Reigate & Banstead Core Strategy

Updating the economic evidence base

July 2011

Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

Executive Summary

This paper reviews previous research on the economy undertaken to inform the Core Strategy, alongside more recent updates to the economy evidence base and recent national, sub-national and local policy developments. It has been prepared to inform the development of planning policy, namely the Core Strategy, Development Management Policies Development Plan Document (DPD) and the Redhill Town Centre Area Action Plan (AAP).

Overall economic policy direction

The paper sets out a preferred economic policy direction for Reigate & Banstead Borough building on priorities identified in the Council's Corporate Plan. It also identifies indicative levels of future job growth and employment floorspace requirements, and considers how these might best be delivered.
The proposed policy direction set out below has been developed taking into account primary and secondary research into local and sub-regional business aspirations and requirements.

Policy Direction

The Council will promote and support continued economic prosperity in Reigate & Banstead, including by:

- Recognising and nurturing the distinctive economic role of different parts of the borough, and working with adjoining authorities to maximise the opportunities arising from its position within the Gatwick Diamond, the Coast to Capital Local Enterprise Partnership and its proximity to London.
- Raising the profile of Redhill as a key commercial location through town centre regeneration and other initiatives.
- Ensuring a range of types and sizes of employment premises to cater for established, growing and start-up businesses and ensuring policies are sufficiently flexible to meet the changing needs of existing businesses (including changing working practices) and attract new businesses.
- Focusing on making the best use of employment land within existing town centres and industrial areas.
- Ensuring any new employment development outside these areas reflects wider regeneration priorities and is located in accordance with development hierarchy, and requiring that all new employment floorspace is designed to the highest sustainable construction standards.
- Supporting entrepreneurship and innovation within knowledge-intensive sectors by facilitating the provision of affordable start-up/incubator units in accessible locations.

Our analysis of employment floorspace requirements has also been updated, taking into account recent economic forecasts and local circumstances.

Floorspace Requirements
The provision of new employment floorspace within the borough will sit alongside policy measures to encourage more efficient use of land and 'smarter' working (which will itself free up additional floorspace capacity) to deliver the continued economic prosperity of the borough. • Up to 6,800 additional (B-use) jobs are forecast in the borough by 2026. This could result in a requirement for up to 37,274sqm of additional commercial floorspace. • Existing industrial and town centre business area designations for employment generating uses will be retained, and the loss of other employment land resisted. • The majority of the additional floorspace required will be accommodated through intensification and redevelopment at existing industrial estates within the borough. Greater flexibility in terms of acceptable use classes will allow the market to respond to changing business requirements and working practices. • Proposals for Redhill town centre should provide sufficient flexibility for additional office floorspace to be provided in the longer term should the market demand exist.

Economic objectives for sub-areas

Further work will be undertaken to identify specific designations/allocations and development management policies and to inform the Development Management Policies DPD. The following draft objectives have been identified on the basis of the evidence within this paper to help guide this work:

Sub-area	Suggested economic objectives
Area 1: The north of the borough – Banstead and the North Downs	• Retain existing designated employment areas. • Support the limited expansion of existing businesses in designated employment areas within the wider aims of sustainable development and environmental protection and enhancement.
Area 2a: Redhill	Redhill Town Centre • Develop Redhill as a vibrant primary centre, and economic hub. • Seek to safeguard the provision of a range of types and size of offices in the town centre and edge of centre locations. Redhill Industrial Estates • Retain the Holmethorpe, Wells Place and Kingsfield employment designations. • Encourage the intensification/redevelopment of older or underused sites/premises within designated areas for suitable employment generating uses that reflect their existing character and predominant uses.
Area 2b: Reigate and the remainder of Area 2	• Retain high quality headquarter and serviced office provision in Reigate Town Centre business area. • Encourage provision of high quality small light industrial and office units in other employment areas.
Area 3: Salfords	• Maintain and develop Salfords as a strategic location for business, including for uses connected with Gatwick airport. • Encourage intensification/redevelopment of employment floorspace and vacant sites in designated areas. • Explore the possibility of some flexibility within use classes for employment generating floorspace.
Area 3: Horley	• Secure appropriate employment provision to support wider Horley regeneration proposals through making the best use of existing designated employment areas. • In particular focus on the provision of affordable facilities (and supporting infrastructure) to meet the needs of small and start up businesses and help facilitate growth of airport related and knowledge intensive businesses.

1. Introduction

1.1 The Reigate & Banstead Borough Council (RBBC) Core Strategy was originally submitted to Government in March 2009[1], and was subject to Examination in January 2010. In support of the Core Strategy, a number of studies and statements relating to economic development were prepared or commissioned by the Council, including an Economic Market Assessment[2]. The Core Strategy was withdrawn in March, following the Examination but prior to the publication of the Inspector's report.

1.2 The draft report[3], which was subsequently released by the Planning Inspectorate, confirmed general support for the identified scale of employment development and its broad distribution, but highlighted:

- A lack of clarity as to the overall spatial strategy for commercial development.
- The need to set out a clear framework to manage economic change (in particular to manage predicted industrial decline).
- The need for greater clarity about the scale of change needed to meet demand for employment land.
- The opportunity for more explicit links to aspirations for the Gatwick Diamond sub-region.

1.3 RBBC is now revising the draft Core Strategy in the light of the Examination findings. As part of this work, and in the light of changes to the national and regional policy framework and the changing economic climate, RBBC has updated aspects of the economic evidence base. This paper summarises the outcomes of that work, and builds upon (rather than replaces) the 2008 Economic Market Assessment.

1.4 It should be noted that retail and leisure provision falls outside the scope of this paper. Whilst there are linkages and overlaps between the two, retail and leisure provision will be addressed separately as part of the wider Core Strategy evidence base. Retail and leisure provision will generate additional jobs within the borough, and it is recognised that there will be flexibility between forecast employment generated by different uses.

1.5. Annex 1 includes a matrix that summarises the work that has been done to inform the development of the Core Strategy approach to economic development.

Methodology

1.6 The additional work summarised within this paper was undertaken by Reigate & Banstead officers, with input from adjoining authorities and external business organisations. The Council also engaged a 'critical friend' (Simon Ward BSc MRICS, Propernomics) to advise on and critique the economic evidence update work as it was carried out. This process enabled us to obtain expert opinion on specific issues as required and has helped to ensure that our methodology and assumptions are sound and robust.

2. Setting the scene

Economic profile of the borough (see also Annex 2)

2.1 The economy in Reigate & Banstead is characterised by:

- High productivity, outperforming the rest of Surrey and the South East.

- A high presence of financial and business services, with the public sector being the second largest sector.
- Steady growth in the numbers of businesses in recent years, however business start-up rates below the Surrey and South East average.
- A high number of small businesses, accounting for nearly 90% of all employment.
- A large number of residents with high level qualifications and occupations, and strong resident earnings.
- Employment activity rates of around 80% (slightly lower than the regional average), but increased unemployment in recent years.
- Fairly balanced commuting patterns and a flexible labour market.

2.2 The borough is home to more than 6,300 VAT registered businesses and more than 61,000 jobs, with the main employment activity focused in or around Reigate and Redhill urban areas.

