

PART B – Your representation

3. Please tick the document that you would like to make a representation on:

- Crawley submission Local Plan
- Crawley submission Local Plan Map
- Crawley submission Sustainability Appraisal
- Habitats Regulation Assessment Screening Report

4. Which part of the Local Plan does this representation relate to?

Paragraph:

Policy:

Other:

5. Do you consider the Local Plan to be: *(Please tick)*

- | | | |
|---|------------------------------|--|
| 5.1. Legally compliant? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 5.2. Sound? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 5.3. Compliant with the duty to co-operate? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

6. Please give details explaining your response to 5.1, 5.2, or 5.3 below. Please be as clear as possible.

Please refer to the attached written representation and additional information which sets out significant concerns with the approach taken.

If required, please continue your response on an additional piece of paper and securely attach it to this response

7. Please set out what modification(s) you consider necessary to resolve the issues you have identified above. You need to state why this modification will make the Local Plan legally compliant or sound. It would be helpful if you are able to suggest how the wording of any policy or text should be revised. Please be as clear as possible. *Any non-compliance with the duty to co-operate is incapable of modification at examination.*

As set out in the attached written representation paragraphs 56 to 58

If required, please continue your response on an additional piece of paper and securely attach it to this response

*Your representation should cover succinctly all the information, evidence and supporting information necessary to support/justify the representation and the suggested modification, as there will not normally be a subsequent opportunity to make further representations. **After this stage, further submissions will only be at the request of the Inspector, based on the matters and issues s/he identifies for examination.***

8. If your representation is seeking a modification, do you consider it necessary to participate in the public examination hearings? *(Please tick)*

No, I do not wish to participate in the examination hearings

Yes, I wish to participate in the examination hearings

9. If you wish to participate in the public examination hearings, please outline why you consider this to be necessary:

Due to the significant policy issues involved.

The Inspector will determine the most appropriate procedure to adopt to hear those who have indicated that they wish to participate at the public examination.

If you would like to make a representation on another policy or part of the Local Plan then please complete a separate PART B section of the form or securely attach an additional piece of paper. Copies of the representation form can also be downloaded from the council's website at: www.crawley.gov.uk/localplanreview

Signature

A handwritten signature in blue ink that reads "Michael Rees". The signature is written in a cursive style and is contained within a white rectangular box on a grey background.

Date

20/6/2023

POLICY EC1: SUSTAINABLE ECONOMIC GROWTH

1. Our clients object to the policy in its current form as it leads to an under estimation of the amount of employment land that is required over the course of the plan period. It does not comply with the requirements of NPPF nor NPPG and would not meet the requirements of NPPF para 35 in that it is not justified, effective or positive. Indeed, there are major methodological shortcomings within the underlying evidence base that must be remedied if the Plan is to be found sound.
2. Furthermore, given our findings in its current form the policy would not support the overarching vision of the Plan which is to *inter alia* encourage sustainable economic growth and make Crawley a place that people want to live and work.

National Planning Policy

3. Chapter 6 of the National Planning Policy Framework (NPPF) sets out the Government's requirements for "Building a strong, competitive economy", Para. 80 is clear that planning policies should help create the conditions in which "**businesses can invest, expand and adapt**".
4. It places significant weight on supporting economic growth and productivity taking account of local business needs and wider opportunities for development. Such that each area builds on its strengths, counters any weaknesses and addresses the challenges of the future. It is clear that areas with high levels of productivity should be allowed to capitalise on their potential so that Britain can be a global leader in innovation. In this regard, Para. 81 sets out that Policies should:
 - proactively and positively encourage sustainable economic growth with regard to Local Industrial Strategies and other policies for economic development;
 - identify strategic sites for local and inward investment to match the strategy and to meet anticipated need;
 - address any barriers to investment; and
 - be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices and to enable a rapid response to changes in economic circumstances.
5. Para. 82 requires that policies should recognise and address the specific locational requirements of different sectors which includes for storage and distribution operators at a variety of scales and in suitably accessible locations.
6. Further guidance on providing for economic development needs is set out in Planning Practice Guidance (PPG - 025 Ref IDs: 2a-025-20190220 to 2a-032-20190722). To ensure robust evidence on business needs, local authorities should liaise closely with the business community and take account of Local Industrial Strategies. Councils should take a 'best fit' Functional Economic Market Area (FEMA) and then assess the existing employment land stock; the pattern of land supply and loss; evidence of market demand from local data, market intelligence, surveys of business needs, discussions with developers/agents and evidence from business forums; wider market signals on growth, diversification and innovation, and any evidence of market failure.
7. This requires close liaison with the business community to understand current and future requirements. In relation to market signals, PPG states that Councils need to look at: Current and robust data on labour demand (jobs/employment forecasts); Labour supply (demographically derived forecasts of the economically active population, i.e. future employees); the trends in take-up of employment land; future property market requirements, and consultation with relevant organisations and study business trends, models and employment statistics, taking account of longer term economic cycles. This work will reveal any quantitative or qualitative mismatches in

demand and supply and which market segments are under or over-supplied. Councils should look at a range of robust data to understand the requirements for office, general business and distribution space and which market segments are over/under supplied.

8. PPG contains specific guidance on the needs of the logistics sector given its role in the efficient supply of goods, and therefore economic productivity which is a key part of the UK Industrial Strategy. It goes on to note that strategic logistics facilities need significant amounts of land with access to strategic transport networks and that where a need exists, councils should collaborate with infrastructure providers and other interested parties to identify the scale of need.
9. Overall therefore, the NPPF and PPG requires that plan-making authorities must address their economic needs in their local plans, which requires an overriding strategy on how and where those needs are to be met. This is critical to achieving a Plan that is sound in accordance with the tests in the NPPF (para 35) and has been considered in more detail by HJA on behalf of our clients.

Employment Land Requirement

10. Hardisty Jones Associates (HJA) is an expert economic development consultancy with extensive experience in matters relating to employment land evidence for Local Plans. HJA frequently prepares employment land evidence for local authorities to inform their plan making. HJA also provides analysis for a range of clients wanting to understand the quality and robustness of evidence prepared for and on behalf of local planning authorities.
11. The HJA review has been prepared by Stuart Hardisty. Stuart is a Director of HJA with 23 years' experience of economic development consulting and particular expertise in the area of assessing future employment land requirements. Stuart is a Fellow and Director of the Institute of Economic Development. Stuart has led numerous evidence studies on behalf of local authorities and other public bodies; he has appeared as Expert Witness to successfully defend evidence; and has written articles and spoken at conferences on the topic of employment land evidence.
12. HJA has been instructed by W T Lamb Holdings to undertake a critical review of the *Northern West Sussex Economic Growth Assessment: Supplementary Update for Crawley* (Final Report, January 2023) prepared by Lichfields on behalf of Crawley Borough Council. The findings of this review have informed these representations to the Regulation 19 Consultation of the *Draft Crawley Local Plan 2024-2040* (May 2023), (hereafter referred to as the new Local Plan).
13. The HJA review follows similar evaluations of previous reports which form part of the Northern West Sussex Economic Growth Assessment (EGA). The EGA forms part of the evidence base to the new Local Plan.
14. The January 2023 EGA Supplementary Update has been prepared as a result of delays to the new Local Plan, caused by ongoing water neutrality issues in the area.

Previous Reviews and Engagement with Crawley Borough Council

15. In March 2021, HJA reviewed the new Local Plan and its employment land evidence as was available at the time. This was used to inform W T Lamb Holdings representations to the previous Regulation 19 Consultation¹. The review² identified a number of weaknesses in the evidence base and its failure to fully comply with the requirements of Planning Practice Guidance (PPG). In particular the review identified issues leading to an under provision of industrial and warehousing land within the new Local Plan including:

16. These are:

- Calculation errors in the employment land trajectory;
- Failure to make appropriate adjustment for the strength of market opinion, in line with the advice of PPG; and
- No meaningful uplift for market sentiment or historic suppressed supply; and
- Failing to ensure sufficient provision to replace losses of employment space to other uses.

17. Our full response to the previous version of EC1 is included at appendix 2 for ease of reference.

18. HJA, alongside W T Lamb Holdings and LRM Planning has also participated in meetings with Crawley Borough Council in April 2021, November 2021 and November 2022 to explain our concerns regarding the evidence base. This engagement included an open offer to discuss our concerns with the authors of the EGA, with a specific offer in advance of the authors preparing the January 2023 Supplementary Update. This offer has not been taken up by Crawley Borough Council or the EGA authors.

Overall Conclusions of the EGA Supplementary Update

19. The EGA Supplementary Update concludes that there is a reduced requirement for employment land across Crawley Borough when compared to previous editions. This is based on revised economic forecasts which include lower levels of employment growth and a change in the historic time period over which past trends are analysed (now incorporating the Covid-19 impacted years).

20. Whereas the previous study identified a total requirement of approximately 40ha, this has now reduced to 26-32ha across the borough. The shortfall, after adjusting for existing supply, falls from around 24ha to 11-17ha.

