

Appendix 2

Review of regional and sub-regional studies and strategies relevant to the Crawley/Gatwick area

- 1 An assessment of the demand for employment land and floorspace in the wider Crawley/Gatwick area requires a clear understanding of the regional and sub-regional economic and infrastructure policy context. These policies all point directly to the rationale for, and potential of, concentrating a significant level of economic activity in the wider Crawley/Gatwick area, taking advantage of its existing strengths and potential to build on these through sustainable economic growth. This policy cannot be realised without significant provision of integrated economic infrastructure: employment land, community transport, highways, transport interconnections, broadband, education, housing and leisure.
- 2 There are a number of regional and sub-regional studies and policy documents that are all pointing towards developing the economic infrastructure in the Crawley/Gatwick area.

Regional policy and infrastructure

The Gatwick Diamond Initiative

- 3 The need for a new strategic business location / international innovation and business park related to Gatwick Airport has long been a part of sub-regional policy including providing a new knowledge-based airport-related business hub offering international business connectivity¹. The Gatwick Diamond LDF group of local authorities commissioned GVA Grimley (2008)² to consider the spatial implications of the Futures Plan and the future delivery of employment space across the sub-region. The Study recommended that the authorities work together on delivering more employment land, and higher level intervention to achieve a Strategic Business Hub and accelerated growth in the key centres, including Crawley. The same councils jointly produced the Local Strategic Statement (LSS)³, which was clear *“that in the short and medium term the primary focus for new business development will be the areas around Crawley and Gatwick, reflecting their existing strength as a business location and the potential for attracting growth to this location”*.
- 4 The LSS identified the need for *“investment in sustainable transport at the regional hubs, Crawley/Gatwick and Reigate/Redhill”* and the need for joint working *inter alia* *“to establish the*

¹ Gatwick Diamond Futures Plan, GHK, 2008

² Gatwick Diamond LDF Group Study, GVA Grimley, 2008

³ Gatwick Diamond Local Strategic Statement, Gatwick Diamond local authorities [excluding Tandridge DC], March 2012

desirability of and location for a new science/technology park or parks, possibly linked to new or improved health or education facilities...an environment and target market which clearly sets it or them apart from existing business locations". This work led to the Memorandum of Understanding (MoU)⁴ to promote collaboration on policy, previously referred to in this representation. The Gatwick Diamond Strategic Business Plan (2016)⁵ required local authorities to adopt plans that provided for growth to meet housing, office, property and infrastructure needs and to implement the LSS. Joint working between the West Sussex and Surrey members of the Gatwick Diamond under the MoU ceased around 2011, with strategic economic planning thereafter truncated by the County boundary. This, coupled with the failure to bring forward any meaningful strategic employment land focused on Crawley/Gatwick, has placed a major brake on the economic potential of the region and sub-region.

The Coast to Capital Strategic Economic Plan, 2018

- 5 The Coast to Capital Strategic Economic Plan (SEP)⁶ identifies Gatwick Airport as the driver of, and location for, economic growth given its place at the geographical and economic heart of the region. The Airport is the beating heart of business in the region and *"central to our plans to unlock future productivity and prosperity for our area as a whole"*. The SEP sets out the spatial implications of its approach, which supports growth of the Airport and that *"A stronger industrial base in our area, based around the airport, will spread to the coastal and rural economy"* (page 16). Eight economic priorities are identified, including developing business infrastructure and support focused on developing high quality business space so that business can flourish and bring better paid jobs to the area (page 23). Other priorities relate to creating skills, pioneering innovation, improving transport and mobility, enhancing broadband and raising the profile of the area (page 23). Delivering priorities at Crawley/Gatwick will therefore require land for growth and development linked to private-public investment in infrastructure.

- 6 The SEP highlights that the main constraint on future growth is that business infrastructure has failed to keep pace with growing expectations of investors and international businesses. It is notable that no major new business parks have been built in the area since Manor Royal in 1950 (page 70), and goes on to note that the business parks at Horsham, Burgess Hill and Horley will not be sufficient to meet future needs. The SEP notes that area's business park capacity is therefore significantly behind many other parts of the South East, further compounded by the loss of floorspace to residential uses (12% in Crawley since 2013).

