-led, out of town business parks with ample car parking and a lack of focus on sustainable locations within CLC's urban centres. To some extent this appears to be a legacy of the employment allocations made under New Towns Act powers during the time of Central Lancashire New Town, when the emphasis was more on industrial/warehousing developments and separation of industry from residential development.
- 8.33 The committed developments of 121,543 sq.m account for 32% of the total office supply, which provides a substantial bank of committed supply going forward (in addition to a significant supply of vacant stock, albeit of mixed quality). The majority of the remaining supply comprises the residual capacity of allocated sites. At the base date of April 2006, the total potential supply of office floorspace is 384,097 sq.m.
- 8.34 The qualitative analysis tested this supply against criteria based on market attractiveness and strategic planning and sustainability and found that only

a third of the total sites assessed meet both these criteria, with only one site scoring strongest in all areas, namely the Tithebarn Regeneration Area.

- 8.35 The supply was also found to be skewed towards the market attractiveness criteria and did not perform as well when tested against the planning/sustainability criteria. It is clear from the supply analysis that the residual capacity, i.e. that which can be most easily influenced, is predominantly based upon a small number of greenfield sites located outside of the urban core.

Reconciling Supply and Demand under Different Conditions

- 8.36 The baseline assessment of supply and demand, run without any consideration of quality or policy factors, demonstrated that there is ample capacity in the pipeline to cater for foreseeable levels of growth in the offices market. Indeed, in purely numeric terms, the supply could cater for broadly twice the level of anticipated growth.
- 8.37 Furthermore, we found that the level of supply in the 'hard' pipeline – existing vacant stocks and detailed/outline permissions -is broadly sufficient to meet forecast demand over the next decade.
- 8.38 The four scenarios modelled were designed to test the capacity of the supply to cater for demand under more constrained conditions, relating to the market attractiveness of the sites and their planning, regeneration and sustainability credentials. As indicated earlier in this chapter, the sustainability criteria were found to restrict the supply much more than the market attractiveness criteria, with the combination scenario the most testing.
- 8.39 Nevertheless, under all the scenarios, the supply was found to be adequate at the sub-regional level, although the fit is quite tight in the combination scenario, and Chorley's supply struggled to cope with the 15 year requirement under any of the sustainability scenarios, largely because the locations of most capacity tend to be peripheral, rather than central. To an extent this is true of all three authority areas.

Alternative Futures: Faster Growth?

- 8.40 The employment forecasts have painted one picture of a possible future for the sub-region. However, what happens to the economy in the future will be partially determined by Governmental and local authority actions. For example, if the property supply were to be constrained, this would be likely to act as a barrier to future growth, and subdue the rate of growth below that being projected.
- 8.41 Conversely, the maintenance of a steady supply of premises and land in step with demand would be likely to stimulate investments by companies in the area, and perhaps lead to levels of growth higher than those being projected. It is not unfeasible that the injection of further funding into transport and other infrastructure, as part of the Northern Way initiative, or through other means, could also further boost investment and growth in the area.
- 8.42 The growth of the Central Lancashire City Region would in general form a complementary rather than competitive third focus to the North West Region and to the other core cities, whilst forming a gateway function to the northern reaches of the region to harness to potential of the region as a whole. However, CLC/Preston City Centre would be competing head to head with other northern cities for major public and private investment projects from outside the region or overseas.

