REIGATE & BANSTEAD BOROUGH COUNCIL

HOR9 Strategic Employment Site: Economic Assessment

Task 2: Economic and Market Impact Analysis

September 2017

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk
chilmarkconsulting.co.uk

CONTENTS

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

1. INTRODUCTION

Overview

1.1 Chilmark Consulting Ltd. (CCL) was commissioned in December 2016 by Reigate & Banstead Borough Council (RBBC) to prepare a Strategic Employment Site Economic Assessment (SESA) for a potential large-scale employment site to the south of Horley.

1.2 The subject site is a proposed Strategic Employment Site known as **HOR9: Land West of Balcombe Road** in the Reigate & Banstead Borough Regulation 18 *Development Management Plan* (DMP). The site has been identified because of previous work to consider the scope for a Strategic Employment Site and potential options for its location around Horley within the Borough.

1.3 The aim of this commission is to review, update and evaluate the evidence to support the proposed HOR9 Strategic Employment Site allocation. It is necessary and timely to further assess the potential of the site and the economic impacts of the proposed development to ensure that the Development Management Plan, including its proposed land use allocations, are founded on robust, objective evidence.

1.4 The previous Task 1 Report included a detailed description of the characteristics, scale and nature of the proposed HOR9 Strategic Employment Site including the future development proposals. It also established the relevant planning and economic policy context at Section 2. That information is not repeated herein.

Purpose and Scope

1.5 The purpose and scope of the commission is in two parts:

- **Task 1**: Review of Supply and Demand Evidence; and
- **Task 2**: Assessment of the Potential Economic Impact.

1.6 Both Tasks 1 and 2 need to address a range of strategic, local and site-specific issues: reviewing the relevant policy context and evidence base; a strategic supply and demand analysis; assessment of cross-boundary employment land and market demand factors; inward investment and sectoral position/opportunities; and then to draw conclusions and recommendations on the potential for the strategic employment allocation in light of a clearly established understanding of the economic, labour force, planning/land use and market impacts arising.

1.7 While the focus of the work in both Tasks 1 and 2 is on the proposed HOR9 Strategic Employment Site within the local Reigate & Banstead Borough context it is also necessary to consider wider and more strategic economic,

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

land and market factors principally encompassing neighbouring authorities within the Gatwick Diamond area of Surrey and West Sussex as well as the London Boroughs of Croydon and Sutton.

1.8 This Report is concerned with Task 2 of the commission. The objectives of the Task 2 report include:

- Undertaking an economic impact and effects analysis;
- Considering the property market and development effects of the proposed development;
- Assessing the site's development in the wider context of other competing or comparable large-scale employment and science/technology park sites;
- Drawing appropriate conclusions and identifying implications for planning policy in Reigate & Banstead Borough.

1.9 All the work is to be undertaken in accordance with the requirements of the *National Planning Policy Framework* (NPPF) (March 2012) and the *National Planning Practice* Guidance (March 2014 and as updated).

1.10 The Task 2 Report builds upon the previous analysis and evidence set out in the Task 1 Report. This is supplemented by new research and analysis as necessary to ensure that the proposed strategic employment allocation is as up-to-date as possible.

Data Sources, Assumptions and Limitations

Data Sources

1.11 This Task 2 Report makes best use of available information and date as far as possible and as appropriate. Data sources and the use of existing information is identified in each of the relevant sections of the Report.

Assumptions and Limitations

1.12 The analysis and findings of this Task 2 Report must be read in the context of a series of assumptions and limitations concerning available information and data and the level of analysis possible at various geographic scales.

1.13 Emerging planning policies, targets and allocations of local authorities adjacent to RBBC are assumed to be effective, justified and soundly based for the purposes of this assessment report.

1.14 The Task 2 Report's principal assumptions and limitations are recorded in more detail in each of the relevant sections.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Structure of Report

1.15 Following this Introductory Section, the Task 2 Report is structured as follows:

- **Section 2** – sets out an analysis of the key economic impacts arising from the proposed HOR9 Strategic Employment Site business park proposals. Economic effects are considered in relation to the site's immediate location near Horley and Gatwick Airport and then more widely in terms of other strategic impacts/effects;
- **Section 3** – is concerned with the key components and parameters that support a successful business park environment to be created. These 'ingredients' are set out and evaluated in this section, including consideration of the scale and mix of floorspace and the supporting facilities/services that mark out a high quality, large-scale strategic employment business park from other supply. The findings from this Section include implications for planning policy, site masterplanning and planning application determination.
- **Section 4** – sets out an analysis of competitor/comparator locations and possible effects;
- **Section 5** – draws final conclusions and considers implications for planning policy.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

2. ECONOMIC IMPACTS

Introduction

2.1 This section provides a broad assessment of the economic impacts of the potential HOR9 Strategic Employment Site development in Reigate & Banstead Borough.

2.2 The analysis covers construction jobs associated with the development of the site, and the direct and indirect employment generated as a result of the site being in operation as a strategic business park. The wider supply-chain effects are also considered.

2.3 Key assumptions have been used in order to estimate employment generation and local economic potential. These have been explicitly stated at appropriate points throughout the section.

Job Creation and Employment Generation

Key Assumptions and Inputs

2.4 There are a number of high-level input assumptions that have been used as part of the assessment. These are outlined below, including the sources for these assumptions.

2.5 These assumptions have been based on available best practice or reasonable interpretations. It should be recognised, however, that modifications to individual assumptions would be likely to change overall results. As such, the results presented here need to be treated with caution and are best viewed as an indication of the potential scale of employment associated with a Strategic Employment Site of this nature.

2.6 An estimated floorspace figure for the development of the potential HOR9 Strategic Employment Site has been made. This is based upon the conclusions from the Task 1 Report, which identified the potential for between approximately **183,200** sq.m and **213,600** sq.m of employment floorspace. A mid-range figure of **200,000** sq.m of 'core' employment or business space has therefore been assumed.

2.7 In addition, it has been assumed that there would be approximately **10,500** sq.m of 'non-core' services and ancillary facilities floorspace as part of the development, ranging from local retail provision to a hotel.

2.8 A breakdown of the component parts of the core and non-core floorspace is provided in Table 2.1 below. It should be stressed that these need to be viewed as indicative quantum and mixes of space. The actual scale and nature of floorspace provision will be driven by a range of factors, but the breakdown in Table 2.1 helps provide an indication of the floorspace provision from which employment potential can then be assessed.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 2.1: Indicative Floorspace Breakdown of Reigate & Banstead Strategic Employment Site

Component	Floorspace (GIA sq.m)
Core Business Park Space	
B1(a) Office	150,000
B1 Incubator	2,500
B1b Research & Development	40,000
B1c Light Industrial	7,500
Total Core Business Park	**200,000**
Non-Core Business Park Space	
A1 Retail	1,000
A3 Café/Restaurant	1,000
Mid-scale Hotel[1]	3,500
Mid-scale Hotel Business Space[2]	1,500
Gym (Mid-Market)	2,000
Crèche	1,500
Total Non-Core Business Park	**10,500**
Overall Total	**210,500**

Source: Reigate and Banstead Borough Council and CCL

Construction Job Potential

2.9 An estimate of construction jobs associated with the site has been made, based on likely construction costs of a development of **210,500** sq.m GIA. An indicative total build cost of **£2,500** per sq.m has been used, based on evidence from other studies and publications[1], which translates into an overall cost of **£526** million. It has been assumed that the scheme would be built-out over a 20-year period.

2.10 Based on the above size and value assumptions an estimate of construction jobs is summarised in Table 2.2. This indicates that there could be approximately **4,475** Full-Time Equivalent (FTE) construction jobs arising from the development of the Potential Strategic Employment Site. The type and timing of these jobs would of course depend upon the overall phasing programme of such a development.

[1] Building – Cost Model (2016); BCIS Construction Costs (2016)

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 2.2: Potential Construction Jobs Associated with Reigate & Banstead Strategic Employment Site

Component	Potential Impact
Annualised Project Cost	£26.3m
Average FTE Jobs per £1m construction spend	8.5
Annual Construction Jobs[2]	224
Total Construction Jobs	**4,473**

Source: Forbes, El Haram, Horner, Lilley (2012)[3], CCL calculation

Operational Job Potential

2.11 An estimate of the number of operational phase jobs that could be created on the Strategic Employment Site has also been made. This is based on the likely floorspace mix of the site and standard employment density figures or similar metrics. A summary of the key assumptions and resulting job generation is provided in Table 2.3 below.

2.12 Table 2.3 shows that the core business park element of the potential HOR9 Strategic Employment Site development could generate approximately **11,680** FTE jobs.

2.13 Many these jobs (**10,625**) would be associated with B1a office floorspace. The non-core element of a development of this nature could generate approximately another **303** FTE jobs.

2.14 In total, there could be approximately **11,985** FTE direct jobs generated at a strategic employment site of this scale.

[2] It has been assumed that there would be a 20-year build out period for the scheme. The development rate could be longer than this however.

[3] Forbes D; El-Haram M; Horner M and Lilley S (2012) *Forecasting the number of jobs created through construction* in: Smith, S.D (Ed) Procs 28th Annual ARCOM Conference, 3-5 September 2012, Edinburgh, UK, Association of Researchers in Construction Management, 317-326

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 2.3: Potential Operational Jobs Generated at Reigate & Banstead Strategic Employment Site

Component	Floorspace (GIA sq.m)	Employment Density (sq.m per person)[4]	Total Employees (FTE)
Core Business Park Space			
B1(a) Office	150,000	14	10,625
B1 Incubator	2,500	35	71
B1b Research & Development	40,000	47	850
B1c Light Industrial	7,500	55	136
Total Core Business Park	**200,000**		**11,681**
Non-Core Business Park Space			
A1 Retail	1,000	20	50
A3 Café/Restaurant	1,000	20	50
Mid-scale Hotel (75 beds)[5]	3,500	1 FTE per 3 Bed	25
Mid-scale Hotel Business Space	1,500	47	32
Gym (Mid-Market)	2,000	65	31
Crèche	1,500	13	115
Total Non-Core Business Park	**10,500**		**303**
Overall Total	**210,500**		**11,985**

Source: CCL calculation

[4] Source: HCA (November 2015) *Employment Density Guide 2015* page 29. Employment density figures have been translated into a consistent GIA basis using industry standard conversion rates. Note that the employment density figures applied as part of the current analysis, and reported in Table 2.3, are not identical to those reported in the Task 1 Report. This is because in the analysis undertaken in Task 1 (specifically relating to Tables 3.3 and 3.4) was examining the previous *Local Economic Needs Assessment Update* work and the employment density figures used therein, and relating them to the current Employment Density Guide figures to assess their robustness. The floorspace mix is also different between the *Local Economic Needs Assessment Update* work and the current Task 2 Report, with the Task 2 work using a more specific industrial focus (B1c Use Class), rather than a composite industrial mix (B1b, B1c, B2) as in the *Local Economic Needs Assessment Update* study.

[5] Source: *Marriot Design Standards Brochure* (2014); *Design Guide for Hotels* (Scrib)

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Direct Employment Potential

2.15 In summary, the construction and operational elements of the potential HOR9 Strategic Employment Site in Reigate and Banstead could generate **16,458** jobs. The direct construction jobs would of course only be in place during the build-out of the site and are therefore a temporary beneficial effect.

Indirect Employment Potential

2.16 Alongside the direct jobs associated with the potential HOR9 Strategic Employment Site, both operational and during the construction phase, there will be the potential for indirect job creation in the wider supply chain. These indirect jobs are employment opportunities generated by and in support of the direct commercial and ancillary functions taking place on the site.

2.17 Estimates of indirect employment have been made using standard input-output ratios[6]. The results are summarised in Table 2.4 below, which indicates an additional **9,875** jobs could be supported because of the site's development in Reigate and Banstead.

2.18 In total, therefore, there could be approximately **26,332** direct and indirect jobs generated or supported by the proposed Strategic Employment Site in Reigate and Banstead. It is important to note that the potential indirect jobs are likely to be based in both Reigate and Banstead and the wider sub-region.

Table 2.4: Potential Indirect Job Generation Associated with Reigate & Banstead HOR9 Strategic Employment Site

Component	Potential Impact
1. Total Direct Construction Jobs (from Table 2.2)	4,473
2. Total Core Business Park Jobs	11,681
3. Total Non-Core Business Park Jobs	303
4. Total Direct Jobs	**16,457**
5. Total Indirect Construction Jobs	2,684
6. Total Indirect B Use Class Jobs	7,009
7. Total Indirect Non-B Use Class Jobs	182
8. Total Indirect Jobs	**9,875**
9. Total Direct & Indirect Jobs (4+8)	**26,332**

Source: CCL calculation

Implications for Local Labour Markets

2.19 The generation of **26,332** direct and indirect jobs in Reigate and Banstead and the wider sub-region because of the development of the proposed HOR9 Strategic Employment Site is likely to have significant implications in terms of the local economy. Assumptions have to be made concerning commuting and also indirect employment growth given the nature and detail available at

[6] Source: Economic Statistics - Input-Output Tables - Multipliers. www.gov.scot. July 2016 Update.

this stage as to what businesses and/or sectors the HOR9 Strategic Employment Site may ultimately accommodate.

2.20 Experian employment forecasts[7] for Reigate and Banstead over the period 2015 - 2035 have indicated a potential increase of **10,370** jobs over this period across all sectors. However, this is based on a baseline projection, meaning a broad continuation of past trends. The development of a new Strategic Employment Site of the scale envisaged for the proposed HOR9 Strategic Employment Site would provide a transformational change that could substantially increase employment demand in the local area.

2.21 A key issue is the extent to which this growth opportunity may be satisfied by the local workforce, as well as potential influences upon commuting patterns and economic displacement.

2.22 In simplistic terms, there are three broad theoretical effects that may arise as a result of the development of the Potential Strategic Employment Site:

- Increased employment activity levels in the Reigate and Banstead population;
- 'Clawback' of Reigate and Banstead residents currently working outside of the Borough; or
- Attraction of workers from outside of the Borough.

2.23 A combination of the three is likely to occur. The key point is what the balance between these effects might be. The following sub-sections look at each element in greater detail.

Local Employment Base and Economic Activity Rates

2.24 The Task 1 Report indicated that of the **10,370** jobs forecast for the period 2015 - 2035 in Reigate and Banstead, approximately **4,798** were likely to be in B Use Class activities. Potentially **75%** of the B Use Class growth in employment over the period 2015 - 2035 may be associated with a strategic development of this nature.

2.25 This would mean that approximately **3,600** jobs could be taken-up at the potential HOR9 Strategic Employment Site through natural employment growth.

2.26 In addition, there is expected to be an increase of **5,572** Non B Use Class jobs in Reigate and Banstead over the period 2015 - 2035. The Strategic Employment Site could generate **303** direct jobs in this sector, with a further **182** indirect jobs, or **485** jobs in total. The natural employment growth in Reigate and Banstead over the 2015 - 2035 period is therefore likely to provide the labour pool potential to satisfy job growth associated with the strategic employment site. However, this may raise issues for recruitment in the Non B Use Class sector more widely across the Reigate and Banstead local economy.

2.27 The above point is reinforced by the potential for the Potential Strategic Employment Site with a primarily B1a office orientation to attract an element

[7] Experian (Sept 2015)

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

of the projected Non B Use Class employment into B Use Class activities. This does require that the potential workforce has the appropriate skill base, which is broadly the case[8], but if this Non-B to B Use Class attraction does emerge it may put further pressure on Non B Use Class employment retention.

2.28 In addition to 'natural' employment growth in the Reigate and Banstead local economy, there is the potential for increased economic participation levels. As at 2011, the resident workforce in Reigate and Banstead was **74,614**[9], representing an economic activity rate of **75.2%**. This compares to an average economic activity rate of **72.1%** for the South East although the Reigate and Banstead activity rate is slightly lower than Crawley Borough and slightly higher than Mid Sussex District and the London Borough of Sutton.