⁴ MoU between Surrey County Council, West Sussex County Council, Crawley Borough Council, Horsham District Council, Mid Sussex District Council, Mole Valley District Council, Reigate and Banstead Borough Council, Tandridge District Council

⁵ Gatwick Diamond Strategic Business Plan 2013 – 2016 (update June 2014), Gatwick Diamond, June 2013

⁶ Gatwick 360° The Coast to Capital Strategic Economic Plan 2018-2030, Coast to Capital LEP, 2018

Coast to Capital Local Industrial Strategy

- 7 The Coast to Capital LEP is preparing the Local Industrial Strategy (LIS). Early work on specific areas has identified two emerging priorities, both being advanced by Hatch Regeneris:
1. The need for a costed plan for infrastructure investment to support the growth of the towns and sustainable employment and commercial opportunities around Gatwick. This includes the need for joint planning of infrastructure including for sustainable transport needs and investments.
 2. More work on the supply and demand of business infrastructure, followed by a meeting with Councils and property agents to quantify supply and demand. The Gatwick area property demand study by Savills⁷ is cited as a source of evidence for this work.
- 8 The more detailed work is aiming to identify the level of need / demand for major economic infrastructure around Crawley/Gatwick consistent with the aims of the SEP. It is likely that the LIS work will result in recommendations being made on the scale and nature of the strategic land and investment in economic infrastructure needed in the Crawley/Gatwick area and a costed plan for its implementation. Under the NPPF, planning polices should have regard to LISs and other local policies for economic development and regeneration (para 81(a)).
- 9 The LEP has released a number of evidence base documents, two of which^{8 9} contain a number of key findings relevant to the economic and spatial strategy for the Coast to Capital LEP area. This was informed by a high-level review of the profile of commercial and industrial property and a broad assessment of demand, supply, characteristics and quality. The evidence base concluded that the demand for office and industrial space across the region and vacancy rates area low and that addressing barriers could enable growth and diversification. The region suffers from a lack of high-quality office and industrial space, which reduces its ability to expand and attract higher value business, which in turn may be holding back the economy. There has been little to no development of business parks or clusters over the last thirty years and this lack of critical mass of related activities limits the ability of the region to realise the benefits of agglomeration. R&D development in the regional has occurred in an ad hoc way leading to a relatively low amount of external public or private investment: other areas (e.g. Thames Valley and Manchester) extract more value and investment from their international airports and supply chains. The biggest challenge facing the Gatwick Diamond is the lack of land for development, restricting the ability of large occupiers to find appropriate space
- 10 The forecast demand for office space around Crawley/Gatwick is around 1.1 M to 3.2 M sq ft to 2050 and for industrial/warehousing space between 118,000 sq ft and 254,000 sq ft annually. Demand is strong for industrial space, especially for 'last mile delivery' warehousing – evidence

⁷ Gatwick Economic Development Area Market Analysis, Final Report, Savills, November 2018

⁸ Coast to Capital Commercial Property Study, Hatch Regeneris, December 2019

⁹ Coast to Capital Local Industrial Strategy, Draft Economic Profile, Hatch Regeneris, September 2019

suggests that Crawley and Gatwick with their excellent transport links are well placed to meet this demand, which is outweighing supply. Gatwick Airport represents a significant driver for development going forward, but the land safeguarded for the second runway at Gatwick includes sites comprising c 150 ha that represent an excellent opportunity for employment development with potential for public transport connections – this could meet the future demand for commercial and industrial floorspace. Land east of the Airport would be well-positioned to capture a significant proportion of this demand given its location close to the Airport. This would form part of a wider Airport City concept around Crawley/Gatwick that has been identified to capitalise on the area's proximity to the Airport, Manor Royal and Crawley town centre.

- 11 **Recommendation 3** of the CPS is to actively support and drive forward the Gatwick Airport City Aspirations, noting that this initiative represents the biggest opportunity to increase the quantum and quality of commercial space in the region, whilst diversifying the property offer to drive agglomeration, economic growth and productivity (para 10.7). The CPS goes on to suggest some actions or interventions to help facilitate development, including providing resources to support the opportunity; options for an Enterprise Zone; a Development Corporation, and public funding for infrastructure and discussions with Government to garner support (para 10.9). Paragraph 10.10 of the CPS concludes that these ambitions should feature prominently in the Local Industrial Strategy (LIS) alongside discussions with Government to signal to local authorities, stakeholders and decision-makers that this key project could transform the prosperity of the region and should be supported.

