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Planning Development

Sequential Options Assessment

Erection of New Mixed-Use E(g) (i, ii & iii) and B8 Building and Demolition of Existing Buildings: Turnbridge Mills, Quay Street, Huddersfield, HD1 6QT

Executive Summary

Through pre-application discussions, the Local Planning Authority (LPA) requested an assessment detailing how and why options other than demolition of a number of the historic mill buildings have been discounted during the process of planning the current redevelopment proposals.

The aim of this report is to provide an audit of evidence in discounting various options in the interests of demonstrating that the proposed development represents the optimum viable use of the site from a heritage perspective, balancing this against the public benefits in accordance with the requirements of the NPPF.

A sequential approach to this assessment in terms of discounting alternative options for the proposals has been requested to be evidenced in the following order. The outcome of this sequential approach is summarised under these headers:

1) The 'do nothing' scenario

From the landowner's perspective, there are a number of former industrial buildings that are economically obsolete (Building's B, C, D & G) and are either un-lettable due to their poor condition, or are let out at unsustainably low rates. The costs of simply repairing the external envelopes of these buildings without any internal improvements to improve their attractiveness to the market, would take the landowner nearly 200 years to break even from current and foreseeable levels of income from the buildings. This is in addition to the ongoing six figure annual maintenance costs for other buildings on the Turnbridge Mills site, creating further pressures on JLB as a business. The ongoing and future maintenance and liability costs of the two listed buildings can only be provided by the landowner acting alone, without subsidy.

Consequently, there is no incentive for any rational landowner to risk spending £3.15 million [1] to repair buildings when there is no reasonable prospect of this expenditure being recouped.

Irrespective of this scheme therefore, the trajectory for these buildings is one of continued decline and eventual total dereliction. Nothing can change this outcome unless multi-million pound grant funding became available, and there is no foreseeable prospect of this. As WYCA have informally confirmed with regard to available grant funding, their view is that a heritage-led scheme would fall outside of the scope of the Investment Zone parameters from a cost / programme / strategic fit perspective.

The 'do nothing' scenario is also faced with two ticking clocks: Paxmans' requirement to move premises because its lease runs out at its existing site at Fenay Bridge in December 2026; and secondly, because the grant proposals are understood to be time-limited and specific to the Paxman proposals in the health sector. Only Paxman's justify the grant – not some speculative scheme.

2) <u>Viability of speculative development vs specific end user (and why Paxmans in this location)</u>

A number of development viability appraisals [2] have been produced to assess (a) a speculative equivalent floor space industrial scheme on the JLB site and (b) on a theoretical unconstrained site in the Huddersfield area; and (c) the Paxman project itself on the JLB site.

None are viable without grant funding (and which is only available for this Paxman project on the JLB site).

Moreover, the evidence also demonstrates that in terms of actually attracting tenants once the investment in the new building has taken place, a speculative scheme would, on the balance of probabilities, more likely fail and succeed. JLB's priority is protecting its core business activities, and as such it cannot afford to risk the integrity of these core businesses on the basis of speculative investment risk.

In terms of 'why this location?' Paxmans ideally wish to stay in the Huddersfield area, moving and expanding from their current premises at Fenay Bridge. The new Paxman building needs to be adjacent to Huddersfield University Health campus because principally, the expansion plans require specialist expertise so it imperative for Paxman to establish direct links with the region's academic base to "home-grow" this talent in collaboration with the University of Huddersfield.

The proposed site at Quay Street would not only allow a bespoke, purpose-built new premises to be constructed adjacent to Huddersfield University and the new National Health Innovation Campus (NHIC), but would also provide Paxmans sufficient space for future expansion, and allow their existing facility to be re-purposed for the expansion of another potential local manufacturing business (Reliance Precision Engineering – see below).

[1] See Metcalfe Commercial's Viability Report

[2] Viability Report Appendices 2a, 2b & 6

3) The re-use of all existing historic buildings identified for removal vs some vs none

Alternative schemes have been explored from a viability perspective and demonstrate that going beyond the status quo (i.e. repairing/refurbishing the external and internal fabric just to maintain existing low rent levels) and investigating speculative developments - whereby normal market rates could potentially be achieved within Buildings B, C, D & G , are also wholly unviable. The buildings have also been marketed for a considerable period of time without success.

A number of factors contribute to such unviability:

- the costs of bringing these old buildings back into use;
- the very limited demand for old multi-storey industrial buildings by industrial users;
- poor take-up of office accommodation in the Huddersfield and surrounding out-of-town areas;
- and the sheer risks for the landowner in embarking on a multi-million pound renovation project with no guarantee that the space will be leased in order to create an income stream.

Other potential uses for the buildings are likely to face planning barriers - for example out-of-town retail uses, or residential development that would be immediately adjacent to general industrial uses (agent of change problems).

Retaining all the historic buildings (notwithstanding the fact there is no long-term solution for them) and accommodating the Paxman building on open areas of the north side of Quay Street, is unworkable, because there would be insufficient parking provision remaining for either the existing JLB businesses and other tenants, or the Paxman business itself.

Other re-development options have also been discounted (redeveloping the site of Building A; façade retention of Building B), however a potential solution has been found (subject to securing additional grant funding) whereby the proposed development could integrate and retain Building D, the four-storey traditional mill building immediately south of Building D, in order to better preserve the group value of the site in conjunction with the two listed buildings.

4) Parking configuration and demand matters

The LPA requested a wholesale review of the existing and proposed parking situation at Turnbridge Mills with a view to exploring all other possible development layouts whereby the Paxman project could be accommodated, whilst also retaining some or all of historic buildings.

The analysis demonstrates that the proposed parking provision for the retained existing businesses, together with reasonable requirements for the Paxman facility (also taking into account proposed job increases), is not at all unreasonable utilising parking standards adopted in adjacent Local Authorities. [3]

[3] in the absence of adopted parking standards in the Kirklees Local Plan

5) The proposed joint venture development as the only viable development solution

The idea of a specific, agreed single large end user, provides the necessary certainty for JLB in terms of moving forward with a redevelopment proposal on the north side of Quay Street. It provides certainty in terms of the form of development, the funding streams necessary for the redevelopment project to occur, and the long-term certainty of viable rental income from a large new purpose-built building.

