



# **Development Management Plan (Regulation 19) Employment Area Review**

**October 2017**

# 1. Introduction

- 1.1 Reigate & Banstead Borough occupies a strong strategic location for business. It is central within the Gatwick Diamond economic area and at the heart of the Coast to Capital Local Enterprise Partnership area. The borough has excellent transport links to Central London, the wider South East and international destinations via the M23/A23 corridor, Brighton mainline and Gatwick Airport.
- 1.2 To inform the Regulation 18 Development Management Plan in 2016, an Employment Area Review was undertaken<sup>1</sup> which reviewed the existing employment areas against a number of criteria including:
- Connectivity and profile
  - Accommodation characteristics
  - Business/ occupier profile
  - Market performance and perception
  - Scale of uses
  - Strategic connectivity and profile
  - Accommodation quality
- 1.3 The paper also outlined the function and role of the employment areas and considers the viability of the employment areas.
- 1.4 This paper has been prepared to inform the Regulation 19 Development Management Plan consultation. It reviews the employment areas to take into account changes since the Regulation 18 Development Management Plan Employment Area Review was prepared.

## Policy Context

### National Planning Policy Framework (2012)

- 1.5 Paragraph 17 of the National Planning Policy Framework (NPPF)<sup>2</sup> says that planning should proactively drive and support sustainable economic development to deliver the homes, businesses and industrial units that the country needs.
- 1.6 Chapter 1 of the document identifies a commitment to securing economic growth and, in particular, paragraph 20 makes clear that planning should proactively help to meet the development needs of businesses. The NPPF also makes clear that planning policy should not over-burden investment in

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<sup>1</sup> [http://www.reigate-banstead.gov.uk/downloads/file/2613/employment\\_area\\_review](http://www.reigate-banstead.gov.uk/downloads/file/2613/employment_area_review)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6077/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf)

business and should seek to address any impediments such as lack of infrastructure and support services or poor environment. Through Local Plans, authorities are directed to identify strategic sites for inward investment, support existing business sectors and facilitate flexible working including the integration of residential and commercial uses in the same units. The NPPF also promotes flexible policies able to accommodate unanticipated needs and respond to changing circumstances.

- 1.7 Paragraph 22 of the NPPF discourages the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for this purpose. It states that applications for alternative uses should be treated on their own merits where it can be demonstrated that there is no realistic prospect of employment use. Allied to this, paragraph 51 of the NPPF encourages local planning authorities to approve the change of use of commercial buildings to residential (including associated works), provided there are not strong economic reasons why such development would be inappropriate.
- 1.8 Chapter 2 of the NPPF deals with the role of planning in ensuring the vitality of town centres. In relation to employment, paragraph 23 encourages local planning authorities to ensure that the needs for main town centre uses – including offices – can be met in full and are not compromised by limited site availability. It also states that Local Plans should include policies to guide the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres.

### **Reigate & Banstead Borough Local Plan (2005)**

- 1.9 The Reigate & Banstead Borough Local Plan<sup>3</sup> outlines a number of objectives:
- To seek to maintain a healthy and viable local economy within the context of the restraint policies within the plan
  - To seek to provide and maintain a range of job types and avoid an over-concentration of service sector employment
  - To encourage the redevelopment of outworn premises within Employment Areas for industrial, storage or distribution use
  - To make provision for and give priority to schemes which make provision for small firms and start up businesses
  - To seek significant planning benefits from employment developments
  - To ensure a high standard of design and layout for all employment developments
  - To seek to restrain the level of airport related activity adjoining Reigate & Banstead borough in order to minimise the impact on the local housing and labour markets, infrastructure and the environment

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<sup>3</sup> <http://localpl.reigate-banstead.gov.uk/>

1.10 The Borough Local Plan outlines a number of separate designated areas for employment use. These include:

- Town Centre Business Areas
- Areas for Small Business
- Employment Areas and Land Reserved for Industrial, Storage and Distribution

1.11 The Borough Local Plan outlines a number of policies in order to manage the use and development of employment land and premises within different areas of the borough. Policies include:

- Em1: says that proposals for business, industrial and storage and distribution uses will be only permitted within the designated employment areas
- Em1A: resists the loss of employment uses within the designated employment areas
- Em2: when considering proposals for business, industrial and storage and distribution uses, consideration will be given to the local labour and housing markets, the capacity of the infrastructure and the effect on the environmental quality of the surrounding area
- Em3: outlines the criteria that will be used for proposals for business, industrial and storage and distribution uses to ensure that they meet high standards of design, layout and construction
- Em4: outlines the criteria for proposals for development, redevelopment, extension or change of use of business premises within the Town Centre Business Areas
- Em6: outlines the criteria for proposals for development, redevelopment, extension or change of use of retail and/ or business use within the Areas of Small Business
- Em8: outlines the criteria for proposals for redevelopment, extension or change of use for industrial and storage and distribution uses within the designated employment areas
- Em9: says that proposals will be granted for industrial, storage and distribution uses on new land designated for industrial, storage and distribution uses but resists the development of B1 business on this land
- Em10 says that within the urban area, outside of the designated employment areas, proposals for the redevelopment or extension of business, industrial and storage and distribution uses will normally be resisted unless:
  - The proposal complements the character of the area
  - Would not have an adverse effect on the environment and amenities of the surrounding area

- No individual unit exceeds 300sqm unless for an existing firm wishing to extend or redevelop within its own curtilage or on land immediately adjoining for its own occupation
- The proposal would not result in the loss of existing or proposed residential, recreation and leisure, shopping or communities uses or urban open land

1.12 These policies are intended to be replaced by the Core Strategy and Development Management Plan policies.

### **Core Strategy (2014)**

1.13 The Core Strategy<sup>4</sup> is the most recently adopted part of the Council's development plan covering a wide range of planning issues. It sets out the scale and broad location of new development up to 2027.

1.14 The Core Strategy recognises the economic role of the borough, particularly in relation to its strategic relationships with London and the Gatwick Diamond area and seeks to promote continued sustainable economic growth and prosperity in the borough.

1.15 The Core Strategy says that the Council will plan for a range of employment premises to cater for the needs of businesses, taking a flexible approach to meet their changing needs as well as supporting the provision of affordable business units to support small businesses and start-ups.

1.16 Policy CS5 sets out the Council's strategic approach, both in respect of regeneration but also in terms of providing for the needs of current and future businesses. The policy establishes a commitment to plan for the delivery of additional floorspace to meet growth needs, focussed on retaining and making the best use of existing employment land, particularly within both town centres and industrial areas. It also recognises the need to avoid the protection of sites where they have no reasonable prospect of being used for employment over the life of the plan.

1.17 Policy CS8 outlines the quantum of employment space needed over the plan period:

- Area 1: approximately 2,000sqm
- Area 2: Approximately 20,000sqm across Areas 2a and 2b including approximately 7,000sqm in Redhill town centre
- Area 3: Approximately 24,000sqm

1.18 Paragraph 5.5.11 stresses the need to secure the best use of land including employment land. It notes that in the majority of cases, redundant industrial

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<sup>4</sup> [http://www.reigate-banstead.gov.uk/downloads/file/3073/adopted\\_core\\_strategy\\_july\\_2014](http://www.reigate-banstead.gov.uk/downloads/file/3073/adopted_core_strategy_july_2014)

space is likely to be appropriate for re-use or redevelopment for alternative employment generating uses. It however also recognises that over the course of the plan period, unanticipated strategic proposals may come forward that would result in a major gain or loss of employment provision. This may include the identification of strategic employment development through joint working with Gatwick Diamond authorities and/ or other adjoining authorities.

### **Regulation 18 Development Management Plan Employment Area Review (2016)**

- 1.19 The Regulation 18 Development Management Plan Employment Area Review reviewed the employment areas designated in the 2005 Borough Local Plan, outlined the function and role of the areas and assessed the viability of the areas.