21. In response the new Local Plan has reduced the size of allocation at Gatwick Green.

Response to Previous W T Lamb Submissions to Crawley Borough Council

22. There is no evidence that any of the points made on behalf of WT Lamb previously have been materially addressed in the January 2023 update. As noted above, this includes ignoring the offer to engage with the EGA authors to discuss and explain our concerns.

Detailed Issues

23. The following issues have been identified as a result of the review of the January 2023 EGA update.

Implications of the Covid affected time period

24. Relying on employment data and commercial development data relating to the time period most substantially affected by the Covid-19 pandemic and the related public health restrictions on activity brings risk. As part of the EGA update the 10 year time period for historic analysis has been rolled forward. This now includes the pandemic period. The pandemic was a highly atypical event which has the potential to impact data which is used for the purposes of long term policy planning. In particular, overall employment data for Crawley is substantially affected as a result of the impact on air travel and therefore Gatwick Airport.

25. Inclusion of this data has a depressing effect on the overall analysis.

Treatment of negative forecast employment change

26. The economic forecasts relied upon within the analysis include reductions in employment for activities within light and general industrial property typologies. This leads to a negative requirement for such uses (see paragraph 2.28)¹. However, the report notes that the light industrial property typology has been a key driver of new development in Crawley (see paragraph 2.34). This historic activity has been during a period when employment data would also suggest decline. This highlights a key methodological weakness which has been repeatedly stated in HJA's reviews of previous EGA reports. There has been a failure to take a rounded view based on all the evidence. Planning Practice Guidance suggests consideration of a range of evidence including economic forecasts and market based indicators. The employment topic paper² also highlights the strong market sentiment yet makes no adjustment to the quantum of land required.

27. HJA's extensive experience in this field of work has repeatedly found similar trends to that identified in the EGA across other locations. Whilst employment related to light and general industrial property typologies has been in decline for many years, demand for such property remains strong. This is a result of the need to replace stock that is lost from these uses to other activities due to either demand for alternative uses, or due to properties moving beyond their useful economic life or not being suitable to meet modern occupier requirements. The need for sufficient allowance for 'replacement demand' is therefore critical to ensure planning policy does not hamper the future performance of the economy. The treatment of replacement demand within the EGA is inadequate.

28. Overall this methodological weakness leads to an under estimate of the future need for light and general industrial sites and premises.

Adjusting for historic constraints

29. The EGA update explicitly acknowledges that historic supply may have been constrained (see paragraph 2.32). This is also highlighted within the employment topic paper (including paragraphs 4.66 and 4.72). On this basis it is reasonable to infer that historic activity levels could have been suppressed as a result of this constraint. In fact this is explicitly stated in the topic paper. Any projection forward relying on historic activity levels is therefore at risk of underestimating true demand, with upward adjustment required. However, no such adjustment has been made.

30. Forward projections are also at risk of being suppressed through including two years' of data affected by the Covid-19 pandemic as noted above. The EGA update draws on the period 2011-21.

31. Overall this failure to adjust the assessed need for the identified historic constraints will under estimate the need for future employment sites and premises. The new Local Plan is therefore failing to plan positively.

Aligning to future labour supply

Methodological absurdity

¹ HJA notes that any reduction is halved to take into account that some job shedding takes place without a commensurate release of floorspace.

² Topic Paper 5: Employment Needs and Land Supply (May 2023)

32. The approach to considering future labour supply is fundamentally flawed (see paragraph 2.35). The method adopted by the authors of the EGA effectively exaggerates both positive and negative trends. As such, the adjustments made to address the fact that labour force growth is likely to outstrip labour demand (i.e. modelling an increase in employment to balance the labour market), leads to a larger decrease in the need for light and general industrial sites and premises. This is non-sensical. Higher population will drive additional demand for services and create the potential for increased business start up and growth. In no way will an increased population and labour force accelerate the decline of any particular sector. The effect of this is to falsely reduce the assessed demand for light and general industrial property.
33. In order to explain in more detail. Under the 314 dwelling per annum (dpa) scenario there is broad alignment between the demographic analysis and the economic forecasts. However, for the 544 dpa scenario this is not true. The EGA is clear that under this scenario this will drive additional employment requirement, and hence additional sites and premises requirements. Yet the assessment finds to the contrary in the case of light and general industrial.
34. **The result of this methodological weakness is to reduce the level of light and general industrial need under the higher dwellings scenario.**

Meeting demographic and housing need

35. Further to the above, the new Local Plan makes provision for 314dpa within Crawley Borough. On this basis one might presume the comments above relating to a higher housing and labour force/population scenario are irrelevant. However, the new Local Plan and its evidence base is clear that there will be significant unmet housing need, with a standard method derived need of 755dpa. How this will be met in full is unclear, although reference to urban extensions outside the Crawley borough area, but functionally part of Crawley are addressed. Within the EGA update employment needs for a higher housing figure of 544dpa are set out (based on scenarios initially considered within the housing and employment evidence base in 2020). However, no additional employment land allowance is provided for within the new Local Plan on this basis. The Plan draws on figures from options broadly aligned to the 314dpa scenario.
36. It is clear that Crawley is the key economic hub of the sub-region and at the heart of the functional economic market area (FEMA). For that reason, the employment sites and premises requirements associated with that higher level of housing need will also need to be provided within the area; and given Crawley's role, it would be reasonable to expect the lion's share of this need to be located within Crawley. However, there appears to be no adjustment made to capture any of this need within Crawley. The additional requirement associated with the 544dpa scenario is assessed as 42.9ha (as per Table 2.14).
37. The employment topic paper (paragraph 4.69) notes that the majority of this demand is expected within the transport and logistics sector. It also notes that there are no other strategic employment sites proposed in the northern west Sussex area to meet the needs of this sector. In which case, the identified demand will go unmet.
38. Whilst the employment topic paper considers the transport and logistics sector in more detail, highlighting the strong levels of demand nationally, regionally and locally. The provision of capacity at Gatwick Green within the new Local Plan only meets the minimum level identified based on the 314dpa scenario and makes no attempt to meet any of the identified unmet needs within the sub-region.

39. In addition, no consideration of the employment sites and premises requirements associated with the remaining unmet dwelling need is made at all.
40. Even if additional housing is not provided in full that does not mean that the population that would be resident within such housing will not be resident within the area. Whilst there may be some constraint on migration, there will also be a limitation on new household formation or increased levels of living within sub-optimal accommodation. Therefore, the employment need, and the associated sites and premises requirements do not disappear.
41. **On the basis of the evidence presented there is an under provision of employment sites and premises, particularly in the transport and logistics sector to meet the needs arising from higher housing requirements which will be met elsewhere in the sub-region.**

Providing a buffer

42. In our previous reviews we have repeatedly identified the need to address the necessary uplifts to address replacement demand and wider market issues. These have not been adequately addressed or considered.
43. Within the latest EGA update a 'buffer' of 10% is applied (see paragraph 2.40) to address:
- Replacement of some ongoing losses;
 - Delays to sites coming forward; and
 - Other relevant factors in the local market.
44. In HJA's opinion this is clearly inadequate to deal with such significant issues. Particularly given the evidence presented elsewhere in the EGA (in the latest Update and the previous reports). In particular the issues of historic constrained supply, strong market sentiment and a failure to properly provide for losses of employment sites and premises.
45. Assessment of replacement needs should be based on existing stock, and potential losses thereof, rather than a proportion of future requirements.
46. On the basis that commercial properties are developed with an anticipated useful economic life of 35 years one might reasonably expect replacement of commercial property to average out at ~3% per annum. In HJA's work for local authorities we acknowledge that such an assumption may often be too strong, given that in reality some premises are used well beyond 35 years. A figure of 1-2% of stock per annum is therefore typically adopted as a starting assumption for testing, with the final assumption informed by available evidence and local market opinion on the age, quality and condition of existing stock. Property that is typically used well beyond its 35th anniversary is often very old stock (e.g. Victorian) that has been very robustly built.
47. It has been indicated in other New Towns that much of their commercial property is approaching (or beyond) the end of its useful life and will require replacement within the next 10-20 years. New Towns also are absent the historic property that has shown the capacity to be used well beyond the 35 year threshold. For this reason the level of replacement in Crawley, as a New Town, is potentially higher than 1-2% per annum.
48. If 2% per annum is considered a minimum level, equivalent to replacing property every 50 years on an ongoing basis; over the 16 year plan period this would equate to a baseline level of replacement of 32% of existing stock, and potentially higher. This is clearly well above the 10% uplift applied only

to the estimated future requirements provision. Nevermind the fact that this 10% uplift has been included to cover not just replacement but a range of other factors as well.