2.29 This relatively high economic activity rate is reinforced by more recent Nomis analysis[10], which notes an economic activity rate in 2015 of **86.6%** for Reigate and Banstead compared to **80.6%** for the South East average[11]. In other words, the Reigate and Banstead employment market is expanding relative to the average for the South East.

2.30 Unemployment numbers in Reigate and Banstead were also below the regional average from the 2011 Census: **2.9%** of all usual residents aged 16-64, compared to **3.4%** for the South East. This ratio had increased to **3%** for Reigate and Banstead in 2015, and **4.2%** for the South East as a whole, which still indicates a relatively more active employment market in Reigate and Banstead compared to the South East average[12].

2.31 Despite a relatively tight and efficient employment market in Reigate and Banstead, there may be the potential to increase the economic activity rate further as population numbers increase in the future. However, the scale of increase in economic activity rate in Reigate and Banstead may not be as great as in other areas.

2.32 Nevertheless, a **1%**-point increase in economic activity rate in Reigate and Banstead could generate almost **1,000** workers. In addition, the baseline employment forecasts by Experian indicate that the number of unemployed people may increase by up to **500** over the period 2017 - 2035. This may form an additional employment pool, subject to skill levels.

2.33 In total, therefore, the potential exists to meet the non-core element of employment growth associated with a Strategic Employment Site: **485** jobs -

---

[8] Reigate and Banstead has a relatively highly skilled workforce, with 56.3% in Managerial, Professional and Technical occupations, compared with 49.6% in the South East as a whole (source: Nomis, *Labour Market Profile – Reigate and Banstead*, Oct 2015-Sept 2016). The professional and private services sectors represent almost 40% of businesses in the Borough (Source: *Local Economic Needs Assessment Update*, June 2016, Reigate & Banstead Borough Council. Page 5).

[9] ONS (2011) Economic Activity. Table QS601EW

[10] NOMIS. (March 2017) *Labour Market Profile – Reigate and Banstead*

[11] Note: the 2011 Census and 2015 Nomis economic activity rates are not directly comparable given different measurement methods used.

[12] Note: the 2011 Census and 2015 Nomis unemployment rates are not directly comparable given different measurement methods used.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

through natural employment growth in the Reigate and Banstead local economy. Natural employment growth may also support **3,600** B Use Class jobs on the proposed HOR9 Strategic Employment Site, with the potential for a further **1,500** jobs to be supported by increased economic participation levels and from a reduction in increased levels of unemployment forecast into the future.

2.34 The above assessment needs to be viewed with caution, however. It suggests a natural logic of job assignment and transfer, but this is difficult to predict, especially as the detailed proposals and mix of spaces/jobs for the potential HOR9 Strategic Employment Site have not yet been comprehensively identified. Nevertheless, it does provide an indication of the potential that exists to meet employment opportunities associated with the site, although actual employment delivery routes may differ from this.

Commuting Patterns - Clawback

2.35 The 2011 Census noted that there was a net outflow of workers from Reigate and Banstead of **3,389**. This was made up of the following components:

- **35,791** living and working in Reigate and Banstead;
- An inflow of **32,536** people to Reigate and Banstead to work; and
- An outflow of **35,925** people from Reigate and Banstead to work.

2.36 The main outflow of workers from Reigate and Banstead are to London and the immediate surrounding local authorities, such as Crawley Borough. The key outflows are as follows:

- **12,062** to London (**4,263** to Westminster; **2,743** to Sutton; **2,226** to Croydon; **1,027** to Merton; **1,020** to Kingston; **783** to Tower Hamlets);
- **12,610** to surrounding authorities (**4,735** to Crawley; **3,452** to Mole Valley; **2,312** to Epsom and Ewell; **2,111** to Tandridge).

2.37 Many of the workers commuting out from Reigate and Banstead to London are in service sector jobs, such as financial and professional services. This is one of the main types of employment likely to be attracted to the potential HOR9 Strategic Employment Site in Reigate and Banstead. As such, there is the potential to attract such out-commuters to a strategic development focussed on these broad sectors.

2.38 The 2011 Census identified **14,072** people in Reigate and Banstead who worked in the financial, real estate, professional services and public administration sectors and who travelled more than 10km to work[13]. This may be a core area for potential clawback of out-commuting.

2.39 The total number of people in Reigate and Banstead who travel more than 10km to work is **25,102**, which is the larger pool from which potential clawback may arise. However, a more cautious approach has been taken by focussing on the **14,072** in the financial, real estate, professional services and public administration sectors.

[13] ONS (2011) Table LC7606EW

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

2.40 The likely level of clawback is difficult to determine reliably and there is little evidence relating to how major developments alter commuting patterns. However, for assessment purposes it has been assumed that 10% of this sectoral commuting outflow could potentially be attracted to a Strategic Employment Site in Reigate and Banstead given the site's proposed scale and the character and nature of the office facilities and ancillary services to be located there. This equates to **1,407** B Use Class jobs, although this could be higher if other sectors are considered.

2.41 Commuting patterns reflect a complex dynamic and so expectations regarding changes to this need to be understood in this context. As such, the assessment here is intended to provide a reasoned indication of potential sources of employment for the HOR9 Strategic Employment Site, of which changes to commuting patterns are likely to be one given the scale and nature of the proposed scheme. It does need to be recognised that this is an indicative assessment given the inherent difficulty in predicting changes in commuting flows as a result of a major new employment development[14].

2.42 In terms of the distribution of the potential out-commuting clawback of **1,407** jobs, the 2011 Census travel to work patterns of Reigate and Banstead residents has been examined[15]. The focus has been on commuting journeys within the South East and London regions, and there are **34,908** Reigate and Banstead residents who commute out of Reigate and Banstead to other parts of these regions. Based on the proportionate split across the local planning authorities in these areas, then the main possible locations where the **1,407** clawback jobs may be as follows in Table 2.5.

[14] A highways assessment of the proposed HOR9 Strategic Employment Site's development is currently underway with ongoing dialogue between Reigate & Banstead Borough, West Sussex County Council and Highways England.

[15] ONS (2011) Table WU01EW

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 2.5: Potential Location of Clawback Jobs

Region	Job Distribution
Wales	261
Scotland	592
Northern Ireland	166
North East	227
North West	674
Yorkshire & The Humber	499
East Midlands	442
West Midlands	523
East	624
London	1,573
South East	**1,055**
South West	555
Total	**7,191**

Source: CCL calculation

2.43 The analysis indicates that **1,055** indirect jobs could be based in the South East (excluding London). If, as an extreme assessment, it is assumed that all of these indirect jobs were likely to be based in the immediate surrounding local authorities to the HOR9 Strategic Employment Site, then the following potential distribution of indirect jobs may arise.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 2.6: Potential Location of Indirect Job Creation

Region	Job Distribution
Croydon	287
Sutton	157
Mid Sussex	113
Reigate and Banstead	112
Horsham	104
Crawley	90
Mole Valley	67
Tandridge	66
Epsom and Ewell	60
Total	**1,055**

Source: CCL calculation

2.44 The above assessment needs to be treated with caution given the uncertainties relating to the potential occupier profile of the HOR9 Strategic Employment Site and the business base of the surrounding local authorities. It is likely to be a maximum indication of indirect jobs based in the surrounding local authorities, not least as it assumes that all the indirect jobs that may be based in the South East are located in the local planning authorities immediately surrounding Reigate and Banstead.

2.45 The potential distribution pattern may, in fact, over-estimate impact on the local planning authorities immediately surrounding Reigate and Banstead. This is because the **1,407** commuting clawback jobs relate to jobs based more than 10km from Reigate and Banstead. As such, many of the jobs taken-up by Reigate and Banstead residents in the surrounding local planning authorities will be less than 10km from Reigate and Banstead.

2.46 If commuting clawback does not occur at the assessed level of **1,407** jobs, then this element of employment demand from the HOR9 Strategic Employment Site would need to be met from elsewhere. This may be from additional in-commuting to Reigate and Banstead.

Commuting Patterns – Drawing-in Workforce

2.47 Alongside natural employment growth and clawing back an element of out-commuting, a strategic employment site of this scale is also likely to have impacts in terms of drawing-in workers from outside of Reigate and Banstead. An important component of this would be the workers associated with the strategic unmet employment need identified from Crawley Borough and assessed in the Task 1 Report.

2.48 The Crawley unmet strategic employment need was identified as **106,757** sq.m, split between **45,513** sq.m of B1a/b floorspace and **61,244** sq.m of B1c/B2/B8 floorspace.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

2.49 Applying standard employment density rates to these figures[16] indicates employment levels of **3,250** B1 office orientated jobs and **1,303** B1c light industrial orientated jobs; **4,553** jobs in total[17]. It is important to note that this may not necessarily be directly from Crawley Borough itself as while some of the unmet employment need is Crawley's it is likely that, in addition to Crawley residents the figure could be comprised of in-commuting from other areas such as Horsham or Mid Sussex or more widely.

2.50 These jobs are assumed to be directed towards the HOR9 Potential Strategic Employment Site in Reigate and Banstead, following the process outlined in the Task 1 Report[18]. This implies that there is likely to be an inflow of **4,553** workers from Crawley to Reigate and Banstead to satisfy the B Use Class employment needs of the potential HOR9 Strategic Employment Site.

2.51 Table 2.7 provides a summary of how the above components of employment generation relate to overall direct B Use Class employment associated with the Potential Strategic Employment Site. It shows that there could be approximately **11,060** jobs supplied through a combination of natural employment growth, increased economic activity, a reduction in the level of future unemployment growth, commuting clawback, and catering for Crawley Borough's unmet need.

2.52 This leaves a notional 'shortfall' of some **621** jobs, which may be catered for by additional in-commuting to Reigate and Banstead. This in-commuting may arise from surrounding local authorities, but potentially further afield as well

---

[16] The employment density rates outlined in Table 2.3 have been applied. A composite figure of 14 sq.m GIA for the B1 floorspace and 47 sq.m GIA for the B1c/B2/B8 floorspace has been applied.

[17] The different employment density rates between the B1a/b and B1c/B2/B8 sectors results in a job total share of approximately 40% of the HOR9 Potential Employment Site. The employment figure rather than the floorspace figure has been used as the base for assessment purposes, as it is likely to provide a more practical and consistent basis upon which to judge impacts.

[18] This is expected to fall across a range of potential business sectors, including some elements of corporate activities associated with the aerospace industry. However, given the location and nature of the Manor Royal Business District, then the wider aerospace sector is likely to focus on this as a business location. This is in line with the analysis in the Task 1 Report, which assessed the potential for Reigate and Banstead to capture future employment growth associated with Gatwick Airport including noting at paragraph 3.113 that the main sectors in the Borough for future growth are finance, insurance and pensions, professional services, computer and electronic products and real estate. Paragraph 3.115 of the Task 1 Report also notes that there may be growth opportunities with sectors such as aerospace, pharmaceutical and health technology, environment and energy technology and advanced engineering. The Strategic Employment Provision Opportunity Study set out in Annex 1 a conclusion that demand is likely to be driven by occupiers seeking a highly accessible location rather than aviation and related activities and from those sectors in the which the sub-region has existing strengths. It identified that a strategic employment site should be capable of accommodating wider business needs arising from across the sub-region and potentially of capturing inward investment from outside the Gatwick Diamond in a way that cannot currently be accommodated.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

depending upon the nature of the job offer at the potential HOR9 Strategic Employment Site.

Table 2.7: Potential B Use Class Direct Job Generation/Supply Associated with HOR9 Strategic Employment Site

Component	FTE
Total Direct B Use Class Employment Generation	**11,681**
Job Supply – Natural Employment Growth, Increased Economic Activity Rate, Reduced Unemployment Growth	5,100
Job Supply – Commuting Clawback	1,407
Job Supply – Crawley Unmet Need	4,553
Total Direct B Use Class Job Supply	**11,060**
Additional Potential Commuting Inflow	**621**

Source: CCL calculation

Construction Sector

2.53 The employment associated with the construction sector raises different issues than for the standard B and Non B Uses associated with the Strategic Employment Site. This is partially as these jobs are expected to only run over a 20-year period, although this could be longer, and they may also generate local spin-off impacts that may support more permanent jobs.

2.54 However, there is also the issue that the nature of the construction related work may mean that much of the work is carried out by larger or specialist contractors outside of the Reigate and Banstead area.

2.55 Whilst there may be local employment contract arrangements in place, it means that the sourcing of the construction-related workforce may be driven by procurement arrangements for the development of the site. As such, the potential employment-related impact on the local economy of Reigate and Banstead is harder to determine.

2.56 What is clearer is the potential scale of jobs that may be generated by the construction work. There could be **4,473** direct jobs and a further **2,684** indirect jobs (see Table 2.4 above).

2.57 This scale of employment demand is likely to support such jobs in the Reigate and Banstead economy, even if the proportion is harder to identify. It will also have wider geographical implications in terms of the availability of construction jobs in this part of the South East and potential constraints this might have on the pace of build-out of the site.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Summary

2.58 Table 2.8 provides an indication of the supply/demand balance between employment generated by the potential HOR9 Strategic Employment Site in Reigate and Banstead, and potential sources of this employment. This provides a summary of the analysis findings presented above.

2.59 In terms of the operational-related B Use Class jobs, the assessment has indicated that the pattern of supply or sources of the **11,681** direct B Use Class jobs may be as illustrated in Table 2.8, rows 2 to 7. This suggests that approximately **56%** (**6,507** jobs) of direct B Use Class employment at the strategic employment site may be taken by Reigate and Banstead residents.

2.60 The extent to which this 'job source' profile emerges will depend upon a variety of factors which are hard to predict with accuracy. It is best viewed as an indication of the scale of employment from various sources, which can help in assessing the potential impacts on the Reigate and Banstead economy.

2.61 This still leaves an estimated **7,009** indirect operational B Use Class jobs (Table 2.4) to be accounted for (as illustrated in Table 2.8, row 9). Indirect jobs are, in general, less geographically determined than the direct jobs, which by their nature will normally be on-site. It also needs to be noted that indirect jobs are not necessarily of the same business sector that gives rise to them, i.e. indirect jobs generated as a result of on-site operational B Use Class jobs may not be for B Use Class functions.

2.62 One source of employment to meet this potential **7,009** indirect operational B Use Class jobs, is the 'natural' Non B Use Class employment forecast in Reigate and Banstead over the period 2015 - 2035. Table 2.8 indicates that this amounts to **5,572** jobs (row 2).

2.63 Potentially **303** of these jobs could be taken-up by the operational Non B Use Class direct jobs generated from the strategic employment site (row 1), leaving a residual of **5,269** jobs (row 7). A further **182** operational Non B Use Class indirect jobs from the site could be taken-up from this pool of Non B Use Class employment growth, leaving a residual of **5,087** jobs (row 9).

2.64 The **5,087** 'residual' Non B Use Class jobs could provide some of the **7,009** indirect operational B Use Class jobs generated (See Table 2.4) as a result of the proposed HOR9 Strategic Employment Site. This would mean that there would be approximately **1,922** indirect jobs likely to be based outside of the Reigate and Banstead economy, unless the local economy was able to expand further than assumed.

2.65 As a sensitivity assessment, an alternative modelling of indirect job impact distribution has been made. This relates to the **7,191** indirect operational B Use Class jobs (7,009 B Use and 182 Non B Use). This is based on an assignment of indirect jobs across the UK based on GVA income by region[19] and results in the potential distribution set out in Table 2.5 previously.

[19] ONS (June 2013) Region and County Profiles: Economy. Table 1: Workplace based GVA at current basic prices

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

2.66 The assessment needs to be treated with caution given the uncertainties relating to the potential occupier profile of the HOR9 Strategic Employment Site and the business base of the surrounding local authorities. In other words, the type of commuter from Reigate and Banstead to surrounding local planning authorities will vary between authorities, and so may be more or less likely to be attracted to the HOR9 Strategic Employment Site.

2.67 This analysis excludes the employment impacts associated with the construction work for the Strategic Employment Site. The result of the analysis presented in Table 2.8 implies that all construction jobs would be from outside of the Reigate and Banstead local economy.