## **Local Economic Characteristics**

- 1.20 As outlined in the Borough's Quality of Life Profile (2014)<sup>5</sup> and Economic Development Framework (2015-2020)<sup>6</sup> Reigate & Banstead borough is home to over 6,000 different businesses, providing approximately 75,000 full and part-time jobs. The borough's economy is highly productive, with each job generating around £57,000 of gross value added, compared to £44,500 across the Gatwick Diamond.
- 1.21 Despite the presence of major national and international employers in the borough, the vast majority of businesses are small (10-49 employees) or micro businesses (up to 9 employees), which together represent over 98% of all businesses in the borough.
- 1.22 Business birth rates – at approximately 80 per 10,000 working age adults – are healthy compared to nationally but low relative to other parts of Surrey, suggesting there is room to increase innovation and entrepreneurship. The survival of new businesses in the borough is however good, with over 50% of new businesses surviving for more than 5 years, higher than the county or national average. In total, over 40% of the businesses in the borough have been operating for more than 10 years.
- 1.23 To help support and influence the future attractiveness of the borough, the performance of our businesses and the achievements of residents, the Council's Economic Development Framework (2015-2020)<sup>7</sup> sets out a number of actions and interventions. Several of these focus on ensuring businesses

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<sup>5</sup> [http://www.reigate-banstead.gov.uk/info/20280/plan\\_monitoring/35/population\\_and\\_socio-economic\\_statistics](http://www.reigate-banstead.gov.uk/info/20280/plan_monitoring/35/population_and_socio-economic_statistics)

<sup>6</sup> [http://www.reigate-banstead.gov.uk/downloads/file/2328/economic\\_development\\_framework\\_final](http://www.reigate-banstead.gov.uk/downloads/file/2328/economic_development_framework_final)

<sup>7</sup> [http://www.reigate-banstead.gov.uk/info/20334/the\\_local\\_economy/373/economic\\_policy](http://www.reigate-banstead.gov.uk/info/20334/the_local_economy/373/economic_policy)

are attracted to the borough, and the right space is available to accommodate them, by:

- Protecting, regenerating and developing existing businesses areas to ensure they remain responsive to business needs
- Improving our town centre and commercial locations
- Exploring and promoting further locations for employment, including a strategic employment site around Horley/ Gatwick

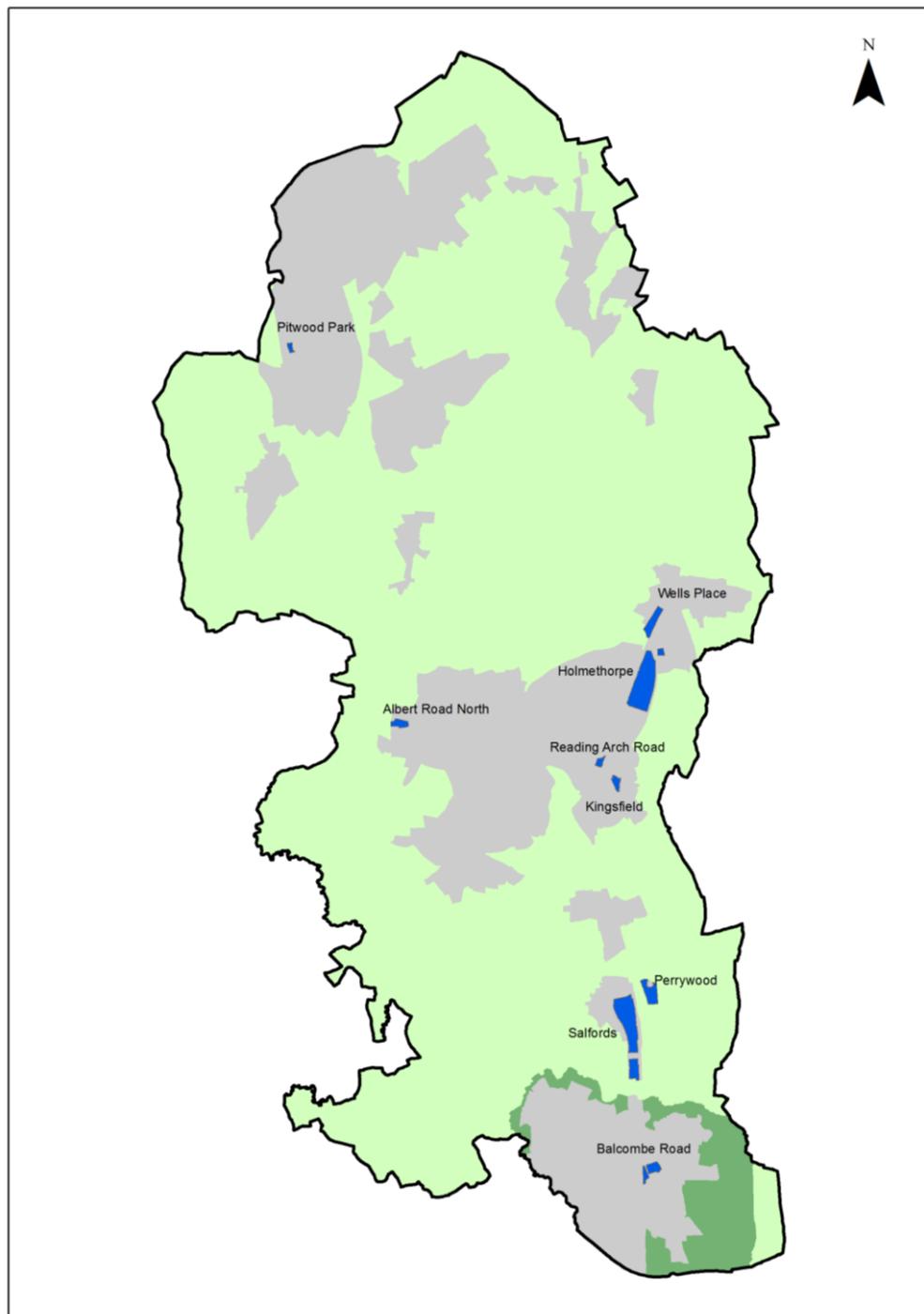
1.24 The Framework also includes a number of actions geared to providing support to businesses, young people and the unemployed.