2.3 Reigate & Banstead occupies a strong position between Gatwick Airport and London, and benefits from good connections to the strategic transport network, including the airport, M25 and M23/A23 corridor. It plays a key role in the Gatwick Diamond sub-region and is home to a number of major national and international companies.

2.4 However, the borough also faces a number of economic challenges (see Section 3 below). In particular, there is a need to:
- Ensure a robust recovery from the recent economic downturn.
- Compete successfully with other nearby business locations.
- Raise the profile of Redhill as a key commercial location.
- Increase levels of entrepreneurship; and
- Ensure commercial stock is fit for purpose and is 'future-proofed' to accommodate changing working practices.

3. Document and policy review

3.1 An analysis of relevant policies is included in Chapter 2 of the Economic Market Assessment (EMA) 2008; however a number of more recent policy changes now also need to be taken into account. Table 1 below summarises the updated policy context, and Annex 3 provides more detailed information about recent policy changes. *NB subsequent to this paper being drafted, the Government has published its consultation draft National Planning Policy Framework, however this paper has not yet been updated to reflect emerging policy.*

Table 1: Document and policy review

National policy context		
PPS1 – Delivering sustainable development (2005)[4]	Sets out the overarching policy aspirations for sustainable development	See Annex 3 for further details
PPS4 – Planning for sustainable economic growth (2009)[5]	Outlines national policy for sustainable economic growth and highlights the need for local authorities to plan positively for economic development	See Annex 3 for further details
White Paper – Local growth: realising every place's potential (2010)[6]	Sets out the new Government's approach to economic growth, including new local enterprise partnerships and the regional growth fund.	See Annex 3 for further details
Localism Bill (2010)[7]	Seeks to enshrine in law a number of the proposals in the Local Growth White Paper, including provision for local business rate discounts, abolition of the regional strategy and the introduction of neighbourhood planning.	See Annex 3 for further details

The Plan for Growth (2011)[8]	Includes proposals to ensure the planning system supports economic growth and sustainable development and that local authorities prioritise jobs and growth.	See Annex 3 for further details
Regional policy context		
The South East Plan (2009)[9]	Requires that authorities identify a flexible employment land supply to support key sectors and clusters and help deliver regional and national competitiveness. The Localism Bill proposes to abolish the South East Plan.	See Annex 3 for further details
The Regional Economic Strategy (2006)[10]	Presents a vision of the South East as a world class region, and identifies a number of transformational actions and cross cutting themes to achieve this.	See EMA 2008 for further details
Sub-regional policy context		
The Surrey Local Economic Assessment (2010)[11]	Provides an assessment of economic conditions across the County and identifies some strategic challenges.	See Annex 3 for further details
Coast to Capital Local Enterprise Partnership (2010)[12]	Sets a framework for joint working between local authorities and business to transform business and economic performance across West Sussex, Brighton and Hove, eastern Surrey and Croydon.	See Annex 3 for further details
Gatwick Diamond Delivering a Sustainable Transport System (DaSTS) (2010)[13]	Considers transport and non-transport intervention options to overcome identified strategic challenges in the Diamond area.	See Annex 3 for further details
Gatwick Diamond LDF Group Study (2008)[14]	Provides recommendations for the future delivery of employment floorspace across the Gatwick Diamond.	See Annex 3 for further details
Gatwick Diamond Economic Strategy (2007)[15]	Sets out the Gatwick Diamond vision to become a world class internationally recognised business location	See EMA 2008 for further details
Gatwick Diamond Futures Plan (2008)[16]	Considers the interventions needed to achieve the Gatwick Diamond Economic Strategy vision, based around three themes of 'Inspire', 'Connect', and 'Grow'	See EMA 2008 for further details
Gatwick Airport Employment Survey 2008[17]	Results from a survey of employers at Gatwick Airport including information about employees, places of work	See Annex 3 for further details
The Economic Benefits of Gatwick Airport 2009[18]	Report considering the potential economic benefit of Gatwick Airport passenger number expansion aspirations.	See Annex 3 for further details
Local policy context		
The Corporate Plan 2011-2015[19]	Sets out the Council's vision for sustainable, prosperous and self-reliant communities. Under the 'regeneration' theme, identifies a need to improve and sustain the prosperity of the borough and strengthen the local economy.	See Annex 3 for further details
The draft Core Strategy (2009)[1]	Provides the overarching spatial strategy and development hierarchy; sets out regeneration focus. Includes the objective to ensure that the right amount, range, size and type of commercial provision is available and that the necessary infrastructure and facilities are provided to support a level of economic growth compatible with protecting the environment.	See Annex 3 for further details
Reigate & Banstead Borough Local Plan (2005)[20]	Identifies designated employment areas and policies to guide employment land development.	See EMA 2008 for further details

4. Previous research undertaken to inform the Core Strategy

Reigate & Banstead Economic Market Assessment (GVA Grimley, October 2008)

4.1 The Economic Market Assessment (EMA) was commissioned to develop a strategic economic framework for the borough, and to consider the balance of employment land through an employment land assessment. The Assessment included a 'SWOT' analysis of the borough's economy and recommended some overall economic objectives for Reigate & Banstead including:

- Ensuring existing business retention needs are met
- Broadening the economic base to encourage a variety of sectors and business sizes
- Ensuring that employment provides for the needs and skills of the borough's residents
- Making the best use of the borough's proximity to Gatwick Airport and obtaining maximum benefit from its position in the Gatwick Diamond
- Enhancing the quality of life, and range of services/attractions (including transport infrastructure and communications) to benefit businesses.

4.2 It also recommended a number of sub-area priorities:

- Reigate & Banstead North to continue to be an area for bespoke high quality employment sites whilst maintaining a high quality environment and quality of life
- Maintaining Reigate's position as an internationally attractive business location with a high quality town centre offer
- Developing Redhill into a vibrant town centre providing a high quality mix of residential, retail, and commercial uses, and strengthening the evening economy.
- Maintaining, and possibly expanding, Salfords position as a key strategic industrial location serving the borough and the Gatwick Diamond
- Developing Horley as a hub for start-up units and entrepreneurial activity, facilitating strong business creation, and a town centre regeneration programme, while continuing to build strong links with Gatwick Airport and the Gatwick Diamond.

4.3 The EMA identified that the borough had an undersupply of 57,500m2 of office space and an oversupply of 67,000m2 of industrial floorspace. These figures have been refreshed as part of the economic evidence update.

Core Strategy Topic Paper: Employment (RBBC, July 2009)[21]

4.4 This topic paper summarised the suggested economic strategy for the Core Strategy sub-areas as follows:

- North Downs: Some potential for increased office floorspace through intensification of existing sites. No major new economic development planned; development in this sub-area will be modest and sustainable whilst preserving and maintaining the area.
- Wealden Greensand Ridge – Redhill: Need to ensure continued success by maintaining a high economic profile and ability to grow physically and economically in the future. Redhill will be the focus for additional employment space: re-use and intensification of existing employment land in this area will achieve the majority of employment space growth for the borough.
- Wealden Greensand Ridge – Reigate: An important employment location, however the area is constrained by its designation as a conservation area, therefore no new major development is planned. A small level of additional

employment space to be achieved through the intensification of existing employment land.
- Low Weald: The main location for industrial uses – potential exists to intensify the larger employment areas in Salfords and Horley to fulfil the employment needs of the borough and Gatwick Diamond. Horley is a prime location for the development of small start up units to encourage entrepreneurialism.