49. **Without sufficient provision for replacement there is a significant risk that the Crawley borough economy will not have sufficient employment premises to operate effectively. The remedy is an uplift to the provision for employment property across all Use Classes.**

Conclusions

50. HJA's review of the EGA Update has found that there are multiple weaknesses in the EGA methodology. There have been no material changes to the approach despite the points made in previous representations and meetings with the Council. The offer to engage with Lichfields to explain the concerns as previously expressed has not been taken up.
51. It is HJA's view that the EGA makes an underestimate of the true PPG compliant requirement based on both the evidence presented within the EGA itself, and weaknesses in the methodology employed.
52. It remains HJA's view that is incumbent upon Crawley Borough Council to ensure that its new Local Plan is founded on a sound evidence base in order to be found sound at Examination. On the basis that the evidence on which key policies within the plan relies is not sound the Plan itself is not sound and will require modification to ensure sufficient provision of employment land to meet the needs of the Crawley economy throughout the plan period.
53. As set out in this paper the effects are across all employment Use Classes (in terms of replacement) but more specifically within the light and general industrial; and transport and logistics sectors.
54. The employment topic paper makes clear that Crawley acts as a key employment hub for the sub region; that there remains strong demand; that there has been historic constraint; and that there are no other strategic employment allocations within the sub region. However, the only additional allocation within the new Local Plan has been reduced in scale to 14ha. This fails to address any of the identified issues which actually confirm the assessed need to be an underestimate.
55. The analysis above has identified a series of methodological issues that would need to be rectified in order to comment in detail on the quantitative position, making provision for the higher dwelling scenario might be considered a minimum level, with an unmet industrial and warehousing requirement of 48ha, requiring an additional 34 ha to be provided.

CHANGES REQUIRED IN ORDER TO ENSURE THAT THE PLAN IS COMPLIANT WITH NPPF

56. Whilst we are supportive of the general approach of the Council in seeking a strategic allocation at Gatwick Green, currently the plan is contrary to National guidance, it does not:
- reflect the most up to date trends or market signals;
 - rely upon a robust evidence base rather there are numerous and significant methodological failings within the updated EGA;
 - proactively and positively encourage sustainable economic growth with regard to Local Industrial Strategies and other policies for economic development;
 - identify strategic sites for local and inward investment to match the strategy and to meet anticipated need; or

- provide flexibility to accommodate needs not anticipated in the plan, allow for new and flexible working practices and to enable a rapid response to changes in economic circumstances.
57. Based on the analysis undertaken by HJA and in order to achieve the vision of the plan and to comply with National guidance the level of Industrial land required over the plan period should be increased significantly. Indeed, HJA consider that there is a need for 48ha employment land, given the “opportunities” identified in the Employment Trajectory, then as a minimum the plan should identify 34ha of land (approximately 102,000 sqm of floorspace). This would contribute to a more appropriate supply of land and will reflect local circumstances as required by national guidance. It would also help to ensure diversification of the local economy and move away from reliance upon Gatwick Airport.
58. As such in order to make the plan sound, as a minimum the following amendment to Policy EC1 is required with further uplifts once the methodological weaknesses have been addressed.

Strategic Policy EC1: Sustainable Economic Growth

Crawley's role as the key economic driver for the Coastal to Capital and Gatwick Diamond areas will be protected and enhanced. Suitable opportunities are identified within the borough to enable existing and new businesses to grow and prosper.

There is need for a minimum of 48 hectares new business land in the borough which, taking off the opportunities identified in the Employment Land Trajectory, results in an outstanding requirement for a minimum 34ha (approximately 102,000 sqm) industrial and warehousing land over the period to 2040.

Crawley's recognised economic role and function will be maintained and enhanced through:

- i) *Building upon and protecting the established role of Manor Royal as the key mixed business location for Crawley at the heart of the Gatwick Diamond and Coast to Capital areas;*
- ii) *Ensuring that the borough's Main Employment Areas are protected as locations for sustainable economic growth;*
- iii) *Encouraging the redevelopment and intensification of under-utilised sites in Main Employment Areas for employment use;*
- iv) *Supporting small extensions to Manor Royal, outside of safeguarding, where this would deliver additional business land, and can be achieved in a manner that is consistent with other Local Plan policies; and*
- v) *Allocation of an industrial-led Strategic Employment Location at Gatwick Green, on land east of Balcombe Road and south of the M23 spur*



CRAWLEY BOROUGH COUNCIL LOCAL PLAN
2024 - 2040 SUBMISSION CONSULTATION DRAFT

WT LAMB PROPERTIES, THE DYE FAMILY
& ELLIOTT METALS/THE SIMMONDS FAMILY
JUNE 2023

Appendix 1. Previous Response by LRM Planning

STRATEGIC POLICY EC1: SUSTAINABLE ECONOMIC GROWTH

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2. Furthermore, given our findings in its current form the policy would not support the overarching vision of the Plan which is to *inter alia* encourage sustainable economic growth and make Crawley a place that people want to live and work.

National Planning Policy

3. Chapter 6 of the National Planning Policy Framework (NPPF) sets out the Government's requirements for "Building a strong, competitive economy", Para. 80 is clear that planning policies should help create the conditions in which "**businesses can invest, expand and adapt**".
4. It places significant weight on supporting economic growth and productivity taking account of local business needs and wider opportunities for development. Such that each area builds on its strengths, counters any weaknesses and addresses the challenges of the future. It is clear that areas with high levels of productivity should be allowed to capitalise on their potential so that Britain can be a global leader in innovation. In this regard, Para. 81 sets out that Policies should:
 - proactively and positively encourage sustainable economic growth with regard to Local Industrial Strategies and other policies for economic development;
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5. Para. 82 requires that policies should recognise and address the specific locational requirements of different sectors which includes for storage and distribution operators at a variety of scales and in suitably accessible locations.
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7. This requires close liaison with the business community to understand current and future requirements. In relation to market signals, PPG states that Councils need to look at: Current and robust data on labour demand (jobs/employment forecasts); Labour supply (demographically derived forecasts of the economically active population, i.e. future employees); the trends in take-up of employment land; future property market requirements, and consultation with relevant organisations and study business trends, models and employment statistics, taking account of longer term economic cycles. This work will reveal any quantitative or qualitative mismatches in

demand and supply and which market segments are under or over-supplied. Councils should look at a range of robust data to understand the requirements for office, general business and distribution space and which market segments are over/under supplied.

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9. Overall therefore, the NPPF and PPG requires that plan-making authorities must address their economic needs in their local plans, which requires an overriding strategy on how and where those needs are to be met. This is critical to achieving a Plan that is sound in accordance with the tests in the NPPF (para 35) and has been considered in more detail by HJA on behalf of our clients.

Employment Land Requirement

10. HJA is a specialist economic development consultancy, with particular expertise in advising both public and private sector clients on employment land matters. They have been appointed by our clients to review employment land matters, accordingly they have undertaken a review of employment land matters within the Submission Draft Crawley Local Plan and supporting evidence base (attached at appendix 1). This review has identified a number of issues which lead to the Local Plan under-providing land for industrial and warehousing (B2/B8) uses and they conclude that a minimum of 3.7 to 4.6 ha of additional industrial and warehousing land should be provided.
11. Their appraisal and findings are based on a review of available documentation including:
 - Crawley Submission Draft Local Plan (January 2021).
 - Northern West Sussex Economic Growth Assessment (January 2020).
 - Economic Growth Assessment Focused Update for Crawley (September 2020).
 - Topic Paper 5 – Employment Needs and Supply (January 2021).
 - Employment Land Trajectory (January 2021).
 - Submissions made to the Crawley Local Plan process by the Wilky Group.

Crawley Submission Draft Local Plan Summary

12. HJA note that Crawley is a key economic driver for a functional economic market area that extends beyond the borough's boundaries. Particular drivers include Gatwick Airport and the large Manor Royal employment area, as well as Crawley Town Centre. The sub-regional role of the Crawley economy is recognised with the presence of the Gatwick Diamond Initiative, as well as being a core location within the Coast to Capital Local Enterprise Partnership (LEP) area.
13. The Emerging Local Plan seeks to plan positively for economic growth in the Crawley area despite the impact of Covid-19 on the area. The Borough has been identified as significantly vulnerable to the economic impact of Covid-19, given its reliance on the passenger air transport sector. Nevertheless, the importance of delivering the sites and premises required for employment purposes is clearly highlighted. For example:

“Key to achieving this [economic ambition] is the supporting of economic growth through the delivery of new business space and facilities”

“It is anticipated that Crawley’s economy will respond and recover, with significant need for new business land and floorspace identified over the period to 2036. Given the significant land supply constraints faced within the borough, the Local Plan sets out a pro-active and ambitious economic strategy to support economic recovery in the shorter-term, whilst planning positively for economic growth and diversification, consistent with LEP and Gatwick Diamond priorities, and national planning policies, to ensure that sustainable economic growth can be delivered over the Plan period.”

“The scope to accommodate identified employment land needs in Crawley has been severely constrained by the limited available land supply, which is significantly affected by the requirement to safeguard land in the north of the borough for a possible southern runway at Gatwick Airport. There remains a risk that if Crawley’s employment needs cannot be accommodated within the borough, investment may be lost outside of Crawley, and indeed the sub-region entirely.”