Alternative Futures: Preston CBD

- 8.43 Evidence from the market (developers', agents' views) suggests that sufficient demand could exist to support a Preston CBD. The features that will be required to establish a CBD include:
- A supply of suitable sites, again, available at prices that can support development costs;
 - Availability of first class, modern office accommodation;
 - Rents at a level that can compete with business park rentals, yet still facilitate a satisfactory return for developers and investors;
 - Improved access by public transport;
 - Improved access by car, for those that need to get in that way, and better car-parking.
- 8.44 In other words, a strong 'product offer'. However, in the light of the foregoing analyses, it would be difficult to justify a CBD in quantitative demand terms alone. There is sufficient capacity in the 'hard' and 'soft' pipelines, without a CBD, to cater for substantial growth in the economy over the next ten to fifteen years.
- 8.45 And at the moment, it is hard to see where the new investors/occupiers might be coming from that would drive the demand for large floorplates and buildings of the type now being constructed and offered in Leeds, Manchester and Liverpool. Preston does not seem to be 'on the map' to any great extent for enquiries stemming from outside the sub-region, let alone outside the region, although it appears to be a good 'natural' candidate for civil service relocations of certain types. Most current offices demand is originating locally, from new start-ups and the expansion of existing businesses; although local agents have hinted at levels of latent demand, the quantity of this demand is unknown.
- 8.46 It is questionable whether these local demands could, alone, facilitate a CBD development at Preston and strong marketing and promotion will be needed if the city is to lure in major new investments from elsewhere.
- 8.47 A further key issue for the Preston CBD in the short to medium term is its ability to develop alongside the large committed capacity in the pipeline, distributed around the sub-region, which appears to be adequate in volume terms to cater for expected levels of demand over the next decade. CLC may need to generate growth even more rapid than that forecast, if it is to support a successful CBD alongside the established business park market.
- 8.48 More positively, evidence from the renaissance of other northern cities does suggest that a strong supply of good quality property could help to stimulate higher levels of demand for City Centre offices in Preston.

Latent (unsatisfied) and supply-side driven demand

- 8.49 During consultations on this report, discussions have taken place over the role the supply-side of the offices market might play in 'creating' new demand, predominantly within the context of the proposed Preston CBD, and the recent experiences of city centre revival and growth in such recently successful northern city centres as Manchester, Liverpool and Leeds. Questions were also raised regarding the methodology used to forecast future demand and whether this takes sufficient account of supply-side influences.

- 8.50 In aggregate, the availability, quality and cost of property influence only the specific *location* or *realisation* of demand, not the overall *level*. Property supply is also only one influence on location decisions, if an important one, amongst factors such as strategic location (in relation to customers and suppliers), labour pool characteristics, business environment, and inertia factors such as business managers' home and family ties. In this sense, property availability in any given location can only *attract* demand, rather than *create* it – it is businesses, organisations and economies that genuinely create or generate demand.
- 8.51 Because most demand is driven by, and arises in local economies, and most businesses prefer to stay in their existing general localities, when moving or expanding, the scope for attracting footloose investment into areas, either from regions elsewhere in the UK, or from overseas, is limited (and such investments are fiercely competed for). For example, a 1998 survey of 500 south east, midlands and eastern businesses planning a move found that only 5% reported a preference for moving to a location more than 10 miles from their current base. Similarly, over a 5 year period NWDA recorded only 4,400 new jobs associated with footloose investment successes¹⁴ – about 900 a year across the entire region
- 8.52 In the main, then, while it is clear from discussions with agents and developers, that significant potential demand exists for a CBD in Preston,(armed with a quality office floorspace portfolio, at sensible prices), such demand is likely to arise from businesses and organisations already in the Central Lancashire sub-region, or in Lancashire more generally. At the moment, this demand is tending to be satisfied in out of centre locations, in the modern business park offices around the sub-region. Demand from these sources is already built into the economic forecasting process, and is therefore robustly accounted for within the methodology used in this study.
- 8.53 Where Preston CBD, and possibly the sub-region as a whole may be 'missing out' to an extent, due to the lack of an established portfolio, is in the attraction of 'footloose' office demand, generated at the regional, national, or even international level. As indicated above, it should not be imagined that the scope for capturing such investment is unlimited, or even especially large. Genuinely footloose investment at the regional/national level is the tip of the iceberg, relative to aggregate offices demand, and Manchester, Liverpool, Leeds and Newcastle are likely to continue to dominate the north's share of such investment, with the rest being shared between sub-regional centres, such as Preston, Warrington, Chester and others in the north west, and Sheffield, Wakefield (recently voted Britain's best second tier city for business), York and other centres across the Pennines.
- 8.54 However, it is clear that Preston could attract a small share of this investment; in particular, it could attract at least one significant civil service relocation from London, given the right product, and a strong promotional campaign. Furthermore, given the size of the Central Lancashire economy, there is also some potential for capturing a niche share of other investments, for example call centres, or a shared service centre, particularly where there are local/ sub-regional connections.

