



# **Eastbourne Employment Land Local Plan – Examination in Public**

## **MATTERS STATEMENT**

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### **SESSION 2 – SOVEREIGN HARBOUR ALLOCATIONS**



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**Matter 1 – Location Suitability, Site Capacity, the Quantum of Development and the Development Mix**

**Qn 2.1 As the Local Monitoring Report found that losses of office floorspace within and outside the town centre already considerably exceeded the losses anticipated in the ELLP, does that reinforce a need to allocate or reserve space for new office development at Sovereign Harbour?**

2.1.1 Eastbourne Borough Council considers that there is a need for new office development at Sovereign Harbour regardless of any losses of office space, in order to rebalance the office stock portfolio to offer choice for office occupiers who prefer out of town centre locations, which is currently limited due to 90% of office stock being located within the Town Centre.

2.1.2 The nature of Eastbourne and limited land availability means that employment land is a limited resource that cannot easily be replaced, and therefore it would be detrimental to the local economy to surrender allocations, especially those that could provide something 'different' to the existing stock.

2.1.3 It is considered that there are strong market reasons why the full allocation at Sovereign Harbour is required irrespective of any losses of floorspace within the Town Centre.

**Qn 2.2 Does the marketing history of Pacific House support SHL's contention that there is currently a lack of demand for B1 employment floorspace at this location and that what demand there is could be accommodated on Site 6?**

2.2.1 Pacific House opened in September 2015. Within its first 6 months, occupancy currently stands at 27% with additional space currently under offer, meaning that demand for office space at Pacific House has been higher in the first 6 months than expected by the Business Plan for the whole of Year 1 (25%).

- 2.2.2 In addition, Eastbourne Borough Council understands that within the first six months of Pacific House being completed, there have been enquiries from 126 different companies, resulting in 67 viewings. In total, there has been 12,319 sqm (132,600 sq ft) worth of enquiries, which contradicts SHL's contention that there is a lack of demand for employment floorspace in this location.
- 2.2.3 Eastbourne Borough Council understands that Pacific House has been achieving rents of £16.50 / sq ft on the ground floor and £17 / sq ft on the first floor. This compares strongly to rents of £14/15 / sq ft at Ivy House in the Town Centre. It is considered that this evidence indicates that there is demand for B1 employment floorspace at Sovereign Harbour.
- 2.2.4 Viability analysis within *ELR Supplementary Evidence Report [SD/25]* (Table 9, p38) indicates that a rental value of £17 / sq ft starts to make development viable and more in line with commercial expectations.
- 2.2.5 The *ELR [SD/24]* forecasts that there is a requirement for 23,000 sqm of office floorspace in Eastbourne over the EELLP plan period, and that in order to rebalance the office stock portfolio to make it more attractive to office occupiers, there is a need to provide a significant proportion of this outside of the town centre.
- 2.2.6 This, coupled with the fact that Pacific House is already achieving rents that could start to make commercial development viable and the catalytic effect that Pacific House will have in terms of establishing Sovereign Harbour as a business location, means that the full allocation at Sovereign Harbour will be required over the plan period.

**Qn 2.3 As the SD/28 Office Delivery Report indicates that out of centre office development in Eastbourne would currently incur losses and provide no return to the landowner, in what circumstances could B1 development at Sovereign Harbour be delivered during the plan period?**

2.3.1 *ELR Supplementary Evidence Report [SD/25]* provides strategic analysis that suggests that there are circumstances in which a commercial development could provide a return to a landowner if the appropriate balance between development costs and achieved rents could be reached (para ref). It is recognised that this return may not be as significant as other forms of development, and is contingent upon a number of factors, however it does suggest there is the possibility of development being delivered within the plan period.

2.3.2 Analysis of market data over the past decade within *Eastbourne Office Market Report (2016) [EBC-EL-04]* demonstrates that rental levels have strengthened within the Borough. Over the last year to 18 months, asking rents have increased from c.£9 / sq ft to c.£11 / sq ft (*para 5.3, p12*). This reflects wider trends with the South Coast and, more specifically, the East Sussex part of this market. Whilst there will need to be further rent increases to support wholly commercial development the upward trajectory of the market suggests opportunities will exist for future development.