14. The proposals for employment land provision draw heavily on the underpinning evidence base. The overarching policy position is of a need for 38.7ha of employment land. The residual requirement for industrial uses, after making allowance for existing pipeline supply and removing office requirements is 24.1ha and is stated to be primarily for B8 type uses.
15. In order to meet the identified shortfall, a strategic employment allocation at Gatwick Green is made (48ha). This follows a site selection process drawing on the Housing and Employment Land Availability Assessment (HELAA). It is noted that there were a number of sites promoted for employment purposes located on land safeguarded for airport expansion to the south of the existing Gatwick Airport site boundary. These sites were discounted on the basis that the safeguarded land might still be required for a second runway at the airport and should not therefore be released for other uses.
16. Policy EC4 and its supporting text notes that any further industrial floorspace beyond the 24.1ha requirement would need to be demonstrated through appropriate evidence. The policy also highlights a range of landscaping and environmental considerations that will impact upon the net developable area of the site as well as the potential to accommodate a range of ancillary employment and amenity uses.

Local Plan Evidence Base Summary

17. The most relevant documents are the Northern West Sussex Economic Growth Assessment Update (January 2020) [EGA] and the Economic Growth Assessment Focused Update for Crawley (September 2020) [EGA Update]. Both documents were prepared by Lichfields.
18. The later study provides an update to take some account of the Covid-19 pandemic and generates the estimates which are taken forward to the Local Plan.

Northern West Sussex EGA

19. The EGA looks at the whole Functional Economic Market Area (FEMA). The assessment of future requirements for Crawley Borough includes a very wide range of -1.1ha to +113ha. The study recommends adopting a figure of +33ha based on a projection of past development trends.
20. Overall the report sets out a positive analysis of the Crawley economy (pre Covid) and the role of the Crawley Borough within the wider FEMA.

21. The analysis notes commercial agent feedback indicating a need for additional land to accommodate strong levels of market driven demand, particularly for industrial sites and premises. However, no uplift is applied.
22. The analysis of future requirements does not set out any consideration of replacing losses of employment sites and premises to other uses.
23. The approach that is preferred in this study draws on analysis of past trends. There is no consideration of whether past take up might have been suppressed as a result of constrained supply or whether the demand profile in the past period was similar to expectations for the future.
24. Given the strength of agent opinion and the failure to consider the implications of losses of employment sites and premises to other uses the final requirements figures put forward can be considered an underestimate of total objectively assessed needs.

EGA Focused Update for Crawley

25. This report is positioned as a post Covid check and draws on revised economic forecasts. The level of growth that is forecast is lower than historic growth rates and is from a respected source. The relevant differences in the considered economic forecasts are discussed on a sectoral basis in order to come to a balanced view.
26. The assessment of future B8 warehousing requirements is primarily driven by forecast employment change (and therefore changes substantially as a result of revised forecasts). In the commentary set out within the EGA Update (paragraph 2.48) it is noted that the Oxford Economics forecasts make allowance for more rapid automation. Whilst the process of automation will have implications for employment and economic development policy more generally, this does not necessarily impact on sites and premises requirements. This actually confirms the requirement in the latest Planning Practice Guidance (PPG), to make a broader assessment of B8 uses on the basis that employment alone has known weaknesses as a predictor for this sector.
27. There is no clear evidence of any attempt at this wider assessment as part of the EGA. This links across to comments made above on the original EGA, with commercial agent sentiment not being fully reflected.
28. The EGA Update assessment leads to an overall requirement of 38.7ha, which is the figure carried forward to the Pre Submission Local Plan. This is slightly greater than the figure emerging from the original assessment. In the EGA Update the emerging requirements from both baseline job growth and past take-up approaches are very similar (38.7ha and 39.6ha).

Headline Employment Land Requirement

29. The summary review set out above identifies a number of weaknesses with the overarching analysis. In particular:
 1. A failure to actively consider the potential need for land to replace losses to other uses; and
 2. A failure to take full account of agent views, particularly for B2/B8 uses.

Replacements

30. The recommendation of a need for 38.7ha of employment land emerging from the EGA Update is drawn from the baseline job growth approach. This considers only the net change in employment over the plan period, and applies an average employment density for the relevant Use Classes to derive an additional floorspace requirement.
31. This approach is helpful in considering some of the net changes in the economy. However, it fails to consider any of the issues within the existing economy or commercial market. Inherent in the approach is that the entirety of the existing stock of commercial employment sites and premises remains in its appropriate use and fit for purpose for the entirety of the plan period.
32. However, there is highly likely to be a loss of some stock to non-employment uses, or becoming redundant through dilapidation, or no longer being aligned to modern occupier requirements. Further, this approach fails to fully consider whether there are changing property requirements within sectors. There may also be changing employment densities over time. This is already recognised in the evidence base with regards to automation in some sectors, and is recognised in PPG specifically in regard to B8 uses where a wider view of future storage and distribution requirements is instructed.
33. These effects will lead to additional requirements for employment sites and premises that are not captured in the current evidence base.

Agent Views

34. As noted at para 7 earlier within this representation, this second issue is a specific requirement of PPG Paragraph: 031 Reference ID: 2a-031-20190722. The Submission Draft Local Plan includes specific references to this market sentiment, as set out at paragraph 135 above, but with no action taken. The EGA also highlighted strong commercial agent opinion as summarised at paragraph 22 above.
35. HJA has consulted with local industrial agent Robert Bradley-Smith who confirmed the views set out within the EGA remain highly relevant. Industrial, and particularly logistics demand is extremely strong and current and future requirements are expected to be ahead of past trends. The Covid-19 pandemic has accelerated the move to e-retail. The premises requirements of e-tailers and third party logistics operators are growing rapidly. The growth is expected to continue as new market areas are added to the portfolios of e-tailers, as well as through increasing demands for ever shorter delivery times. The Gatwick area was also highlighted for its excellent location at the heart of the South East and able to service both the south coast and south London.
36. In considering an approach aligned to the requirements of PPG, and drawing on the agent views as set out within the evidence base, there is very clear evidence of a need to provide an uplift to the stated requirements for warehousing space. We believe that it is appropriate for the Authority to consider this urgently and prior to submission of the Plan.

Shortfall in Employment Land Trajectory

37. Notwithstanding the issues set out above, Table 2.5 of the EGA update (p10) identifies a net floorspace requirement of 121,550sq.m of industrial (B1c/B2/B8) uses before the 10% flexibility allowance is applied. With the flexibility added this increases the required provision to 133,700sq.m. In land terms this equates to 33.4ha on the basis of the 4,000sq.m per hectare development density assumption.

38. A potential shortfall in provision is identified within the Employment Land Trajectory (January 2021) which includes a total provision for B1c/B2/B8 floorspace of 118,920sq.m. This falls below the total requirement. This indicates a shortfall of 14,780sq.m.
39. The trajectory document also suggests the proposed allocation at Gatwick Green will deliver 77,800sq.m on 24.1ha (we consider the capacity of the sites separately in respect of our representations in relation to Policy EC4). This equates to a density of 32%. On that basis the additional 14,780sq.m would require a further area of land.

Conclusion

40. Crawley is a key economic hub for a wider hinterland. The Submission Draft Local Plan seeks to plan positively for economic and employment growth.
41. The Council's own evidence and the Submission Draft Local Plan both acknowledge the strength of market demand highlighted by commercial agents, but make no adjustment for this clear evidence of strong market signals and the specific requirement of PPG to take account of logistics needs in a more rounded way. Coupled with a failure to make any provision for replacing losses of existing employment sites and premises to other uses, and through dilapidation and changing occupier requirements, there is a clear under provision in the assessment of future needs. The scale of this uplift is uncertain.
42. The Employment Land Trajectory set out alongside the Submission Draft Local Plan indicates a shortfall in anticipated floorspace when compared to the identified needs and the claimed capacity within the plan. The shortfall equates to a need for a further 3.7ha of industrial and warehouse land across the plan period. This could increase to a minimum 4.6ha based on the identified density at Gatwick Green and is subject to increase to reflect a market and replacement uplift.

Table 1: Revised Industrial & Warehousing Requirement - Summary

Current stated outstanding requirement	24.1ha
Employment land trajectory shortfall	3.7-4.6ha
Additional market and replacement uplift	TBC
Total	27.8-28.7ha

CHANGES REQUIRED IN ORDER TO ENSURE THAT THE PLAN IS COMPLIANT WITH NPPF

43. Whilst we are supportive of the general approach of the Council, currently the plan is contrary to National guidance, it does not:
- reflect the most up to date trends or market signals;
 - proactively and positively encourage sustainable economic growth with regard to Local Industrial Strategies and other policies for economic development;
 - identify strategic sites for local and inward investment to match the strategy and to meet anticipated need; or
 - provide flexibility to accommodate needs not anticipated in the plan, allow for new and flexible working practices and to enable a rapid response to changes in economic circumstances.
44. Based on the analysis undertaken by HJA and in order to achieve the vision of the plan and to comply with National guidance the level of Industrial land required over the plan period should be

increased to a minimum of 28.7ha with a further uplift TBC to reflect market circumstances and a replacement uplift. This would enable a robust supply of land and will reflect local circumstances as required by national guidance. It was also help to ensure diversification of the local economy and move away from reliance upon Gatwick Airport.