5. Updates to the evidence base: Policy direction

Survey of local businesses (Autumn 2010)

5.1 A survey of local businesses was undertaken by Reigate & Banstead Borough Council in Autumn 2010. The survey form was developed by the Council's Policy team with input from the Property and Community Liaison teams and external partners. It was sent to over 1,000 businesses in the borough, and promoted by business organisations operating in the area. A response rate of 17% was achieved, and whilst the sample cannot be treated as wholly representative, replies were received from a wide cross section of business types and sizes from across the borough.

5.2 A detailed summary of the survey results has been produced (Annex 4). Key findings from the survey included:

- Overall satisfaction with Reigate & Banstead as a business location is good with 93% of businesses rating their business location as average or better, and 63% rating it as good or excellent.
- Businesses have experienced mixed fortunes over the past three years, however most businesses are generally positive about the future, predicting increased turnover, productivity, staffing levels and product range.
- Two thirds of businesses that are considering relocating in the next five years would like to stay in the local area; over half of all respondents felt that their future needs could be provided for by better use or refurbishment of their existing premises.
- Over 80% of businesses that have recruited in the last year have been able to recruit locally. Only a small percentage of respondents identified that they have had difficulties recruiting.

5.3 The key conclusion emerging from the survey of local businesses is that businesses are optimistic for the future – and that Reigate & Banstead must support business growth by enabling the conditions that ensure existing businesses prosper and that allow new businesses to thrive. This must include addressing accessibility issues, and continuing to provide a range of types and sizes of high quality premises to meet business needs, supported by appropriate servicing and local facilities.

Commercial property event (December 2010)

5.4 A Commercial Property Event was held in December 2010 for commercial agents and their clients. The event was attended by around 20 people with commercial property interests in the borough. A detailed summary note of the event has been produced (see Annex 5). Key messages emerging from discussions at the event[1] included that:

[1] It should be noted that these key messages reflect the views expressed by delegates at the event, which are not necessarily endorsed by the Council.

- The message that Reigate & Banstead is open for business is a strong one. The Council needs to promote and back up this message with action – including making the best use of its own assets and considering incentives to attract investment.
- Whilst Redhill has good transport links, developing a clear 'brand' for the town centre and increasing the centre's wider offer will be important if it is to succeed as a business location.
- It will be important to ensure that as economic circumstances improve, appropriate commercial floorspace development and access to business support are facilitated – through the Core Strategy and other Council initiatives - to assist both businesses already located in the borough and to those seeking to locate here.
- The diversity of commercial provision across the borough means it will be important for the Council to consider the particular needs and opportunities of different town centres/industrial estates. A standardised 'cross borough' approach to employment policy would not provide the required specificity.
- It is important that we make the most of opportunities in those parts of the borough that are most accessible, and explore a range of options to improve less accessible areas.
- Improving strategic access (particularly motorway access) will require long-term planning and commitment from national as well as local government but, subject to sustainability and amenity considerations, it may be possible to address other concerns - such as the type of provision - in the shorter term.
- Demand for commercial property will continue to be driven by legislative changes (for example with regard to energy efficiency), new technology and changing working practices. Planning policies need to reflect these drivers, by ensuring that new commercial floorspace is of a high quality and 'future-proofed' and by providing sufficient flexibility to allow the market to respond to changing circumstances.
- Consideration should be given to applying a more accommodating approach to business development in some parts of the borough (for example, through more flexible planning policies or use of local development orders), within an overarching framework of sustainable development.

Analysis of key sectors

5.5 PPS4 requires that local authorities should ensure that their development plan supports existing sectors and identifies and plans for new or emerging sectors likely to locate in their area. It also requires that local authorities should positively plan for the location, promotion and expansion of clusters or networks of knowledge driven or high technology industries. The South East Plan (currently part of the development plan but proposed to be abolished under the Localism Bill), includes policy RE2 'Supporting nationally and regionally important sectors', which suggests that local authorities should identify key sectors and clusters within their local area and any opportunities that exist for expansion. The Surrey Local Economic Assessment also identifies the need to recognise the importance of sectors.

5.6 A review of literature and evidence relating to key sectors in Reigate & Banstead has been prepared and is appended in Annex 6. Key findings from this review are summarised in Table 2.

Table 2: Summary of findings from Key Sectors literature/evidence review

Current key sectors	Evidence demonstrates that the key sectors currently represented in the borough are: - The financial and business services sector - The non-market/ public sector - The distribution/hotel/catering sector. There are geographical variations in the concentration of different sectors across the borough. In particular: - A higher presence of transport, storage and communication sector businesses in Horley as a result of its proximity to Gatwick Airport - Concentrations of public sector (health, education, government administration) in Redhill and Reigate - A concentration of business and financial sectors in the north of the borough, and in Redhill and Reigate.
Future key sectors: forecast	Economic forecasts from Experian indicate that growth in jobs from financial and business services in the borough will continue, as well the growth in jobs from non-market/public sector services. Jobs in distribution/hotels/catering are also forecast to increase. Jobs in construction and transport/communications are projected to stay relatively stable or show a slight increase, whereas jobs in utilities and land based industries are forecast to decline.
Future key sectors: policy-led	Regional and sub-regional priorities relevant to Reigate & Banstead, set out across a number of documents, include: - Focusing on sectors with high growth potential - including financial and business services, advanced engineering, aerospace, pharmaceuticals and health technologies, environmental and energy technologies - Attracting inward investment to the Gatwick Diamond - Increasing entrepreneurship and innovation and supporting emerging technologies - Developing the 'knowledge economy'. Local priorities as identified in the draft Core Strategy include: - Supporting existing businesses - Encouraging small and medium enterprises.
Interventions to meet future key sector needs	To meet the needs of current sectors in Reigate & Banstead and deliver sub-regional and local priorities for future priority sectors, a range of policy interventions may be appropriate, including: - Ensuring a wide range of types and sizes of commercial provision to cater for established, growing and new businesses. - Ensuring flexibility of supply to meet the changing needs of businesses, particularly within the financial and business sectors and knowledge intensive industries. - Ensuring effective infrastructure, including both transport infrastructure and ICT provision. - Provision of high quality office floorspace for the financial and business services sector in Reigate, and in Redhill including as part of mixed use schemes. This should include smaller, affordable units, and managed office space. - Provision of smaller, affordable start-up/incubator units in Horley to facilitate entrepreneurship, including in knowledge intensive jobs and businesses and key growth sectors such as health, environmental and energy technologies. - Maintaining and developing Salfords as a strategic location, including for businesses connected with distribution/airport-related uses and key growth sectors such as advanced engineering.

Development Management Policies Issues and Options consultation

5.7 The Council is developing a Development Management Policies DPD to sit alongside the Core Strategy. This document is at an earlier stage of preparation than the Core Strategy. The 'issues and options' consultation for the DPD identified a number of choices relating to managing the economy (see Table 3).

