

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* ECONOMIC DEVELOPMENT

LAND FOR INDUSTRIAL AND STORAGE USES

The States are asked to decide:-

Whether, after consideration of the Policy Letter dated 13th November, 2017 they are of the opinion:-

1. To note that the Committee *for* Economic Development is of the opinion that the States should facilitate the use for industrial and storage purposes of any of the following areas of land owned by the States of Guernsey: Mont Crevelt/the Longue Hougue reclamation site, Griffith's Yard, Brickfield House industrial area (as described in section 5.3 of the Committee's policy letter, and excluding the field where the pump house is located), and/or Pitronnerie Road.
2. To direct the States Trading Supervisory Board to make available any of the areas of land listed in Proposition 1, to provide:
 - a. basic open yard facilities for the purposes of open storage of plant, materials, and equipment principally for the construction industry; and
 - b. land for heavy industrial purposes.
3. To agree that the provision of these facilities should be in line with the policy framework set out in section 4.2 of this policy letter.
4. Subject to the approval of Proposition (1), to direct the Committee *for* Economic Development to review, by no later than 13th November, 2022, the provision of these facilities by the States of Guernsey.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* ECONOMIC DEVELOPMENT

LAND FOR INDUSTRIAL AND STORAGE USES

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

13th November, 2017

Dear Sir

1 Executive Summary

- 1.1 The Committee *for* Economic Development (“the Committee”) is required by Resolution of the States to set out its opinion, in a policy letter, on whether the States should facilitate the use for industrial purposes of any of the following areas of land, all of which are owned by the States: Mont Crevelt/the Longue Hougue reclamation site, Griffith’s Yard, Brickfield House (excluding the field where the pump house is located), and Pitronnerie Road.
- 1.2 The Committee is of the opinion that although the Island Development Plan (“IDP”), which came into effect last November, now provides much greater flexibility for the private sector to bring forward sites for industrial and storage uses, these policies are yet to fully deliver in terms of meeting the immediate commercial premises needs of two broad categories of business as described elsewhere in this policy letter.
- 1.3 The Committee would ordinarily wish for the delivery of commercial premises to be left to market forces, and is of the opinion that there is no case for providing a financial subsidy for any such accommodation. However, the Committee recognises that the States is in a position to increase the availability of premises suitable for these types of business, and would support making any of the above sites available for this purpose but on commercial terms and with no form of subsidy.
- 1.4 The Committee recognises that if the States resolves to make such land available for commercial use, the States Trading Supervisory Board (“STSB”) would be responsible for giving effect to this resolution. The Committee understands that the STSB would require a policy framework within which to establish and administer any such facility. This policy letter therefore proposes a policy framework which would, subject to States’ approval, provide the STSB with the direction to carry out this function.

- 1.5 The Committee also proposes that if the States resolves to direct the provision of land for this purpose, that decision should be reviewed after five years by the Committee.

2 Background

- 2.1 The relevant background is set out in the policy letter dated 25th April, 2017 by the Development & Planning Authority (“DPA”) and the Committee *for the Environment & Infrastructure* (“E&I”), hereafter referred to as “the DPA/E&I policy letter”, which the States considered at their meeting on 7th June, 2017 (Billet d’État XI of 2017).
- 2.2 This policy letter therefore does not repeat that background, other than to add that at the aforementioned meeting, after consideration of the DPA/E&I policy letter and further to an amendment by Deputies L B Queripel and M J Fallaize, the States resolved *inter alia*:

“To direct the Committee *for Economic Development*, in accordance with its policy and advisory responsibilities "to advise the States and to develop and implement policies on... the promotion and development of all sectors of business", to submit a policy letter to the States by no later than December 2017 in which it shall set out its opinion on whether the States should facilitate the use for industrial purposes of any of the areas of land listed in Proposition 1 [of the propositions submitted by the DPA/E&I with their policy letter of 25th April, 2017, namely: Mont Crevelt/Longue Hougue reclamation site, Griffith’s Yard, Brickfield House (excluding the field where the pump house is located), and Pitronnerie Road]”.

3 The Committee’s opinion

- 3.1 The Committee recognises that the IDP provides flexibility for the private sector to bring forward sites for industrial and storage uses, but is of the opinion that these policies, which came into effect in November last year, are yet to fully deliver in terms of meeting the immediate commercial premises needs of the following broad categories of business:
 - 3.1.1 Category 1 businesses
Businesses which require basic open yard accommodation, principally for the storage of construction-related equipment, plant, and materials. The primary requirement of these businesses is for basic and secure ‘lock up and leave’ storage accommodation, rather than for workshop and office accommodation, though some may benefit from the provision of some basic covered storage.
 - 3.1.2 Category 2 businesses
Businesses which require open yard accommodation for the storage of construction-related equipment, plant, and materials but which would also benefit from the ability to undertake heavy industrial activities on-site, such as the screening of rubble and the processing of inert waste.