¹⁴ Footloose – defined here as those jobs associated with new projects, i.e. excluding safeguarded jobs and not due to acquisitions or expansions of existing firms in the region

The 'right' size for a Preston CBD

- 8.55 Scoping the potential size of a Preston CBD is outside the remit for this study, which has sought to focus on the overall need for land for offices in the context of the LDF process, across the Central Lancashire sub-regional economy.
- 8.56 This important question should properly be the subject of a separate study, which could seek to compare and benchmark Preston against suitable competitor locations both inside and outside the region, also setting the potential within the context of regional and national offices demand, especially footloose demand. Such a study could include interviews with regional and national developers and investors, and perhaps a survey of potential business movers.
- 8.57 As a starting point, though, it is informative to consider briefly how Preston's current stock ranks numerically in the hierarchy of authorities nationally, and regionally, in terms of the size of its population, and its economy.
- 8.58 This analysis shows that Preston currently ranks 37th of 376 English and Welsh authorities in terms of office floorspace per capita (population) and 78th in terms of office floorspace per capita (offices sectors employment). If Central Lancashire were viewed as a single authority, it would rank 100th and 162nd, respectively.

Table 8.4 Preston Benchmarked in Relation to Selected other City Centres

Area	Population 2001	Offices Floorspace per 10,000 Population	Rank	Office Jobs 2004	Offices Floorspace per 10,000 Office Jobs	Rank
Manchester	392,819	53,511	7	188,159	111,714	25
Reading	143,096	45,843	10	56,897	115,296	19
Cambridge	108,863	43,357	12	59,218	79,705	77
Newcastle	259,536	38,222	16	109,355	90,714	54
Norwich	121,550	38,009	17	46,686	98,959	43
Basingstoke	152,573	35,131	21	34,778	154,120	7
Exeter	111,076	34,931	22	52,531	73,861	103
Cardiff	305,353	34,124	24	114,436	91,055	53
Swindon	180,051	31,602	29	48,481	117,366	18
Nottingham	266,988	31,574	30	108,998	77,341	92
Chester	118,210	31,554	31	37,566	99,292	42
Bristol City of	380,615	31,002	33	143,120	82,448	67
Oxford	134,248	30,019	35	64,368	62,609	181
Preston	129,633	29,468	37	48,008	79,570	78
Peterborough	156,061	27,938	45	48,177	90,500	55
Liverpool	439,473	25,644	53	137,082	82,214	68

Leeds	715,402	25,356	57	235,403	77,059	94
Warrington	191,080	25,120	58	52,227	91,906	51
Croydon	330,587	24,714	60	75,882	107,667	32
Birmingham	977,087	22,506	67	274,116	80,222	74
Southampton	217,445	22,488	68	69,314	70,549	123
York	181,094	20,542	80	49,847	74,628	102
Brighton & Hove	247,817	19,652	83	70,140	69,433	128
Sheffield	513,234	19,640	84	133,487	75,513	98
Coventry	300,848	19,445	87	74,091	78,957	80
Bradford	467,665	17,791	94	95,988	86,678	61
Central Lancs	333,949	17,098	100	88,047	64,852	162

Source: QESR Based on DLGC data, Census 2001 and ABI 2004

8.59 While this is a fairly crude barometer of Preston's standing as an offices centre, it does show that as a single authority it ranks reasonably well in terms of offices supply per capita, but when viewed as a sub-region, its standing reduces substantially. So far as it goes, the analysis tends to support the view that establishing a CBD in Preston would be more about focusing sub-regional offices development into a more sustainable location than it would be about satisfying unmet sub-regional demand.

Influence on the wider Lancashire sub-region

8.60 Whilst the focus of this study is rightly on the Central Lancashire sub-region, it is fair to say that this area is not an economic island, and that decisions on planning and regeneration policies made here will affect economies and populations in East Lancashire and the north west more generally to an extent. Similarly decisions made elsewhere will impact on this sub-region.