2.3.3 As the Sovereign Harbour Innovation Park matures it will play a stronger role in influencing the market, raising the profile and visibility of the area and encouraging greater levels of demand. This influence has already been experienced in areas such as Hastings where the market has been proven by publicly supported initial phases which have established a market and have then been taken forward with lower or no support.

2.3.4 The involvement of development companies such as Seachange Sussex that do not use a conventional investment model would also promote the delivery of the B1 allocation, as they can take a longer view of return on

development. Operating on a different profit model to a commercial operator may enhance opportunities to deliver space, and there is evidence from Hastings that suggests that this can be successful.

**Qn 2.4 Can the demand for, and economics of, B1 development at Sovereign Harbour be predicted for the full remaining 11 years of the Local Plan period?**

2.4.1 The *ELR [SD/24]* provides a robust assessment of the economic potential of the Borough. Alongside analysis of the supply position it provides a solid basis from which future demand for B1 class floorspace can be expected. Analysis of the current nature of provision within the Borough highlights the discrepancy of the supply portfolio within Eastbourne when compared to 'market norms' in neighbouring and competing areas, with a clear lack of non-town centre space provided.

2.4.2 Coupled with the increasing influence of the Sovereign Harbour Innovation Park and the wider strengthening of the local market that has now spurred the speculative development of new office phases of Chaucer Business Park, this provides confidence that demand for space within Sovereign Harbour predicted will be realised.

2.4.3 The experience of Hastings suggests that the economics of delivery can also be greatly enhanced over the 11 year plan period. In the past decade, rents have grown from £7.20 / sq ft in 2006 to £10.70 / sq ft in early 2016, an increase of c.27% (*Eastbourne Office Market Report [EBC-EL-04], para 6.3, p16*). This suggests that initial investment does support significant market opportunity.

**Qn 2.5 If not does a need for B1 employment opportunities and insufficient alternative provision justify retaining Site 7a for B1 employment throughout that period (or until the next plan review if sooner)?**

- 2.5.1 The need for B1 employment space, as evidenced by the *ELR [SD/24]*, and the lack of alternative provision, provides equally valid reasons for retaining the allocation at Sovereign Harbour
- 2.5.2 In line with the NPPF (*para 21*), the retention of employment land designations for B class uses should be considered in the context of evidenced "*anticipated needs*" over the full plan period rather than as a reaction to short term or immediate market conditions. This ensures the right sites are available at the right time to support inward investment.
- 2.5.3 Given forecast demand for floorspace, there is a clear level of anticipated need for additional floorspace, which is significant in the Eastbourne context. This need is evidenced as both being quantitative and qualitative. Analysis of the supply of space demonstrates equally clearly the lack of options available to the Borough in identifying sufficient quantum and type of employment land to accommodate this need.
- 2.5.4 Therefore, it would be contrary to the aims of the NPPF to seek to remove the protection of Sovereign Harbour as an employment site as it would render the Borough unable to meet its future employment growth needs. In turn, this could result in a less than sustainable form of growth and increase out-commuting pressure, with the further 'knock on' impacts this will have on the environment, congestion and resident's quality of life.
- 2.5.5 Given that the adopted Core Strategy demonstrates that wider growth needs can be met using other land resources, there is no over-riding rationale in planning policy terms to surrender employment land when it can be demonstrated, both in market terms and through forecasting the

scale and nature of growth, that the capacity will be needed for economic purposes.

**Qn 2.6 Other than the above outline planning permission what planning permissions or reserved matters decisions have been issued on Site 6 for Pacific House or other development?**

2.6.1 Other than the Sovereign Harbour outline permission, the only approved planning permission on Site 6 is for the development of Pacific House. Planning permission was granted in 2014 for *Construction of new building consisting of three storeys totalling 2,323m<sup>2</sup> net internal area for use within use classes B1(a)(b) and (c), occupying a site of 0.64ha and incorporating 130 car parking spaces* (planning ref: 130967).

**Qn 2.7 As the description of the outline Condition 10 states that Site 6 is to be developed for up to 15,000sqm of B1 floorspace and Condition 10 sets a maximum of 20,000sqm of B1 floorspace on sites 4, 6 and 7a, how would the EELLP determine the quantum of floorspace as stated in the proposed Minor Modification 4?**

2.7.1 The requirement to provide a Community Hall on Site 7a at Sovereign Harbour has meant that the B1 allocation at Sovereign Harbour will reduce from 20,000 sqm to 18,500 sqm as outlined in the letter to the Inspector (*EBC-EL-03*).