2.68 In practice, this is unlikely, although the extent to which the Reigate and Banstead economy could support the level of construction work identified (**7,160** jobs in total) is limited. Experian forecasts indicate that the construction sector in Reigate and Banstead may increase by approximately **650** jobs over the period 2015 - 2035. Much of this construction sector growth would therefore be likely to be associated with the potential Strategic Employment Site.

2.69 There is likely to be a degree of overlap between the source of jobs to satisfy the construction work and to satisfy the indirect operational jobs. This makes assigning job supply to job opportunities at a strategic employment site such as this problematic. To avoid artificial accuracy, the construction jobs have been treated as being derived largely outside of the Reigate and Banstead local economy.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 2.8: Potential Operational Job Demand/Supply Balance for Reigate & Banstead Strategic Employment Site

Component	Operational B Use Class Jobs	Operational Non B Use Class Jobs	Total Jobs
Employment Demand - Direct			
1. Total Direct Operational Jobs Generated	11,681	303	11,984
Employment Supply - Direct			
2. Employment Growth	5,100	5,572	10,672
3. Clawback	1,407	-	1,407
4. Crawley Borough Unmet Need	4,554	-	4,554
5. Total Direct Operational Jobs Supplied	11,061	5,572	16,633
6. Other in-commuting	621	-	621
7. Direct Demand/Supply Job Balance (Row 5 + Row 6 minus 1)	**0**	**+5,269**	**+5,269**
Employment Supply – Indirect			
8. Total Indirect Jobs Generated	7,009	182	7,191
9. Indirect Supply Potential (Row 8 minus 7)	-7,009	+5,087	-1,922

Source: CCL calculation

Conclusions

2.70 The following summary conclusions can be drawn:

- The potential HOR9 Strategic Employment Site is assumed to have **200,000** sq.m core business space and **10,500** sq.m non-core floorspace for the basis of assessing economic impacts.
- A commercial development scheme of this size would be a major transformational project, with economic impacts far wider than the Reigate and Banstead local economy. Achieving this scale and form of change will require a coordinated and proactive planning and management approach, and the final form of economic impacts could vary appreciably from the pre-development assessments provided as part of this Report.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

- The timeframe and phasing of a project of this scale will extend beyond the current Local Plan planning horizon, realistically extending beyond 2027. This means that the economic impacts of the development will take many years to emerge, which will also enable the local and surrounding economies time to adjust.
- There could be **11,985** direct operational jobs generated from the Strategic Employment Site in Reigate and Banstead. This is assumed to be split **11,681** core business space (B Use Class) jobs, and **303** non-core (Non B Use Class) jobs.
- There could be **4,475** direct construction-related jobs associated with the Potential Strategic Employment Site as it is being built-out.
- There could be **7,191** indirect jobs associated with the operational element of the potential HOR9 Strategic Employment Site (**7,009** within the B Use Class sector and **182** within the Non B Use Class sector) and **2,680** indirect jobs associated with the construction element of the project.
- Potential sources of workers to meet these levels of employment may arise from three broad sources:
  - Increased employment activity levels in the Reigate and Banstead population;
  - 'Clawback' of Reigate and Banstead residents currently working outside of the Borough; or
  - Attraction of workers from outside of the Borough.
- The **11,681** direct B Use Class jobs may be sourced from the following categories:
  - Natural Employment Growth, Increased Economic Activity Rate, Reduced Unemployment Growth in Reigate and Banstead – **5,100**
  - Commuting Clawback – **1,407**
  - Crawley Unmet Need – **4,553**
- This indicates that an additional **621** in-commuters would be required to secure a balance of demand and supply.
- This means that approximately **56%** of the direct operational employment on the Strategic Employment Site (**6,507** jobs) may be likely to be taken-up by residents of Reigate and Banstead.
- The **303** direct Non B Use Class jobs may be sourced from the projected 'natural' growth in **5,572** Non B Use Class jobs in Reigate and Banstead over the period 2015 - 2035.
- The **182** indirect Non B Use Class jobs could also be delivered from the growth in **5,572** Non B Use Class jobs. This leaves a 'residual' of **5,087** jobs from the projected 'natural' growth in **5,572** Non B Use Class jobs.
- This 'residual' of **5,087** will help in meeting the potential **7,009** indirect jobs associated with the operational B Use Class element of the HOR9 potential HOR9 Strategic Employment Site. This means that potentially

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

1,922 indirect jobs could be based outside of the Reigate and Banstead economy, unless the local economy was able to expand further than assumed.

- Given the nature of construction jobs for a development of this nature, then it is likely that most of these jobs would be from outside of the Reigate and Banstead local economy. There may be employment growth potential for the local economy related to the construction sector, but this requires that there is capacity in the local economy to deliver this.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

3. COMPONENTS OF SUCCESSFUL BUSINESS PARKS

Introduction

3.1 There is no single model for a successful, high quality large-scale office-led Business Park such as that proposed for the HOR9 Strategic Employment Site. They differ in terms of size, design, focus, setting and maturity, and typically evolve to accommodate a range of occupiers both in terms of activity and size.

3.2 This section considers the key components and parameters that support a successful office-led business park and which can help inform the design, layout and planning of the proposed HOR9 Strategic Employment Site.

3.3 Comparisons and evidence in this Section are drawn from the set up and operation of Science and Technology Parks in the UK. The reason for this is that there is a good body of research knowledge on the successful parameters and ingredients that make a good quality Science Park and such parks are a good proxy for high performing business parks such as that proposed for the HOR9 Strategic Employment Site. Indeed, the HOR9 site proposals share common characteristics such as overall scale, campus style environment; potential mix of compatible B Use Class and non-B Use class activities; and requirements for effective on-site environmental, operational and occupier/tenant management.

Key Components to Successful Delivery

3.4 It is noted that the Council's stated aspiration for the proposed HOR9 Strategic Employment Site is primarily for B1 office uses and hence the relevance of the key components of UK science parks to the Strategic Employment Site.

3.5 The following key components influence the form, scale and nature of a successful business park:

- Knowledge Base;
- Management;
- Hard Infrastructure:
    - Business incubation facilities;
    - Move-on space;
    - Specialist space and equipment (such as laboratories and testing equipment or facilities);
    - Shared meeting and conference space;

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

  - Shared communal facilities such as cafes, hotels, gyms and child care provision.
- Soft Infrastructure:
  - Business support services;
  - Ecological enhancement;
  - Sustainable transport initiatives.

3.6 The following sub-sections expand on each of these components and look at their implications for delivering the HOR9 Strategic Employment Site as a 200,000 sq.m business park principally for B1a office uses.

3.7 The most important contributions of a successful business park to the local economy are:

- a **highly visible** centre for business and innovation in the local area;
- providing **specialised modern property and facilities** for businesses; and
- the **creation of flexible space** to support new businesses to start and grow-on within the same facility.

3.8 These factors are considered below as part of the analysis of key components.

A Knowledge Base

3.9 Nearly all successful business parks (and certainly specialist Science and Technology centres) are focussed around a knowledge base. This is a critical differentiator between successful long term growth and a slower, more piecemeal development programme as it drives occupier interest and demand to be located within the business park rather than elsewhere.

3.10 There are examples where a business park has an incubator at its core but no other knowledge base to draw upon. In these examples, the business park is generally competing with traditional business locations (such as town centre office areas), albeit offering a slightly different product (shared core facilities and young/ early stage business support).

3.11 It is critical that a knowledge base is identified very early in the process. It will also be important to establish an early relationship with the organisation that holds that knowledge base and begin to work collaboratively with regards design, planning and delivery of the Strategic Employment Site.

3.12 What is evident from reviewing other successful business parks (and Science Parks) across the UK, is that each focuses on a particular niche area, be that life sciences, engineering, digital technology or the motor industry. The range of coverage within these fields can be broad, and it can be difficult to discern the boundaries with other business areas, but the fact of having an identified or projected focus is critical in the marketing and promotion of the business park site.

3.13 In terms of the potential knowledge base, an important reference point is the emphasis of the UK Government on the 'Eight Great Technologies', which has been subject to funding support. These are:

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

- Big Data;
- Space and Satellites;
- Robotics and Autonomous Systems;
- Synthetic Biology;
- Regenerative Medicine;
- Agri-science;
- Advanced Materials; and
- Energy.

3.14 There are a range of other potential knowledge fields that may be relevant for the proposed HOR9 Strategic Employment Site, such as Finance and Business Services, Life Sciences, Environmental Technology, Digital Media; but central to this is agreement on the knowledge area of focus. This will be strongly influenced by any knowledge base partner organisation that is linked to the site as an anchor and will have a key influence on the design, layout, mix of floorspace, facilities and overall planning of the final development scheme.

Management of the Business Park

3.15 The characteristics of a successful office-led business park do not evolve organically and should not be left to chance. It is essential that the physical environment (layout, scale and quality), the occupier tenant mix, the additional facilities and services offered are proactively managed by a dedicated management team.

3.16 This management team is usually established at the outset of the development and plays a critical role in shaping the business plan and the physical masterplan for the site. The management team would be critical in maintaining strong links with anchor organisations and asserting the knowledge base presence (see above).

3.17 The role of the management team typically includes:

- marketing (locally, nationally and internationally);
- maintaining the communal external and internal areas;
- maintaining strong links between the business base and the knowledge core base;
- managing lettings and sales to tenant/occupiers (importantly orchestrating this so the tenant mix is beneficial to the wider Horley and Reigate and Banstead community and creates a critical mass of knowledge, skills and cluster of supply chain businesses);
- managing, or overseeing the management of, incubation and grow-on floorspace and supporting facilities on the site;
- ensuring the provision of any business support services on site;
- managing any shared facilities and ancillary services;

- facilitating the sense of business community within the business park through training, social and CSR events for occupiers; and
- monitoring compliance with requirements associated with any relevant planning obligations.

3.18 The management required is more intensive than that of a single office block or small trading estate if the proposed HOR9 Strategic Employment Site is to operate as a strategic employment location with a clear identity, role and function. It requires specialist knowledge and significant resources. The form and function of the management team, and how they are governed should be one of the first principles established by the project stakeholders and their input to the design and planning process is essential.

3.19 The management team can range from individuals within the lead organisation; a specialist private sector commercial operator; or an independent 'social enterprise' (i.e. not for profit) operator.

3.20 All these types of management operation have their place, but the role of the social enterprise type of management structure is often seen as a particularly good fit for high performing business parks. It is able to focus on the needs of the business park specifically, whilst reflecting the overall aims and objectives of the partners, which for Reigate & Banstead Borough will typically emphasise job creation and building/sustaining businesses rather than pure financial returns (although a viable operation is of course essential).

Hard Infrastructure

3.21 Business parks are developed for three broad types of occupier:

- start-up enterprises;
- expanding or stable 'established' businesses; and
- major 'anchor' tenants.

3.22 The appropriate 'hard infrastructure' (buildings, roads, utilities etc.) for these types of occupier is required, which is guided by the principles underlying the masterplan and planning consent granted for the business park. These designs and consents are, in turn, driven by decisions about the knowledge base or focus of the business park, reinforcing the importance of the points noted above.

3.23 Evidence from across the UK Science Park sector referenced throughout this sub-section represents a useful proxy for office-led business park developments (such as the HOR9 Strategic Employment Site proposals). It suggests that the proportion of tenants (**but not necessarily floorspace**) in these three categories is within the following broad ranges:

- Incubator/Start-ups: **20-30%**
- Expanding/Stable businesses: **30-40%**
- Major/Anchor occupiers: **30-40%**

3.24 Caution is needed in interpreting this as a 'fixed' target for planning purposes. For some office-led business parks the delivery of floorspace has arisen on the back of a major anchor tenant (either existing or new), with small levels of

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

incubator space in support of this and then the expanding/stable business space developed later, whilst for other business parks this has been through the creation of initial seed-corn incubator space which leads on to move on/grow on space or helps in securing a major anchor tenant.

3.25 This means the tenant occupier profile (and hence space provision) will vary as the business park develops. In many cases, however, the overall site and individual building phasing (a key planning consent parameter) moves from the development of incubator space along with, typically larger unit sizes, to more generic space for expanding businesses.

3.26 In broad terms, four 'models' of development phasing can be identified for successful office-led business parks such as that proposed for the HOR9 site. These are summarised below, but as these are broad models, each site will have its own unique profile of development.

1) **'Big bang' then steady-state role out**. Growth can be off the back of securing a major anchor tenant or higher education re-location, and then occupiers attracted to the business park in a reasonably regular flow. This occupier demand flow may reflect continuous 'natural' growth in sector demand, or it may be managed or dictated by the phasing programme of the business park overall.

2) **'Big-bang' then periodic growth phases**. This is like 1 above in terms of major initial tenant occupation, but subsequent growth may be more opportunistic and reflect an assessment of market potential.

3) **Small nucleus then steady-state role out**. The business park may start out with a relatively small incubator or innovation hub provision (which can be sub **2,500** sq.m), closely linked to an anchor knowledge base. Growth is steadily built off the back of this initial occupier focus. This subsequent growth can reflect either continuous 'natural' growth in sector demand, or a close adherence to the site masterplan phasing as consented.

4) **Small nucleus then periodic growth phases**. This is similar to 3 above in terms of a small incubator or innovation hub provision, but with subsequent growth being more opportunistic and reflecting an ongoing assessment of commercial market potential in the immediate area and more widely across Reigate and Banstead and further afield across the Gatwick Diamond area.

3.27 The key issue for Reigate and Banstead in terms of planning policy (and any planning application determination) is ensuring that the site and building-by-building development phasing supports (and is supported by) a clear business model approach ensuring that floorspace is effectively used as it is completed.

3.28 A further key issue relates to the 'trigger mechanisms' for growth of the business park. For some other office-led business parks there appears to be a close adherence to the broad phasing programme envisaged in the site masterplan (and original planning consent), which can be in areas with high potential or latent demand (e.g. Cambridge and Oxford). For other business parks there is a more flexible and opportunistic approach, reflecting changing market conditions over an extended build out time (effectively a design and build approach within an overall outline planning permission or planning policy

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

framework) but still aiming to work within the broad parameters of the original site masterplan. Flexibility and adaptability are however recognised as key, whichever approach is adopted.

Business Incubator Facilities

3.29 Nurturing ideas into commercial opportunities and spawning successful businesses is important for many successful business parks.

3.30 It is therefore helpful that there is an element of incubation space available to facilitate this process. It is equally important that the revenue funding is made available to provide the intensive early stage business support activities.

3.31 In many instances an incubation or innovation facility forms part of a larger first phase of development of a new business park. They are often significantly grant subsidised through the relevant Local Enterprise Partnership or local authority. Incubators are often commercially unviable without significant support owing to:

- significant upfront capital infrastructure and development costs;
- the nature of the rental base (characterised by short-term leases, early-stage discounts to tenants, high turnover of tenants, young companies with no covenant strength) makes the investment unattractive to conventional investors;
- significant void periods in the early year(s) of the centre; and
- on-going revenue costs associated with providing intensive business support service, which erodes the operating surplus of the centre.

3.32 To establish an incubator presence will almost certainly require external grant funding and a public sector organisation (possibly the Borough Council) to partner with the host organisation to share the risks.

3.33 In terms of the size of incubation or start-up provision, there is no agreed fixed level of provision for such space evident from analysis of other business and science parks.

3.34 The amount of such space varies depending upon such factors as current size, age of the business park, and type of sectoral focus. In broad terms incubation space may represent **5%** - **15%** of the total size of a business park, but can be up to **30%** if there is appropriate demand. These proportions also vary depending upon the stage of development of the business park and whether it is formed through expansion/extension of existing business floorspace, or a stand-alone new development (as is the case for the HOR9 Strategic Employment Site).

3.35 In practice, incubator space provision levels are a combination of a minimum initial provision level, which then scales up as the business park expands, but not on a formulaic basis. Initial start-up provision can range from approximately **2,000** sq.m (e.g. London Bioscience Innovation Centre of **1,800** sq.m and Imperial Incubator of **2,230** sq.m) to closer to **5,000** sq.m (e.g. Queen Mary BioEnterprises Innovation Centre of **3,700** sq.m, Thames Valley Science Park of **4,200** sq.m, Warwick Science Park of **3,300** sq.m). Differences in provision are related to the individual and specific nature of each business park.