- 3.2 Nearly all of the tenants currently accommodated at the States-owned Fontaine Vinery temporary open storage compounds would fall within Category 1. A much smaller number of tenants fall within Category 2.
- 3.3 In interviews conducted in 2015 and 2016 with tenants of the temporary open storage compounds at Fontaine Vinery, the principal concern reported was lack of availability of suitable sites in the private market and the impact this had on the affordability of sites which did become available. Tenants reported that open storage sites rarely became available, and storage premises on the commercial market tended to be built warehouse-style structures, which were unsuitable for these businesses, as smaller buildings may not have sufficient internal height to accommodate plant and equipment, and larger premises were often too expensive for these businesses to rent wholly and would need to be subdivided into smaller units, again affecting the cost of these premises.
- 3.4 A small number of tenants also reported that they would also benefit from being able to carry out heavy industrial activities relating to the processing of inert waste (e.g. stone, metal, and timber from construction sites) at the site of their accommodation if they had suitable premises with the necessary planning permission to carry out these activities, but that options in the commercial premises market were limited because of the high impact of these heavy industrial activities on neighbouring uses.
- 3.5 Further, in late 2016/early 2017, the Committee carried out a survey of businesses requiring industrial and storage accommodation. The majority of respondents (59% of 56 businesses) agreed that availability of suitable premises was a limiting factor for their growth. Though the survey sample was small and may not be fully representative, these findings would appear to reinforce the concerns relating to availability of premises as expressed by the tenants of Fontaine Vinery.
- 3.6 The DPA/E&I policy letter refers to an island-wide oversupply of industrial and storage premises. However, the Committee understands that this oversupply principally relates to built industrial and/or storage premises rather than the type of open yard accommodation required by businesses in both categories. This being the case, the Committee does not consider that an oversupply of built industrial and/or storage accommodation represents an immediate and pragmatic solution for the particular needs of the Category 1 and 2 businesses described above. Further, the Committee notes the findings of the most recent IDP Quarterly Monitoring Report (for Quarter 2, 2017), which reported that there was no land (as opposed to built premises) available on the general market for rent or sale for employment uses during that period. This underscores the point that despite a reported over-provision of built industrial and storage and distribution premises, there does not appear to be sufficient market provision of land for storage and industrial purposes

- 3.7 The Committee would ordinarily wish for the delivery of commercial premises to be left to market forces. However, whilst in time a greater number of premises suitable for Category 1 businesses should become available in the commercial market, the Committee accepts that there is presently an issue of availability, which the States is in a position to address by making premises available for these types of business.
- 3.8 The Committee considers that it is less likely that premises suitable for Category 2 businesses will become available through market forces owing to the particular operating requirements of these businesses, planning restrictions in view of the high impact of these operations on neighbouring uses (particularly in terms of noise and dust), and the limited availability of suitable sites. The Committee would therefore also support making available premises suitable for these types of business.
- 3.9 The Committee does not, however, consider that there is a case for providing any form of direct or indirect financial subsidy for the provision of accommodation for these types of business. The role of the States should be solely to make available suitable premises, on commercial terms and with no form of subsidy.
- 3.10 For Category 1 businesses, the Committee would wish to see the provision of basic open yards for storage but with a higher standard of facility than is available at Fontaine Vinery, which is limited by planning restrictions and the temporary nature of the site. The principal need is for secure, open storage but there should be the potential for some basic covered storage to be provided if required by tenants.
- 3.11 For Category 2 businesses, the Committee would wish to see the provision of accommodation which would be suitable, in planning terms, for heavy industrial use.
- 3.12 The Committee does not seek to prescribe the precise layout or size of any site or sites to be set aside for this purpose but would as a minimum expect the STSB to make available a total area (which may be provided across more than one site) of no less than is currently available at the Fontaine Vinery open storage compounds.
- 3.13 The Committee does not seek to prescribe which site or sites should be put to such use but recognises that location options for Category 2 businesses are likely to be far fewer in number than for Category 1 businesses because of the impact of heavy/specialist industrial activities on neighbouring uses. The options for Category 2 businesses may therefore be limited to the Mont Crevelt/the Longue Hougue reclamation site. The Committee recognises that Mont Crevelt/the Longue Hougue reclamation site is strategically a highly valuable site and that accommodating Category 1 businesses at that site may not represent the most appropriate use of this resource (as there are more site options for this type of business elsewhere). However, noting that Longue Hougue is zoned for heavy/specialist industrial activities, the Committee would support the use of part of this site to accommodate Category 2 businesses. To that end, it is relevant to add that STSB has confirmed to the Committee that there is potential for some limited industrial compounds at Longue Hougue to be made available for this purpose, but not until 2018 when most of the construction of the waste facility should be completed.