## 2. Reviewing Employment Areas

2.1 In line with the Regulation 18 Development Management Plan Employment Area Review, the areas to be assessed include:

- Holmethorpe
- Wells Place
- Albert Road North
- Pitwood Park
- Reading Arch Road
- Salfords
- Perrywood
- Kingsfield
- Balcombe Road

**Figure 1 Employment Areas**



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2.2 Kingswood Station was previously assessed in the Regulation 18 Development Management Plan Employment Area Review; however, it will not be assessed as part of this review as planning permission has been granted for redevelopment to provide 18 residential dwellings. The loss of employment floorspace was considered to be acceptable as it represents a relatively inefficient use of land, supports a comparatively low density of employment due to large areas being given over to open storage for the

builder's yard and due to the type of employment premises on the site (e.g. car dealership).

- 2.3 Not have a significant adverse economic impact on the locality or wider area
- 2.4 To be consistent with the Regulation 18 Development Management Plan Employment Area Review, the areas will be assessed against the same criteria.
- 2.5 In line with the Regulation 18 Development Management Plan Employment Area Review, consideration will be given to the different sub-areas within the employment areas. These sub-areas are outlined in appendix 1.

## Assessment Criteria

### Connectivity and Profile

- 2.6 In line with the previous assessment, the assessment will take into account the level of access to key transport routes/ strategic road network and the overall prominence of the site (both visually on key corridors but also in terms of market perception).
- 2.7 Consideration will be given to facilities on the site, the quality of the environment and any constraints affecting the operation or **efficiency** of the business area.
- 2.8 Sites will be categorised as high if they:
  - Have a very high accessibility to key strategic road corridors and transport routes (i.e. are directly on or adjacent to such routes)
  - Have strong visual prominence on main road corridors
  - Are well-regarded and positive perception within the local market
  - Offer a good quality business environment with limited constraints to efficiency or business operation
- 2.9 Sites will be categorised as low if they:
  - Have limited/ constrained/ very indirect key strategic road corridors and transport routes
  - Have limited prominence within the local area (i.e. tucked away in a residential area)
  - Have low profile within the local market or particular negative perception
  - Generally provide a low quality business environment or suffer from particular constraints which limit business operation

## **Accommodation Characteristics**

2.10 The quality of the premises within each of the businesses areas has been appraised based on the following descriptors. These broadly follow recognised classifications within the property industry:

- Primary: high quality, often recently built premises, flexible and fit for modern businesses without any expenditure, good servicing and parking provision
- Good secondary: good quality, well maintained, fit for modern business with limited capital expenditure, appropriate servicing and parking
- Secondary: average quality, generally well maintained but would benefit from some capital investment to suit modern businesses, appropriate servicing and parking
- Tertiary: dated premises, poorly maintained and nearing the end of economic life and likely to require significant capital expenditure to bring up to acceptable standard, servicing and parking arrangements below expectations

## **Business/ Occupier Profile**

2.11 In order to assess the business/ occupier profile, consideration will be given to:

- Type of businesses
- Use classes

## **Market Performance**

2.12 In order to assess the market performance of each of the business areas consideration will be given to:

- Occupancy levels
- Development activity interest
- Future opportunities and pressures

## **Scale**

2.13 The scale of each of the employment areas (i.e. the amount of employment floorspace available) will be classified using the following thresholds:

- Very small: <5,000sqm
- Small: 5,000-10,000sqm
- Medium: 10,000-20,000sqm
- Large: 20,000-50,000sqm
- Very large: >50,000sqm

### 3. Summary of Site Characterisation

3.1 The table below summarises the key characteristics and findings in relation to each of the employment areas. More detailed discussion and analysis of each of the individual areas (and sub-areas within them) is set out in Appendix 1.

**Table 1 Site Characterisation**

Site	Strategic Connectivity & Profile	Scale	Accommodation Mix			Business/ Occupier Profile	Market Performance/ Perception
			Description	Size	Quality		
Holmethorpe	Medium	Very large	Varied across the site: modern purpose built industrial units arranged in small estates; very large distribution units; older, traditional brick built units; premises converted for business use.	Large scale (20,000sqm+)	Mixed across all grades.	Good mix. Predominantly warehouse/ distribution (31.4%). Good proportion of other uses (23.6%).	<ul style="list-style-type: none"> <li>Historically good demand</li> <li>Vacancies have fallen since recession peak</li> <li>There are some long-term vacant units</li> <li>Some recent speculative development</li> </ul>
Wells Place	High	Large	Large, modern purpose built industrial/ warehouse units generally with high office component.	Large scale (20,000sqm+)	Exclusively primary grade stock.	Predominantly warehouse/ distribution uses (81.1%).	<ul style="list-style-type: none"> <li>Occupancy has been historically strong</li> <li>No units currently vacant</li> <li>Permission for extension and new unit implemented</li> <li>Further expansion limited by policy/ environmental</li> </ul>

							constraints.
Salfords	High	Very large	Varied: modern purpose built industrial units arranged in small estates; very large distribution units; older industrial premises.	Large scale (20,000sqm+)	Predominantly primary or good secondary	Predominantly warehousing/distribution (58.5%).	<ul style="list-style-type: none"> <li>• Occupancy has improved dramatically over recent years</li> <li>• There has been significant investment and development over the past decade</li> <li>• The new aggregates facility may act as an attractor for some businesses</li> </ul>
Perrywood	Medium	Large	Predominantly modern industrial/warehouse units with high office component in formal business estate environment.	Large scale (20,000sqm+)	Predominantly good secondary or secondary.	Predominantly office-based services (48.2%).	<ul style="list-style-type: none"> <li>• Limited development activity over recent years</li> <li>• Historically there has been good occupancy; however, vacancies rose during the recession.</li> <li>• Vacancy rates have improved in recent years - there are now only two vacant units.</li> </ul>
Kingsfield	Low	Small	Varied: purpose built industrial units; traditional brick built units; units converted for business use.	Small scale (<10,000sqm)	Predominantly good secondary.	Predominantly light industrial manufacturing (47.5%).	<ul style="list-style-type: none"> <li>• No notable development within recent years</li> <li>• Historically low</li> </ul>