The reality is also that the landowner JLB would simply be unable to partake in a redevelopment scheme without this (Paxman) occupier-led scheme (and the necessary accompanying grant funding to make it viable). It is the only available and viable solution now or in the foreseeable future to the ongoing principal problem for the JLB business, which is the ongoing and worsening liability crisis created by the presence of and excessive number of obsolete mill buildings.

Without a solution to this problem, and given that the Paxman building (in the absence of demolition) would simply take up valuable parking space for existing and proposed businesses, there would be no rational business incentive for JLB to partake in this joint-venture.

The fact that Paxmans wish to relocate and expand in this location, together with the fact that the nature of Paxmans business is uniquely placed to attract WYCA grant funding in connection with the Station to Stadium Enterprise Corridor and new National Health Innovation Campus (NHIC) means that a rare, once in a generation, opportunity arises that may never happen again.

Finally, the scheme also allows Paxman's existing facility at Fenay Bridge to be re-purposed for the expansion of another prominent local manufacturing business – Reliance Precision Engineering - who are set to purchase Paxman's current premises and expand operations across this and their adjacent site (Rowley Mills), creating an additional 80 jobs (to a total of 300).

In summary, this project combines the objectives of Kirklees' Station to Stadium Corridor project, the objectives of the Investment Zone, the need and opportunity for Paxman to move to a new premises, and a once in a generation opportunity to redevelop part of the JLB site.

There is also significant medium to long term public heritage benefit in supporting the ability of JLB to remain within Building H (the listed mill) and continue their long-term stewardship of the overall site.

Introduction

Following the submission of a pre-application enquiry in connection with the above in April this year, numerous discussions have taken place between the applicants, the LPA, and Historic England.

The LPA have requested an assessment detailing how and why options other than demolition of a number of historic mill buildings have been discounted during the process of planning the current redevelopment proposals. The aim is to provide an audit of evidence in discounting various options in the interests of demonstrating that the proposed development represents the optimum viable use of the site from a heritage perspective, balancing this against the public benefits.

This in turn relates to the need to demonstrate public benefits in connection with the identified level of harm in accordance with Paragraph's 213 to 215 of the National Planning Policy Framework.

A sequential approach to this assessment in terms of discounting alternative options for the proposals has been requested to be evidenced. The following report is set out in the following order:

1) The 'do nothing' scenario – from both the site owner and prospective occupier's perspectives.

2) Viability of speculative development vs specific end user (and why Paxmans here and not somewhere else).

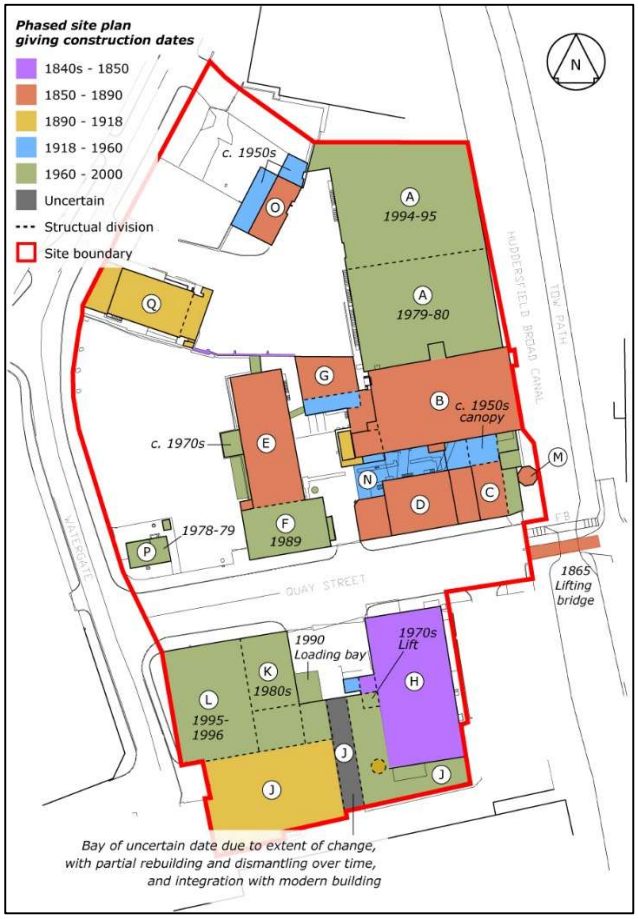
3) The re-use of all existing historic buildings identified for removal (in current form or modified – Building's B, C, D & G) vs some vs none.

4) Parking configuration and demand matters.

5) The proposed joint venture development as the only viable development solution.

NOTE: As part of the analysis of the 're-use' options, details will also be provided of why the proposed use and other possible uses are unsuitable and/or unviable.

Each of these options will be assessed in sequential order below.



Existing Site Plan c/o Humble Heritage Ltd - Buildings identified by age range and alphabetic letters

1) The 'do nothing' scenario

The landowner's perspective

John L Brierley Ltd are the longstanding owners of the site covering a large area north and south of Quay Street. However, all the JLB, SCM Turbomotive and Hewlett & Booth businesses and are now on the south side of the road because the amount of space needed has reduced over recent decades.

Whilst there are a number of economically productive buildings to the north of Quay Street that are currently let out to various other businesses and uses (warehouse, office, leisure, and retail uses), there are a number of former industrial buildings that are economically obsolete and are either un-lettable due to their poor condition, or are let out at unsustainably low rates. As per the Site Plan already circulated, these obsolete buildings comprise Buildings B (the William Hirst Mill), C, D & G.

Building B is multi-let with the fifth floor of WHS Mill currently un-occupied due to structural defects. Buildings C, D, D1, and G are in a state of disrepair and semi-derelict. These areas are currently un-occupied and not in a tenantable condition.