- 3.14 The DPA/E&I policy letter also refers to the potential for redundant winery sites to provide land for industrial and storage uses. The Committee recognises that this potential exists and, prior to its work to investigate the use of States-owned sites, the Committee endorsed efforts by States of Guernsey Property Services to facilitate the relocation of Fontaine Winery tenants to privately-owned redundant winery sites. This resulted in the identification of a private redundant winery site which, earlier this year, was granted the necessary planning permission for change of use. The relocation of businesses from Fontaine Winery to the privately-owned site is now a commercial matter between the landowner and the businesses.
- 3.15 The Committee is also aware of a number of recent planning applications (pending at the time of writing) having been submitted for the provision of accommodation for industrial/storage purposes, including at redundant winery sites. In view of the potential for a greater number of suitable sites than at present to be provided by private landowners, the Committee recommends reviewing after five years any decision to provide States-owned land for industrial/storage purposes, to ensure that the provision of such facilities by the States does not have a detrimental effect on the commercial marketplace, either as a result of stymieing new developments coming on-stream or by undermining the commercial viability of existing sites.
- 3.16 Importantly, whilst the Committee is supportive of making available a States-owned site or sites to help meet the needs of the two categories of business described above, the Committee is of the opinion that these facilities should be provided on commercial terms and with no form of subsidy provided. This would enable the States to address the issue of availability of suitable premises whilst ensuring a level playing field for businesses renting premises in the private market. The Committee proposes, in section 4, below, a policy framework to provide direction to STSB on these and other matters relating to the provision of any such facility or facilities.
- 3.17 Whilst the DPA/E&I explained in their joint policy letter that it would be acceptable, in principle, under the existing policies of the IDP, and subject to the relevant policy criteria, to use the aforementioned sites for industrial purposes without amendment to the IDP, the Committee recognises that any such proposal for the use of these sites would still need to go through the planning process, and that the relevant policies of the IDP would be applicable. Section 3 of the DPA/E&I policy letter provides an assessment of the aforementioned sites, providing guidance on the policies of the IDP which would apply to each of the sites.

4 Policy framework

- 4.1 During the States' debate on the amendment by Deputies Queripel and Fallaize, the President of the STSB indicated that his Board would require the Committee to provide a policy framework for the use of any of the aforementioned sites.

4.2 The Committee would therefore propose the following policy framework:

(1) The STSB shall make available any of the following areas of land owned by the States of Guernsey: Mont Crevelt/the Longue Hougue reclamation site, Griffith's Yard, Brickfield House (excluding the field where the pump house is located), and/or Pitronnerie Road, to provide:

- a. basic open yard facilities for the purposes of open storage of plant, materials, and equipment principally for the construction industry; and
- b. land for heavy industrial purposes.

(2) The STSB shall run these facilities on a commercial basis. No financial subsidy will be provided and no preference will be shown to any particular businesses.

(3) Notwithstanding (2) above, land set aside for heavy industrial purposes should be limited to businesses able to demonstrate a genuine need for such premises.

5 Consultation

5.1 In accordance with Rule 4 (1), the propositions set out in this policy letter have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

5.2 The Committee consulted with the STSB on the propositions and policy framework set out in this policy letter. The STSB raised no objections, and welcomed the recommendation to set commercial terms and rates. The STSB also welcomed the Committee's commitment to review on a five-yearly basis the need for this type of land to be provided by the States.

5.3 The STSB also took the opportunity to clarify that the site referred to in the DPA/E&I policy letter as "Brickfield House" constitutes 8,266m² of industrial land on each side of the entrance to the Guernsey Water facilities on the site, excluding the pump station. The image of the site depicted on p23 of the DPA/E&I policy letter ('Map 3') could have been interpreted as including the entirety of the land parcel at Brickfield House, which would not be a practical proposition. The STSB has provided an annotated aerial photograph of the site, enclosed with this policy letter as Appendix 1, which more clearly marks (in green hatching) the area potentially eligible for industrial/storage uses. It is to this area that the Committee's policy letter also refers when using the term 'Brickfield House'.

6 Resource

6.1 The STSB estimated that if the sites in States ownership were developed sequentially as demand dictates, then a single site would not require any additional resource than is currently employed for this purpose as part of the duties of States of Guernsey Property Services staff. The STSB advises that there will be a significant capital and resource cost to develop any new site, with the set up and operation cost taking an estimated five years' rental income to be recovered.