3.36 Based on the above findings, it would be reasonable to expect to provide between **2,000** to **5,000** sq.m of incubation-related facilities at the HOR9 site, with the flexibility for further provision as the site grows over time if necessary.

3.37 There would be value for this facility to also house shared meeting and conference facilities, which is the practice followed by many other successful business and science parks.

3.38 Unit sizes within incubator spaces tend to vary from **10** sq.m (**100** sq.ft) to **140** sq.m (**1,500** sq.ft). The mix within this range is more variable, although a key feature is building-in flexible design to the space to enable it to be adapted to suit different configurations of unit size over time.

3.39 Lease arrangements are almost always flexible. These can range from monthly options (which tends to be for the smallest units and generally only a smaller proportion of the total incubator portfolio), six months to a year, or to three years with break clauses.

3.40 A general feature of most incubator provision is that it is only provided for a time limited period to an individual occupier company. This tends to be for a maximum of three years, with occupiers encouraged to relocate into move on/grow on space (if available), or off-site if appropriate. Individual management styles will dictate the details but it does mean that **there is a need to ensure a supply of grow-on/move on space** for occupiers that are within any incubator space.

3.41 An important feature of incubator provision is the additional support provided to start-up and spin-out businesses. This is generally viewed as an important feature of such facilities and is considered in more detail under Soft Infrastructure (see sub-section below).

<u>Move on/Grow on Space</u>

3.42 Move on or Grow on space is an important component of a successful business park (and science parks). Such space ensures start-up businesses have clear expansion potential and can be an important attractor for such enterprises to come to the site in the first place. It is also necessary to attract relevant consultancy and business support enterprises into the immediate supply chain within the business park, which are likely to be established businesses and so would not fall into the incubator/start-up category.

3.43 Such space is also valuable in terms of both retaining income streams, but also producing more attractive income flows (as the incubator space is generally likely to be subsidised). It also provides an organic and sustainable means for business growth for the business park.

3.44 The quantum of such space is dependent upon a number of factors, including whether there is a major anchor tenant(s) in place and the overall success of the park, including the effectiveness of marketing and promotion of the scheme. Typically, however, such space can represent **50%** of total floorspace. It can be subject to more carefully programmed development release, either triggered by the masterplan phasing or in response to market demand testing over time. It is therefore essential that the relevant planning policies and any planning permission provide some flexibility (perhaps through

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

parameter planning) to ensure the quantum of move on/grow on space can be adapted over time.

3.45 Unit sizes of move on space can be more variable than for incubator space, and can be influenced by the type of sector(s) the business park is focussed on (e.g. if more B1a/b office-based R&D rather than B1c/B2 workshop/ laboratory or light manufacturing focus, which places different constraints on unit sizes). Unit sizes can range from **25** sq.m (**275** sq.ft) to **465** sq.m (**5,000** sq.ft), although larger units can be provided if demand exists.

3.46 Facilities provided in such space are effectively the same as for the incubator space, although there tends to be a more 'hands-off' approach in some of the soft support mechanisms.

3.47 Lease arrangements are generally less flexible than for incubator space, with longer-leases often sought. However, this is not always the case, as individual circumstances (such as the local property market in Horley and more widely across Reigate and Banstead and regarding the Crawley market) may influence the approach taken to licence and lease arrangements. In most situations, however, move on/grow on space is normally at a higher rent than incubator space.

<u>Anchor Tenant Space</u>

3.48 An anchor occupier tenant or tenants are an important ingredient to the long term success of a large-scale business park.

3.49 Sectoral survey evidence has indicated that the typical anchor tenant employs approximately **200** people, and occupies **3,150** sq.m (**34,000** sq.ft)[20]. For business parks with a single anchor tenant, they may represent **10-20%** of floorspace, at least during the initial phases of the scheme. Parks with a wider range of anchor tenants can see these occupiers making-up between **30-40%** of total commercial floorspace.

3.50 Building design and occupation arrangements for such tenants can be key differentiators from incubator and move on/grow on space. Certain major tenants may seek built-to-design units (meaning that the parameters and design guidelines set out in planning policy, any site masterplan and original planning permission are critical), or purchase the land or seek long leasehold arrangements. This 'flexibility' needs to be considered in developing the proposed HOR9 Strategic Employment Site concept and does have implications in terms of planning policy and the determination of any planning application for the site in future.

<u>Shared Specialist Facilities</u>

3.51 Shared space and facilities are a particular feature of larger business parks and Science Parks. They can take various forms, from a limited range of facilities, such as meeting and conference space, to more extensive shared facility provision.

[20] Monck & Associates. (2014) *Impact of Science Parks and Innovation Centres: Some Initial Findings*

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

3.52 One of the key areas of provision and a potential differentiator for the HOR9 site concept (in comparison with other sites/facilities in the wider area) is in terms of specialist facilities that may be provided. This tends to be driven by the sectoral focus of the business park and the extent of need for such facilities[21]. These facilities are generally, but not exclusively, provided as the park becomes more established. Specialised property and equipment available for technology and science-based firms are often a key tool in promoting and growing the business park.

Shared Meeting and Conference Space

3.53 An important component of a successful development of this type is shared meeting space and conference space. These are core requirements, and are generally incorporated within or adjacent to incubator space.

3.54 The total size of such facilities can be relatively small-scale compared to the overall size of the business park (or Science Park). However, they are often provided during the early stages of development (and need to be identified as such within the overall site masterplan and any planning obligations relating to planning permission), which can front-load costs and the relative scale of such space.

3.55 Shared meeting room provision can be from under **100** sq.m to between **250** - **500** sq.m. A mix of sizes are generally provided. Conference facility provision is generally less than **100** sq.m if focussed on meting 'local' demand, but if a regional or national venue is envisaged then this may be up to **500** sq.m. There can also be an element of overlap between these facilities, with smaller conference space used as shared meeting space during conference activity downtime.

Shared Community Facilities

3.56 To make the business park a community of businesses rather than simply a collection of individual premises, the design and management must ensure as much interaction as possible between the people working within the business park.

3.57 A common approach to assisting this (and aiding the overall scheme viability) is through the creation of a hub of business community facilities – café, gym, crèche, etc. for example.

3.58 For larger business parks (or those separated / isolated from existing urban centres), such community facilities can be of particular significance. This can be in terms of both reducing and removing unnecessary travel movements in the local area and reinforcing a sense of community and presences/identity for the business park.

3.59 This is an important issue for the proposed HOR9 Strategic Employment Site as it is a greenfield location outwith the existing development area of Horley.

[21] Typical facilities include: testing laboratories; wind tunnel facilities; secured uninterruptable energy supply on-site; fabrication facilities; and shared bench space. This can include bench space, secure cabinets, fridges and fume cupboards

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

There will need to be some on-site services given the scale and location of the HOR9 Strategic Employment Site but it will also be critical to ensure that these should be complementary to the existing available services and facilities of Horley Town Centre and of Crawley Town Centre in Crawley Borough.

3.60 The typical range of community facilities provided, depending on the size and location of the business park, includes:

- on-site catering;
- limited retail provision;
- Gym;
- Crèche; and
- Medical services.

3.61 In locations adjacent to a HE institutions, on a campus with a significant anchor occupier, or in urban locations, the shared community facilities can draw on demand beyond the users of the business park to make them more viable. This can support their delivery ahead of a critical mass of businesses located on site as demand is being established. As such, the physical location of the business park is a significant factor, driving the range of facilities and the level of interaction with surrounding areas outside the site.

3.62 The proposed HOR9 Strategic Employment Site development would need to facilitate the delivery of community facilities (gym, café, crèche, etc.) in the early stages of the business park. It may be that a complementary, but non-park specific development needs to be permitted and suitably controlled through relevant planning conditions or obligations.

3.63 One option would be the development of an hotel within the scheme, which could service the wider Gatwick Diamond catchment. This may provide the anchor that would make a café, gym, and meeting rooms viable. If such an option was to be pursued it would need to be considered as part of the site masterplan, rather than as an isolated and separate development activity to avoid it simply being used as another Gatwick Airport related hotel.

3.64 The scale of floorspace associated with such community facilities can differ appreciably, particularly in relation to the physical location of the business park and surrounding potential markets. For example, the MIRA Technology Park provides approximately **8,000** sq.m of such space, whilst Bristol & Bath Business and Science Park currently provides under **500** sq.m of dedicated community facilities.

3.65 As a guide, approximately **5 - 10%** of total floorspace can be devoted to community facilities. However, in the case of HOR9 Potential Strategic Employment Site this may mean an initial provision of up to **2,000** sq.m, excluding any hotel provision (based on 10% of the total 200,000 sq.m floorspace proposed). This scale of provision does depend upon the overall phasing of the business park and the wider, overall quantum of commercial floorspace created on the site.

3.66 The provision of community facilities space also raises issues about the extent to which such space may be subsidised during the early period of the development programme, or if the development of an hotel during the initial phase of the scheme would remove this need, subject to an hotel being deemed a compatible use on the site. Examples of business parks which have incorporated hotel provision in some form include those in Exeter and Southampton.

Soft Infrastructure

Business Support Services

3.67 Business support services are one of the key distinguishing features of a successful and integrated business park. This applies to both enterprises in incubator facilities and other, larger occupiers. The collaborative aspect of businesses working within a business park campus environment is particularly valuable, with **87%** of Science Park occupiers commenting that collaborative work with universities, research institutions and other companies is of great importance[22].

3.68 Typically in high quality business parks the management organisation ensures the provision of business support services. A range of services are offered and can include:

- brokering introductions with the R&D institution;
- providing training;
- providing coaching and mentoring;
- aiding companies with applications to secure public grant / loan investment;
- patent and legal services;
- marketing support;
- event support; and
- trade consultation.

3.69 This added support is critical in helping the successful growth of young companies and providing a key advantage for companies locating within the business park as opposed to a more standard or standalone business location (such as town centre office or industrial estate). This can include 'preferred supply' status for certain services, such as website development, marketing, and accountancy advice from on-site tenants. Sectoral survey work[23], reinforces this and identified the extent to which various support services were provided by Science Parks as follows:

- **75%** helped in raising finance and loan risk;
- **69%** helped improve marketing; and
- **53%** assisted in providing better financial control systems.

[22] UKSPA. (2016) *Annual Survey*

[23] Monck & Associates. (2014) *Impact of Science Parks and Innovation Centres: Some Initial Findings*

3.70 In addition, the managers of large scale business parks and science parks listed the key features of value from their perspective, which included:

- **95%** listing university/research institution connection as very or moderately important (70% stating very important);
- **85%** listing LEPs and development agencies engagement as very or moderately important;
- **75%** listing mentors/business adviser support as very or moderately important;
- **75%** listing Innovate UK or Local Authority support services as very or moderately important;
- **72%** listing venture/seed funding services as very or moderately important; and
- **70%** listing legal service firm services as very or moderately important.

3.71 The level and range of business support services need to be considered at the outset, so they can be incorporated in design, planning and space layout terms into the HOR9 site's 'offer'. Failure to address this issue properly, and be flexible and responsive to occupier needs, can be a significant limitation to success and occupier market attractiveness.

Environmental Enhancement

3.72 It is standard for most business parks and strategic employment sites to undertake appropriate Ecological Appraisals and prepare Environmental Enhancement strategies related to major new development and infrastructure provision at the site. The typical focus of such reports, which adopt accepted methodologies, is upon impact, mitigation and enhancement measures.

3.73 A differentiating factor between environmental enhancement measures is the degree of sophistication of the assessment work, and resulting recommendations and ultimately how these are implemented through the site masterplan and secured in the long-term through appropriate management plans.

3.74 The key to a successful environmental enhancement scheme is appropriate and effective consultation and engagement about the approach, particularly with relevant local groups and communities as well as with target occupiers/representative groups, and in developing and applying recommended enhancement measures. There are 'minimum' legal and guidance measures that can be adopted, but more success (in terms of market presence, visibility and profile) appears to be achieved through measures and an approach that are truly 'enhancing' – and communicating this.

3.75 The planning process is critical in this regard both in terms of establishing appropriate planning policy measures/criteria and in determining planning applications with a suitable S106 agreement to control and manage environmental enhancement and performance for the site.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Sustainable Transport Initiatives

3.76 A wide range of sustainable transport initiatives have been developed and promoted at business parks over the years. There is much commonality in the broad approach and coverage to the issue, but significant local variation to reflect particular circumstances; as there will be in the case of the proposed HOR9 Strategic Employment Site business park proposals which include access links via a spur from the M23 Airport approach junction as well as the need to ensure effective connectivity to Horley and Gatwick and other centres in Reigate and Banstead.

3.77 For a 'free-standing' business park, such as the proposed HOR9 site there is a need to adopt a comprehensive approach to sustainable transport, as the site will not work effectively off the back of existing systems put in place for the local Horley area. This is noted to be of particular importance for potential end occupiers and serves as a key differentiator for high quality, high profile business parks compared to other potential employment sites.

3.78 It is critical to develop a realistic and deliverable set of measures particularly in terms of securing planning permission and in ameliorating any adverse transport impacts arising.

Key Business Park Parameters

3.79 Drawing the above together there are clear key 'ingredients' and parameters that must be clearly established and addressed from the outset through appropriate planning policy and in planning decision-taking. They typically include:

- **Appropriate infrastructure**, in term of flexibility, availability of spaces or facilities. This is fundamentally about matching the focus and emphasis of the business park with occupiers needs and translating this into the appropriate infrastructure.
- **Flexibility and adaptability** to accommodate certain type of facilities. This requires careful consideration of the degree of flexibility to be built into the business park (including any restrictive planning conditions or policy barriers), irrespective of the final market sector(s) that are targeted.
- **Pricing and costs** - firms may not be able to afford the cost of locating within the business park, either due to higher rents because of the costs associated with any paying services provided. The pricing strategy for both rents and other services is clearly a key element here, and will need careful market-testing if it is to benefit local businesses as well as attract new inward investment opportunities to Reigate and Banstead.

3.80 Successful business parks demonstrate they have a comprehensive approach to the delivery and ongoing operation of the park in its entirety. This approach is effectively a live process, which needs to be flexible enough to adapt over time and to different market / occupier circumstances. In terms of overall success, the 'soft infrastructure' issues can be more critical than the 'hard infrastructure' issues and this needs to be reflected in planning policies and the preparation of the site masterplan and any planning application.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

3.81 In addition to the above, work undertaken by the EU Research Directorate[24] examined the factors that helped make Science Parks successful and this is considered to be relevant to the provision and success of large-scale more general business parks too:

- Single shareholders are generally more likely to achieve success than multiple owners.
- Successful Science Park owners tend to have a higher education institution in their ownership structure, whether as joint partners, in consortia or standalone.
- Successful Parks effectively manage conflict by maintaining a clear separation between ownership and management, balancing competing interests and expectations and forging innovative ways of doing things between diverse parties (e.g. financing instruments).
- Higher education institution involvement is relatively high in successful Parks; however, collaboration does not appear to be a necessary or sufficient condition for success since unsuccessful Parks also enjoy significant collaboration with higher education institutions.
- Successful Parks maintain comprehensive services portfolios and also appear to adapt their portfolios to sector composition and tenant lifecycle stage, when necessary.
- Successful Parks act on a clear vision and strategic intent, one indicator of which may be the mode of start, with a 'fixed date' or 'rolling' start within a short period of time.

Conclusions

3.82 A range of models for developing high quality and successful large-scale office-led business parks exist. This reflects the difference between them in terms of size, design, focus, setting and maturity.

3.83 This section has drawn on evidence from UK Science Parks as such parks are a good proxy for high performing business parks such as that proposed for the HOR9 Strategic Employment Site.

3.84 There are a number of common key components influencing the form and nature of successful business parks. These have been examined and include:

- Knowledge Base;
- Management;
- Hard Infrastructure (business incubator facilities; move-on space; specialist space and equipment; shared meeting and conference space; shared communal facilities); and

[24] EU Directorate General – Research (2007) *Regional Research Intensive Clusters and Science Parks* (Referencing work by Seymour, S (2006). *Micro Agglomerations of Technology: A Typology of Ownership and Implications of Success.* IASP XXIII, Helsinki.)