West Sussex Economic Growth Plan (May 2018)

- 12 The West Sussex Economic Growth Plan (EGP)¹⁰ sets out the County Council's priorities in driving economic growth to support a successful, prosperous place. The EGP was drawn up in partnership with the District and Borough Councils, the Coast to Capital LEP, the National Park Authority and other education and business interests. The EGP therefore represents the county-wide plan to bring forward the key strategy and priorities of LEP's Strategic Economic Plan. The EGP sets out a number of key issues to be addressed in West Sussex, including that the economy underperforms against the strongest economies in the South East; the County is 'punching below its weight'; Crawley is the best performing area, but still behind East Surrey and Berkshire in terms of GVA per job filled; the Crawley area has a lower proportion of employment in higher value and knowledge-based sectors than these higher performing areas; growth in the knowledge sector has stalled across the County. Improving productivity is therefore a key challenge.
- 13 In terms of existing employment space within the sub-regional area, the key characteristics are that demand is outpacing supply so driving up rental levels; demand around Gatwick is causing a trade-off between demand for warehousing space and space for knowledge-based and

¹⁰ West Sussex County Council Economic Growth Plan 2018-2023, WSCC, May 2018

professional occupiers, and employment to residential PD rights have reduced supply further. The need to improve the sustainable transport infrastructure, particularly around Gatwick, is acknowledged. The implications of these issues includes unlocking strategic employment locations. The EGP therefore identifies five priority themes, the second of which is to maximise the opportunities from Gatwick by creating and supporting higher value employment in a wide zone of opportunity around the Airport. In terms of actions, this includes:

- Developing a strong business proposition in a wide zone of opportunity around Gatwick.
- Unlock and enable space for growing businesses around Gatwick.
- Ensure West Sussex residents benefit from opportunities arising in and around Gatwick.
- Secure infrastructure investment to enable business and productivity growth in the north east of the County.

- 14 The delivery framework in the EGP includes a high-level and annual action plans aligned with an annual budget plan to ensure partnership working. The implications for CBC are clear, it must now address its long-standing unmet economic needs and plan positively for these through the release of land at Gatwick Green for strategic mixed-use employment.

Infrastructure studies by GAL and Transport for the South East (TfSE)

- 15 In addition to the weight of regional and sub-regional support for major economic infrastructure at Crawley/Gatwick, studies by GAL and TfSE have identified the need for major improvements to infrastructure in the area to support the growth of Gatwick Airport to optimise its existing runway and support the South East and UK economies. The GAL report on the Airport's contribution through trade and investment¹¹ noted the importance of the Airport in facilitating international trade and investment and acknowledged that (1) clusters of high-value industries have coalesced within the Gatwick Diamond area including sectors that depend upon cargo and passenger services, and (2) that the SEP 2014 describes the Airport as central to its economic plan with the potential to act as the catalyst to a cluster of economic activity in the Diamond. The SEP 2018 retains the same broad objectives with regard to the Crawley/Gatwick area.
- 16 The Gatwick connectivity study¹² identifies a range of major improvements to the transport network in the Gatwick area to serve the ongoing expansion of the Airport. It is evident that many of these improvements could also serve wider economic growth from major employment development, requiring investment by GAL, Network Rail (NR) and Highways England (HE). The improvements include *inter alia* upgrading the capacity of the Brighton Main Line (part of NR's

¹¹ Gatwick's Economic Contribution Through Trade and Investment, Oxford Economics for GAL, June 2018

¹² Gatwick Growth Board Connectivity Study, Arup for GAL, July 2017

capital programme¹³), the M23 Smart Motorway (junctions 8 - 10 – under construction) and the Crawley Western Relief Road (proposed policy in emerging Local Plans), all of which are at various stages of implementation. Further improvements are identified. These form a baseline of improved transport infrastructure, on which further improvements could be built to serve significant new economic provision in the Crawley/Gatwick area. Some of these improvements are indicated in the Gatwick Airport Master Plan 2019 related to the Airport's proposed Development Consent Order (DCO) to expand the Airport to c 70 mppa by 2032.

- 17 The TfSE economic connectivity study¹⁴ aims to identify the role of strategic transport in supporting the South East economy and the case for further investment. The study focuses on economic hubs, industrial clusters, international gateways and regional growth centres. The three cornerstones to achieving economic growth are developing international gateways; building resilience to Brexit, and achieving housing and employment growth. In this context, international gateways are seen as economic hubs in their own right. When seen through the prism of the long-standing objectives of the Gatwick Diamond, the SEP 2018 and the Airport's infrastructure studies, the most likely outcome of the TfSE work will be a need for yet further transport investment in the Crawley/Gatwick area and related highway and rail corridors. These regional sustainable transport objectives are reflected in TWG's separate representation on the sustainable transport and infrastructure policies of the DCBLP, which advocate a more robust and positive policy response aligned with the major economic growth requirements of the Borough / sub-region.

¹³ Brighton Main Line Improvement Project - part of a £300 million government-funded programme to tackle delay hotspots and boost the reliability of the railway in the south east

¹⁴ Economic Connectivity Review, Final Report, TfSE, July 2018