8.61 However, the issue of appropriate strategies was discussed at length in the joint studies setting out economic strategies across this area and east Lancashire completed only last year. We have taken the economic forecasts which arose from those studies as a key input to this one, and these have formed the main basis for planning for future sub-regional needs.

8.62 Central Lancashire has long been recognised as a potential centre for economic growth in the north of Lancashire, and the current forecasts provide for a continuation of this growth. The supply-side provides more than sufficient scope for this growth to be increased beyond the level of the forecasts, and thus one of the main considerations that should flow from this report is the extent to which all the land currently designated for employment uses is really needed, and whether alternative uses might be more appropriate on some sites.

8.63 Clearly, given that the majority of offices demand is likely to originate from within Lancashire or the region as a whole, there are dangers that additional growth, beyond that being forecast, could be at the expense of growth in other parts of the region; however, the policy support at regional and national level for a strong City Region, based on Preston, is also clear.

Local Distribution of Offices Supply and the Roles of Leyland and Chorley

8.64 Equally, within the City Region, our consultations have raised the issue of appropriate roles for Chorley and Leyland, particularly within the context of a potential Preston CBD:

- Should a restrictive policy be put in place to constrain business park development and encourage most offices development towards Preston city centre?
- To what extent should Chorley and Leyland be promoted further as district level centres, supporting office developments – indeed, do the site opportunities exist for this to happen?

8.65 In PPS6, the national policy support for directing offices development towards city/ town centres is clear, but equally there is a need to ensure that villages and neighbourhoods offer some local employment opportunities for residents that do not have access to private or public transport, to discourage unnecessary commuting, and to nurture balanced and sustainable communities.

8.66 The keys here are scale and choice.

Leyland

8.67 The location of Leyland adjacent to Preston creates a strong connection and inter-play between the centres and authorities as a whole., The impact of this closeness creates a danger of the business park developments, especially those with ample car parking, pulling growth away from Preston City Centre.

8.68 This predisposes towards the inclusion of a restrictive policy on residual capacity in business parks, together with the identification of a small amount of land around Leyland Town Centre, through a masterplanning exercise, to accommodate local needs and encourage local small businesses in line with PPS6. Office development would need to be restrictive elsewhere, except where justified to meet and service the local needs of isolated communities.

Chorley

8.69 Chorley as a town and authority is less well integrated with Preston. The population is much more scattered and with an outlook being influenced by both Lancashire and Greater Manchester. Accordingly, a more independent strategy is required.

8.70 The emerging DPD for Chorley Town Centre does seek to encourage the introduction of more offices into town centre, through the designation of 'office zones' as part of the regeneration scheme. However, the redevelopment opportunities are limited and the Document is more focused towards retail and leisure regeneration to ensure the Town Centre's competitiveness to meet the Borough's needs than focused effort to promote and integrate Town Centre office provision.

8.71 It will be essential to offer choice to the market and support continued growth through some continued business park development, but this should be reined in on the more peripheral sites, which are not well connected to existing communities. As for South Ribble, consideration must be given to the local needs of scattered settlements around the district.