2.7.2 Although Condition 10 of the outline permission states that Site 6 is to be developed for up to 15,000 sqm of B1 floorspace, Schedule 4 (*para 4.2.1, p26*) of the Section 106 Agreement [*SD/38*] identifies that Site 6 should provide a minimum of 11,100 sqm of B1 floorspace. It also identifies that Sites 4 and 7a should provide the balance of the overall requirement for Sovereign Harbour that is identified in the EELLP (*para 4.2.2, p26*).

2.7.3 The EELLP currently identifies that the overall requirement for Sovereign Harbour is 20,000 sqm, which would mean Sites 4 and 7a would need to provide 8,900 sqm, with the Section 106 agreement [*SD/38*] stating that

*'the distribution of the required B1 space between the two Sites shall be at (the landowners) own election' (para 4.2.2, p26).*

2.7.4 However, due to the need for part of Site 7a to provide a Community Hall as the alternative site, as identified in the Section 106 agreement [SD/38] (para 4.2.3, p26), the amount of office space provision to be provided should be reduced by 1,500 sqm. This now means that Sites 4 and 7a would need to provide 7,400 sqm of office floorspace between them.

2.7.5 In the event that the requirement for Sovereign Harbour as identified in the EELLP is reduced further, Sites 4 and 7a would need to provide a lower amount of B1 provision, and again the distribution of the requirement between Site 4 and 7a would be at the landowner's election.

**Qn 2.8 Is the wording of Policy EL4 that: 'Sovereign Harbour should provide 20,000sqm of additional B1 floorspace' sufficiently clear as to the amount of floorspace that is required including:**

- whether it is a minimum or maximum and**
- what it is 'additional' to**
- whether it is to be measured as net internal area or a gross external area?**

2.8.1 Eastbourne Borough Council recognises that Policy EL4 does not specifically identify whether the requirement is a minimum or maximum, what it is 'additional' to, and how the requirement is measured.

2.8.2 Due to the need to reduce the B1 provision as a result of the need to accommodate a community hall, the amended requirement for 18,500 sqm of B1 floorspace is intended to be a minimum figure. It is recognised that there is a discrepancy between Condition 10 of the Outline Permission [SD/36] that identifies the figure as a maximum, and para 4.2.2 of Schedule 4 of the Section 106 agreement [SD/38], which identifies the figure as a minimum. Eastbourne Borough Council can confirm that, despite the confusion, it was intended that the floorspace requirement is a minimum.

- 2.8.3 The reference to 'additional' refers to additional office space over and above the provision that is already within Sovereign Harbour. The Waterfront area already accommodates some office provision built in the late 1990s, and this existing office provision should not be included as part of the EELLP requirement.
- 2.8.4 Para 3.10 of the EELLP [SD/01] identifies that the provision at Sovereign Harbour should be measured as net internal area (NIA). However, it is recognised that net internal area is not referenced within Policy EL4 and that it would be beneficial if this reference were to be included.
- 2.8.5 It is suggested that these issues could be addressed through modifications to amend the wording of Policy EL4.

**Qn 2.9 Does the provision of Policy EL4 that no other uses may be provided until 20,000sqm of B1 floorspace has been delivered mean that it is a minimum figure whereas the outline planning permission sets it as a maximum figure for Sovereign Harbour and the S106 agreement sets separate minimum floorspace figures for Site's 6 and 7a?**

- 2.9.1 The updated requirement for 18,500 sqm of B1 floorspace is intended to be a minimum figure. It is recognised that there is a discrepancy between Condition 10 of the Outline Permission [SD/36] that identifies the figure as a maximum, and para 4.2.2 of Schedule 4 of the Section 106 agreement [SD/38].
- 2.9.2 Schedule 4 of the Section 106 Agreement [SD/38] (Paras 4.2.1 and 4.2.2) states that:

*'Site 6 is the priority site within the Development for the provision of B1 space and it is anticipated to provide a minimum of 11,100 square metres NIA of such space...*

*...The owner shall be required to provide no less B1 space on the Sites than an amount equal to 8,900 square metres NIA or, if a lesser amount, the difference between the Allocation and 11,100 square metres NIA'.*

- 2.9.3 As the Section 106 Agreement [SD/38] sets minimum requirements for Site 6 and for Sites 4 and 7a combined, it is a minimum floorspace requirement. Should there be any remaining land available following the delivery of the minimum requirement, other employment generating uses that are compatible with the residential area (with the exception of class A1, A3 and A5 uses) would be considered acceptable, in accordance with EELLP Policy EL4.