							<ul style="list-style-type: none"> <li>vacancy rates</li> <li>• Site historically dominated by two occupiers (Respirex and NHS)</li> <li>• The NHS part of the site is available to rent</li> </ul>
Albert Road North	Low	Medium	Premises are predominantly traditional single-storey brick built industrial units and two-storey industrial/ warehouse units with ancillary offices.	Medium scale (10,000-20,000sqm)	Predominantly secondary or tertiary.	Predominantly warehousing/ distribution uses (39.4%).	<ul style="list-style-type: none"> <li>• Vacancies historically low</li> <li>• No notable development in recent years</li> <li>• Permission implemented for residential redevelopment of part of the estate</li> </ul>
Pitwood Park	Low	Very Small	Predominantly purpose built industrial units with ancillary office component arranged around small business estate. Large purpose built laboratory building and old brick built industrial unit.	Small scale (<10,000sqm)	Predominantly good secondary.	Good mix of uses.	<ul style="list-style-type: none"> <li>• No notable development over past decade</li> <li>• Historically low vacancy rates</li> <li>• 2 long-term vacant units</li> <li>• Recent letting of long-term vacant unit at 4&amp;4a suggests that demand is improving.</li> <li>• Planning permission has</li> </ul>

							been submitted for residential redevelopment of other long-term vacant unit
Balcombe Road	Medium	Medium	Varied: modern business/ industrial units arranged in a typical small estate; good quality units subdivided from a large industrial building; older brick built industrial/ workshop premises.	Medium scale (10,000-20,000sqm)	Split between good secondary and tertiary.	Predominantly light industrial manufacturing (32.8%) and warehouse/ distribution (24.3%).	<ul style="list-style-type: none"> <li>• No notable development within recent years</li> <li>• Historically good occupancy Vacancies have fallen since 2009</li> <li>• Long-term potential to expand estate onto the gasholder site remains possible subject to operational needs</li> </ul>
Reading Arch Road	High	Small/ very small	Varied: purpose built showroom; purpose built industrial units; traditional brick built workshop premises.	Small scale (<10,000sqm)	Predominantly good secondary.	Predominantly other uses (74.7%).	<ul style="list-style-type: none"> <li>• Traditionally well occupied.</li> <li>• No development activity in recent past although some site by site investment by individual occupiers.</li> <li>• Long-term consideration will need to be given to the role of the estate in the context of the expansion of the</li> </ul>



## 4. Conclusions

### Character and Function

4.1 As noted in the Regulation 18 Development Management Plan Employment Area Review, the character and function of the borough's employment areas vary.

#### Principal Employment Areas

4.2 The Principal Employment Areas are:

- Holmethorpe Industrial Estate
- Perrywood Business Centre
- Salfords Industrial Estate
- Wells Place

4.3 These four employment areas accommodate a significant and critical mass of employment provision and benefit from good connectivity to, and prominence on, strategic corridors. Given their scale, accessibility and the type of accommodation available on the sites, they are the locations where medium or large scale B-use operations are least constrained and most likely to locate.

4.4 The areas also make a significant contribution to employment provision and economic growth potential, particularly in the key sectors outlined in the Regulation 18 Development Management Plan Economic Needs Assessment<sup>89</sup>.

#### Local Employment Areas

4.5 The Local Employment Areas are:

- Kingsfield
- Albert Road North
- Pitwood Park
- Balcombe Road
- Reading Arch Road

4.6 These areas have a smaller critical mass of employment and generally occupy less prominent or accessible locations (sometimes within residential areas).

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<sup>8</sup> Key sectors include: public services (including health and education); finance and insurance; professional/ private services; wholesale and retail.

<sup>9</sup> [http://www.reigate-banstead.gov.uk/downloads/file/2614/local\\_economic\\_needs\\_assessment\\_update](http://www.reigate-banstead.gov.uk/downloads/file/2614/local_economic_needs_assessment_update)

4.7 Given their scale and nature, there is some evidence of pressure to convert to other uses including residential. The areas however play an important role in providing smaller, more affordable accommodation which is suited to the needs of start-ups and SME businesses in the borough. Given the significance of SMEs in the borough's overall economy and the importance of a ready supply of appropriate small business premises to support their growth, there is considered to be a strong economic reason to support and retain these areas as employment areas.

## **Viability**

4.8 Paragraph 22 of the NPPF discourages the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for this purpose.

### **Principal Employment Areas**

4.9 Ongoing viability is demonstrated by:

- Significant investment and development activity within the past decade
- Healthy uptake of new premises
- Improved occupancy levels since the recession

### **Local Employment Areas**

4.10 Whilst there has been limited investment and development over the past decade, evidence of ongoing viability is demonstrated by good occupancy levels for most of the past decade. Since the recession, in particular, occupancy rates have improved, including occupancy of a number of long-term vacant units.