With reference to the spreadsheet at Appendix 1a (B, C, D & G rental income and costs) the total annual income from tenants renting the WHS Mill and the unoccupied Engine House block (Buildings B, C, D & G) is £130,855, whereas the total (readily attributable) annual costs to these buildings is £114,763. The net annual contribution to the JLB core business is therefore only £16,092 per annum.

The term 'net annual contribution' is used instead of 'profit' because this does not include all costs the JLB core business incurs, for example computers, software, printers, phones, office space for property staff, audit costs, bank charges, legal & professional fees, and training, plus other items are above the "easily attributable" figure of £114,763.

With referenced to the submitted Structural Appraisal and Costs Appraisal, Building's B, C D & G have reached a state of repair whereby it is no longer cost-effective for JLB to go beyond essential annual maintenance works. A full refurbishment of the external envelopes of these buildings is required and this will include fully scaffolding the building, masonry repairs and complete repointing, new windows and doors, and new gutters and rainwater goods.

For example, roof leaks cannot be fixed by simple patching – they need wholesale replacement (the structure is currently propped in several locations to prevent collapse). Windows are rotten and also beyond patching, so need replacement. Structural repairs to the external walls of Building D to stabilise the lateral movement are required.

Building B internally requires a full refurbishment including all mechanical & electrical systems and infrastructure. The building is over 18 metres tall and therefore falls under the new Building Safety Act 2022. Any conversion of the building for alternative commercial or residential uses will require the construction of additional fire escape staircases and separate lifts for separate use classes. These will have significant structural implications if they are to be installed within the existing building fabric, alternatively constructed as stair tower extensions on the external face of the building. The building has no fabric insulation, so any upgrade will require the insulation levels to be brought up to current Building Regulations standards.

A Viability Appraisal has been prepared by Metcalfe Commercial to reflect the repair of the external envelope, which includes, re-roofing, external stone cleaning and pointing, new windows and doors and replacement rainwater goods.

The accompanying Appendix 1a of the Viability Report details these external fabric repair costs [4], however this was based on a Costs Appraisal undertaken a number of years ago. Now this has been updated (see accompanying Costs Appraisal) these costs have increased further.

Based on the olderCosts Appraisal (and therefore costs are lower than the current estimates) the costs for this work would be £3.46M. For the Building B external fabric alone, the cost would be £1.96M. There is no spend on the interior of the properties and this produces a residual value of minus £2.945 million. One of key viability issues is that external fabric repairs will provide no internal benefit (other than top floor of B – because made watertight) and therefore the level of attractiveness of the premises for prospective tenants will not improve and hence higher rents will not be achievable.

Put another way, with the notional 'profitability' (noting the above comments and the spreadsheet at Appendix 1a of this report) of only £16k per annum (i.e. rent received minus costs of currently letting these buildings) and the costs of simply maintaining status quo with repairs to the external fabric of the building at £3.15 million, the sums simply don't add up – i.e. there is no incentive for any rational business to risk spending over £3million to repair buildings when there is no prospect of this expenditure being recouped, given it would take 197 years to simply break even from current and foreseeable levels of income from the buildings. [5]

For completeness, a further viability scenario (Viability Report Appendix 1b) has been prepared to add *internal* repairs and minor renovation to allow the existing tenants to remain and vacant floors to be let on a similar basis. It is noted that changes in Building Regulations relating to fire safety following the Grenfell fire, which affect buildings over 8m, 11m and 18m in height, have reclassified William Hirst Mill as a 'High Rise' building, requiring additional design elements resulting in significantly increased conversion costs.

The renovation costs [6] are significant at £5.44M, however this only increases the rental return by approximately £35,000 per annum. The residual value for this scheme is minus £5.87 million.

Given the lack of demand for multi-storey mill buildings of this nature (please refer to Viability Report and relevant appendices), a speculative investment scheme with no identified end users would also pose high and unacceptable levels of risk for JLB (see further details in Section 3 below).

Without any form of external grant funding to cover these external fabric costs, the liabilities posed by the ever increasing dereliction and obsolescence of Buildings B, C, D and G will simply get worse over time and as a consequence, there is neither a short nor a longer term solution for these buildings. At the current trajectory, they will simply become more derelict and un-lettable, and will presumably eventually fall down, or have to be demolished.

[4] This excludes finance costs etc as per the total construction cost figure in the appraisal

[5] £3,150,000 / £16,000 = 197 years

[6] Again based on the now superseded Costs Appraisal

However, the liabilities presented by this relatively small proportion of buildings on the overall JLB owned site are not the only ones. The re-location and consolidation of the JLB, SCM and H & B businesses within the buildings to the south of Quay Street since November 2023 also comes at a significant cost to the JLB core business (see Appendix 1c) at around £151,261 (comprising £126,261 already accounted for plus an estimated further £25,000).

In addition, there are ongoing repair and maintenance costs for the rest of the JLB site, including the two listed structures. With reference to Appendix 1b, £300,134 was spent in calendar year 2024 on repairs, maintenance, some improvements and insurance & rates for unoccupied areas. There is also very broad plan for work that will need to be done or JLB would like to be done over the next 5 years. By current estimates, this totals £1,701,445 (i.e. a projected need to spend a further £340,289 a year for five years).

As can be seen from these figures, these costs are not insubstantial. JLB also wish to point out that like many businesses, they have had very significant cost increases over the last few years with little increase in income, and the textile business is currently struggling.

The low rents achievable for letting units / floors of the older buildings on the northern side of Quay Street do not cover the ever-growing repairs and upkeep liabilities needed to maintain the older multi-storey buildings in the short and long term.

There are three key points in summary here:

1) Maintaining an old mill site is very expensive and provides for significantly more costs for the occupying business that need to be taken off any profit made, when compared with businesses in more modern business premises.

2) JLB simply cannot maintain all the old buildings on the site going forward. The above figures confirm that simply repairing the external fabric of the older buildings on the north side of Quay Street is wholly unviable. As they stand, they create and sustain an ongoing financial drain on the JLB core business, which unless resolved eventually threaten its very existence.