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

* Soft Infrastructure (business support services; environmental enhancement; sustainable transport initiatives).

3.85 Each of these has been examined in more detail, with salient implications or conclusions for the proposed HOR9 Strategic Employment Site drawn out as relevant.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

4. COMPARATIVE ASSESSMENT WITH OTHER SITES

Introduction

4.1 This section considers the potential effects of a large scale employment site at the proposed HOR9 Strategic Employment Site on the local commercial market. The analysis considers both the effects on existing sites and allocations in the local Borough context, but also the wider sub-region encompassing neighbouring authorities within the Gatwick Diamond and beyond.

4.2 Given the scale and prospective nature of the potential Strategic Employment Site, based on the assumption of an office led (Use Class B1a) scheme together with non-Class B uses, it is essential that the implications of this supply are considered on existing and emerging future provision.

4.3 In this context, an overview is provided of the anticipated impact of the proposed HOR9 Strategic Employment Site on established employment locations in the Borough, including the designated employment areas focused on the existing industrial estates and the main town centres which support economic development uses. Consideration is also given to relevant emerging Plan allocations to ascertain the potential impact on the future demand and delivery prospects for these sites.

4.4 Given the unique characteristics of the proposed Strategic Employment Site in quantum and commercial market terms, the reality is that the site can also be considered against comparable provision beyond the Borough. This section therefore considers the effect on a number of larger schemes in the wider sub-region which could be considered natural competitors (or comparators) to the proposed HOR9 Strategic Employment Site, which have implications for the competitive position of the site in overall demand and broad commercial viability and deliverability terms.

The Local Context

Area 3 (The Low Weald)

<u>Existing Office and Industrial Sites</u>

4.5 The Borough's existing industrial locations and town centre business areas act as the focus for the existing supply of employment generating uses. Alongside these established areas, the spatial strategy of the adopted Core Strategy supports the Council's priority areas for regeneration and growth, which together with the four town centres, are identified as the strategic locations for future growth in the Borough, including for employment uses.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

4.6 At the most local level, the proposed HOR9 Strategic Employment Site is located within the Horley area at the south of the Borough, which is identified in spatial strategy terms as part of Area 3: The Low Weald.

4.7 Within this area, the main employment areas are focused in the Salfords and Horley areas. In Salfords, the main employment areas comprise the Salfords Industrial Estate (IO Centre, Orchard Business Centre, Astra Business Centre and Redhill Distribution Centre) and Perrywood Business Park. The Balcombe Road Industrial Area (Gatwick Metro Centre, Axiom Business Centre and Bridge Industrial Estate) are in the Horley area.

4.8 Information contained in the Council's latest *Industrial Estates Monitor* (2016) provides an overview of the composition, occupancy and nature of these main industrial estates. This helps to establish the type of offer available and importantly provides an indication of whether there could be any realistic product overlap with the core business floorspace (namely Class B1a, and to a lesser extent, Class B1b) that could be promoted at a potential large scale employment site at the proposed HOR9 Strategic Employment Site. Table 4.1 provides a summary of existing local supply in unit composition terms.

Table 4.1: Main Industrial Estates by Unit Composition

Industrial Estate	Offices (B1a)	R&D (B1b)	Industrial/ storage (B1c/B2/B8)	Vacant	Total B1-B8
Perrywood Business Park	7	4	8	3	22
Salfords	6	7	65	12	90
Balcombe Road	19	1	29	1	50

Source: Reigate & Banstead Borough Council, 2016

4.9 Table 4.1 identifies the dominant role of industrial and storage/distribution units at the Salfords Industrial Estate, which is heavily orientated towards Class B8 given its location on the A23 corridor and the provision of several large units; as well as its support for airport related activities related to Gatwick Airport.

4.10 To a lesser extent, Balcombe Road provides a similar role and is closely aligned to service and airline based manufacturing.

4.11 Taken together, the two sites provide mostly for larger B1c light industrial and B8 warehousing floorspace.

4.12 In contrast, the Perrywood Business Centre is dominated by service based businesses (Class B1a/B1b), which account for **50%** of the total units, with remaining provision of Class B1c light industrial uses and minimal Use Class B8 provision.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 4.2: Main Industrial Estates by Floorspace (Sq.m)

Industrial Estate	Offices (B1a)	R&D (B1b)	Industrial/ Storage (B1c/B2/B8)	Vacant	Total includes other uses classes)
Perrywood Business Park	11,613	3,885	6,528	1,850	23,876
Salfords	6,006	7,440	53,545	3,335	81,826
Balcombe Road	3,800	375	11,900	275	18,285

Source: Reigate & Banstead Borough Council, 2016

4.13 Table 4.2 confirms the importance of Class B1a and B1b floorspace at Perrywood Business Centre, which accounts for **65%** of total overall floorspace. This differs to the level of office/research and development accommodation at Salfords and for Balcombe Road, which is more limited at these locations given the industrial/storage and distribution focus of both sites.

4.14 When combined with the findings of the commercial market assessment outlined in the Task 1 Report and based on the assumption that the proposed HOR9 Strategic Employment Site is primarily orientated towards office uses (B1a), there is considered unlikely to be an adverse impact arising from the development of the site on the demand for the local employment areas.

4.15 This conclusion reflects the differentiated nature of the commercial offer available, particularly in relation to the 'traditional' industrial stock at the Salfords and Balcombe Road areas which are dominated by light industrial, and particularly storage/distribution uses.

4.16 Furthermore, the office orientated Perrywood Business Park is characterised by small units (typically circa **900** - **1,800** sq.m) which accommodates local businesses in secondary grade stock, serves a different role and function to a large scale, high quality grade office business park that is expected to primarily appeal to larger, corporate occupiers. For these reasons, the potential Strategic Employment Site is considered unlikely to realistically compete with existing employment sites in Area 3.

Horley Town Centre

4.17 Horley Town Centre area supports a limited level of office floorspace which is primarily focused on the needs of small businesses and driven by local demand. The existing office stock base in the Town Centre has been eroded over recent years by the implementation of permitted development rights conversions of floorspace to residential use (see Task 1 Report for further information).

4.18 As a consequence, the nature and dynamics of the existing office floorspace provision and the localised commercial market characteristics in the Town

Centre fundamentally differs to that associated with a larger strategic office business park/campus and its offer of high quality, Grade A office accommodation set within a landscaped environment. On this basis, the scope for competition with the existing office provision in Horley Town Centre is limited. Where there may be displacement of existing occupiers, the effect would also be to free up existing office space in the Town Centre capable of then being re-let to other businesses, widening choice.

4.19 Horley Town Centre is identified as one of the Council's priority areas for growth and regeneration. This includes a number of key town centre sites which are identified in the Regulation 18 *Development Management Plan* for redevelopment although this is primarily focused on enhancing the quality of retail, leisure and community uses in the town centre.

4.20 A number of sites have come forward although these have been primarily residential-led schemes with remaining sites identified as potential mixed use opportunities. The nature of these town centre, mixed use sites differ in scale and character to a large-scale potential Strategic Employment Site. As a consequence, the promotion of investment and regeneration objectives in the Town Centre is not expected to be impacted by the proposed HOR9 Strategic Employment Site.

4.21 It is anticipated that a positive impact of the proposed HOR9 Strategic Employment Site arising from the significant economic growth opportunities (see Section 2 previously), could help to support the Town Centre regeneration proposals. The spin offs arising from enhanced expenditure to the Town Centre, potential for indirect employment and supply chain growth offer the opportunity for an enhanced investment profile.

4.22 This could be expected from the increased demand for services and facilities at the local level as a consequence of a large business park near the Town Centre (provided there is a high level of connectivity). While the nature and extent of supporting non core B Class uses anticipated at the potential business park are significant (forming part of an overall mix which reflects the attributes for a successful Business Park), it will remain complementary, but ancillary to, the primary Strategic Employment Site offer. Supporting/ancillary facilities will need to be constrained so as not to adversely prejudice regeneration and investment in Horley Town Centre. The planning decision-making process is the appropriate vehicle to ensure this, coupled with appropriate Development Management policies for the proposed HOR9 Strategic Employment Site allocation.

Wider Borough Area

North of the Borough

4.23 The northern area of Reigate & Banstead Borough (Spatial Strategy Area 1: The North Downs) supports limited employment provision, concentrated at Pitwood Park (including Epsom Downs Metro Centre), and to a lesser extent, Kingswood Station (recognising that the Regulation 18 Development Management Plan identifies the latter as a potential residential led housing allocation). The area also supports a number of standalone campus sites,

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

such as Fidelity at Lower Kingswood, and Pfizer UK headquarters at Walton on the Hill.

4.24 Table 4.3 confirms the limited office (Class B1a/B1b) provision at Pitwood Park focused on small office units, totalling circa **1,600** sq.m, that serve local needs and market demands. Furthermore, given the location of the site, the level of interest from B1c light industrial and B8 storage/distribution uses is more limited when compared to other locations in the Borough.

4.25 It is concluded there will be no significant market impact on existing employment provision in the northern area from the potential HOR9 Strategic Employment Site given fundamentally different commercial roles and functions of the existing provision and that proposed for a potential Strategic Employment Site, This is due to the different offer in the remainder of the Borough (i.e. standalone offices, smaller industrial estates and town centres rather than a large office park) rather than the north of the Borough facing more towards London and the south of the Borough facing towards Gatwick and Crawley.

Reigate and Redhill

4.26 The central area of the Borough (Spatial Strategy Area 2), comprises the main built up area and the principal settlements of Reigate and Redhill. Taken together, the two locations represent the focus for future growth and investment, particularly at Redhill.

4.27 Of the existing employment areas within the main industrial estates, the role of Class B1a (and Class B1b) provision is relatively limited in unit and floorspace terms (see Tables 4.3 and 4.4) at the majority of estates, including the small estates in Redhill at Wells Place, Reading Arch Road and Kingsfield Business Centre, and Albert Park North at Reigate.

4.28 The role of Class B8 storage and distribution activity represents the dominant commercial use at Wells Place, and to a lesser extent at Albert Road North, and Kingsfield Business Centre (along with Class B1c uses), which are characterised by high levels of occupancy and limited vacant units demonstrating a high demand for such facilities (see Task 1 Report for more detail). By contrast, the Reading Arch Road estate is dominated by *sui generis* uses.

4.29 Such locations are expected to remain attractive to light industrial (Class B1c) and storage and distribution (Class B8) occupiers, and would not be directly impacted by the potential Strategic Employment Site, given the differing market appeal and commercial offer.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 4.3: Main Industrial Estates by Unit Composition

Industrial Estate	Office (B1a)	R&D (B1b)	Industrial/ storage (B1c/B2/B8)	Vacant Units	Total B1-B8
Albert Park North	1	4	13	1	18
Holmethorpe/Foxboro	21	7	94	20	124
Wells Place	0	1	6	1	7
Kingsfield Business Centre	3	0	10	2	13
Reading Arch Road	1	0	3	0	4
Pitwood Park, Tadworth	4	3	5	2	12

Source: Reigate & Banstead Borough Council, 2016

4.30 The largest employment area in the Borough is focused at the Holmethorpe industrial estate at Redhill, which supports a wide variety of uses in over 160 units.

4.31 The site has been the subject of a number of development proposals and activity over recent years, and is dominated by light industrial and storage/distribution occupiers in floorspace and unit terms (see Tables 4.3 and 4.4).

4.32 Offices, and research and development uses are not insignificant (**30** units and over **14,000** sq.m) but account for less than **20%** of the overall unit provision at the estate. It is understood that the level of vacancy has fallen significantly over recent years, with healthy levels of take up reported in the Council's *Industrial Estates Monitor* (2016) indicating good levels of local demand. This high local demand for industrial accommodation is widely reported by local commercial agents, as discussed further in the Task 1 Report.

4.33 Although it is considered the potential Strategic Employment Site would not directly impact on, or compete with this large established employment area given its orientation towards Class B1c and B8 uses, the future provision of small start up/incubator type space at a future Strategic Employment Site, may serve to attract some existing local occupiers from Holmethorpe. However, this is unlikely to change the overall demand for, or attraction of, Holmethorpe in commercial market terms in meeting evident local market demand needs through a range of choice and quality of floorspace.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Table 4.4: Main Industrial Estates by Floorspace (Sq.m)

Industrial Estate	Office (B1a)	R&D (B1b)	Industrial/ Storage (B1c/B2/B8)	Vacant	Total (includes other uses classes)
Albert Park North	680	2,745	6,470	540	10,905
Holmethorpe/Foxboro	7,279	6,940	51,009	11,500	85,309
Wells Place	0	3,070	19,330	1,980	26,590
Kingsfield Business Centre	1,160	0	6,510	260	8,205
Reading Arch Road	300	0	895	0	4,718
Pitwood Park, Tadworth	755	840	1,320	1,715	4,630

Source: Reigate & Banstead Borough Council, 2016

4.34 Within the main town centre business areas, Reigate is considered an established M25 office location, characterised by prominent HQ offices and a low vacancy rate. Redhill also supports a large amount of the Borough's office floorspace. Neither location possesses business parks that are more typically associated within other office centres in the M25 area.

4.35 Another consideration is the lack of speculative development in both centres over recent years, in Reigate's case a reflection of its Conservation Area designation, which has led to a general shortage of Grade A supply; the exception being Prospero (Redhill) which has helped improve the overall quality in the centre. This overall situation has the potential for future change (set against the PDR conversions trends noted previously in the Task 1 Report), particularly in Redhill Town Centre, which is identified for up to **7,000** sq.m (net) of new office floorspace, based on the redevelopment of a number of sites in the centre (see below).

4.36 Given these market characteristics, there is a possibility that the proposed HOR9 Strategic Employment Site may prove attractive to some existing office occupiers in Reigate (given the number of HQ office facilities), and to a lesser extent Redhill, together with prospective occupiers who may traditionally have been attracted to either Town Centre.

4.37 There is a concentration of business and financial sectors in both centres, which represent the types of corporate sector occupier that could be most attracted to the proposed HOR9 Strategic Employment Site but who have not had the choice and availability of high quality comparable supply at the local level. Future growth in financial and business services, alongside other high growth potential sectors, together with the changing nature of workspace in meeting occupier requirements (see Task 1 Report), indicate that the potential

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

HOR9 Strategic Employment Site may prove attractive to some corporate occupiers from Reigate and Redhill Town Centres.

4.38 An element of occupier displacement could therefore be expected from these town centres in the future, particularly Reigate. Where there is displacement of existing businesses this does open up the available supply enabling those units and buildings to be re-let. Ultimately, much will depend on the precise nature and pricing of the commercial offer at the proposed HOR9 Strategic Employment Site, which by the anticipated scale and type of future floorspace provision can be sufficiently differentiated and considered to complement, rather than directly compete with, existing provision.

4.39 In summary, the range and choice of B1a office led supply ranging from larger units to smaller, affordable start-up/incubator space, and serviced accommodation, would prove attractive to the local market, and some potential commercial market impact should be anticipated. The phasing of delivery and the specific nature of future provision will ultimately determine the extent of potential impact.

Emerging Allocations in Reigate & Banstead Borough

4.40 Alongside the existing employment areas in the Borough, there are several prospective employment sites identified in the Council's Regulation 18 *Development Management Plan* consultation, August 2016.

4.41 Of greatest relevance is the Core Strategy objective to deliver up to **7,000** sq.m of net new office space in Redhill Town Centre. Several site allocations are identified in the DMP for redevelopment, which include the Royal Mail Sorting Office (Site RTC3) with identified potential for circa **3,000** sq.m of office space, and Gloucester Road Car Park (Site RTC6) identified for up to **2,500** sq.m offices.

4.42 Similarly, in Reigate, several sites are identified in the DMP, including the potential intensification of the existing Albert Road North industrial estate (Site RE13) to support up to **7,500** sq.m (gross) of employment space, focussed on small business/incubator space, and comprising a mix of offices and small workshops.