**Qn 2.10 What is the purpose of the provision at 4.2 of Schedule 4 of the S106 Obligation\* concerning other B1 development at Sovereign Harbour and to what land does it relate?**

- 2.10.1 The purpose of Paragraph 4.2 of Schedule 4 of the Section 106 Agreement [SD/38] is to have regard to the delivery of any additional B1 space in other locations within the Sovereign Harbour neighbourhood.
- 2.10.2 Site 3 (Land in Atlantic Drive, adjacent to 29 The Waterfront) does not form part of the Sovereign Harbour Outline Permission, but was granted consent in October 2013 for a *Fishing Quay comprising buildings with storage and chiller space and office accommodation to upper floors and separate Visitor Centre* (Planning Ref: 130442). This permission includes the provision of 246 sqm of office floorspace as well as 515 sqm of class B8 floorspace, 326 sqm of class D2 floorspace and 25 sqm of class A1 floorspace. However, as this approval has not yet been implemented, the site could potentially provide additional B1 space should the committed proposal not come forward.

**Qn 2.11 As Provision 4.2.3 of Schedule 4 of the S106 obligation is expressed in terms of the land area of the community hall and 4.2.2 is expressed in terms of sq m of B1 floorspace, how would the reduced B1 floorspace requirement be calculated if the site is developed for a community hall?**

2.11.1 Provision 4.2.3 of Schedule 4 of the S106 agreement states that:

*In the event that the Alternative Community Hall site is determined to be the location for the Community Hall pursuant to paras 3.9 and 3.10, the area of the Alternative Community Hall Site shall be deducted from the amount of B1 space to be provided by the Owner on Site 4 and/or Site 7a as it will no longer be possible to locate B1 space on such land.*

2.11.2 On 24<sup>th</sup> March 2016, Eastbourne Borough Council submitted notice to Sovereign Harbour Limited that it required the Alternative Community Hall Site, as the original site (Site 5) would not be viable to accommodate a Community Hall due to ground conditions.

2.11.3 The Alternative Community Hall site is identified on the plan annexed to the Section 106 Agreement [SD/38] in Schedule 2. The plan in Schedule 2 of SD/38 provides the co-ordinates for the alternative Community Hall site, and it was determined that this site has a site area of 1,500 sqm.

2.11.4 Therefore, as per Provision 4.2.3 of Schedule 4 of the Section 106 Agreement [SD/38], the site area of 1,500 sqm should be deducted from the amount of B1 floorspace to be provided at Sovereign Harbour. This reduces the requirement to a minimum of 18,500 sqm, of which no less than 7,400 sqm should be provided on Site 4 and/or Site 7a.

**Qn 2.12 Does Policy EL4 as worded allow for the development of a community hall on Site 7a in the circumstances described in the S106 agreement and, if not, does it require modification?**

2.12.1 Eastbourne Borough Council agree that Policy EL4 as worded would not allow for the development of a Community Hall on Site 7a, and that is would require a modification.

2.12.2 It is suggested that Policy EL4 could be modified as follows:

**Policy EL4: Sovereign Harbour**

Sovereign Harbour should accommodate ~~20,000 sqm~~ 18,500 sqm of additional B1 floorspace. This should be delivered predominantly on ~~Sites 6 and 7a, however Site 4 could accommodate a small amount of office space. Site 6 is the priority site for the provision of B1 floorspace and should provide a minimum of 11,100 sqm NIA. Sites 7a and 4 should provide no less than the remaining 7,400 sqm across the two sites.~~ The B1 floorspace should be provided in a flexible format that will allow businesses to adapt their operations depending on circumstances.

Part of Site 7a amounting to 1,500 sqm is set aside to provide a Community Hall. Other employment generating uses that are compatible with the residential area (with the exception of class A1, A3 and A5 uses) will be acceptable on any remaining land on Sites 6 and 7a following the delivery of the ~~20,000 sqm~~ 18,500 sqm of B1 floorspace.