45. As such in order to make the plan sound, as a minimum the following amendment to Policy EC1 is required with further consideration given to the required market and replacement uplift:

Strategic Policy EC1: Sustainable Economic Growth

Crawley's role as the key economic driver for the Coastal to Capital and Gatwick Diamond areas will be protected and enhanced. Suitable opportunities are identified within the borough to enable existing and new businesses to grow and prosper.

There is need for a minimum of 43.3 hectares new business land in the borough which, taking off the opportunities identified in the Employment Land Trajectory, results in an outstanding requirement for a minimum of 28.7 hectares of new industrial land over the period to 2036.

Crawley's recognised economic role and function will be maintained and enhanced through:

- i) Building upon and protecting the established role of Manor Royal as the key mixed business location for Crawley at the heart of the Gatwick Diamond and Coast to Capital areas;*
- ii) Ensuring that the borough's Main Employment Areas are protected as locations for sustainable economic growth;*
- iii) Encouraging the redevelopment and intensification of under-utilised sites in Main Employment Areas for employment use;*
- iv) Supporting small extensions to Manor Royal, outside of safeguarding, where this would deliver additional business land, and can be achieved in a manner that is consistent with other Local Plan policies; and*
- v) Allocation of an industrial-led Strategic Employment Location at Gatwick Green, on land east of Balcombe Road and south of the M23 spur.*



CRAWLEY BOROUGH COUNCIL LOCAL PLAN
2020 - 2035 SUBMISSION CONSULTATION DRAFT

WT LAMB PROPERTIES, STAMINIER GROUP
& ELLIOTT METALS/THE SIMMONDS FAMILY
JUNE 2021

Appendix 1. Employment Land Matters Report by HJA



HARDISTY JONES ASSOCIATES
Economic Development Advisers ●●●●●●●●●●

Review of Employment Land Matters within the Submission Draft Crawley Local Plan

Final Report

Prepared on behalf of W T Lamb Holdings Ltd

June 2021

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Job Number:	21 02 03
Version Number:	1.0
Approved by:	Stuart Hardisty
Date:	28 June 2021

Executive Summary

- i. HJA has been instructed by W T Lamb Holdings Ltd to review employment land matters within the Submission Draft Crawley Local Plan and supporting evidence base.
- ii. This review has identified a number of issues which lead to the Local Plan under-providing land for industrial and warehousing (B2/B8) uses.
- iii. A minimum of 3.7-4.6ha of additional industrial and warehousing land should be provided to make up the identified shortfall of 14,780 in the employment land trajectory.
- iv. Additional provision should also be made, in line with the requirements of PPG, taking into account the strength of market opinion, in order to deliver a more rounded and robust assessment of future B8 requirements; as well as to allow for potential losses of employment space to other uses and through dilapidation and changing occupier requirements.

1 Introduction

- 1.0.1 HJA is a specialist economic development consultancy, with particular expertise in advising both public and private sector clients on employment land matters.
- 1.0.2 This report has been prepared by Stuart Hardisty. Stuart is a Director of HJA with more than 20 years' experience of economic development consulting and specifically advising on future employment land requirements. Stuart is also a Director of the Institute of Economic Development leading on employment land matters. This has included speaking at a range of events and authoring multiple articles on the topic. He has advised many Local Authorities, sub-regional partnerships, Local Enterprise Partnerships, regional bodies, national governments and private sector clients on future employment land needs.
- 1.0.3 HJA has been instructed by W T Lamb Holdings Ltd to review employment land matters within the Submission Draft Crawley Local Plan and its supporting evidence base.
- 1.0.4 This short report sets out the summary findings of this appraisal, based on a review of available documentation including:
- Crawley Submission Draft Local Plan (January 2021)
 - Northern West Sussex Economic Growth Assessment (January 2020)
 - Economic Growth Assessment Focused Update for Crawley (September 2020)
 - Topic Paper 5 – Employment Needs and Supply (January 2021)
 - Employment Land Trajectory (January 2021)
 - Submissions made to the Crawley Local Plan process by the Wilky Group
- 1.0.5 HJA has also accessed and analysed employment land monitoring data collected and collated by West Sussex County Council on behalf of Crawley Borough Council.

2 Crawley Submission Draft Local Plan

- 2.0.1 This chapter provides a summary review of the key employment land matters within the Crawley Submission Draft Local Plan.
- 2.0.2 Crawley is a key economic driver for a functional economic market area that extends beyond the borough's boundaries. Particular drivers include Gatwick Airport and the large Manor Royal employment area, as well as Crawley Town Centre. The sub-regional role of the Crawley economy is recognised with the presence of the Gatwick Diamond Initiative, as well as being a core location within the Coast to Capital Local Enterprise Partnership (LEP) area.
- 2.0.3 The Emerging Local Plan seeks to plan positively for economic growth in the Crawley area despite the impact of Covid-19 on the area. The Borough has been identified as significantly vulnerable to the economic impact of Covid-19, given its reliance on the passenger air transport sector. Nevertheless, the importance of delivering the sites and premises required for employment purposes is clearly highlighted. For example:

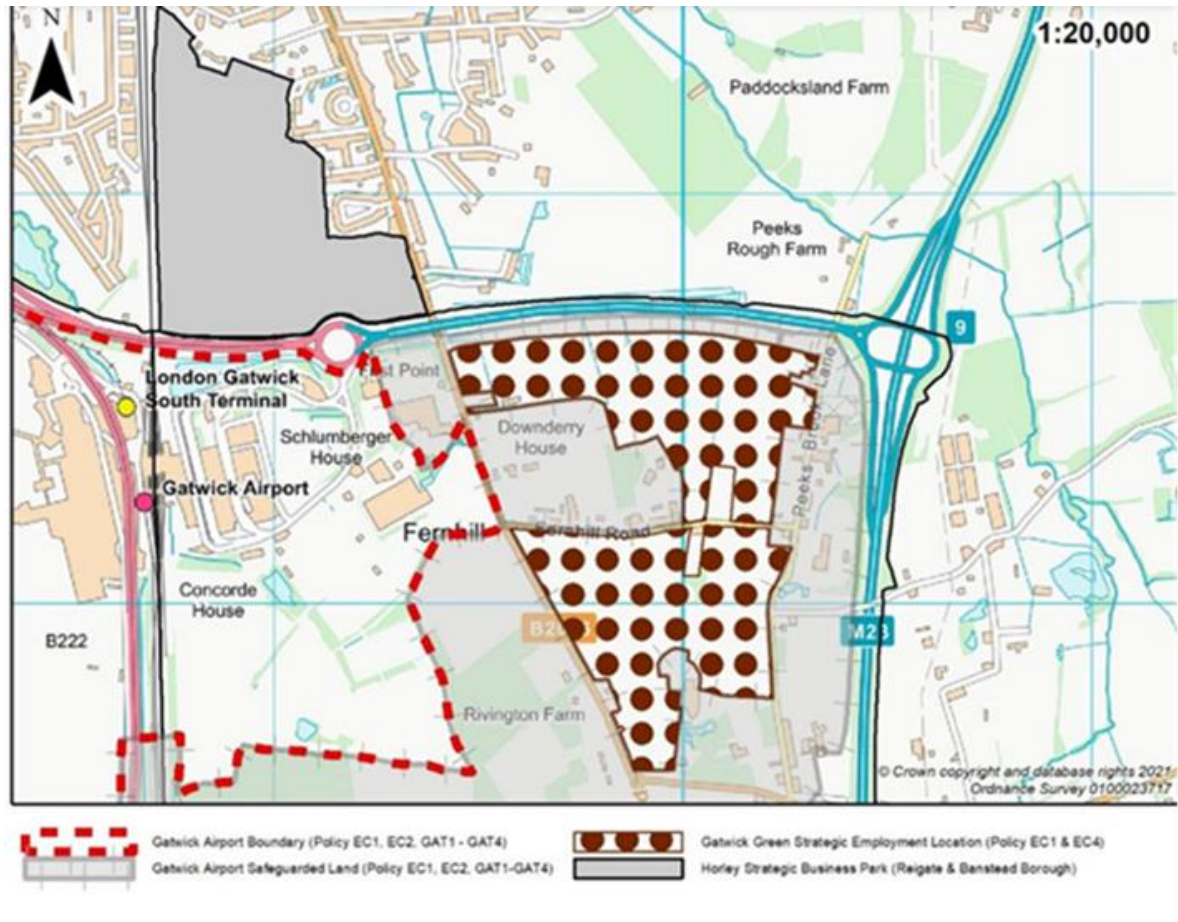
“Key to achieving this [economic ambition] is the supporting of economic growth through the delivery of new business space and facilities”

“It is anticipated that Crawley’s economy will respond and recover, with significant need for new business land and floorspace identified over the period to 2036. Given the significant land supply constraints faced within the borough, the Local Plan sets out a pro-active and ambitious economic strategy to support economic recovery in the shorter-term, whilst planning positively for economic growth and diversification, consistent with LEP and Gatwick Diamond priorities, and national planning policies, to ensure that sustainable economic growth can be delivered over the Plan period.”