4.43 The general lack of high quality, available B1 office stock in each Town Centre is a reported constraint to the market. Whilst there is the potential for change, primarily in Redhill, it remains of a limited scale split over a number of small redevelopment sites. This has timescale implications for delivery, but equally can only realistically deliver smaller office schemes within the context of a more constrained town centre urban environment.

4.44 On this basis, it is expected that a potential Strategic Employment Site would not fundamentally threaten the delivery of the proposed mixed use allocations, including those associated with the wider regeneration of Redhill Town Centre.

4.45 The scale of these allocations, and the range and type of office accommodation associated with a town centre scheme differ to a large-scale office-led business park.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

4.46 Local market conditions are considered healthy (in terms of demand and rising rental values), and in many ways, the accessibility of the town centre sites to public transport services, including railway stations, is expected to remain attractive to prospective smaller office requirements. The important consideration will be the type of office provision that is delivered at these sites to accord with market needs in the future.

4.47 The potential redevelopment of the Albert Road North Industrial Estate through provision of small incubator space for office and industrial uses endorses the need for such provision, as reported from local commercial agents.

4.48 Considering this unmet, revealed, demand for start-up and flexible floorspace in the Borough, it is anticipated that sufficient local commercial demand exists for this provision. Any comparable provision as part of potential HOR9 Strategic Employment Site, would therefore help support and accommodate unmet demand.

Beyond the Borough

4.49 Whilst it is essential to consider the impact of the potential Strategic Employment Site on existing sites and potential emerging allocations/supply in the Horley area and the Borough the significance of the site (due to its proposed scale and location) must be considered in the context of the Gatwick Diamond area, and potentially further afield.

4.50 There is a long established policy aspiration for a strategic scale employment land in the Gatwick Diamond sub-region to support future economic growth. Future potential provision will be expected to help provide for commercial needs arising from across the Gatwick Diamond.

4.51 There are a number of large employment locations spread across the Gatwick Diamond area although few are considered to be ‘strategic’ in scale and nature. Notwithstanding this, there are a number which are considered more likely to be affected by the proposed HOR9 Strategic Employment Site than others. These include two locations in relatively proximity to the potential site at Manor Royal and Crawley Town Centre in Crawley Borough.

Crawley Borough

Manor Royal

4.52 The Manor Royal Business District, located to the south of Gatwick Airport, represents the largest business park in the Gatwick Diamond, and is marketed as one of the South East’s premier mixed employment hubs.

4.53 The high profile site covers over **240** Ha, and supports over **500** businesses and circa **30,000** jobs. A strategic framework Manor Royal Masterplan[25] exists

[25] Manor Royal Business District together with Crawley Borough and West Sussex County have recently commenced an update to the 2010 Manor Royal Masterplan through the

to guide the long term development of the employment area, which also supports a variety of other mixed uses, including retail parks, hotels and car showrooms.

4.54 The scale of Manor Royal is reflected in its significant role and contribution towards the provision of B Use Class activities in Crawley Borough, particularly for industrial and warehousing provision, and to a lesser extent for office uses. Manor Royal acts as the main supply for industrial uses in the Borough, and supports a mix of industrial and distribution buildings. It also accommodates an increasing proportion of office supply for Crawley and has helped to address the previously limited availability of Grade A office accommodation. In summary, Manor Royal represents a long established commercial employment estate which has evolved over many years and which provides for a mix of office, industrial and warehousing uses. This is a different offer to the core business uses anticipated at the potential HOR9 Strategic Employment Site.

4.55 Manor Royal is increasingly developing its commercial profile as a major office location, and supports a number of large office schemes for corporate occupiers, such as the Leonardo Building (**10,270** sq.m/**110.545** sq.ft), together with emerging supply at the former Thales site, known as the Nexus building (circa **5,574** sq.m/**60,000** sq.ft).

4.56 A speculative development is also proposed at the Nova building (over **9,290** sq. m/**100,000** sq.ft). Refurbishment is taking place of Churchill Court to provide Grade A office campus accommodation totalling circa **9,847** sq.m (**106,000** sq.ft). There is also a recent grant of planning permission at Northwood Park for **10,090** sq.m of new B1 office floorspace.

4.57 These examples confirm the availability of large scale, high quality office stock which is limited in the local Reigate & Banstead Borough market. It also confirms the strength of the local office market to promote speculative development. Furthermore, as outlined in the Task 1 Report, monitoring data from Crawley Borough Council confirms that Manor Royal is the focus for the majority of pipeline supply for Class B floorspace, including **76,258** sq.m of Class B1a office floorspace. However, the same monitoring data identify that changes of use to residential through permitted development rights, are expected to result in the loss of **6,256** sq.m of B1a floorspace in the Manor Royal area (prior to the implementation of an Article 4 direction covering Manor Royal for B1a and B8 Use Class activities).

4.58 In industrial terms, the role of Manor Royal is significant and dominates existing supply. It also accounts for a significant level of potential floorspace in Crawley Borough, with **79,984** sq.m of pipeline supply identified for B1c, B2 and B8 uses (refer to Task 1 Report, Section 4). A further B1c Article 4 direction for Manor Royal is currently subject to a year-long notification period and anticipated to come into force from October 2017. In addition to Manor Royal, the Three Bridges Corridor provides an important location for smaller businesses, particularly for Class B1c light industrial uses.

Manor Royal Economic Impact Study. This work is scoping options and approaches to enhance the business function of Manor Royal in future.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

4.59 In many ways, it is anticipated that the potential HOR9 Strategic Employment Site will complement Manor Royal in meeting the unmet requirements of local business. It is also recognised that Manor Royal represents a well-established and proactively managed employment location that benefits from a healthy level of pipeline supply.

4.60 Manor Royal is however subject to land availability constraints and it is inevitable that the availability of a large, new employment site that is located in close geographical proximity, will likely appeal to some existing and prospective occupiers at Manor Park – particularly larger, corporate requirements.

4.61 The reality is that proposed HOR9 Strategic Employment Site is characterised as a large, relatively unconstrained site, which subject to masterplanning and a phasing strategy, has the potential to meet a wide variety of future business requirements. This attraction could extend to potential light industrial occupiers at Manor Royal although at this stage, it is assumed that the potential Business Park will be orientated towards B1a office uses.

4.62 Both sites should be seen as complementary in market terms, providing large scale 'critical mass' sites set within very different business environments, particularly where a potential Strategic Employment Site is anticipated to offer a campus, landscaped environment compared to a more plot/parcel-led offer at Manor Royal. Furthermore, there remains the enhanced opportunity to better retain existing occupiers (and attract new businesses into the area) with the availability of new provision at the proposed HOR9 Strategic Employment Site supporting retention within the Gatwick Diamond area, from those occupiers who may otherwise seek to relocate away from Manor Royal or the area as a whole due to the absence of alternative, suitable provision.

<u>Crawley Town Centre and Other Borough Locations</u>

4.63 Crawley represents the largest commercial centre in the sub-region. Alongside Manor Royal, the focus for B1 office led accommodation is at Crawley Town Centre which supports a two tier market, comprised of Grade A supply (such as St John's House, the Pinnacle and High Street One) alongside the majority of supply that is focused on secondary grade stock.

4.64 The dominance of older, poorer quality stock, has contributed to vacancy and an oversupply of unsuitable stock. Indeed, this situation has led to the loss of secondary office floorspace through Permitted Development Rights (PDR) conversions to residential use in the Town Centre (a trend which will likely continue). As outlined in the Task 1 Report, Crawley Borough Council data identifies an anticipated net loss of **21,687** sq.m of B1a office floorspace to residential uses in Crawley town centre as a result of PDR conversions. Elsewhere, a varying range, quality and choice of office provision is provided at Hazlewick Avenue, Broadfield Park and Tilgate Forest Business Centre.

4.65 The shortage of Grade A stock in the central area has contributed to the provision of large, high quality offices at Manor Royal, reflecting its ability to accommodate such development.

4.66 Whilst monitoring data from Crawley Borough identifies a number of potential pipeline schemes in the town centre (see Section 4 of the Task 1 Report), the limited availability of new employment land supply is a recognised constraint

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

for the Crawley economy, which as a consequence, has resulted in a significant level of unmet need in employment land terms which cannot be physically met within Crawley Borough. This position is confirmed in the adopted Local Plan (and was addressed in the Task 1 Report) which outlines the importance of addressing Crawley's identified employment land need in order to safeguard and enhance the economic growth of Crawley and the wider area in the short, medium and longer term.

4.67 The precise impact of the potential HOR9 Strategic Employment Site on Crawley Borough as a whole is difficult to ascertain at this early stage in the development of the HOR9 proposals and given the distinct offer at Manor Royal and the changing role and function of the Town Centre area.

4.68 The limited availability of Grade A office supply in the Town Centre could be expected to divert some existing occupiers towards a new Strategic Employment Site. This is especially relevant where there is an acknowledged dominance of older, secondary stock in the Centre which no longer readily meets modern business needs or occupier expectations.

4.69 Ultimately this will depend on the nature and type of future provision in the proposed HOR9 Strategic Employment Site, although there is expected to be a healthy demand for smaller, high quality office provision to support start-up and grow-on business needs and meet evident market demands.

4.70 The wider effect of the prospective HOR9 Strategic Employment Site is also relevant given Crawley Borough's substantial level of identified unmet employment land requirement. A new business park on the proposed HOR9 Strategic Employment Site would help to accommodate a significant level of that unmet need within the same Functional Economic Market Area and near Crawley's administrative boundary as well as in close juxtaposition to Manor Royal and Crawley Town Centre as prominent business and retail locations in the Gatwick Diamond.

4.71 With respect to the non-core floorspace provision proposed on the HOR9 site, the non-core element of provision (e.g. Retail/hotel) is targeted at catering for the needs of new business users rather than competing with nearby town centres such as Crawley.

Other Authorities in the Gatwick Diamond and Beyond

4.72 Beyond Crawley Borough, there are established business locations in the adjoining Gatwick Diamond authorities, although most provide for existing and projected local employment needs, have seen limited speculative development over recent years, and are dominated by older stock and a general limited shortage of Grade A office accommodation.

4.73 A summary of the commercial characteristics of these areas is provided below (including reference to relevant Council monitoring data outlined in the Task 1 Report) to help set the context for establishing the potential impact of a prospective Strategic Employment Site at Horley on each commercial market.

- **Horsham District** - the commercial market is characterised as relatively self-contained and localised, and primarily focused on office provision, that provides for SME's together with a small number of large occupiers, such as Royal Sun Alliance. Horsham Town Centre is the main office

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

market in the District, with take up focused on small units. Recent Council monitoring data confirms a limited level of floorspace under construction for B1a and B1b uses in the District alongside new stock which is focused on Class B8 storage and distribution uses. Other out of town office locations at Southwater, and Broadlands Business Campus support local occupiers although there is anecdotal market evidence of relocations from Crawley to the northern area of the District. Although Council data indicates a high level of B1b pipeline supply (over **14,000** sq.m), level of unimplemented consents for B1a offices are more limited (circa **1,500** sq.m). By contrast, whilst the commercial market for industrial floorspace is relatively localised, levels of emerging supply will provide over **17,700** sq.m of new B8 floorspace, and over **21,000** sq.m of pipeline supply exists for B2 and B8 floorspace across the District.

Given the relatively localised nature of the office market in Horsham alongside evidence of a pipeline of supply which is more orientated towards industrial and storage/distribution floorspace, it is considered that the potential HOR9 Strategic Employment Site would not directly impact on the commercial market in the District. Proposals to the north of Horsham are intended to help meet future local needs, and would not directly compete with the prospective Horley site.

- **Mid Sussex** – Office provision in the District is primarily concentrated at Haywards Heath, and to a lesser extent Burgess Hill and East Grinstead – each of which has different offer. Agents report that the District has supported limited new development over recent years, which has led to increasingly dated stock and unrealised marketed demand. Council monitoring data confirms that a small level of new B1a office floorspace is under construction (**2,930** sq.m) although levels of pipeline supply are more limited at circa **1,000** sq.m. Work currently being undertaken by Mid Sussex District in an Economic Development Strategy Refresh has highlighted a significant unmet demand for employment space within Mid Sussex with the supply of office space having been negatively impacted by significant losses of office space in Burgess Hill and East Grinstead through permitted development rights. By contrast, pipeline supply for B1b floorspace is more significant at **5,000** sq.m. The industrial market is concentrated at Burgess Hill although a consistent theme reported by agents is the shortage of available land for development. An element of B1c light industrial and B8 storage and distribution floorspace is under construction in Mid Sussex although there is a large potential level of pipeline supply across the traditional industrial uses, with over **20,000** sq.m of prospective Class B2 and B8 uses subject to unimplemented consents.

  Whilst the office market differs across the District, the level of new office floorspace (both under construction and pipeline) is identified to be limited. This has the potential to change, particularly in Burgess Hill (see below), subject to prospects associated with the Northern Arc Strategic Allocation, and the proposed Science and Technology Park in future. Both represent significant schemes, although equally it is considered the potential HOR9 Strategic Employment Site (subject to phasing and

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

delivery) would complement these prospects for future supply, and not adversely impact on the wider local commercial market.

- **Mole Valley** – Leatherhead represents the main employment centre in the District and is orientated towards the London market. By contrast, Dorking is a more self-contained market although both markets are dominated by office provision, particularly Leatherhead which supports a number of large HQ offices. Whilst much of the existing supply is of a high standard, there is a recognition that changing needs have implications for the quality of provision which will likely require refurbishment. Council monitoring data confirms that no new commercial floorspace was delivered in Mole Valley in the year to March 2016. In regard to potential pipeline supply, over **6,200** sq.m of B1a office floorspace is subject to unimplemented consents with the focus for future office supply orientated to Leatherhead (primarily at Kelvin House). The market for industrial uses is more limited, which is confirmed by modest level levels of pipeline supply, focused on circa **2,600** sq.m for B2 general industrial uses at Dorking, and circa **1,300** sq.m of Class B8 storage and distribution floorspace.

  Given the commercial profile of Mole Valley, including its orientation to London and its defined office market focused on Leatherhead, there is considered to be little direct impact for the local market from the potential Strategic Employment Site. Whilst the District supports a number of HQ office facilities, levels of new and emerging office floorspace are identified to be modest, and in many ways, a prospective business park on the proposed HOR9 Strategic Employment Site could be expected to complement and co-exist alongside the high quality office market that already exists in Mole Valley.

- **Tandridge** – Within the District, the office market is relatively small and self-contained which supports small business, and is primarily focused at Oxted, and to a lesser extent, Caterham. Due to limited availability, there is a general lack of larger occupiers whilst the proximity and accessibility to the Greater London market is a major influence. Although monitoring data from the Council is limited, a significant level of B1a office floorspace has been lost to residential uses as a consequence of permitted development rights. By contrast, there is a larger supply, and a good range and mix of industrial provision in the District, concentrated at the Lambs Business Centre and Hobbs Industrial Estate although Council data confirms a small level of modest scale completions. Furthermore, the employment land market in the district is heavily influenced and constrained by the Green Belt designation which covers some 94% of the District's area. There are emerging plans in the District for the creation of a new Garden Village that is anticipated to include some **2.5** Ha of new B Use Class employment land. At the time of writing there is not an identified location, mix of uses/business activities or timeframe for development, however it is important to note that the Garden Village is likely to be developed during the lifetime of the HOR9 sites development. Assessment of the effects and impacts between HOR9 and the Garden Village should be assessed in future when sufficient detail is available. Reigate and Banstead Borough and

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Tandridge District will therefore need to continue to work together to ensure that a complementary approach is taken.

In view of its relatively small office market, which serves local needs, and the general absence of new emerging supply, there is considered to be no significant direct impact of a potential Strategic Employment Site at Horley on Tandridge. Rather, the main impact locally appears to be the loss of B1 office floorspace that has occurred over recent years to alternative uses, particularly due to Permitted Development Rights conversions. The constraints of the Green Belt further impact on the ability to accommodate large scale development. On this basis, it is considered the potential HOR9 Strategic Employment Site would not compete with existing provision in the District.