3) The current situation is also jeopardising necessary investment in maintaining the two listed buildings as designated heritage assets. Historic England have confirmed that no grant funding whatsoever is available for refurbishment and reuse of historic mill buildings on the site. As such, the ongoing and future maintenance and liability costs of these historic buildings can only be provided by the landowner acting alone, without subsidy.

In answer to the hypothetical question as why mothballing Building B not a practical or viable solution, again the simple answer is that as demonstrated above, these buildings cost money to maintain, irrespective of whether or not they are occupied (at very low rents) or empty. There is also no grant funding available for the upkeep of mothballed historic buildings and so ongoing maintenance and liability costs fall on the relevant landowner - in this case, JLB.

In order to survive, JLB, like anyone owning a site, whether a business or a charity, cannot run at a loss. Over the last 20 years JLB has sought to find a way of making the mill buildings on the north side of the road financially viable, but has been unable to do so. The core businesses also cannot realistically move elsewhere to survive because (a) the textile machinery associated with the JLB business is un movable, and (b) SCM is not making a profit with the rent it pays, which would only be higher elsewhere in a more modern building.

The Paxman (do nothing) perspective and availability of specific time-limited grant funding for the project.

There are two other interlinked perspectives in addressing the 'do nothing' scenario, related to: (a) the intended occupier of the redevelopment proposal - Paxmans; (b) and the availability of specific time-limited grant funding for the project.

Paxmans requirement to move premises is time constrained because its lease runs out at its existing site at Fenay Bridge in December 2026.

One of the key reasons WYCA are aiming to support this scheme with grant funding is the ability of Paxmans to locate within the Investment Zone adjacent to the new National Health Innovation Campus (see below), particularly as this ideally places it within this key enterprise corridor thereby strengthening entrepreneurship, research & development, skill levels and raising aspirations.

The grant proposals are understood to be time-limited, and specific to the Paxman proposals in the health sector. Only Paxman's justify the grant – not some speculative scheme. Whilst on the list of approved projects, if JLB and Paxman's joint venture project does not progress in a timely manner, it is understood the funding will be missed and given instead to other projects in West Yorkshire.

These matters also link with the next section in connection with critical differences between the proposed development as a speculative investment, versus the proposed developments for a specific end user - and the benefits the Paxmans business brings to this joint venture.

2) Viability of speculative development vs specific end user (and why Paxmans on the JLB site and not somewhere else)

Speculative development with no end user on the JLB site

In addition to the consideration of refurbishing the older buildings on the north side of Quay Street for a speculative scheme (as detailed above), consideration is also being given to the hypothetical scenario of JLB investing in a speculative new development proposal on this site (see Viability Report Appendix 2b).

This comprises of a new standard industrial unit of 15,070 ft2 with industry standard 10% office content for a light industrial occupier with abnormal development costs (such as mains services diversion, repairing Building A façade, and the substation relocation) and including the demolition of Buildings B, C, D & G.

This produces a residual value of minus £1.07M.

The evidence (see for example Metcalfe Commercial letter dated 6th September 2024 re: speculative industrial and office demand – Viability Report Appendix 10) also demonstrates that in terms of actually attracting tenants once the investment in the new building has taken place, a speculative scheme would, on the balance of probabilities, more likely fail than succeed. JLB's priority is protecting its core business activities, and it cannot afford to risk the integrity of these core businesses on the basis of speculative investment risk in a refurbishment/re-use project that doesn't have likely prospects of success.

As the appraisal at Appendix 4d of the Viability Report demonstrates, even if a substantial anchor pre-let office tenant was found for a lease term of 25 years without a break option, such a development scheme would still be significantly unviable at minus £3.4 Million.

The idea of a specific, agreed single large end user, provides the necessary certainty for JLB in terms of moving forward with a redevelopment proposal on the north side of Quay Street. It provides certainty in terms of the form of development, the funding streams necessary for the redevelopment project to occur, and the long-term certainty of viable rental income longer-term from a large new purpose-built building.

Paxman's specific requirements and why unviable within the Huddersfield area or the JLB site without grant funding

Metcalfe Commercial have also produced a development appraisal in Appendix 2a of their Viability Report for a new standard industrial unit of 15,070 ft2 (with industry standard 10% office content) for a light industrial occupier on a level site (with no abnormal development costs) in the Huddersfield area (i.e. not on the JLB site - as a comparison with the speculative scheme on the JLB site at Appendix 2b of the Viability Report).

This produces a best-case residual valuation of minus £490k and demonstrates that speculative industrial development on a hypothetically uncompromised site (i.e. without abnormal costs) is also unviable, illustrating the industrial property market in Huddersfield is not strong enough to enable new development on industry standard terms.

The Paxman requirement is for a bespoke manufacturing facility for health-related products, which requires a higher and more expensive level of specification compared with a standard light industrial building. This increases build costs, which is then unsustainable in consideration of market rents achievable in the Huddersfield area.

This appraisal shows a market rent at £11 per ft^2 for a new build of 15,000 ft^2 (note in the Leeds market rents do not exceed £10.00 per ft^2 for new build at the time of writing [7]), whereas the Paxman new build shown in Appendix 6 of the Viability Report is based on a notional rent of £15 per ft^2, which is higher than that prevailing in current market conditions, but reflects the bespoke nature of the build. To make the Paxman new build viable, would require a rent of £21 per ft^2 to be paid, which according to Metcalfe Commercial is "wholly unrealistic."

Grant funding is therefore required for the Paxman scheme, wherever it is located, and more so if built on the JLB site where there are abnormal costs (as per the appraisal at Appendix 2b of the Viability Report which further increases the viability deficit (also based on a market rent at £11 per ft2) to minus £1.07M.

As such, if grant funding is not available in order to subsidise an otherwise unviable development scheme, the proposed development will not go ahead.