“The scope to accommodate identified employment land needs in Crawley has been severely constrained by the limited available land supply, which is significantly affected by the requirement to safeguard land in the north of the borough for a possible southern runway at Gatwick Airport. There remains a risk that if Crawley’s employment needs cannot be accommodated within the borough, investment may be lost outside of Crawley, and indeed the sub-region entirely.”

- 2.0.4 The proposals for employment land provision draw heavily on the underpinning evidence base, which is reviewed in the next section of this report. The overarching policy position is of a need for 38.7ha of employment land. The residual requirement for industrial uses, after making allowance for existing pipeline supply and removing office requirements is 24.1ha. This is stated to be primarily for B8 type uses.
- 2.0.5 In order to meet the identified shortfall, a strategic employment allocation at Gatwick Green is made. This follows a site selection process drawing on the Housing and Employment Land Availability Assessment (HELAA). It is noted that there were a number of sites promoted for employment purposes located on land safeguarded for airport expansion to the south of the existing Gatwick Airport site boundary. These sites were discounted on the basis that the safeguarded land might still be required for a second runway at the airport and should not therefore be released for other uses. The extent of this allocation is shown in Figure 1. The site comprises approximately 47ha.

Figure 1: Proposed Gatwick Green Allocation (brown spotted area)



Source: Crawley Submission Draft Local Plan

2.0.6 Policy EC4 and its supporting text notes that any further industrial floorspace beyond the 24.1ha requirement would need to be demonstrated through appropriate evidence. The policy also highlights a range of landscaping and environmental considerations that will impact upon the net developable area of the site as well as the potential to accommodate a range of ancillary employment and amenity uses.

3 Local Plan Evidence Base

- 3.0.1 This chapter provides a summary of the key issues emerging from a review of the Local Plan evidence base in respect of employment matters.
- 3.0.2 The most relevant documents are the Northern West Sussex Economic Growth Assessment Update (January 2020) [EGA] and the Economic Growth Assessment Focused Update for Crawley (September 2020) [EGA Update]. Both documents were prepared by Lichfields on behalf of Crawley Borough Council.
- 3.0.3 The later study provides an update to take some account of the Covid-19 pandemic and generates the estimates which are taken forward to the Local Plan.

3.1 Northern West Sussex EGA

- 3.1.1 The EGA looks at the whole Functional Economic Market Area (FEMA). The assessment of future requirements for Crawley Borough includes a very wide range of -1.1ha to +113ha based on a number of approaches and scenarios. The study recommends adopting a figure of +33ha based on a projection of past development trends.
- 3.1.2 Overall the report sets out a positive analysis of the Crawley economy (pre Covid) and the role of the Crawley Borough within the wider FEMA.
- 3.1.3 The analysis notes commercial agent feedback indicating a need for additional land to accommodate strong levels of market driven demand, particularly for industrial and warehousing sites and premises. However, no uplift is applied to reflect this.
- 3.1.4 The analysis of future requirements does not set out any consideration of replacing losses of employment sites and premises to other uses.
- 3.1.5 Within the preferred 'past trends' approach there is no consideration of whether past take up might have been suppressed as a result of constrained supply, or whether the demand profile in the past period was similar to expectations for the future.
- 3.1.6 Given the strength of agent opinion and the failure to consider the implications of losses of employment sites and premises to other uses the final requirements figures put forwarded can be considered an underestimate of total objectively assessed needs.

3.2 EGA Focused Update for Crawley

- 3.2.1 This report is positioned as a post Covid check. It draws on revised economic forecasts. The level of growth that is forecast is lower than historic growth rates and is from a respected source. The relevant differences in the considered economic forecasts are discussed on a sectoral basis in order to come to a balanced view.
- 3.2.2 The assessment of future B8 warehousing requirements is primarily driven by forecast employment change (and therefore changes substantially as a result of revised forecasts).
- 3.2.3 In the commentary set out within the EGA Update (paragraph 2.48) it is noted that the Oxford Economics forecasts make allowance for more rapid automation. Whilst the process of automation will have implications for employment and economic development policy more generally (and may

temper the rate of growth of employment in the sector), this does not restrict the potential growth in sites and premises requirements.

- 3.2.4 Such issues are considered in the latest Planning Practice Guidance (PPG), which notes a need to make a broader assessment of B8 uses on the basis that employment alone has known weaknesses as a predictor for this sector.
- 3.2.5 There is no clear evidence of any attempt at this wider assessment as part of the EGA. This links across to comments made above (at paragraph 3.1.3) on the original EGA, with commercial agent sentiment not being fully reflected despite clear indications that there is very strong demand.
- 3.2.6 The EGA Update assessment leads to an overall requirement of 38.7ha, which is the figure carried forward to the Pre Submission Local Plan. This is slightly greater than the figure emerging from the original assessment. In the EGA Update the emerging requirements from both baseline job growth and past take-up approaches are very similar (38.7ha and 39.6ha).

4 Analysis

4.0.1 This chapter set out analysis of the issues identified in the summary reviews contained within previous chapters of this report.

4.1 Headline Employment Land Requirement

4.1.1 In reviewing the core documents, as summarised above, HJA has identified a number of weaknesses with the overarching analysis. In particular:

1. A failure to actively consider the potential need for land to replace losses of existing stock; and
2. A failure to take full account of agent views, particularly for B2/B8 uses.

Replacement

4.1.2 The recommendation of a need for 38.7ha of employment land emerging from the EGA Update is drawn from the baseline jobs growth approach. This considers only the net change in employment over the plan period, and applies an average employment density for the relevant Use Classes to derive an additional floorspace requirement.

4.1.3 This approach is helpful in considering some of the net changes in the economy. However, it fails to consider any of the issues within the existing economy or commercial market. Inherent in the approach is that the entirety of the existing stock of commercial employment sites and premises remains in its appropriate use and fit for purpose for the entirety of the plan period.

4.1.4 However, there is highly likely to be a loss of some stock to non-employment uses (through Permitted Development or change of use applications), or becoming redundant through dilapidation, or no longer being aligned to modern occupier requirements. Further, this approach fails to fully consider whether there are changing property requirements within sectors. There may also be changing employment densities over time. This is already recognised in the evidence base with regards to automation in some sectors, and is recognised in PPG specifically in regard to B8 uses where a wider view of future storage and distribution requirements is instructed.

4.1.5 These effects will lead to additional requirements for employment sites and premises that are not captured in the current evidence base.

Agent Views

4.1.6 This second issue is a specific requirement of PPG Paragraph: 031 Reference ID: 2a-031-20190722. The Submission Draft Local Plan includes specific references to this market sentiment, as set out at paragraph 2.0.3 above, but with no action taken. The EGA also highlighted strong commercial agent opinion as summarised at paragraph 3.1.3 above.

4.1.7 HJA has consulted with local industrial agent Robert Bradley-Smith who confirmed the views set out within the EGA remain highly relevant. Industrial, and particularly logistics demand is extremely strong and current and future requirements are expected to be ahead of past trends. The Covid-19 pandemic has accelerated the move to e-retail. The premises requirements of e-tailers and third-party logistics operators are growing rapidly. The growth is expected to continue as new market areas are added to the portfolios of e-tailers, as well as through increasing demands for ever shorter delivery times. The Gatwick area was also highlighted for its excellent location at the heart of the South East and able to service both the south coast and south London.

- 4.1.8 In considering an approach aligned to the requirements of PPG, and drawing on the agent views as set out within the evidence base, there is very clear evidence of a need to provide an uplift to the stated requirements for warehousing space.

Implications

- 4.1.9 These two issues combine to indicate the overall requirement should have been subject to further uplift. The exact scale of uplift will require an element of subjectivity and particularly dialogue with a range of stakeholders active in the logistics market as well as evidence on the potential scale of losses and need for replacement. HJA has explored with West Sussex County Council's monitoring team the availability of the relevant monitoring data, and it was confirmed that not all losses of employment sites and premises are currently recorded within the data, particularly to non-commercial losses such as residential. Therefore it has not been possible to propose a scale of uplift as part of this response.

4.2 Shortfall in Employment Land Trajectory

- 4.2.1 Notwithstanding the issues set out above, Table 2.5 of the EGA update (p10) identifies a net floorspace requirement of 121,550sqm of industrial (B1c/B2/B8) Uses before the 10% flexibility allowance is applied. With the flexibility added this increases the required provision to 133,700sqm¹. In land terms this equates to 33.4ha on the basis of the 4,000sqm per hectare (40%) development density assumption.
- 4.2.2 A shortfall in provision is identified within the Employment Land Trajectory (January 2021) which includes a total provision for B1c/B2/B8 floorspace of 118,920sqm. This falls below the total requirement including the flexibility allowance. This indicates a shortfall of 14,780sqm, equivalent to 3.7ha at the 40% development density.
- 4.2.3 The trajectory document also suggests the proposed allocation at Gatwick Green will deliver 77,800sqm² on 24.1ha. This equates to a density of only 32%. On the basis of this lower density the additional 14,780sqm would require a further 4.6ha.

¹ This figure is never quoted in the EGA documentation, but is inherent within an adjustment to land area conversion rates. For ease of comparison with the employment land trajectory we have set out the full workings.