- **Epsom and Ewell** – The Borough is characterised by a limited supply of commercial floorspace, which is focused on B1a office supply. Offices are focused in Epsom town Centre and the East Street area, which is not recognised as a large office market and is concentrated on smaller dated units, in part a reflection of its proximity to the Guildford market. Over recent years, the most recent Council monitoring data confirms that the Borough has experienced a significant loss of B1a office floorspace because of changes to Permitted Development Rights, totalling over **11,000** sq.m, focused primarily in Epsom. By contrast, industrial supply is predominantly focused at the Nonsuch and Longmead Business Parks. For both offices and industrial floorspace, feedback from Council officers indicate there has been little new supply in the Borough, whilst pipeline supply is limited.

  As a consequence of the small scale nature of the office market in Epsom and Ewell, and in the general absence of any new supply, there is unlikely to be any direct impact on the local commercial market arising from a potential HOR9 Strategic Employment Site business park.

4.74 In addition to the adjoining authorities comprising the Gatwick Diamond, the influence of the London Boroughs of Sutton and Croydon is also important to consider.

- **LB Sutton** - As an outer London Borough, which adjoins Reigate and Banstead, the Borough predominantly supports industrial provision. In contrast, its office market is considered more localised, lacking critical mass, and orientated towards smaller scale occupiers. This is considered to limit its ability (alongside its poorer rail connections to competitor London Boroughs) to secure larger occupiers or relocations from inner London. Office activity has largely focused on the refurbishment of vacant floorspace although Council monitoring data confirms that over 13,000 sq. m of B1a office floorspace was under construction at end 2016 with limited levels of B1a pipeline supply. By contrast, the level of potential B1b floorspace subject to unimplemented consents is more substantial (over 10,000 sq.m) whilst prospects for future supply is anticipated to increase substantially as plans for the London Cancer Hub (up to 265,000 sq. m) move forward. However, the same monitoring data confirms a substantial recent loss of B1a floorspace to alternative uses (over 84,000 sq. m). In the context of the

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

industrial market, demand is considered relatively healthy although supply is acknowledged to be tight, which has led to refurbishment of older stock. Whilst recent Council monitoring data confirms over **12,000** sq.m of Class B2 general industrial floorspace as under construction, levels of pipeline supply across the B1c/B2/and B8 uses classes are limited (circa **6,000** sq.m) and monitoring confirms a significant loss of Class B2 floorspace to alternative uses.

Given the nature of the office market has been relatively localised and increasingly focused towards attracting relocations from central London, alongside its location at the fringe of the study area, it is considered that a potential HOR9 Strategic Employment Site will have no adverse impact on the local commercial market. Furthermore, the proposed London Cancer Hub (see below) represents a large, specialist life science campus that is sector specific, and therefore clearly differentiated from the business park proposed at the HOR9 site.

- **LB Croydon –** The Borough supports the largest office market in outer London, which has benefitted from new office activity over recent years (e.g. Renaissance and Interchange, Ruskin Square) that has helped increase the quality of Grade A stock in Croydon and supported good levels of take up, particularly in seeking to secure relocations from the City and West End. This position is confirmed by available Council monitoring data for the Croydon Metropolitan Centre which identified over **72,000** sq.m of B1a floorspace as under construction over recent years, and a potential pipeline supply of over **75,000** sq.m. However, despite this high level of office floorspace gain, the overall net employment position is recorded to have lost over **5,000** sq.m of office stock largely due to PDR conversions. Furthermore, local agents market commentary indicates a potential concern that the recent take up of Grade A stock has reduced the availability of quality office floorspace in Croydon. The industrial land market remains strong although Council monitoring data over the period 2010-2015 confirms an overall decline (**5%**) in the total overall stock of Class B1c/B2/B8 (and B1b) floorspace across the four employment hierarchy tiers in the Borough, driven in part by pressure for alternative uses, particularly for residential uses.

  Croydon supports a large office market and over recent years has successfully secured several high quality office schemes to help target relocations from Inner London, including a role as an office hub for government and HQ offices. On this basis, it is considered the strength of Croydon as an office location would not be adversely impacted by the potential HOR9 Strategic Employment Site and in this context, the commercial market in Croydon will continue to build on its regeneration and office destination focus.

4.75 In summary, the existing commercial offer across the Gatwick Diamond (together with the London Boroughs of Sutton and Croydon) primarily provides for existing and projected local commercial needs, both in office and industrial terms. Consequently, the impact of the HOR9 Potential Strategic Employment Site on local markets is considered limited and one which is differentiated by scale and proposed offer from the existing role and function of established provision.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

4.76 Competition effects could occur in relation to Manor Royal, which reflects its current ability to meet larger B1 office requirements and its geographical proximity to the proposed HOR9 Strategic Employment Site. The growth of Manor Royal Business District remains dependent on land availability which is increasingly limited and opportunities for future larger requirements will ultimately be required if employment land needs and economic growth objectives at the local level are to be met in future.

4.77 It remains that the potential for strategic employment sites in the Gatwick Diamond is well established in the context of significant levels of economic and employment growth projected for the future. Except for several potential emerging schemes that could address such matters over time (see below), there remains a lack of existing comparable high quality provision overall especially in campus-style, highly accessible locations.

Potential Emerging Competitor Supply

4.78 Whilst the focus of this Report is on existing supply, there are large scale, emerging proposals which, if approved and delivered to the market, could represent competitor supply to the potential HOR9 Strategic Employment Site in the future. These schemes represent potential large-scale office or related employment land and floorspace supply within the Gatwick Diamond area. Although none of the schemes has been developed and a number have not advanced beyond concept planning stage there is a prospect that some, or all could be consented and implemented during the same period as the proposed HOR9 allocation's development. It is therefore important to consider the potential effects that may arise for these prospective large scale schemes.

4.79 A summary of this prospective supply is provided below:

- **North of Horsham (Horsham District)** – A large mixed use development is proposed by Liberty Property Trust on land to the north of Horsham, based on a new community of circa **2,750** dwellings and supporting mixed uses, including a business park of **46,450** sq.m (**500,000** sq.ft). The area is identified in the adopted Horsham District Planning Framework as the major mixed use allocation for the District and is currently subject of a planning application with a resolution to grant permission. The employment provision is promoted to address the general absence of suitable provision in Horsham over recent years, and is estimated to have scope to support up to **4,000** jobs. It is promoted to help meet local needs but equally seeks to attract new occupiers to the District. A new bus hub and a potential parkway station are proposed to ensure suitable public transport services. It is understood that the business park will provide a range of unit sizes/types, in a campus setting with landscaped grounds. Details of the phasing and specific mix of employment units have still to be confirmed although it is understood to be an office (Class B1a) employment led scheme.

  The business park represents a comparable type B1a office led provision although this is of a significantly smaller scale to the proposed HOR9 Strategic Employment Site. Furthermore, the Horsham proposal is

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

intended to serve local needs and address a provision gap which currently exists in the District. It is considered that this scheme would successfully co-exist at the local level, and help meet local unmet needs within the Horsham property market, particularly in providing for high quality, modern stock, alongside a range and choice of provision in an area that has a dearth of available good quality supply

- **The Northern Arc, Burgess Hill (Mid Sussex District)** – The District Council granted outline planning permission in November 2015 for up to **50,000** sq.m of employment floorspace on land to the north west of Burgess Hill. The site forms part of a larger strategic allocation to the north and north west of Burgess Hill (draft Policy DP9 of the emerging District Plan), for up to **3,500** homes and **30** hectares for a high quality business park. The allocation and policy is currently subject to scrutiny through the ongoing Mid Sussex District Plan examination.

  Progress is accelerating on the delivery of the 25ha of employment land allocated west of Burgess Hill with an outline permission granted for the 15ha Hub site and the first reserved matters application due to be resolved early next week. It is anticipated that the outline application for the remaining 10ha is due to be progressed in Autumn this year.

  The prospective employment floorspace at The Northern Arc forms part of a strategic draft allocation, which in employment terms, is considered important in meeting the future employment needs of Burgess Hill and the wider District. Given its local focus, it is not anticipated that the potential HOR9 Strategic Employment Site would impact on this site although it is recognised there could be scope for The Northern Arc to meet unmet needs from adjoining authorities, particularly to the south. This is based on current understanding of uses at the respective sites, which (for both) is still at the early stage. Notwithstanding this, and subject to phasing and delivery considerations, the potential Strategic Employment Site would co-exist with development at The Northern Arc.

- **Science and Technology Park, Burgess Hill (Mid Sussex District)** – The District and West Sussex County Councils are seeking to promote a Science and Technology Park of circa **100,000** sq.m on some **34** hectares of land to the west of Burgess Hill, to help support research and development, and to deliver high quality employment and inward investment opportunities to the Gatwick Diamond area. The concept for the site is focused on developing a Science and Technology Park and is identified in the emerging District Plan (draft Policy DP2), subject to the current Plan examination. Work is also progressing on the Science and Technology Park and the District Council anticipates the need to prepare a Masterplan for this site in due course.

  Given its focus on research and development (Class B1b) uses, the prospective dedicated Science and Technology Park (STP) is considered sufficiently differentiated in concept and approach from other business parks given its focus on research and development led by an anchor higher education occupier/development partner and proposals for active tenant/occupier management to drive a research focus for activities on-site. If delivered, the STP scheme represents a sub-regional facility and

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

has been recognised as an objective for the Gatwick Diamond economy's future growth in the Coast to Capital LEP *Strategic Economic Plan*, the Greater Brighton City Deal and the *Gatwick Diamond 2012 Local Strategic Statement*.

The delivery of a STP alongside the potential HOR9 Strategic Employment Site is considered to represent an approach that would secure high quality complementary facilities for the Gatwick Diamond, both of which could provide a range and choice of exemplar facilities for large, corporate occupiers and for research focused activities, whether of a bespoke nature or to meet market requirements.

Overall, it is considered the economy can, in commercial market terms, accommodate both to help support economic growth and investment in the Gatwick Diamond area.

The detailed development proposals for the HOR9 Strategic Employment Site have not been finalised, neither have the detailed proposals for the proposed Science and Technology Park. It is not possible to consider potential cross impacts on delivery of the two schemes on each other without further and specific detail of the nature of individual occupiers/sectors and the likely level of market demand that each would then satisfy and over what time period. Reigate and Banstead Borough and Mid Sussex District will therefore need to continue to work together to ensure a complementary approach is taken.

- **The London Cancer Hub, Sutton (LB of Sutton)** – A global centre for cancer innovation, based on a campus for life sciences of more than **265,000** sq.m, is proposed, based on a partnership between The Institute of Cancer Research (ICR) and the London Borough of Sutton (with support from the Royal Marsden NHS Foundation Trust and the Greater London Authority). Acknowledged as a long term programme (20+ years), the Hub seeks to combine research buildings, hospital facilities, school and ancillary support facilities for researchers, support and clinical staff, specialising in cancer research, treatment, education and commercial collaboration. The scheme is promoted as a major regeneration project for London, and seeks to enhance and remodel the existing facilities of the ICR and Royal Marsden alongside the expansion of life sciences research on site.

  The London Cancer Hub represents a highly specialist facility which is intended to be phased over 20 years and dedicated to the life sciences sector. Given its unique sectoral focus and its direct relationship to existing research and medical facilities at the ICR and Royal Marsden, the promotion of an integrated global life sciences campus, would not be impacted by the proposed HOR9 Strategic Employment Site which is orientated towards a mainstream B1a office led business park.

- **Gatwick Area of Search Sites, Crawley (Crawley Borough)** – business park and science park developments have, over a number of years, been promoted on land between Gatwick Airport and the M23 motorway. To date, no development proposals have moved forward given the safeguarding of land at Gatwick Airport to address the future expansion needs of the Airport, if required.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

The prospects for such developments are entirely dependent on the future release of the Airport safeguarded land. At this stage, the land is not available and it is understood is unlikely to change in the foreseeable future.

It is important to note a number of potential employment sites were publicly promoted to Crawley Borough Council through the Employment Land Trajectory process which shows that sites have been promoted that could provide approximately 122 Ha of land for a strategic employment location. These sites are all subject to the same Gatwick Airport safeguarding constraints. Policy EC1 of the adopted Crawley Borough Local Plan establishes that the most appropriate location for a strategic employment site in Crawley would be at the north of the Borough close to Manor Royal. Were safeguarding to be lifted Crawley Borough Council would undertake a review of land within the 'area of search' identified on the Local Plan Key Diagram to scope options and identify the most appropriate location(s) for strategic employment

Conclusions

4.80 The wider commercial market effects of a potential Strategic Employment Site of up to **200,000** sq.m in the Gatwick Diamond area and further afield are difficult to distil in detail. Nevertheless, it is inevitable that the delivery of this scale of new commercial provision would be expected to have some impact on the local commercial market, including the displacement of some existing occupiers from existing employment sites.

4.81 Whilst this is part of the natural 'churn' of employment land stock, much will depend on the phasing of future delivery together with the nature of provision, which this Report assumes will be office led (B1a), with a more limited level of B1b, B1c and non B Class uses.

4.82 At the Reigate & Banstead Borough-wide level, commercial evidence indicates that a new Strategic Employment Site would help meet the healthy levels of demand and local needs of the Horley area, together with those in the Reigate and Banstead area. It would also help to meet the significant unmet needs of Crawley.

4.83 Furthermore, it is important to emphasise that when considering the type of provision at the potential Strategic Employment Site regard should be had to the strong levels of demand for industrial (light industrial, and storage/distribution) uses that exist locally, with significant levels of unmet requirements reported.

4.84 Analysis of the wider commercial market and existing supply of employment land sites in adjoining Gatwick Diamond authorities confirms a general trend of a localised, relatively self-contained markets for offices and industrial uses. The absence of a Strategic Employment Site serving this area is relevant to all the adjoining authorities, and in many ways, has helped to reinforce the creation of localised commercial markets.

4.85 Of all the existing sites, the Manor Royal Business District is considered the site that could be most impacted by the proposed HOR9 Strategic

Employment Site. Manor Royal has successfully developed its office offer and has accommodated several large office schemes over recent years. However, land availability at Manor Royal is limited which has implications for fulfilling future requirements in the Borough. The reality is that both sites should be considered as complementary employment sites, to ensure that inward investment is secured and commercial needs are retained within the core of the Gatwick Diamond, for the benefit of the wider sub-region.

4.86 Possible future sites (not yet committed) have been identified which could contribute significantly to future supply, namely in Mid Sussex and Horsham. However, in both cases, the sites are considered important in delivering much needed modern stock to primarily serve their local market needs and offer a choice over an established supply of older, dated stock which is increasingly unsuited for modern requirements. Similarly, the potential delivery of a Science and Technology Park at Burgess Hill is a specialist and unique employment offer, which is specifically orientated towards research and development. The important issue at this site will be to maintain the high quality, science and technology focus to ensure its commercial appeal is not diluted. Further afield, the proposed London Cancer Hub is focused on the life sciences sector and seeks to consolidate the global expertise which exists at established research and medical facilities in Sutton. This is fundamentally different to a B1a led office business park and raise no concerns in commercial competition terms.

4.87 As outlined in detail at Section 3, there are several key ingredients and parameters which are considered essential for delivering a successful Strategic Employment Site. Such factors include a high quality environment, ancillary support uses, hard and soft infrastructure and size of floorspace, have significant implications for the deliverability and viability of a successful business park.

4.88 It is imperative that these key ingredients are fully embraced and offered through the proposed HOR9 Strategic Employment Site scheme to ensure the site is sufficiently differentiated from existing local and Borough-wide market provision but equally to ensure that a quality brand and perception is promoted to the commercial market. Ultimately the success of such business park sites is dependent on their appeal to the market, and in ensuring that the available offer can meet the needs of the local market and further afield, particularly from the corporate sector.

4.89 Flexibility is key and this represents a major potential advantage and point of differentiation for the potential Strategic Employment Site in comparison with existing town centre offices and other potential competitor/comparator provision. Flexibility gives the ability to better respond to market needs over time.