7 Propositions

The States are asked:-

1. To note that the Committee *for* Economic Development is of the opinion that the States should facilitate the use for industrial and storage purposes of any of the following areas of land owned by the States of Guernsey: Mont Crevelt/the Longue Hougue reclamation site, Griffith's Yard, Brickfield House industrial area (as described in section 5.3 of the Committee's policy letter, and excluding the field where the pump house is located), and/or Pitronnerie Road.
2. To direct the States Trading Supervisory Board to make available any of the areas of land listed in Proposition 1, to provide:
 - a. basic open yard facilities for the purposes of open storage of plant, materials, and equipment principally for the construction industry; and
 - b. land for heavy industrial purposes.
3. To agree that the provision of these facilities should be in line with the policy framework set out in section 4.2 of this policy letter.
4. Subject to the approval of Proposition (1), to direct the Committee *for* Economic Development to review, by no later than 13th November, 2022, the provision of these facilities by the States of Guernsey.

8 Committee Support for Proposition(s)

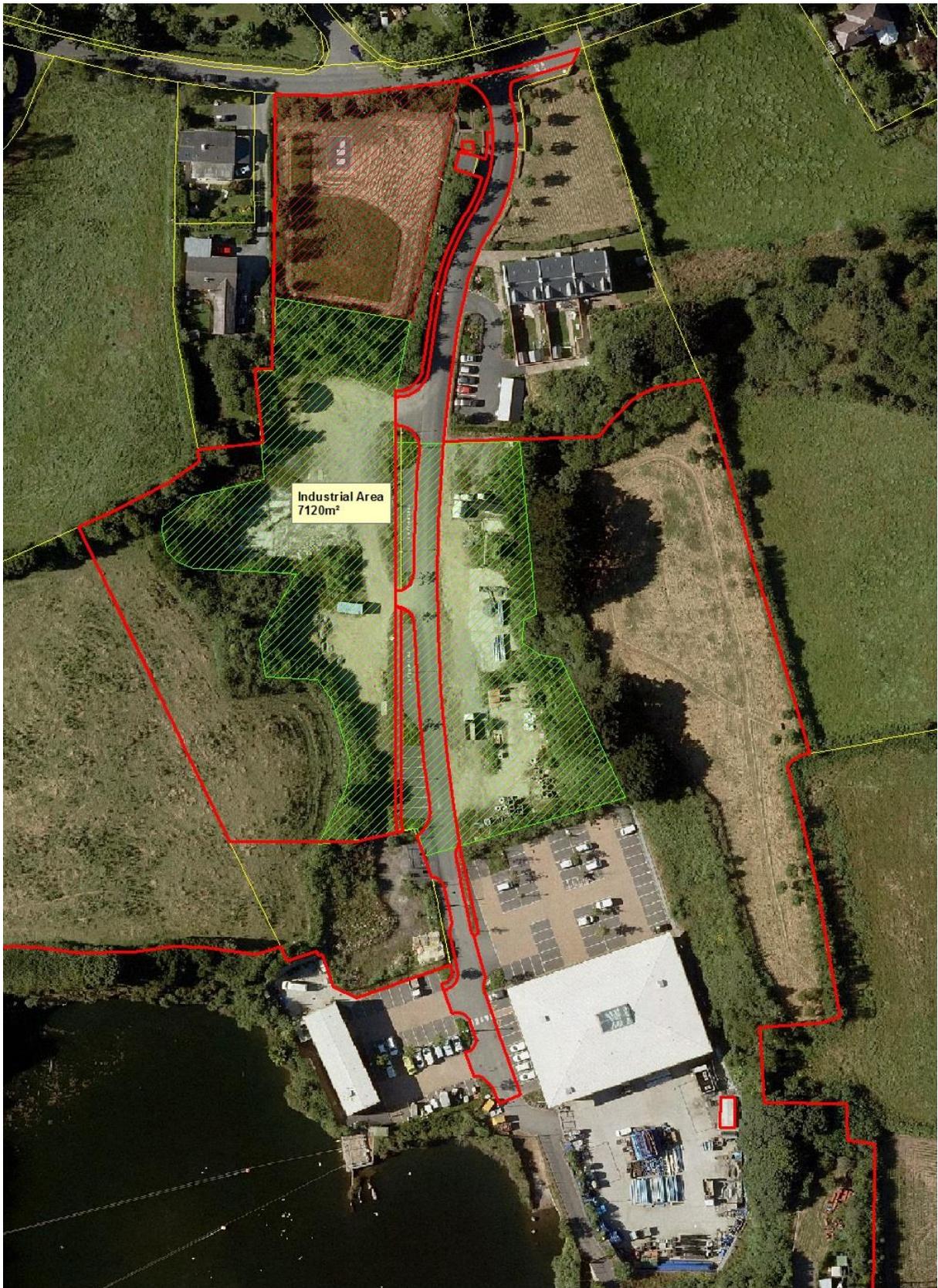
- 8.1 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.

Yours faithfully

P T R Ferbrache
President

J Kuttelwascher
Vice-President

A C Dudley-Owen
J S Merrett
J I Mooney



Industrial land at Brickfield House