² It is noted in the text that this is the outstanding requirement. However, as has been demonstrated, this appears to be an underestimate by some 14,780sqm based on the Council's stated figures.

5 Conclusion

- 5.0.1 Crawley is a key economic hub for a wider hinterland. The Submission Draft Local Plan seeks to plan positively for economic and employment growth.
- 5.0.2 The Council's own evidence and the Submission Draft Local Plan both acknowledge the strength of market demand highlighted by commercial agents, but make no adjustment for this clear evidence of strong market signals and the specific requirement of PPG to take account of logistics needs in a more rounded way. Coupled with a failure to make any provision for replacing losses of existing employment sites and premises to other uses, and through dilapidation and changing occupier requirements, there is a clear under provision in the assessment of future needs. The scale of this uplift is uncertain.
- 5.0.3 The Employment Land Trajectory set out alongside the Submission Draft Local Plan indicates a shortfall in anticipated floorspace when compared to the identified needs and the claimed capacity within the plan. The shortfall equates to a need for a further 3.7ha of industrial and warehouse land across the plan period. This could increase to 4.6ha based on the identified density at Gatwick Green.

Table 1: Revised Industrial & Warehousing Requirement - Summary

Category	Land Requirement
Current stated outstanding requirement	24.1ha
Employment land trajectory shortfall	3.7-4.6ha
Additional market and replacement uplift	TBC
Total	27.8-28.7ha+

Source: HJA based on EGA and Crawley Borough Council documentation

- 5.0.4 Additional employment land provision should be made to support the needs of the Crawley Borough economy and enable it to continue to fulfil its role as a key economic hub for the wider area.



CRAWLEY BOROUGH COUNCIL LOCAL PLAN
2024 - 2040 SUBMISSION CONSULTATION DRAFT

WT LAMB PROPERTIES, THE DYE FAMILY
& ELLIOTT METALS/THE SIMMONDS FAMILY
JUNE 2023

Appendix 2: Employment Land Report by HJA

1 Review of Northern West Sussex Economic Growth Assessment: Supplementary Update for Crawley

Statement of Competence

- 1.1 Hardisty Jones Associates (HJA) is an expert economic development consultancy with extensive experience in matters relating to employment land evidence for Local Plans. HJA frequently prepares employment land evidence for local authorities to inform their plan making. HJA also provides analysis for a range of clients wanting to understand the quality and robustness of evidence prepared for and on behalf of local planning authorities.
- 1.2 This paper has been prepared by Stuart Hardisty. Stuart is a Director of HJA with 23 years' experience of economic development consulting and particular expertise in the area of assessing future employment land requirements. Stuart is a Fellow and Director of the Institute of Economic Development. Stuart has led numerous evidence studies on behalf of local authorities and other public bodies; he has appeared as Expert Witness to successfully defend evidence; and has written articles and spoken at conferences on the topic of employment land evidence.

Instructions

- 1.3 HJA has been instructed by W T Lamb Holdings to undertake a critical review of the *Northern West Sussex Economic Growth Assessment: Supplementary Update for Crawley* (Final Report, January 2023) prepared by Lichfields on behalf of Crawley Borough Council. The findings of this review will be used to inform representations to the Regulation 19 Consultation of the *Draft Crawley Local Plan 2024-2040* (May 2023), (hereafter referred to as the new Local Plan).
- 1.4 This review follows similar evaluations of previous reports which form part of the Northern West Sussex Economic Growth Assessment (EGA). The EGA forms part of the evidence base to the new Local Plan.
- 1.5 The January 2023 EGA Supplementary Update has been prepared as a result of delays to the new Local Plan, caused by ongoing water neutrality issues in the area.

Previous Reviews and Engagement with Crawley Borough Council

- 1.6 In March 2021, HJA reviewed the new Local Plan and its employment land evidence as was available at the time. This was used to inform W T Lamb Holdings representations to the previous Regulation 19 Consultation¹. The review² identified a number of weaknesses in the evidence base and its failure to fully comply with the requirements of Planning Practice Guidance (PPG). In particular the review identified issues leading to an under provision of industrial and warehousing land within the new Local Plan including:
 - Calculation errors in the employment land trajectory;

¹ Prior to the water neutrality issue.

² HJA (2021) Review of Employment Land Matters within the Submission Draft Crawley Local Plan

- Failure to make appropriate adjustment for the strength of market opinion, in line with the advice of PPG; and
- Failing to ensure sufficient provision to replace losses of employment space to other uses³.

1.7 The previously submitted note is appended for ease of reference.

1.8 HJA, alongside W T Lamb Holdings and LRM Planning has also participated in meetings with Crawley Borough Council in April 2021, November 2021 and November 2022 to explain our concerns regarding the evidence base. This engagement included an open offer to discuss our concerns with the authors of the EGA, with a specific offer in advance of the authors preparing the January 2023 Supplementary Update. This offer has not been taken up by Crawley Borough Council or the EGA authors.

Overall Conclusions of the EGA Supplementary Update

1.9 The EGA Supplementary Update concludes that there is a reduced requirement for employment land across Crawley Borough⁴ when compared to previous editions. This is based on revised economic forecasts which include lower levels of employment growth and a change in the historic time period over which past trends are analysed (now incorporating the Covid-19 impacted years).

1.10 Whereas the previous study identified a total requirement of approximately 40ha, this has now reduced to 26-32ha across the borough. The shortfall, after adjusting for existing supply, falls from around 24ha to 11-17ha.

1.11 In response, the new Local Plan has reduced the size of allocation at Gatwick Green⁵.

Methodology of the EGA

1.12 The January 2023 EGA update applies a largely similar methodology to that used in the original Economic Growth Assessment (January 2020) and its previous update (September 2020). The update is partial, and draws on revised economic forecasts and updated historic monitoring records. It also considers a revised time period of 2022-2040⁶.

1.13 The methodological issues highlighted in previous critical reviews therefore remain. These are:

- Failure to consider gross rather than net completions in historic projections;
- No meaningful consideration of replacement requirements;
- No meaningful uplift for market sentiment or historic suppressed supply; and
- No wider consideration of the logistics sector as required by Planning Practice Guidance⁷.

³ Including through dilapidation and change of use.

⁴ Including an amended time period.

⁵ Land east of Balcombe Road and south of M23 spur.

⁶ Previous reports considered the period 2019-36.

⁷ PPG paragraph 031 Reference ID: 2a-031-20190722. However, some consideration is made within the Employment Topic Paper which underpins the new Local Plan.

Response to Previous W T Lamb Submissions to Crawley Borough Council

- 1.14 There is no evidence that any of the points made on behalf of WT Lamb previously have been materially addressed in the January 2023 update. As noted above, this includes ignoring the offer to engage with the EGA authors to discuss and explain our concerns.

Detailed Issues

- 1.15 The following issues have been identified as a result of the review of the January 2023 EGA update.

Implications of the Covid affected time period

- 1.16 Relying on employment data and commercial development data relating to the time period most substantially affected by the Covid-19 pandemic and the related public health restrictions on activity brings risk. As part of the EGA update the 10 year time period for historic analysis has been rolled forward. This now includes the pandemic period. The pandemic was a highly atypical event which has the potential to impact data which is used for the purposes of long term policy planning. In particular, overall employment data for Crawley is substantially affected as a result of the impact on air travel and therefore Gatwick Airport.
- 1.17 **Inclusion of these data has a depressing effect on the overall analysis.**

Treatment of negative forecast employment change

- 1.18 The economic forecasts relied upon within the analysis include reductions in employment for activities within light and general industrial property typologies. This leads to a negative requirement for such uses (see paragraph 2.28)⁸. However, the report notes that the light industrial property typology has been a key driver of new development in Crawley (see paragraph 2.34). This historic activity has been during a period when employment data would also suggest decline. This highlights a key methodological weakness which has been repeatedly stated in HJA's reviews of previous EGA reports. There has been a failure to take a rounded view based on all the evidence. Planning Practice Guidance suggests consideration of a range of evidence including economic forecasts and market based indicators. The employment topic paper⁹ also highlights the strong market sentiment yet makes no adjustment to the quantum of land required.
- 1.19 HJA's extensive experience in this field of work has repeatedly found similar trends to that identified in the EGA across other locations. Whilst employment related to light and general industrial property typologies has been in decline for many years, demand for such property remains strong. This is a result of the need to replace stock that is lost from these uses to other activities due to either demand for alternative uses, or due to properties moving beyond their useful economic life or not being suitable to meet modern occupier requirements. The need for sufficient allowance for 'replacement demand' is therefore

⁸ HJA notes that any reduction is halved to take into account that some job shedding takes place without a commensurate release of floorspace.

⁹ Topic Paper 5: Employment Needs and Land Supply (May 2023)

critical to ensure planning policy does not hamper the future performance of the economy. The treatment of replacement demand within the EGA is inadequate.

1.20 Overall this methodological weakness leads to an under estimate of the future need for light and general industrial sites and premises.