4.90 Planning tools such as robust policies and masterplans are needed to set and maintain quality, support a phased approach to land release and ensure flexibility. Together, these are factors that will help to differentiate the HOR9 site and to extract the most positive economic and commercial market benefits from the development.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

5. CONCLUSIONS & RECOMMENDATIONS

Introduction

5.1 This Task 2 Report has considered the potential economic impacts and wider effects arising from the development of some 200,000 sq.m of B Use Class commercial floorspace (principally B1a offices) together with supporting, ancillary services on the potential HOR9 Strategic Employment Site.

5.2 This section draws the Task 2 analyses together with summary conclusions and a series of recommendations for planning policy.

Economic Effects

5.3 The proposed HOR9 Strategic Employment Site is assumed to have **200,000** sq.m core business space and **10,500** sq.m non-core floorspace for the basis of assessing economic impacts.

5.4 A commercial development scheme of this size would be a major transformational project, with economic impacts far wider than the Reigate and Banstead local economy. Achieving this scale and form of change will require a coordinated and proactive planning and management approach, and the final form of economic impacts could vary appreciably from the pre-development assessments provided as part of this Report.

5.5 The timeframe and phasing of a project of this scale will extend beyond the current Local Plan planning horizon, realistically extending beyond 2027. This means that the economic impacts of the development will take many years to emerge, which will also enable the local and surrounding economies time to adjust.

Job Creation

5.6 There could be **11,985** direct operational jobs generated from the Proposed Strategic Employment Site in Reigate and Banstead. This is assumed to be split **11,681** core business space (B Use Class) jobs, and **303** non-core (Non B Use Class) jobs.

5.7 There could be **4,473** direct construction-related jobs associated with the Proposed Strategic Employment Site as it is being built-out.

5.8 There could be **7,191** indirect jobs associated with the operational element of the proposed HOR9 Strategic Employment Site (**7,009** with the B Use Class sector and **182** with the Non B Use Class sector), and **2,684** indirect jobs associated with the construction element of the project.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Labour Force

5.9 Potential sources of workers to meet these levels of employment may arise from three broad sources:

- increased employment activity levels in the Reigate and Banstead population;
- 'clawback' of Reigate and Banstead residents currently working outside of the Borough; or
- attraction of workers from outside of the Borough. This indicates that an additional **621** in-commuters would be required to secure a balance of demand and supply.

5.10 The **11,681** direct B Use Class jobs may be sourced from the following categories:

- Natural Employment Growth, Increased Economic Activity Rate, Reduced Unemployment Growth in Reigate and Banstead – **5,100**
- Commuting Clawback – **1,407**
- Crawley Unmet Need – **4,553**
- Additional Potential Commuting Inflow – **621**

5.11 Approximately **56%** of the direct operational employment on the Proposed Strategic Employment Site (**6,507** jobs) may be likely to be taken-up by residents of Reigate & Banstead Borough.

5.12 The **303** direct Non B Use Class jobs may be sourced from the projected 'natural' growth in **5,572** Non B Use Class jobs in Reigate and Banstead over the period 2015 - 2035.

5.13 The **182** indirect Non B Use Class jobs may also be delivered from the growth in **5,572** Non B Use Class jobs. This leaves a 'residual' of **5,087** jobs from the projected 'natural' growth in **5,572** Non B Use Class jobs.

5.14 The 'residual' of **5,087** will help in meeting the expected **7,009** indirect jobs associated with the operational B Use Class element of the HOR9 Proposed Strategic Employment Site. This means that potentially **1,922** indirect jobs are likely to be based outside of the Reigate and Banstead economy, unless the local economy could expand further than assumed.

Skills

5.15 The potential workforce has the appropriate skills and qualifications base within the local Reigate and Banstead area. Indeed, Reigate and Banstead has a relatively highly skilled workforce, with **56.3%** in Managerial, Professional and Technical occupations, compared with **49.6%** in the South East (Nomis, *Labour Market Profile – Reigate and Banstead*, Oct 2015-Sept 2016). The professional and private services sectors represent almost **40%** of businesses in the Borough.

5.16 Given the nature of construction jobs for a development of this nature, then it is likely that most of these jobs would be from outside of the Reigate and Banstead local economy. There may be employment growth potential for the

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

local economy related to the construction sector, but this requires that there is capacity in the local economy to deliver this.

Components of Successful Business Parks

5.17 A range of models for developing high quality and successful large-scale office-led business parks exist. This reflects the difference between them in terms of size, design, focus, setting and maturity.

5.18 The most important contributions of a successful business park to the local economy are:

- A **highly visible** centre for business and innovation in the local area;
- Providing **specialised modern property and facilities** for businesses; and
- The **creation of flexible space** to support new businesses to start and grow-on within the same facility.

5.19 There are a number of common key components influencing the form and nature of successful business parks. These have been examined and include:

- Knowledge base;
- Active management regimes;
- Hard infrastructure:
    - business incubator facilities;
    - move-on space;
    - specialist space and equipment;
    - shared meeting and conference space; shared communal facilities); and
- Soft Infrastructure:
    - business support services;
    - environmental enhancement; and
    - sustainable transport initiatives.

5.20 Evidence suggests that the proportion of tenants (**but not necessarily floorspace**) is within the following broad ranges:

- Incubator/Start-ups: **20-30%**
- Expanding/Stable businesses: **30-40%**
- Major/Anchor occupiers: **30-40%**

Incubation Space

5.21 In broad terms, incubation space may represent **5%** - **15%** of the total size of a business park. It would be reasonable to expect to provide between **2,000** to **5,000** sq.m of incubation-related facilities in the proposed HOR9 Strategic Employment Site.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Move and Grow-on Space

5.22 Move-on or Grow-on space is an important component of a successful office-led business park campus. The quantum of such space is dependent upon a number of factors, including whether there is a major anchor tenant(s) in place and the overall success of the park, including the effectiveness of marketing and promotion of the scheme. Typically, however, such space can represent **50%** of total floorspace. Unit sizes can range from **25** sq.m (**275** sq.ft) to **465** sq.m (**5,000** sq.ft), although larger units can be provided if demand exists.

Anchor Space

5.23 An anchor occupier tenant or tenants are an important ingredient to the long term success of a large-scale business park. The typical anchor tenant employs approximately **200** people, and occupies **3,150** sq.m. They may represent **10-20%** of floorspace, at least during the initial phases of the scheme. Parks with a wider range of anchor tenants can see these occupiers making-up between **30-40%** of total commercial floorspace. Building design and occupation arrangement for such tenants can be key differentiators from incubator and move on/grow on space. Certain major tenants may seek built-to-design units (meaning that the parameters and design guidelines set out in planning policy, any site masterplan and original planning permission are critical).

Other Facilities

5.24 Shared meeting room provision can be from under **100** sq.m to between **250** - **500** sq.m. A mix of sizes are generally provided. Conference facility provision is generally less than **100** sq.m if focussed on meting 'local' demand, but if a regional or national venue is envisaged then this may be up to **500** sq.m.

5.25 To make the business park a community of businesses rather than simply a collection of individual premises, the design and management must ensure as much interaction as possible between the people working within the business park. The typical range of community facilities provided, depending on the size and location of the business park, includes:

- on-site catering;
- limited retail provision;
- Gym;
- Crèche; and
- Medical services.

5.26 The key issue for Reigate & Banstead Borough in terms of planning policy (and any planning application determination) is ensuring that the site and building-by-building development phasing supports (and is supported by) a clear business model approach ensuring that floorspace is effectively used as it is completed and that there is sufficient adaptability/flexibility in building parameters to meet changing market demands, workspace practices and occupier requirements over time. It is also important to ensure that supporting services and infrastructure are delivered at the appropriate time.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Commercial Market Effects

5.27 The proposed HOR9 Strategic Employment Site will help meet local demand needs of the Reigate & Banstead Borough area, and provide a character, quality and choice of supply which is not currently widely available in the Borough.

5.28 The local commercial market is characterised by high levels of demand and limited supply, reflected in the healthy performance of many existing employment sites. At the local level, given the nature of the local office market in Horley, there is expected to be a limited impact from the proposed HOR9 Strategic Employment Site which will primarily appeal to larger, corporate occupiers. There is more potential for a possible impact on corporate occupiers in Reigate, and a lesser extent, Redhill.

5.29 Where there is displacement of existing businesses from the Town Centre areas this opens the available supply enabling those units and buildings to be re-let. Any effect is therefore beneficial to ensuring a choice and mix of employment floorspace locally.

5.30 The proposed HOR9 Strategic Employment Site would help support the unmet employment land/floorspace requirements of Crawley Borough arising from the growth of that area to 2030.

5.31 Of all sites, Manor Royal in Crawley is considered the most comparable employment offer, particularly in its ability to meet requirements from larger, corporate occupiers. This large established business area is near the proposed HOR9 Strategic Employment Site and could be expected to see competition for future growth given its large requirement, corporate focus. However, both sites can be considered as complementary to each other helping to ensure that the revealed needs of a variety of requirements can be accommodated in the local market area.

5.32 The absence of new development over recent years and the dominance of older, secondary accommodation, has led to an oversupply of vacant offices in certain locations. Many commercial centres have experienced the loss of office floorspace through PDR conversions to residential. The development of the proposed HOR9 Strategic Employment Site may reinforce these trends, where new supply proves attractive to existing occupiers seeking more modern accommodation.

5.33 As noted for centres in Reigate & Banstead Borough, displacement of existing businesses will in turn open up re-letting opportunities and may, in addition encourage the refurbishment of existing secondary grade stock in order to compete. Of course, there is potential that unused floorspace is turned over to alternative uses via PDR conversion however there is revealed market demand (see Task 1 Report) that shows a clear and growing demand for B Use Class floorspace.

5.34 Elsewhere in the Gatwick Diamond, the commercial market is primarily focused on existing employment land sites which provide for existing and projected local needs. It is considered the proposed HOR9 Strategic Employment Site would not materially distort these localised markets but would importantly provide a complementary facility that is not currently available in individual markets, and for the wider benefit of the Gatwick Diamond sub-region.

5.35 Large, competitor sites (currently in pre-planning or concept feasibility stages) have the potential to deliver new business floorspace in the local area, particularly in Horsham and Mid Sussex. However, the majority of supply, assuming it is delivered, is considered important in meeting local market needs. The exception is the Science and Technology Park proposed at Burgess Hill and the London Cancer Hub in LB Sutton although both are intended to focus on research and development and will offer a specialist, sub-regional facility (and in the case of the London Cancer Hub, a global life sciences expertise), as opposed to a large, more generic business park environment. It is considered the local market can accommodate this new supply and it can co-exist commercially alongside the proposed HOR9 Strategic Employment Site.

5.36 There are several key ingredients which have major implications for the deliverability and viability of a strategic employment site. These will help to establish the context and commercial appeal of the site in market terms, which will ultimately determine its impact on existing sites. The phasing of development and nature of product offer will have major implications for the impact on demand of established commercial locations.

Recommendations for Planning Policy and Approach

5.37 The following recommendations for Reigate and Banstead planning policy are made. It is envisaged that relevant policy direction would be provided through the *Development Management Plan* policies or a site-specific masterplan/Area Action Plan. A Supplementary Planning Document (SPD) or Local Development Order (LDO) covering the proposed HOR9 Strategic Employment Site might also be considered.

Site Specific

- **R1: scale and mix of commercial floorspace** – policy should set out the overall scale and mix of B Use and non-B Use Class floorspace that the proposed HOR9 Strategic Employment Site can develop. It is recommended that policy establishes a series of overarching parameters for overall scale (and any sub-mix floorspace parameters) to allow flexibility and some level of adaptability for future planning application(s) to shape the more precise quantum of floorspace and the detailed use mix. Section 3 sets out evidence and contextual information from other comparable scale Business and Science Parks in the UK concerning the mix and split of floorspace between incubator/start-up, move/grow-on space, and larger established occupier provision. The section also identifies the scale of other ancillary and supporting facilities including events, meeting and conferencing space. It is recommended that these broad scales of provision form the basis for policy direction and guidance.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

- **R2: development phasing and timing** – the scale of total development envisaged at the HOR9 site means that effective delivery phasing and timing will be critical. This is to ensure that the local and wider commercial market can sustain and absorb the level and types of new floorspace that will be created but also to ensure that critical transport, green and community infrastructure is provided in advance or in tandem with the site's build out and occupation programme. The scale of development proposed is likely to involve a construction and completion/occupation in multiple phases within and beyond the current Local Plan period. Policy and supporting evidence is needed to identify the overall programme and critical milestone thresholds which may trigger the need for infrastructure or planning contributions to be made.
- **R3: supporting uses and ancillary facilities** – are critical to the success of a potential Strategic Employment Site such as HOR9 for the ultimate development to be considered sustainable in economic, social and environmental terms. It is therefore important for policy to be established that provides a basis to support ancillary and supporting community facilities on site such as cafes, gyms, crèche and potential health care/medical provision. Planning policy and direction in the Borough's *Development Management Plan* is needed to allow for such uses to come forward outside of the existing hierarchy of centres to avoid adverse impacts arising for Horley and more widely for Reigate, Redhill and further afield particularly for Crawley town centre and Manor Royal areas in Crawley Borough. Policy will need to be supported by a comprehensive assessment of potential retail, community and related impacts to ensure appropriate mitigations or planning obligations/contributions are secured in determining any planning application for the site.
- **R4: securing soft infrastructure** – Section 3 of this Task 2 Report considered the importance of soft infrastructure within the overall development of a prospective HOR9 Strategic Employment Site. Soft infrastructure was concluded to be critical to the successful development, occupation and integration of the Business Park. Planning policy direction through the *Development Management Plan* is therefore necessary to ensure that appropriate soft infrastructure is delivered, managed and maintained over the lifetime of the Business Park. The policy or guidance should specify what soft infrastructure items are envisaged and be used to benchmark and test any future planning application and to secure appropriate planning obligations or planning conditions for the scheme accordingly.
- **R5: masterplanning and design coding** – given the scale and nature of the proposed HOR9 Strategic Employment Site it is recommended that an appropriate site masterplan be prepared and that this, together with more detailed design coding for individual plots/parcels and spaces within the site be agreed and adopted into policy of supplementary guidance as appropriate. The extended timing of delivery and the need to ensure that there is a high level of overall quality in terms of the design and performance of the site as whole, individual buildings, key gateways, circulation and movement areas, and green infrastructure spaces

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

requires a clear set of design principles and codes be created. This will allow effective control of the overall development over time and ensure future phases (which may be at the end or beyond the current plan period) can be controlled and permitted swiftly. It may be appropriate to use a site-wide SPD or LDO, in conjunction with a site masterplan to help control the use, amount and design of individual areas or parcels of the site.

Economic Effects

- **R6: review and monitoring of economic impacts arising** – the economic impacts identified here in this Report are based on a notional scheme and considering some significant assumptions made on floorspace mix, etc. There is a need therefore to ensure ongoing economic effects modelling and impact testing as the proposed scheme is implemented and constructed. Ongoing economic impacts testing may therefore need to be incorporated into any future S106 planning obligation for the potential Strategic Employment Site's development.

Labour Force and Skills

- **R7: securing local labour force economic opportunities** – there are clear opportunities to support local economic growth, supply chain development and skills / capacity building as the proposed HOR9 Strategic Employment Site is taken forward. The use of construction and local labour compacts, local supply chain procurement clauses and similar skills/capacity support and outreach (in conjunction with local education and training providers) will be essential to ensure that the proposed development can be fully and positively embedded in the local Reigate and Banstead economy. The use of criteria in the Borough's *Development Management Plan* policies, together with appropriate planning conditions or S106 obligations for any planning permission, will ensure that this recommendation can be implemented, managed and monitored over time.

Chilmark Consulting Ltd
T: 0330 223 1510
E: info@chilmarkconsulting.co.uk

Wiltshire

Albany House
High Street, Hindon
Wiltshire
SP3 6DP

T: 0330 223 1510

Bristol

10, Victoria Street
Bristol
BS1 6BN

T: 0117 3324 573

E: info@chilmarkconsulting.co.uk
Twitter: @chilmarkUK

chilmarkconsulting.co.uk