[7] Also within Kirklees, there is no evidence available for new build other than at Mirfield 25 where rents are reported to be in the region of £8.50 per ft2 for a larger industrial building.

Site Search and locational needs for Paxmans

The planned occupiers Paxman Coolers Ltd [8] need to re-locate and expand from their current premises at Fenay Bridge. They have been searching for a new premises for some time, however the shortage of suitable employment premises and land in the Huddersfield area has hampered this search. In the past 3 years, Paxmans have not been able to find anything suitable. For instance, the Paxman building need to be bespoke to meet health manufacturing requirements, which most second-hand buildings would not meet without substantial retro fitting (and which would be uneconomic).

In terms of location, the Paxman scheme needs to be adjacent to Huddersfield University Health campus for the following reasons.

a) This project's success is predicated on the Paxman's ability to find a 25,000 ft2 site, with the prerequisite skills and expansion space to grow the business over the next 15 years. The aim is to provide a 35% increase in Paxman's annual manufacturing output in West Yorkshire.

b) The JLB Mill site's close proximity to the University of Huddersfield and the National Health Innovation Campus makes it the only credible site in West Yorkshire to enable Paxman to achieve this, and in doing so, safeguard 100 jobs.

c) Critically, the launch of Paxman's new smart manufacturing line (2026) will require the recruitment of 70 new staff (39 FTE in Huddersfield) with specialist expertise in digital manufacturing, engineering, and cryotherapy research. West Yorkshire currently lacks the prerequisite employment demographic to fulfil this requirement; thus, making it imperative for Paxman to establish direct links with the region's academic base to "home-grow" this talent in collaboration with the Huddersfield University.

d) Paxmans and Huddersfield University plan to establish a collaborative R&D and PhD programme (5 x PhD students per annum for 5 years = 25), alongside provision of bespoke CPD courses for existing and new staff. This will require ongoing access to the NHIC's specialist facilities, particularly the Daphne Steele Building. Proximity to the campus is critical to minimise day-to-day business disruption, as key staff participate in outsourced training and R&D provision.

e) The alternative for Paxmans is to relocate the whole business to the Texas Medical Centre Area in Houston Texas, where they already have a presence, and which has a readily available skills pool of 250,000 researchers and engineers, and is located close to Paxman's international offices in the city.

Availability of grant funding for specific end user only and why a predominantly heritage-led scheme is not supported

In terms of the current available grant funding in relation to the aspirations of the Investment Zone, which is focused on supporting innovation in the health, wellbeing and digital industries, it is understood that projects will only attract grant funding if they are a firm end user proposal which ties in with the aspirations of the Investment Zone (like this proposed scheme), rather than speculative re-development with no firm tenants.

[8] Pioneers of scalp cooling technology worldwide for over 20 years. Their 'cold cap' system has helped over 100,000 cancer patients in more than 50 countries worldwide to retain their hair during chemotherapy.

As WYCA have informally confirmed, their view is that a heritage-led scheme would be subject to both a significantly larger viability gap (which they understand is likely to go well beyond that which is available from the Investment Zone) as well as a longer programme, increasing the risk for the end user and compromising achievement of some of the relevant Critical Success Factors for the project.

WYCA would anticipate that a heritage-led regeneration of the mill would be explored as part of the optioneering for the scheme (as this would be required as part of the business case and a future planning application) but it is likely that such a scheme would fall outside of the scope of the Investment Zone parameters from a cost / programme / strategic fit perspective.

In summary in this section, the proposed site at Quay Street would not only allow a bespoke, purpose-built new premises to be constructed, but would also allow Paxman Coolers to locate adjacent to Huddersfield University and the new National Health Innovation Campus (NHIC).

The scheme also provides Paxmans with sufficient space for future expansion, and allows their existing facility to be re-purposed for the expansion of another prominent local manufacturing business – Reliance Precision Engineering, who are set to purchase Paxman's current premises and expand operations across this and their adjacent site Rowley Mills, creating an additional 80 jobs (to a total of 300). A public consultation took place in relation to these expansion plans in November.

The scheme (versus unknown employment figures for a speculative scheme) would provide a minimum of 39 new full-time jobs at the Huddersfield headquarters by 2029 (70 new jobs created in total based if include the US). This contributes to the Local Plan target for jobs over the plan period in order to meet the objectively assessed jobs need for the borough.

3) The re-use of all existing historic buildings identified for removal (in current form or modified – Building's B, C, D & G) vs some vs none

Speculative development to achieve market rents for various building re-use scenarios

As detailed above, speculative schemes to re-use Building B in particular (just to maintain the current status quo with low rents), are severely hampered by the multi-million pound upfront costs in repairing the external fabric of the building, together with the significant costs of internal fit out - particularly in relation to complying with new fire standards following the Grenfell disaster. The earlier section in this report demonstrated how the payback period for such an investment would be hundreds of years.

The following alternative schemes have sought to demonstrate that going beyond the status quo (i.e. repairing/refurbishing the external and internal fabric just to maintain existing low rent levels) and investigating speculative developments whereby normal market rates could potentially be achieved, while still retaining the mill buildings to the north of Quay Street, are also wholly unviable

Such schemes would therefore need to be subsidised by JLB as loss-making ventures, even prior to any speculative occupiers renting space and starting to create income.

Metcalfe Commercial have prepared Appendices 3a to 3c and 4a to 4c of their Viability Report, which show a variety of conversions to retail, offices and residential. A summary table of the options explored is provided below.

In addition, Metcalfe Commercial have prepared Appendix 4d (see Viability Report), as attached, which assumes a conversion of Building B for a single office occupier on an institutional lease for a term of 25 years. In any event, Metcalfe Commercial are not aware of an office requirement of circa 30,000 to 40,000 ft2 for the Huddersfield area. The largest office letting in the past 10 years has been to Thornton & Ross at The Globe, Slaithwaite where they leased 18,000 ft^2 on an internal repairing and insuring lease for a term of 15 years (with 2nd anniversary tenant break with penalty).