**Qn 2.13 Could Sites 7a and 4 accommodate 8,900sqm (NIA) of B1 space and still leave space for other development?**

2.13.1 As it has now been confirmed that part of Site 7a is required to provide a Community Hall, the amount of B1 space to be provided on Sites 7a and 4 has been reduced to 7,400 sqm.

- 2.13.2 This means that Site 7a has a remaining site area of 2.05 hectares. At a plot ratio of 0.4, the Site 7a could accommodate up to 8,200 sqm NIA of B1 floorspace.
- 2.13.3 However, Eastbourne Borough Council is aware of an existing constraint on the site of a high pressure gas pipeline, which prevents development from taking place within certain areas of the site fronting Pevensey Bay Road. This will affect the layout of the site, which may limit capacity of B1 floorspace that can be provided on Site 7a, although car parking would be acceptable in the restricted area.
- 2.13.4 As part of the Sovereign Harbour outline planning permission, Site 4 has permission to provide 3,200 sqm of retail floorspace (class A1 – A5), and 3,600 sqm of commercial uses (class B1, C1 and D1). This shows that Site 4 would have capacity to provide 3,600 sqm of office floorspace.
- 2.13.5 The total capacity of Sites 7a and 4 could be as much as 11,800 sqm, which exceeds the EELLP requirement for both sites to together provide 7,400 sqm. Therefore, Sites 7a and 4 could accommodate the requirement and potentially leave up to 4,400 sqm of floorspace to provide other employment generating uses.

**Qn 2.14 In accordance with the wording of paragraph 4.46, should the second part of Policy EL4 refer to other development on any remaining land on Sites 6 and 7a rather than to Sites 6 and 7?**

- 2.14.1 Eastbourne Borough Council agrees that the second part of Policy EL4 that refers to other development on any remaining land should refer to Site 6 and Site 7a, and that this change could be made as part of a modification.

**Qn 2.15 Having regard to the SPD and the outline permission description could Site 6 accommodate more B1 development than is currently proposed?**

- 2.15.1 The Sovereign Harbour Supplementary Planning Document [SD/21] and the Sovereign Harbour Outline Permission [SD/36] state that Site 6 should accommodate up to 15,000 sqm of B1 floorspace.
- 2.15.2 The Section 106 Agreement [SD/38] identifies that Site 6 should accommodate a minimum of 11,100 sqm.
- 2.15.3 Eastbourne Borough Council does not believe that Site 6 could accommodate more B1 development than the 11,100 sqm that is identified in SD/38. This is due to the provision of car parking required on-site. In order for the development to be attractive to office occupiers, there needs to be sufficient levels of car parking. The provision of surface car parking restricts the amount of office floorspace that can be accommodated on-site, and the more office floorspace provided, the more parking spaces are required.
- 2.15.4 Pacific House on Site 6 is designed to allow multiple occupiers, and therefore there is a market requirement to provide more parking than would usually be expected for single occupier office buildings in order to provide more flexibility to meet the needs of a larger number of occupiers.
- 2.15.4 In addition, Site 6 is constrained by Tree Preservation Orders that affect the layout and capacity of the site.

**Qn 2.16 As all types of B1 development are by definition those uses which are suitable to be carried out in any residential area without detriment to the amenity of that area are Sites 6 and 7a both suitable for all types of B1 development?**

- 2.16.1 Eastbourne Borough Council considers that Sites 6 and 7a would be suitable for all types of B1 development. The Sovereign Harbour Outline Permission [SD/36] and the Section 106 Agreement [SD/38] include reference to 'B1', which would include all types of B1 uses. Indeed, the permission for Pacific House on Site 6 (planning ref: 130967) includes approval for use within use classes B1(a)(b) and (c).
- 2.16.2 The *ELR* [SD/24] identifies that allowing all types of B1 development at Sovereign Harbour will allow 'hybrid' units to come forward and managed workspace to be delivered that attracts businesses that combine the range of design and make process (*Para 8.24*).
- 2.16.3 However it is recognised that some class B1(c) activities may benefit from being in more industrial locations.

**Qn 2.17 What are the site areas of Sites 4, 6 and 7a?**

- 2.17.1 The areas for the sites at Sovereign Harbour are:
- Site 4 – 0.38 hectares
  - Site 6 – 3.41 hectares
  - Site 7a –
    - Total Site Area - 2.20 hectares
    - Community Centre site – 0.15 hectares
    - Site for B1 development – 2.05 hectares