Table 3: Development Management Policies DPD: Economic development issues and options consulted on

Issues	Policy options consulted on
Making the best and most sustainable use of existing employment land	• Retain existing employment land unless there is clear evidence that it is unsuitable, surplus to requirements and that continued use for commercial use is not viable • Identify alternative non-employment uses for surplus employment land, accompanied by policies to manage the release of these sites.
Directing new economic development to sustainable locations, in particular office uses to town centre/edge of centre areas	• Incorporate Areas for Small Businesses and/or Town Centre Business Areas into Town Centre designations and promote a more flexible approach to economic development in these areas; or • Specifically define areas within or near town centres where business/office uses will be encouraged.
Supporting economic innovation and the knowledge economy (including through the Gatwick Diamond sub-region)	• Encourage mixed use development in town centres, including start-up or live-work units • Focus new office development in Redhill and Reigate Town Centres • Identify opportunities for small and start-up business units in Horley Town Centre.
Ensuring that employment development contributes to climate change avoidance and mitigation	• Include specific criteria to secure provision of renewable energy, and energy efficiency measures, in new economic/employment development; or • Apply generic design and sustainability criteria in considering proposals for new economic development.
Securing new economic development on designated employment land to meet identified needs	• Identify specific designated employment sites where particular types or sizes of unit should be provided; or • Identify specific designated employment sites where a more flexible approach to future economic development would be appropriate, but allow the market to determine the exact nature of commercial provision on those sites; or • Allow a more flexible approach to future economic development on all designated employment sites.
Providing for the needs of small and medium sized businesses	• Set maximum size thresholds in certain town centre areas to ensure business units remain small and employment areas develop different specialities; or • Do not set size thresholds to allow maximum flexibility • Encourage provision of smaller units on other designated employment sites.
Managing economic development outside designated employment sites	• Allow new economic development outside designated employment sites provided it meets an identified need and policy criteria; and • Allow existing employment land outside designated employment sites to be redeveloped for other uses subject to identified policy criteria; or • Apply more general development management criteria to assessing proposals for creation or loss of employment land outside designated areas.

Source: DMSA DPD Issues and Options consultation (Dec 2010)

5.8 Table 4 below summarises the comments that were received in relation to the Economic Development issues and options.

Table 4: Summary of DMP Economic Development I&O consultation responses

• Reference to the Coast to Capital LEP should be included	• Support for allowing new economic development outside employment areas
• Role of green infrastructure in improving economic prospects of local areas should be considered	• Redhill Aerodrome well suited to knowledge sector businesses and aviation related start ups
• Employment sites should be released where no current demand for use	• Flexible policies important to reflect market trends
• A flexible approach to economic development is needed	• Need for realistic criteria for assessment of viability of employment sites
• Alternative uses that contribute to local prosperity should be allowed in employment areas	• Support for inclusion of ASB and TCBA into town centres
• Support for retention of employment land unless unsuitable /surplus to requirements	• Energy efficiency measures are controlled by Building Regulations
• Support for identification of sites where flexible approach / market led approach is to be taken	• Reference to supporting rural landowners and businesses should be included
• Long term requirements for employment land must be considered	• Economic development could be incorporated in mixed use sustainable extensions
• Importance of setting the right criteria for assessment of employment proposals	• Need to consider congestion, access and parking in town centres when planning for economic development
• Reference to growth industries and home working should be included	

Policy Direction – Initial conclusions

5.8 A key theme within the Council's current Corporate Plan is regeneration – improving and sustaining communities, including through building economic prosperity and strengthening the local economy (particularly in Redhill and Horley), supporting existing business and attracting new investment. The draft Reigate & Banstead Core Strategy provides the overarching spatial strategy and hierarchy for the borough for delivering development and regeneration: in setting the framework for future growth, the Council will look sequentially across the borough, focusing most development first on those areas identified as priority locations for regeneration, but also in other sustainable locations within the urban area. It is important that the economic policy direction is consistent with this spatial strategy.

5.9 Delivering regeneration and economic prosperity, and overcoming the borough's economic challenges (outlined in the preceding sections) will require a combination of measures, including ensuring an appropriate range and choice of economic floorspace provision, providing additional employment floorspace and facilitating productivity growth.

- <u>Productivity</u> can be improved through making better use of existing employment land and premises, focusing on growth in key 'knowledge based' sectors, and through regeneration initiatives to remove barriers to work. Facilitating productivity growth and 'smarter' ways of working will be particularly important to ensure the most efficient use of existing employment floorspace and free up spare capacity in the borough given the considerable environmental/policy constraints to physical expansion. Providing entry level jobs, particularly in identified regeneration areas, can help increase employment levels.
- A <u>Choice</u> of employment floorspace is also important. There is currently a wide range of employment floorspace in the borough in terms of type, size and quality, ranging from cheap, lower quality older premises to very modern premium units. Monitoring will be important to ensure that the range of choice is maintained, and reflects the requirements of existing and new businesses. Flexible policies will

help ensure that the market can respond to demands for particular types and sizes of units.

- New employment floorspace will be needed (see the next section of this report) and could be delivered via a range of alternative spatial approaches, for example, by:
    - Making best use of land currently allocated for employment development where this is located sustainably – including through intensification/ redevelopment
    - Identifying additional previously developed land for employment development
    - Identifying additional greenfield land for employment development
    - Allowing the market to determine where and how additional employment floorspace should be delivered in the borough.

  As identified above, the need to support the regeneration focus for the borough, and the drivers for 'smart' growth indicate that priority should be given to the first two of these alternatives. Sustainability Appraisal testing for the Core Strategy supports this approach[22].

5.10 Drawing on relevant policy documents, previous research and the updates to the evidence base, a clear economic policy direction to help overcome challenges and deliver corporate priorities in a sustainable manner can therefore be identified.

Policy Direction

The Council will promote and support continued economic prosperity in Reigate & Banstead, including by:

- Recognising and nurturing the distinctive economic role of different parts of the borough, and working with adjoining authorities to maximise the opportunities arising from its position within the Gatwick Diamond, the Coast to Capital Local Enterprise Partnership and its proximity to London.
- Raising the profile of Redhill as a key commercial location through town centre regeneration and other initiatives.
- Ensuring a range of types and sizes of employment premises to cater for established, growing and start-up businesses and ensuring policies are sufficiently flexible to meet the changing needs of existing businesses (including changing working practices) and attract new businesses.
- Focusing on making the best use of employment land within existing town centres and industrial areas.
- Ensuring any new employment development outside these areas reflects wider regeneration priorities and is located in accordance with development hierarchy, and requiring that all new employment floorspace is designed to the highest sustainable construction standards.
- Supporting entrepreneurship and innovation within knowledge-intensive sectors by facilitating the provision of affordable start-up/incubator units in accessible locations.

6. Updates to the evidence base: floorspace requirements

Monitoring information

6.1 The Council regularly monitors commercial/employment development in the borough through its Annual Monitoring Report (AMR)[23], its Industrial Estates Monitor, Area for Small Business Monitor and Commercial Monitor[24].

6.2 The latest monitoring information indicates that:

- The total working age population in the borough is 87,800. Whilst almost 80% of the working age population are economically active unemployment has risen since 2008/9.