Institutional leases of 25 years are unheard of nowadays according to Metcalfe commercial.

Appendix	Scheme	Floor Area	Gross Development Value	Total Development Costs	Residual Value
3a	Retail/Existing Tenants	61,624 ft^2	£1,240,000	£9,230,000	-£7,990,000
3b	Retail/Offices	52,507 ft^2	£7,189,000	£11,907,000	-£4,718,000
3c	Retail/Residential	47,695 ft^2	£5,993,000	£13,915,000	-£7,921,000
4a	Retail/Existing Tenants	41,150 ft^2	£1,166,000	£4,208,000	-£3,042,000
4b	Retail/Offices	32,034 ft^2	£5,416,000	£8,743,000	-£3,327,000
4c	Retail/Residential	32,034 ft^2	£3,503,000	£9,822,000	-£6,319,000
4d	Office Pre-let	32,034 ft^2	£5,340,000	£8,7450,000	-£3,400,000
5	Paxman New Build & Retention of D	27,588 ft^2	£7,100,000	£9,470,000	-£2,360,000

It is also worth noting that some of these options would be likely to be problematic in relation to established planning policy - for example out-of-town retail development, and 'agents of change' issues associated with locating residential development immediately adjacent to B2 general industrial uses.

The only other way that Building B could be both safeguarded and brought back into beneficial economic uses would be for significant grant funding or investment to come forward. Unfortunately, Historic England have previously confirmed (letter dated 10 July 2018) that the site would not be eligible for grant funding from Historic England, and they are also currently unaware (as confirmed verbally through recent meetings) of any other 'heritage' funding sources which might be appropriate.

Demand and the impact on risk and viability

The starting point is that there is very limited demand for multi-storey industrial buildings. They no longer meet the needs of modern industrialists and will only attract those tenants that are seeking low rental-cost effective accommodation. Building B for example has low floor to ceiling heights and poor access for loading/unloading externally.

With regard to the report from Metcalfe Commercial at Appendix 10 of their Viability Report 'Pre-app Property Market Overview' together with attachments: Industrial Availability (Appendix 13), Industrial Transactions (Appendix 14), Office Deals (Appendix 12), Office Availability (Appendix 11), this report provided an overview of the industrial and office property markets in the Huddersfield area [9] This report concludes that poor take-up of office accommodation in the Huddersfield and surrounding out-of-town areas mean that a speculative scheme for office accommodation in Building B (the William Hirst Mill) cannot be recommended.

[9] and should be read in conjunction with the Metcalfe letter/report dated 10th June (Viability Report Appendix 8)

Reference is also made to the letter from Bramleys dated 3rd September 2024 at Appendix 9 of the Viability report regarding industrial demand. In summary, the William Hirst Mill (Building B) can only currently attract nominal rental levels averaging £2.05 per square-foot including rates, which is unviable given that landlord repair/improvement works costs outweigh such rents. Demand for upper floors for industrial users continues to diminish in the area, and the sheer amount of floor space within the WH mill does not align with rental demand for smaller amounts of space. Given available (low) rents for floors, the letter confirms that subdivision is also not a viable option. Anecdotally, the Council will recall that Ian Brierley of JLB said at one of the pre-application meetings, "The phone goes dead when I say to prospective industrial tenants that the availability is for above-ground floor accommodation."

Modern day industrialists require concrete ground floor accommodation with good loading facilities for HGV access, forklift truck capability, and eaves heights of a minimum 6m to 8/11m for warehouse and distribution uses. The subject buildings cannot offer these facilities. Therefore, alternative uses needed to be considered.

Marketing the buildings as they stand

As detailed in the Viability Report by Metcalfe Commercial, despite extensive marketing over a significant time period (circa minimum ten years), it has not been possible to sell the site. JLB had one potential buyer some years ago, but after a considerable period of time and with legal costs of £25,000, the sale fell through. The Viability Report demonstrates why the site is unattractive to the market based on repair and refurbishment costs, and lack of demand for this type of building from a range of commercial uses.

Development of Paxman building on existing site without demolition of any older buildings

As detailed in the parking section below, JLB and SCM do not have any parking on the south side of Quay street and as such, they are reliant on parking areas on the northern side.

As such, if the Paxman building was to be located on the northern side of Quay Street, the only place it could be positioned would be in place of the current modern office block and car park currently relied upon by JLB and SCM (and businesses associated with the retained Building B). The consequence of this would be a virtual elimination of parking availability for the existing businesses, and insufficient provision for Paxmans.

Building B façade retention

The feasibility of retaining the canal façade of WH Mill (Building B) has been investigated, by handing the development so that the new building is adjacent the canal and the service yard adjacent the existing car park (See plan at Appendix 2). To leave sufficient margins to allow the new building to be constructed means Paxman's floorspace requirements cannot accommodate on that area of the site.

The structural requirements of stabilising and supporting the facade to allow partial demolition, including the extent of temporary works required to be within the canal are simply not achievable. The façade could not be incorporated into the new building due to the stepped arrangement that would be needed to accommodate the existing chimney, therefore the project's Heritage Architects Mark Hide Associates do not consider that this would contribute in a meaningful way to the setting of the existing listed buildings.

This scheme also has service yard conflicts with the parking provision (because the service yard would need to be accessed through the staff car park), and prevents future subdivision of Building A with a second access from Quay Street. Build costs and construction time are also estimated to be much higher, building adjacent to existing buildings and the canal.

Redeveloping site of Building A

Building A is a 1970'/1980's build extending to approximately 36,000 ft^2 over two floors with lift access and loading at ground from a service yard with parking. It is currently let to Sofa Village Limited and Stunning Sofas Limited on co-terminus leases. The earliest the landlord could retake possession of this property is September 2027, so unfortunately, this building cannot be made available to Paxman within the tight timescales they are working to, irrespective of whether the building could be retro fitted to suit their specialist health manufacturing requirements.