Policy Implications

- 8.72 The emerging national and regional policy guidance, to which the LDF will need to comply is complementary in policy terms and sends a strategic message to pursue economic growth through the focus on the City Regions. It is important to make the distinction that the promotion of the City Regions is not a philosophy but a focused strategy.
- 8.73 The raft of research work undertaken to assess the northern cities potential, seeks to focus growth on the main economic performers, having established where and why this growth has occurred.
- 8.74 For the Central Lancashire City Region, Preston is leading the way and showing the most dynamism. The region has exceptional opportunities of a polycentric structure to increase competitiveness, expand markets and create specialist clusters is to be harnessed; with Preston becoming the Northwest's third major City and a key economic driver of the City Region. The second tier service centres of Chorley and Leyland provide an essential second tier to support to the hinterland.
- 8.75 Underpinning the delivery of these aspirations is the need for high quality investment in sustainable locations supported by high quality infrastructure and public transport network in parallel with the economic growth strategy.
- 8.76 Furthermore, the policy drivers provide a clear steer that the primary focus for the development of an office market should be within city/town centres. At the national level, PPS6 identifies investment of offices, both commercial and of public bodies, as a tool to strengthen and regenerate centres. However, this investment must be firmly established upon a base of sustainable development, whilst encouraging and facilitating sustainable modes of transport.
- 8.77 It is further recognised by national policy and the market that an approach of flexibility and choice of sites should benefit, underpin and stimulate the economy. It is fundamental to work 'with the grain' of the business market to understand their needs and priorities for site locations in order to provide a choice of sites, within the parameters of planning policy.
- 8.78 It is clear from the most recent past, that policy emphasis has shifted to seek to restrict and indeed de-allocate large greenfield site supply in order to focus new office development to the city/town centres (PPS6 and Lancashire Structure Plan Policy 17). However, the market has still demanded greenfield out of town developments the implementation of which has been enabled by the authorities' unwillingness to refuse developments when weighed against the economic benefits of job creation and investment that would be brought to the Authority..
- 8.79 Clearly, the needs or at least the desires, of business and industry, conflict directly with the approved policy onus on developing city centre and urban locations, which are already heavily congested and lack sufficient infrastructure capacity and clear development opportunities to support the potential development.
- 8.80 It will be difficult to promote a CBD without first constraining the peripheral supply, which would need to be undertaken through an agreed and implemented hard line policy shift, in practice, as well as on paper. However, with the committed sites offering an adequate office supply for the next 10 years the capacity to constrain new development in the short term will be limited and restricted to reviewing allocations and new applications.

- 8.81 The success of a Preston CBD must be embedded with a dual approach to providing the real opportunities through site assembly, supporting infrastructure and an efficient public transport system, which can reinforce local connections within CLC as well as the wider region, and providing improved access by road into the centre.
- 8.82 The emphasis upon Preston in driving forward a CBD must not overlook the sub regional aspect of the linkages between Chorley and Leyland, and their local office markets, which provide key service centre functions in their own right and provide opportunities for meeting local demand for office provision, and local employment opportunities.
- 8.83 Nevertheless, the shared vision of CLC will need to be built around policy decisions in the context of a functioning market, not unduly constrained by local authority boundaries, to fully deliver the potential and choice that the market demands.
- 8.84 It will be fundamental for the CLC to work together to strictly implement their policy choices through the LDF process going hand in hand with providing and improving infrastructure collectively, and a willingness when the time comes for hard policy decisions to be taken on applications in unsustainable locations across the whole of the region.

Next Steps

- 8.85 The instruction and agreed methodology of this Assessment has been to understand the baseline supply and to forecast the future need of office land provision to inform the LDF process, across the identified 'Study Area' of the Central Lancashire City.
- 8.86 As stated above, scoping the potential size of a Preston CBD, its implications on the wider Lancashire sub-region and the advising on the practicalities of the 'hard line' policy option is outside the remit for this study. But, together, highlight the need for a unique piece of work on the delivery of Preston CBD, to build upon the detailed baseline studies undertaken by GVA Grimley, Lancashire Economic Partnership, Preston Vision and this Office Need Assessment and to answer questions, *inter alia*;
 - the Preston 'offer' overall (attractiveness, quality, range of facilities etc);
 - accessibility (projects to address this effectively – “you can build it but if business cannot access the CBD, the won't come”);
 - delivery (land assembly, developer interest and promotion); and
 - focus on type of occupiers (small start-ups, government relocations or regional HQs).
- 8.87 If the CLC authorities agree to focus office growth to Preston and thus positively manage the delivery of a CBD, then this growth will need to be channelled through a more purposeful policy framework; to also preserve the interests of Chorley and Leyland town centres.
- 8.88 The forthcoming LDF process will be the correct forum to re-visit allocations and establish a policy direction that allows for the choice and flexibility of sites to the market, without undermining the regionally important role of a CBD.