- Total VAT registered stock in the borough is 6,350 units, and total commercial floorspace (office, industrial and warehousing) is just over 675,000sqm. 260,000sqm of this is located in designated industrial areas.
- There was a gross increase in commercial floorspace of only 2,207sqm in 2010/2011 (compared to 18,871sqm in 2009/10). This reflects recent market uncertainties, however the number of schemes currently under construction indicates some increase in market activity.
- Outstanding commercial (office, industrial and warehousing) planning permissions (unimplemented and under construction) as of 31 March 2011 could potentially generate a gross increase in employment floorspace of 38,527sqm. 88% of this is located within designated industrial areas, and 37% of the total is for B1(a) floorspace.
- Outstanding employment land allocations for industrial, storage and distribution uses total 6ha; an additional 3.3ha of land is allocated for integrated mixed use schemes including commercial development.
- Whilst the predominant use in the designated Areas for Small Business is residential (29%), there is also a healthy mix of businesses, including B1(a) (23%), and A1 (15%). However, the overall stock of commercial premises has reduced over recent years (as a result of, for example, premises being combined).

6.3 The 2009/10 AMR identifies future actions for the Council:

- To identify a future supply of employment land to provide sufficient floorspace to support economic growth forecasts (including through intensification) and continue to monitor provision of employment floorspace to ensure that developments meet identified need and requirements
- To liaise with local businesses, property agents and developers in order to identify the needs and requirements of existing and future businesses in the borough.

<u>Commercial Floorspace – future supply</u>

6.4 The Commercial Monitor (2011) identifies major unimplemented commercial developments in the borough as follows:

Table 5: Major unimplemented commercial permissions

Site	Use	Gross new floorspace	Net new floorspace
Former Matrix Building, Perrywood Park	Office, warehouse, R&D	3,730 sqm	3,730 sqm
Land at Wells Place	Warehouse	1,858 sqm	1,858 sqm
50-61 Albert Road North, Reigate	B1(a), (b), (c) and B8	5,204 sqm	400 sqm
Titan Travel, Salfords Industrial Estate	Office campus	8,170 sqm	3,304 sqm
Watercolour, Holmethorpe Industrial	B1(a), (b), (c) units	2,900 sqm	2,900 sqm
St Paul's House, London Rd, Redhill	Office extension	1,184 sqm	1,184 sqm
Land parcel, Trowers Way	B1(c), B8	755 sqm	755 sqm

Source: Commercial Monitor 2011

6.5 The monitor also identifies the amount of vacant commercial floorspace. Table 6 outlines the likely level of total floorspace available, taking into account property on the market and unimplemented permissions.

Table 6: Future supply of floorspace

	Total Floorspace	Total floorspace	Gross outstanding	Net outstanding	Floorspace to let + gross

	(sqm)	'To Let' (sqm)*	development (sqm)^	developments (sqm)	outstanding development. (sqm)
Office	338,000	51,187	15,179	7,686	66,366
Industrial	130,000	18,547	12,769	-1,446	31,316
Warehouse	209,000	11,222	11,384	4,357	22,606
Total	**677,000**	**80,956**	**39,332**	**10,597**	**120,288**

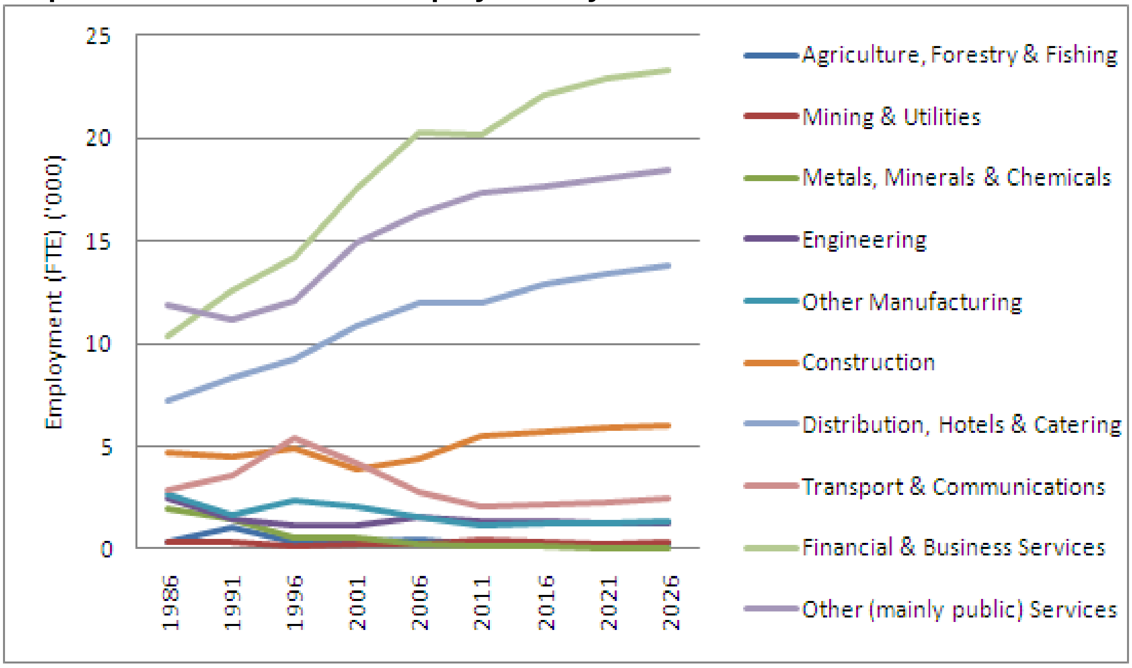
Source: Commercial Monitor 2011
** floorspace marketed as mixed industrial/warehouse has been evenly divided into the two separate categories*
^Where no detailed floorspace information is available, unimplemented permitted floorspace has been evenly distributed between the permitted use classes.

6.6 It should be noted that the Commercial Monitor also identifies a number of vacant units which are not currently being marketed. Some of this vacant floorspace may also be, or become, available, however has not been accounted for in table 5 above.

Economic and floorspace forecasts

6.7 The EMA 2008 includes some analysis of economic forecasts; however, more recent forecasts have since been obtained. Graph 1 indicates the broad trends in future key sector employment from the Experian UK Local Market forecasts (August 2010); table 7 provides more information about the forecast scale of change over the period 2011 – 2026.

Graph 1: Forecast trends in employment by broad sector



Source: Experian 2010 ©

Table 7: Forecast increase in employment by broad sector

	FTE Employment ('000)				
	2011	**2016**	**2021**	**2026**	**Total change**
Agriculture, Forestry & Fishing	260	220	210	220	-40
Mining & Utilities	410	300	290	300	-110
Metals, Minerals & Chemicals	160	110	90	60	-100
Engineering	1,340	1,330	1,290	1,270	-70
Other Manufacturing	1,190	1,250	1,280	1,330	140
Construction	5,460	5,720	5,900	6,040	580
Distribution, Hotels & Catering	12,000	12,860	13,430	13,790	1,790
Transport & Communications	2,070	2,180	2,310	2,500	430
Financial & Business Services	20,210	22,140	22,940	23,310	3,100
Other (mainly public) Services	17,390	17,610	18,000	18,480	1,090
Total	**60,490**	**63,720**	**65,740**	**67,300**	**6,810**

Source: Experian 2010 ©

Demand for commercial floorspace

6.8 These economic forecasts have been used to update indicative floorspace forecasts for the borough. It is important to note that the outputs from this exercise represent long term forecasts of structural demand. Short-term noise arising from economic cycles may be quite significant, leading to localised periods of higher vacancies during recession periods, however in such times it is important that headroom to accommodate future growth cycles is retained.