Building A has economic life in the medium to long term and it would consequently not make any business sense to demolish the more modern Building A, which continues to operate as an economically viable building with good levels of rent. Building A also comes with its own self-contained parking areas and HGV turning area, separated from the rest of the site as a result of levels differences.

Paxman new build with all older buildings demolished

This option was this project started at the beginning of the pre-application process with the Council. As per Appendix 6 of the Viability Report, without grant aid, the residual valuation is minus £1.875 million. However, as preliminarily agreed between the applicants and the Council, this option is currently second choice to the 'Building D retention' scheme outlined below.

Keeping Building D option (removing B and others)

With reference to the proposed layout plan accompanying the planning application, the conversion of Building D to offices for Paxman with a new build facility attached, is larger than required at circa 27,588 ft^2, but can be made to fit for their requirements.

However, this has its own implications with the construction costs increasing by circa £1.35m due to a larger scheme and conversion costs relating to Building D, over and above those when compared to a new build facility. Consequently, additional grant aid will be required to allow this scheme to proceed over and above the 'all buildings demolished' new build scheme.

The new Paxman building would need to be positioned adjacent to Building D so that it can be used for the office accommodation for the larger warehouse/industrial building.

The Heritage specialist architect Mark Hide has provided input for this particular design options and (see attached plans and elevations for the Building D option). The office extension to Building D is considered to be in keeping, with much simpler coursed stone base together with modern cladding to Paxman factory elevations and the same to façade of Building A. The Heritage Mark Hide has provided a Design Statement explaining the rationale for this scheme – enclosed with the planning application.

4) Parking configuration and layout matters

Discussions have taken place in conjunction with the Council during the pre-application process, with regard to fully reviewing the parking allocations for the various businesses in terms of the 'as existing' versus the 'as proposed' development scenarios. This was requested through the Council's pre-application response.

With reference to the enclosed 'as existing' parking layout plan, the following can be observed:

- The main existing JLB car park contain 77 spaces. This is to serve John L Brierley Textiles Ltd, Hewlett & Booth Pipe Cleaner manufacturers, SCM Turbomotive Ltd, and John L Brierley Ltd.
- 14 spaces exist immediately south of PZ cars. Eight of these are occupied by Aura Print (currently in Builidng B, plus other tenants of Building B).
- PZ cars is essentially a car sales lot (which will not exist post-development).
- Building A has its own self-contained parking areas and service yard, which would remain unaffected by the proposed development.
- Other pockets of spaces include 3 associated with Steve's café and 3 associated with the church gymnasium business.
- It is important to note that the south side of Quay Street has no parking provision.

Turning to the proposed layout plan [10], 50 spaces would be allocated to Paxmans, with 72 spaces retained for the JLB and other retained businesses on the south side of Quay Street.

A Travel Plan accompanies the planning application, aiming to reduce reliance on private motor vehicles, and aiming to reduce single occupancy trips by car. However, the proposed parking provision for existing and proposed businesses is outlined as follows.

JLB and associated businesses parking requirements

The current B2 industrial floorspace on the south side of Quay Street is 8,210 sq.m. The vast majority of this is occupied by the aforementioned four businesses. A small proportion of this (1036 sq.m) is used for storage and circa 250 sq.m is currently vacant.

The parking provision for JLB and associated businesses (on the Building D retention scheme) is justified for the following reasons:

1) Whilst the Kirklees Local Plan no longer contains parking standards for different use classes, standards adopted by neighbouring authorities (such as Calderdale) for B2 general industrial floorspace, require one space for every 50 to 75 m^2 in urban areas. For storage / warehousing the figure is 1 space per 250 sq. m. As such, for the floorspace on the southern side of Quay Street (all to be retained post-development), this would equate to between 100 and 147 spaces. The proposed 72 spaces are therefore below these normal provisions.

2) JLB are very keen to retain this number of parking spaces because (a) they do not wish limit the future potential for renting current or future surplus floorspace within these industrial buildings.

[10] Ignoring Building A and its curtilage as this will remain unchanged in accordance with the lease.

Paxman's business parking requirements

The parking provision for Paxmans of 50 spaces (Building D retention scheme) is considered to be justified for the following reasons:

1) The proposed building would comprise the following floorspace and again, utilising neighbouring LPA parking standards as a benchmark, the following theoretical provision would be required:

Floorspace type	**Floorspace (sq.m)**	**Typical parking requirements (urban)**	**Parking required**
Light industry manufacturing	435	1 per 30sqm	15
Offices (incl. reception, staff welfare & canteen)	420	1 per 30sqm	14
R & D	415	1 per 30sq.m	14
Warehousing (including mezzanine for future expansion)	970	1 per 250 sq.m	4
			Total: 47

As such, this total of 47 aligns very closely with the proposed provision of 50 actual spaces, to the extent that there is no significant difference in material planning terms.

2) The proposed development would allow Paxmans to retain its 65 full time staff in the UK and the proposed expansion would result in an additional 38 full time jobs over three years. As such, it is not considered that roughly one space per two employees (and accounting for visitor spaces) is at all excessive.

3) Although the company has a degree of hybrid working currently, the reality is that compared with the years immediately following Covid, Paxmans predict they will begin to see less hybrid working, and therefore greater flexibility with parking is needed going forward.

4) There are also regular occasions whereby employees from the US arm of the company visit and work temporarily at the Paxman business.

Development layout considerations and why specific shape, size and configuration of Paxman building

During the pre-application process, the LPA also questioned why Building B and others were essentially being replaced with a service yard / parking area for the new Paxman building. There are a number of reasons for this, starting with the rationale outlined in the 'do nothing' scenario that to put the question another way, the starting point for the applicants is that in any development scenario, Building B cannot be retained *full stop* going forwards. As such, whether or not it is replaced with a building, a turning area, or car park makes little or no difference in the applicants' opinion.

However, the other key reason for the proposed layout relates to the need to (a) allow the new building to be joined to the retained Building D (offices) for the reasons explained above; and (b) to avoid a sub-optimal rectangular layout for the new manufacturing element, effectively 'squashed' between Building D and Building A, in the event that Building B is removed.