Adjusting for historic constraints

- 1.21 The EGA update explicitly acknowledges that historic supply may have been constrained (see paragraph 2.32). This is also highlighted within the employment topic paper (including paragraphs 4.66 NS 4.72). On this basis it is reasonable to infer that historic activity levels could have been suppressed as a result of this constraint. In fact this is explicitly stated in the topic paper. Any projection forward relying on historic activity levels is therefore at risk of underestimating true demand, with upward adjustment required. However, no such adjustment has been made.
- 1.22 Forward projections are also at risk of being suppressed through including two years' of data affected by the Covid-19 pandemic as noted above. The EGA update draws on the period 2011-21.
- 1.23 Overall this failure to adjust the assessed need for the identified historic constraints will under estimate the need for future employment sites and premises. The new Local Plan is therefore failing to plan positively.**

Aligning to future labour supply

Methodological absurdity

- 1.24 The approach to considering the employment sites and premises requirements arising from higher growth in future labour supply is fundamentally flawed (see EGA paragraph 2.35). The method adopted by the authors of the EGA effectively exaggerates negative trends. As such, the adjustments made to address the fact that labour force growth is likely to outstrip labour demand (i.e. modelling an increase in employment to balance the labour market), leads to a larger decrease in the need for light and general industrial sites and premises. This is non-sensical. Higher population will drive additional demand for services and create the potential for increased business start up and growth. In no way will an increased population and labour force accelerate the decline of any particular sector. The effect of this is to falsely reduce the assessed demand for light and general industrial property.
- 1.25 In order to explain in more detail. Under the 314 dwelling per annum (dpa) scenario there is broad alignment between the demographic analysis and the economic forecasts. However, for the 544 dpa scenario this is not true. The EGA is clear that the higher dwellings scenario will drive additional employment requirements, and hence additional sites and premises requirements. Yet the assessment finds to the contrary in the case of light and general industrial.
- 1.26 The result of this methodological weakness is to reduce the level of light and general industrial need under the higher dwellings scenario.**

Meeting demographic and housing need

- 1.27 Further to the above, the new Local Plan makes provision for 314dpa within Crawley Borough. On this basis one might presume the comments above relating to a higher

housing and labour force/population scenario are irrelevant. However, the new Local Plan and its evidence base is clear that there will be significant unmet housing need, with a standard method derived need of 755dpa. How this will be met in full is unclear, although reference to urban extensions outside the Crawley borough area, but functionally part of Crawley are addressed. Within the EGA update employment needs for a higher housing figure of 544dpa are set out (based on scenarios initially considered within the housing and employment evidence base in 2020). However, no additional employment land allowance is provided for within the new Local Plan on this basis. The Plan draws on figures from options broadly aligned to the 314dpa scenario.

- 1.28 It is clear that Crawley is the key economic hub of the sub-region and at the heart of the functional economic market area (FEMA). For that reason, the employment sites and premises requirements associated with that higher level of housing need will also need to be provided within the area; and given Crawley's role, it would be reasonable to expect the lion's share of this need to be located within Crawley. However, there appears to be no adjustment made to capture any of this need within Crawley. The additional requirement associated with the 544dpa scenario is assessed as 42.9ha (as per Table 2.14¹⁰).
- 1.29 The employment topic paper (paragraph 4.69) notes that the majority of this demand is expected within the transport and logistics sector. It also notes that there are no other strategic employment sites proposed in the northern west Sussex area to meet the needs of this sector. In which case, the identified demand will go unmet.
- 1.30 Whilst the employment topic paper considers the transport and logistics sector in more detail, highlighting the strong levels of demand nationally, regionally and locally. The provision of capacity at Gatwick Green within the new Local Plan only meets the minimum level identified based on the 314dpa scenario and makes no attempt to meet any of the identified unmet needs within the sub-region.
- 1.31 In addition, no consideration of the employment sites and premises requirements associated with the remaining unmet dwelling need¹¹ is made at all.
- 1.32 Even if additional housing is not provided in full that does not mean that the population that would be resident within such housing will not be resident within the area. Whilst there may be some constraint on migration, there will also be a limitation on new household formation or increased levels of living within sub-optimal accommodation. Therefore the employment need, and the associated sites and premises requirements do not disappear.
- 1.33 On the basis of the evidence presented there is an under provision of employment sites and premises, particularly in the transport and logistics sector to meet the needs arising from higher housing requirements which will be met elsewhere in the sub-region.**

¹⁰ As noted by HJA given the illogical conclusion that higher housing development leads to increased losses of light and general industrial demand it is reasonable to conclude the actual requirements associated with the higher housing scenario are in excess of the 42.9 ha identified in Table 2.14.

¹¹ Based on 755 dpa and the 544 dpa scenario there is an additional 211dpa not assessed within the EGA.

Providing a buffer

- 1.34 In our previous reviews we have repeatedly identified the need to address the necessary uplifts to address replacement demand and wider market issues. These have not been adequately addressed or considered.
- 1.35 Within the latest EGA update a 'buffer' of 10% is applied (see paragraph 2.40) to address:
- Replacement of some ongoing losses;
 - Delays to sites coming forward; and
 - Other relevant factors in the local market.
- 1.36 In HJA's opinion this is clearly inadequate to deal with such significant issues. Particularly given the evidence presented elsewhere in the EGA (in the latest Update and the previous reports). In particular the issues of historic constrained supply, strong market sentiment and a failure to properly provide for losses of employment sites and premises¹².
- 1.37 Assessment of replacement needs should be based on existing stock, and potential losses thereof, rather than a proportion of future requirements.
- 1.38 On the basis that commercial properties are developed with an anticipated useful economic life of 35 years one might reasonably expect replacement of commercial property to average out at ~3% per annum¹³. In HJA's work for local authorities we acknowledge that such an assumption may often be too strong, given that in reality some premises are used well beyond 35 years. A figure of 1-2% of stock per annum is therefore typically adopted as a starting assumption for testing, with the final assumption informed by available evidence and local market opinion on the age, quality and condition of existing stock. Property that is typically used well beyond its 35th anniversary is often very old stock (e.g. Victorian) that has been very robustly built.
- 1.39 It has been indicated in other New Towns that much of their commercial property is approaching (or beyond) the end of its useful life and will require replacement within the next 10-20 years. New Towns also are absent the historic property that has shown the capacity to be used well beyond the 35 year threshold. For this reason the level of replacement in Crawley, as a New Town, is potentially higher than 1-2% per annum.
- 1.40 If 2% per annum is considered a minimum level, equivalent to replacing property every 50 years on an ongoing basis; over the 16 year plan period this would equate to a baseline level of replacement of 32% of existing stock, and potentially higher¹⁴. This is clearly well above the 10% uplift applied only to the estimated future requirements provision. Nevermind the fact that this 10% uplift has been included to cover not just replacement but a range of other factors as well.

¹² HJA has engaged with West Sussex County Council to access detailed monitoring records of historic commercial development activity in Crawley Borough. Officers of WSCC confirmed that they do not actually monitor total losses of employment sites and premises so it is not possible to assess the total scale of losses. Data on losses is only captured where any future development is employment related. Therefore losses of employment sites and premises to non-employment uses are not captured.

¹³ This assumes an ongoing cycle of replacing property as it reaches the end of its economic life.

¹⁴ A proportion of this figure could be met through the recycling of existing employment sites. Monitoring data for Crawley maintained by WSCC does not allow for detailed consideration of what proportion of historic development has been achieved through recycling of sites. Based on HJA's experience of other locations a figure of around 20% is typical.

- 1.41 **Without sufficient provision for replacement there is a significant risk that the Crawley borough economy will not have sufficient employment premises to operate effectively. The remedy is an uplift to the provision for employment property across all Use Classes.**

Conclusions

- 1.42 HJA's review of the EGA Update has found that there are multiple weaknesses in the EGA methodology. There have been no material changes to the approach despite the points made in previous representations and meetings with the Council. The offer to engage with Lichfields to explain the concerns as previously expressed has not been taken up.
- 1.43 It is HJA's view that the EGA makes an underestimate of the true PPG compliant requirement based on both the evidence presented within the EGA itself, and weaknesses in the methodology employed.
- 1.44 It remains HJA's view that is incumbent upon Crawley Borough Council to ensure that its new Local Plan is founded on a sound evidence base in order to be found sound at Examination. On the basis that the evidence on which key policies within the plan relies is not sound the Plan itself is not sound and will require modification to ensure sufficient provision of employment land to meet the needs of the Crawley economy throughout the plan period.
- 1.45 As set out in this paper the effects are across all employment Use Classes (in terms of replacement) but more specifically within the light and general industrial; and transport and logistics sectors.
- 1.46 The employment topic paper makes clear that Crawley acts as a key employment hub for the sub region; that there remains strong demand; that there has been historic constraint; and that there are no other strategic employment allocations within the sub region. However, the only additional allocation within the new Local Plan has been reduced in scale to 14ha. This fails to address any of the identified issues which actually confirm the assessed need to be an under estimate.
- 1.47 The analysis above has identified a series of methodological issues that would need to be rectified in order to comment in detail on the quantitative position, making provision for the higher dwelling scenario might be considered a minimum level, with an unmet industrial and warehousing requirement of 48ha, requiring an additional 34 ha to be provided.