6.9 Efforts have been made to ensure that these calculations are as locally specific as possible: Annex 7 provides a more detailed explanation of our methodology for calculating the likely total floorspace that will be required from projected employment increases in the borough. In summary:

- Stage 1 - Baseline information was taken from Experian 2010 economic forecasts.
- Stage 2 - Employment by use class was calculated using a methodology based on Regeneris/South East England Partnership Board guidance, adjusted to reflect local circumstances.
- Stage 3 - Worker floorspace ratios were identified using Homes and Communities Agency national guidance, alongside VOA/CLG data for Reigate & Banstead plus a sample of local businesses.
- Stage 4 - Worker floorspace ratios from Stage 3 were applied to employment by use class forecasts from Stage 2 to calculate the total amount of floorspace associated with the forecast employment increase.
- Stage 5 – Adjustments were applied to Stage 4 outputs to incorporate an additional ‘optimal vacancy’ allowance and an allowance for pipeline developments. A correction factor was applied to convert gross floorspace to net internal area.

Table 8 summarises the outputs from Stages 1-5.

Table 8: Projected demand for floorspace (net internal area)

	Stage 4	*Stage 5*		*Stage 1-5 outputs*
	'Raw' employment forecast (sqm)	**Optimum vacancy allowance** (sqm)	**Pipeline development allowance** (sqm)	**Total projected demand** (sqm)
B1(a)	29,000	23,520	14,174	**66,694**
B1(b), B1(c), B2	-6,400	9,450	675	**3,725**
B8	33,400	14,690	6,287	**54,377**
Total	**56,000**	**47,660**	**21,136**	**124,796**

Source: RBBC/Experian ©

6.10 Table 8 represents the total projected demand for employment floorspace across the borough. As outlined above, the Commercial Monitor provides information about existing supply, in terms of both vacancies and unimplemented planning permissions.

- Stage 6 – Existing vacancies were subtracted from total projected demand.
- Stage 7 – Average delivery rates for permitted floorspace were identified and applied to total permitted but unimplemented floorspace.

Table 9 summarises the outputs from Stages 6-7 and identifies the outstanding floorspace requirements within the borough.

Table 9: Existing supply of floorspace and outstanding requirements (net internal area)

	Stage 6	*Stage 7*	*Stage 6-7 outputs*	*Stage 1-5 outputs*	**Outstanding floorspace requirement** (sqm)
	Current vacancies (sqm)	**Likely delivery of unimplemented permissions** (sqm)	**Total supply** (sqm)	**Total projected demand** (sqm)	
B1(a)	51,187	5,124	56,311	66,694	10,383
B1(b), B1(c), B2	11,024	-532	10,492	3,725	-6,767
B8	18,745	1,974	20,719	54,377	33,658
Total	**80,956**	**6,566**	**87,522**	**124,796**	**37,274**

6.11 These floorspace estimates differ from those included in the Economic Market Assessment. These differences occur as a result of the methodology and assumptions used, for example:

- Updated 'post economic downturn' forecasts have been used.
- Local evidence has been applied to adjust the allocations of different key sector jobs to planning use class.
- Locally derived worker-floorspace ratios have been applied.

It is considered that the updated floorspace estimates provide a more up to date and realistic estimate of the impact of employment increase in Reigate & Banstead borough. The sensitivity of this floorspace modelling work to relatively small amendments to the assumptions used highlights the need to set such forecasts within the wider framework of 'qualitative' evidence and policy aspirations.

Updated review of industrial sites and town centre business areas

6.12 The 'Proposed changes to the Core Strategy – post examination consultation' document (July 2010) outlined, in policy CS3, that existing employment sites identified in the Borough Local Plan would be reviewed in order to identify whether they are well located, suitable for employment use and have good prospects of being used for employment purposes. This reflects the requirement of PPS4 that existing allocations should be reassessed. The draft Core Strategy policy specifically highlights that the following assessment criteria will be used:

- Age/quality of buildings
- Vacant land/buildings on site
- Access to amenities/facilities
- Strategic access
- Adequacy of servicing

6.13 A review of existing designated industrial sites and Redhill and Reigate town centre business areas was carried out in mid-late 2010/early 2011. To gain a more comprehensive understanding of the designated sites, each was split into a number of sub-areas that were separately assessed (see Annex 8). This has enabled a more detailed assessment of these areas than was previously provided in the EMA 2008. Table 10 summarises the conclusions arising from this review of sites.

Table 10: Review of industrial estates and town centre business areas: key findings

Tadworth: Pitwood Park	Pitwood Park is the only designated employment area in the north of the borough that is regularly monitored. Although located within a largely residential area, access and servicing are relatively good, and market demand for units appears healthy. There may be scope for intensification of employment generating uses in parts of the estate in the future; however potential within the site is likely to be limited by amenity considerations. Parts of the estate may be suitable for residential provision; however the acceptability of any such proposals would need to be balanced against the importance of retaining employment-generating uses in this part of the borough.
Reigate: Town Centre Business Area	Reigate TCBAis a well established office location and provides a high quality of supply and environment. Recent levels of vacant floorspace are thought to be a result of the recent economic downturn and it is anticipated that in the longer term, demand will return. The potential for intensification across the TCBA is constrained by its proximity to the Reigate Conservation Area: further clarification is needed in relation to part of the TCBA which is allocated in the Borough Local Plan for mixed use development/road widening.
Reigate: Albert Road North Industrial Estate	The only designated industrial estate in Reigate. Despite its location in residential area and access issues, demand within the estate appears healthy. Consideration should be given to how best to minimise amenity/accessibility/servicing issues whilst meeting the needs of businesses located or seeking to locate in the area.
Redhill: Town Centre Business Area	Redhill TCBA contains a considerable proportion of the borough's office floorspace; however there are currently fairly high levels of vacancies. Whilst this is, in part, down to current market circumstances, it also reflects the market perception that the overall quality of Redhill's offer to business needs to be improved. There is some scope for intensification of office floorspace within the TCBA, and in other parts of the town centre, however this will have to be within the context, and complementary to, the wider regeneration of Redhill.
Redhill: Holmethorpe/ Foxboro	The Holmethorpe/Foxboro area is the largest industrial estate in the borough. It caters for a wide range of types and sizes of businesses and is well located in relation to Redhill town centre/workforce: as such it is important to retain and ensure most effective use of the site. Market demand for property on the estate appears generally healthy, although the recent economic downturn may account for the slow take up of new units at Redhill 23. Further consideration should perhaps be given to allowing a more flexible approach to alternative employment-generating uses to cater for changing market demands. Recent infrastructure improvements have considerably improved access to the estate, although parking and narrow roads still limit access to the centre of the estate. There is some scope for further redevelopment/intensification for employment uses subject to