Notwithstanding this, a more detailed scheme analysis has been undertaken whereby Building B is wholly replaced with the proposed Paxman building.

This explores the idea of the Paxman building covering the site of Building B in the event it is removed entirely, the plans at Appendices 3a & 3b illustrate this option. This proposes the same level of floorspace for the Paxman building, but slotted between Building's A and D (also retaining D).

This option provides sufficient spaces around the building to existing facades in order to avoid significant conflicts with foundations, structural stability and access, and provides a buffer to the canal for working space. However, this creates a long thin building which is not suitable for Paxmans needs. The 'square' layout for the main element of the building is strongly preferable for the following reasons:

- The **manufacturing** processes require symmetrical or modular layouts. A square space makes it easier to arrange workstations in a way that optimises space and reduces bottlenecks. Paxman's idea is to have horseshoe-style workstations, and a square space also lends itself better to this arrangement than a rectangle (which would condense the workstations, creating a bottleneck of staff and goods reducing productivity and causing Health and Safety issues).

- The varied production lines require a square space to allow for a more compact and centralised workflow**,** reducing unnecessary movement of materials, workers, and equipment. This minimises inefficiencies, improves productivity and reduces Health and Safety risks.

- For **warehousing**, a square layout maximises the use of vertical and horizontal space, allowing for more efficient racking and storage configurations.

- A square space also reduces travel distances for forklifts, conveyors, and workers, leading to faster picking, packing, and shipping processes. Paxmans will be installing packaging conveyors, however a rectangle shape would reduce the aisle width, causing Health and Safety issues regarding the forklift trucks having to remove the conveyors and this will again cause inefficiencies and reduced productivity.

- From a **construction** perspective, a square building provides more uniform support for loads and equipment, reducing structural stress and making construction simpler and more cost-effective.

- A square layout also assists **flexible expansion plans** i.e. if future expansions are needed, a square footprint allows for balanced growth in all directions, whereas a rectangle might limit options for adding new sections.

The 'rectangular' scheme also puts the manufacturing and mezzanine area remote from the building entrance, welfare facilities etc, so there would be conflicts with production staff walking through office areas etc. Finally, the HGV access would be directly across the front of the building, so both Paxmans and JLB will lose parking spaces to achieve the turning and loading areas required.

5) The proposed joint venture development as the only viable development solution

In essence, JLB would simply be unable to partake in a redevelopment scheme using part of its own site for the Paxman development, without the redevelopment scheme (and the necessary accompanying grant funding to make it viable) providing a solution to the ongoing principal problem for the JLB business, which is the ongoing and worsening liability crisis created by the presence of numerous obsolete mill buildings.

Without a solution to this problem, and given that the Paxman building in the absence of demolition would simply take up valuable parking space for existing businesses, there is no rational reason or business incentive for JLB in this joint-venture.

This project is by no means a 'bonanza' for JLB, or indeed an 'enabling' project for their business and the management of the remainder of their building estate: it primarily stops a disabling problem in relation to upkeep of heritage buildings they cannot afford to keep maintaining. JLB are embarking on this joint venture more to stand still and stop the 'white elephant' problem from getting worse. This is because there are no current or foreseeable alternative viable future development options available to JLB for their site, in the absence of the joint-venture with Paxmans and the associated proposed WYCA funding.

The facts are that JLB have been searching for a viable solution for the wider site for many years now. They have tried in vain to retain the non-listed historic buildings and looked for a wide variety of potential solutions, but to no avail. The fact that Paxmans wish to relocate and expand in this location, together with the fact that the nature of Paxmans business is uniquely placed to attract WYCA grant funding in connection with the Station to Stadium Enterprise Corridor and new National Health Innovation Campus (NHIC) means that a rare, once in a generation, opportunity arises that may never happen again.

Equally, Paxmans have also been searching for a site upon which to relocate and expand for a number of years now, and the JLB site provides the most optimal solution in terms of size and location adjacent to the University health innovation campus.

The key question for the Council is therefore, what if this unique opportunity is lost?

Not only will a long-term viability solution for the JLB site not be found, but Paxmans will still need new premises (and may therefore have to look at options outside Kirklees); opportunities for new jobs and innovation would be lost (including potential new partnerships with the University and other businesses) and significant inward investment to Kirklees through WYCA grant funding would be lost entirely.

The presence of the Paxman Group within the Station to Stadium Corridor and adjacent to the new National Health Innovation Campus, ideally places it within this key enterprise corridor thereby strengthening entrepreneurship, research & development, skill levels and raising aspirations.

From the joint applicants' perspective, the proposed scheme aligns perfectly with the aims and core principles of the proposed Station to Stadium Enterprise Corridor in terms of supporting and growing the Paxman Group business (as one of the most important innovative businesses in the Huddersfield area) and its associated high quality jobs, and ensuring the long term continued success of the JLB Group on this site.

Other benefits of the scheme include:

- Enabling Paxman Scalp Cooling to capture more of the global Cryotherapy for Oncology market within five years.

- Securing and protecting the geographical presence and long-term research and manufacturing future of Paxman Scalp Cooling in the West Yorkshire region.

- Boosting the Health-tech assets of the West Yorkshire region.

- Increasing the Med-tech research strengths of the collaborating West Yorkshire Universities and the National Health Innovation campus.

- Developing new advanced engineering and manufacturing skills capability in the local area.

- Attracting national and international students and graduates to the local area.

- Attracting new inward investors from the supply chain, to engage with the new site.

- Supporting the delivery of the West Yorkshire investment zone objectives through the delivery of targeted investment in the Turnbridge Mills site, in order to leverage R&D, business growth and international health-tech sector engagement.

With the assistance of Investment Zone funding, the proposed scheme is the only viable solution for the site currently, and in the foreseeable future. There is significant medium to long term public heritage benefit in supporting the ability of JLB to remain within Building H (the listed mill) and continue their long-term stewardship of the overall site.

Robert Halstead Chartered Surveyors and Town Planners

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