	access/amenity considerations; the Thorntonside area is peripheral to the main estate but demand here appears healthy.
Redhill: Wells Place	The Wells Place estate is located adjacent to the Holmethorpe Industrial Estate, and is an important source of larger modern storage/distribution units in the borough. The site is well maintained and market demand appears healthy, with proposals for further development indicating continued market interest.
Redhill: Kingsfield Business Centre	Market demand for units within the Kingsfield Business Centre is healthy and stable, although parking and access presents some problems. There may be scope for limited intensification on the main site, subject to these constraints. Should the site currently occupied by the NHS Trust become available in the future there would be potential for redevelopment/reuse for other employment generating uses or redeveloped to provide housing. The nearby Gasholder site is designated as employment land; however it is not actively monitored and only generates a small amount of employment. It is likely that considerable remediation would be required to comprehensively redevelop this site.
Redhill: Reading Arch Road	The Reading Arch Road estate is well located on the edge of Redhill Town Centre. There is scope for environmental improvement within the site. There may be potential for redevelopment/intensification for employment-generating uses.
Salfords: Salfords Industrial Estate	The Salfords Industrial Estate is well located on the A23, and is the second largest industrial area in the borough. It caters for a range of types and sizes of businesses, although take up of units at recent redevelopments such as the IO Centre and Trade Centre have been slow, as a result of the recent economic downturn. As a strategic employment area it is important that the Salfords Industrial Estate is maintained and enhanced as an attractive location to business. There is scope for refurbishment/redevelopment/intensification of some of the older areas of the estate and on vacant land at the southern end of the estate, and it may be appropriate to take a more flexible approach to the presence of non-B use class employment generating uses to cater for changing market demands.
Salfords: Perrywood Business Park	Perrywood Business Park provides modern spacious units for a variety of uses within an attractive environment. Demand for properties on the estate appears robust and there is potential for redevelopment of part of the site for employment generating uses.
Horley: Town Centre	The Horley Town Centre Business Areas fall within the regeneration area. The future of these sites will therefore be addressed through wider Horley Town Centre regeneration proposals.
Horley: Balcombe Road	The Balcombe Road employment area comprises a range of different types, sizes and quality of commercial properties. Demand for units in this area appears generally healthy, perhaps because of relatively lower rents compared to other parts of the borough. Located close to Horley Town Centre the employment area has an important role to play in regeneration proposals for the wider area: the western part of the site falls within the Horley Regeneration Area, and is identified for as having potential in the longer term as a mixed use 'cultural quarter'. This is unlikely to be delivered – however, there is scope for refurbishment/ redevelopment of the area to the west of Balcombe Road to provide modern mixed use or commercial premises to support small and new businesses.

Capacity on existing employment sites

6.14 Section 5 above identifies that the focus of employment development should first be on existing employment areas (i.e. the industrial areas and town centre business areas). It will fall to the Development Management Policies DPD and Redhill Town Centre AAP to identify any additional land for employment development.

6.15 The review of industrial sites and town centre business areas has identified a number of sites within these areas with potential for intensification or redevelopment, which need to be considered in addition to outstanding commercial permissions and current vacancies.

6.16 Plot ratios can be used to calculate potential capacity on these sites. The EMA 2008 identified plot ratios for Reigate & Banstead, however we consider the 'averaged' plot ratios set out in CLG guidance[25] as more accurately reflecting the type and scale of development in the borough (see table 11).

Table 11: Plot ratios

	EMA 2008	CLG 2004	Local examples
Town Centre Office	3	0.75-2	Reigate, London Road = 0.71 Reigate, The Observatory = 1.1 Redhill, London Road (west) = 0.84 Redhill, Princess Way = 1.8
Industrial	0.4	0.35-0.45	Albert Road North = 0.41 Holmethorpe/Foxboro = 0.48+
Warehouse	-	0.4-0.6	Redhill, Wells Place = 0.61 Salfords, IO&Trade Centre = 0.49

6.17 Table 12 applies indicative plot ratios to gain an understanding of the likely capacity of these sites: it should be noted that further analysis of capacity will be undertaken to inform the Development Management Policies DPD.

Table 12: Assessment of additional employment floorspace capacity.
This has been prepared for illustrative purposes and does not indicate the Council's support or otherwise for development proposals on the sites identified. Sites for employment land will be allocated through the Development Management Policies DPD and Redhill Town Centre AAP.

	Site area (ha)	**Existing floorspace (sqm)**			**Plot ratio (source)**	**Potential floorspace (gross sqm)**			**Potential floorspace (net sqm)**			**Comments**
		B1	B2	B8		B1	B2	B8	B1	B2	B8	
Works site, Pitworth Park, Tadworth	0.18		751		0.63 (plot ratio at adjoining Metro Centre)	1,134			1,134	-751		Site currently vacant.
ISP Laboratory, Pitworth Park, Tadworth	0.55	1,50 3			0.63 (plot ratio at adjoining Metro Centre)	3,465			1,962			Site currently occupied.
Castlefield Road (north), Town Centre Business Area, Reigate	0.5 (part of site)	412			0.71 (reflecting London Road area plot ratio)	3,550			3,138			Site currently occupied; land safeguarded for SCC highways scheme. Conservation area.
Crown Buildings, London Road, Town Centre Business Area, Redhill	0.45	2,96 0			0.84 (reflecting London Road (west) area plot ratio)	3,780			820			Premises currently vacant.
Cleared land at Trowers Way, Holmethorpe.	0.6 (part of site)				0.5 (reflecting average surrounding plot ratios)			3,000			3,000	Only part of site included as potential for access road through site
Land at end of Wells Place	1.2				0.6 (reflecting average surrounding plot ratios)	3,600		3,600	2,000		5,200	Currently designated Urban Open Land. Designation will be reviewed as part of DMP DPD
NHS Trust site, Kingsfield Business Centre, Redhill	0.37	1,10 0			0.4 (reflecting approx main estate plot ratio)	1,480			760			Site currently occupied.
Reading Arch Road, Redhill:	0.29	557			0.6 (on basis of relatively dense	1,740			1,180			

Storage area					character of surrounding area)							
Aggregates site, Salfords	2.0 (part of site)				0.5 (reflecting plot ratio at IO&Trade Centre site)			10,000			10,000	Site currently safeguarded for aggregate use; potential for enabling development to improve access. Only part of site included.
Phillips Laboratory site, Salfords	3.06			1,410	0.5 (reflecting plot ratio at IO&Trade Centre site)			15,300			13,890	
Gasholder Site, Balcombe Road, Horley	0.4 (part of site)				0.47 (plot ratio at adjoining Metro Centre/Axiom Centre)			1,880			1,880	
Total									10,994	-751	33,970	

Floorspace requirements – initial conclusions

6.18 As well as setting the broad economic policy framework outlined in Section 5 above, it is best practice that the Core Strategy identifies the scale of new employment land needed, for what purpose and broad locations for that employment land within and around settlements. The floorspace forecasting exercise outlined above provides an indication of possible future floorspace requirements. Based on past trends (such as recent growth in warehousing provision), these provide a useful monitoring tool, but must be viewed in the context of the Council's wider policy aspirations identified in Section 5.

6.19 Table 13 summarises the above analysis and demonstrates that there is capacity within currently vacant land and floorspace to accommodate some growth, however *it is clear that future loss of existing employment land could compromise the supply of premises*. The breakdown between different use classes is indicative – in reality, in the context of the more flexible approach to employment land provision suggested in Section 5 above, supply of additional floorspace will be able to reflect emerging patterns of demand, for example relating to particular growth sectors.

Table 13: Floorspace forecast summary

	B1(a)	**B1(b), B1(c), B2**	**B8**	**Total**
Total projected demand (sqm)	66,694	3,725	54,377	124,796
Total supply from vacancies and unimplemented permissions (sqm)	56,311	10,492	20,719	87,522
Outstanding floorspace requirement (sqm)	**10,383**	**-6,767**	**33,658**	**37,274**
Additional identified capacity (sqm)[2]	10,994	-751	33,970	44,214

It should be noted that the allocations of supply and additional capacity floorspace to use class are arbitrary and mask considerable scope for flexibility in the 'balance' between use classes – the benefits of allowing some flexibility to allow the market to respond to changing circumstances is already reflected in the overall policy direction outlined in Section 5.

6.20 It is important to note that our floorspace forecasts provide a guide as to the likely future scale of employment growth rather than a target – monitoring these carefully against wider labour market and economic changes will be essential to ensure that not only the quantum of supply remains appropriate but also the type. For example, retail and leisure provision will generate additional jobs within the borough – it is recognised that there will be flexibility between forecast employment generated by different uses, and in some areas (particularly regeneration areas) delivery of other employment opportunities may be of equal or greater benefit to local residents.

6.21 The floorspace forecasts above are based on past trends. The Council's aspirations for economic prosperity and the regeneration of Redhill town centre point to (as outlined in Section 5 above) an enhanced commercial role for Redhill. Proposals for Redhill town centre should allow sufficient flexibility for additional office floorspace to be provided in the longer term should the market demand exist.

Floorspace requirements
The provision of new employment floorspace within the borough will sit alongside policy measures to encourage more efficient use of land and 'smarter' working (which will itself free up additional floorspace capacity) to deliver the continued economic prosperity of the borough.

[2] Potential capacity has been evenly distributed between acceptable use classes. It should be noted that no formal viability assessment has been carried out at this stage, nor does this assessment consider all opportunities for extension/intensification of use.

- Up to 6,800 additional jobs are forecast in the borough by 2026. This could result in a requirement for up to 37,274sqm of additional commercial (B-use) floorspace (although it is important to recognise that some of these jobs could be provided by other employment generating uses).
- Existing industrial and town centre business area designations for employment generating uses will be retained, and the loss of other employment land resisted.
- The majority of the additional floorspace required will be accommodated through intensification and redevelopment at existing industrial estates within the borough. Greater flexibility in terms of acceptable use classes will allow the market to respond to changing business requirements and working practices.
- Proposals for Redhill town centre should provide sufficient flexibility for additional office floorspace to be provided in the longer term should the market demand exist.

7. Sub-Area Policy

7.1 Delivering the overall economic policy will clearly also require different approaches in each 'sub-area' within the borough. Further work in relation to sub-area policy is being undertaken and this section of the paper will be updated in due course. In the meantime, working draft economic objectives for each sub-area are suggested below. For the purposes of this assessment, the 'Low Weald' area has been sub-divided as Salfords and Horley have different economic roles and characteristics.

Table 14: Draft Sub-Area objectives

Sub-area	Suggested economic objectives
Area 1: The north of the borough – Banstead and the North Downs	• Retain existing designated employment areas. • Support the limited expansion of existing businesses in designated employment areas within the wider aims of sustainable development and environmental protection and enhancement.
Area 2a: Redhill	<u>Redhill Town Centre</u> • Develop Redhill as a vibrant primary town centre, and economic hub. • Seek to safeguard the provision of a range of types and size of offices in the town centre and edge of centre locations. <u>Redhill Industrial Estates</u> • Retain the Holmethorpe, Wells Place and Kingsfield employment designations. • Encourage the intensification/redevelopment of older or underused sites/premises within designated areas for suitable employment generating uses that reflect their existing character and predominant uses.
Area 2b: Reigate and the remainder of Area 2	• Retain high quality headquarter and serviced office provision in Reigate Town Centre business area. • Encourage provision of high quality small light industrial and office units in other employment areas.
Area 3: Salfords	• Maintain and develop Salfords as a strategic location for business, including for uses connected with Gatwick airport. • Encourage intensification/redevelopment of employment floorspace and vacant sites in designated areas. • Explore the possibility of some flexibility within use classes for employment generating floorspace.
Area 3: Horley	• Secure appropriate employment provision to support wider Horley regeneration proposals through making the best use of existing designated employment areas.

	• In particular focus on the provision of affordable facilities (and supporting infrastructure) to meet the needs of small and start up businesses and help facilitate growth of airport related and knowledge intensive businesses.

8. Risk Management

8.1 Table 15 highlights how the strands of work undertaken help inform consideration of current employment land supply in the borough, likely future demand and options for future economic policy/employment provision.

Table 15: Using evidence to assess current supply and future demand

Current supply	Future demand	Future policy/provision
• EMA 2008 • RBBC monitors • Review of employment sites • Survey of local businesses • Commercial property event	• EMA 2008 • Economic and floorspace forecasts • Survey of local businesses • Commercial property event • Analysis of key sectors	• EMA 2008 • Draft Core Strategy development/consultation/testing • Review of employment sites • Survey of local businesses • Commercial property event • Analysis of key sectors • DMSA DPD Issues and Options consultation

8.2 Delivery of the Council's aspirations for economic growth and prosperity will require a combination of job growth and productivity growth. Sections 5 and 6 above consider the qualitative and quantitative aspects of delivering this aspiration.

8.3 The above analysis and conclusions form a robust basis for Core Strategy policy on employment and economic development, based on the best available evidence. However it is important to consider the risks to delivery of the economic policy approach identified above, and the role that planning policy can play in minimising and managing these risks.

8.4 Identified risks include:

- A prolonged economic downturn resulting in low levels of new investment and decline amongst existing businesses.
- A substantial upturn in the market over the short-term or one or more 'big deals' resulting in vacancy levels below the optimum level and/or a considerable reduction in the choice of provision available.
- A proposal for major new strategic employment provision within or adjacent to the borough.
- A proposal for major loss of employment provision within or adjacent to the borough
- Loss of one or more major employers from the borough.

8.5 The Core Strategy and Development Management policies can provide a robust framework to help manage identified risks by:

- Containing flexible policies that allow the market to respond efficiently and effectively to changing economic circumstances
- Setting a presumption in favour of retaining core employment land in employment-generating use ensuring that provision can respond to longer term economic cycles.
- Maintaining a sufficient supply of employment land to meet forecast demand

- Setting a clear monitoring framework to ensure supply and demand issues are understood and can be planned for.
- Making provision in the Core Strategy for a partial review of economic/ employment policies and or the production of supplementary planning documents or area action plans/masterplans should strategic proposals come forward that would result in a major gain or loss of employment provision or should a loss of key employers occur.
- Making provision within the Core Strategy for the introduction of Local Development Orders or other mechanisms to promote growth and enterprise at particular locations in the borough
- Promoting cross boundary working with adjoining authorities/sub-regional partnerships.

Managing some of these risks will also require interventions that fall outside the scope of the planning system: closer working between the Council and local businesses will also assist in mitigating risk.

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