

## Matter 4 Economic Growth

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### ISSUE 1 AND ISSUE 3

Response on behalf of WT Lamb Properties Ltd (hereafter WT Lamb), the Dye Family and Elliott Metals/the Simmonds Family.

November 2023

1. Our response to Matter 4 is submitted on behalf of our client, WT Lamb Properties Ltd (hereafter WT Lamb), the Dye Family and Elliott Metals/the Simmonds Family.
2. We are generally supportive of the emerging Local Plan. However, in respect of Matter 4: Economic Growth our representations can be summarised as follows:
  - The current estimation of required employment land is significantly below the true level required and cannot be considered to be sound;
  - In line with national planning policy and the plan-led system, the outstanding employment requirement should be increased from 13.73ha to 50ha; and
  - A comprehensive and proper plan led approach towards Gatwick Green should be taken rather than the incremental and piecemeal approach currently proposed which includes our clients land as the missing section of the Gatwick Green allocation.
3. Please note our response to Issue 1 has been prepared by Hardisty Jones Associates and are based upon the deposit representations and evidence submitted at that stage. It is envisaged that further oral evidence will be given at the examination. We also intend to give oral evidence at the hearing in respect of issue 3.

### ISSUE 1: WHETHER THE EMPLOYMENT LAND REQUIREMENT (POLICY EC1) WILL SUPPORT SUSTAINABLE ECONOMIC GROWTH.

**4.1 Is the employment land requirement identified in the Plan soundly based? Is it consistent with national policy at NPPF paragraphs 81-83 in terms of positively and proactively encouraging sustainable economic growth in the Borough? Does the proposed approach to employment land in the Plan provide the appropriate conditions for businesses to invest, expand and adapt?**

4. No to all three questions. The quantum of employment land provided is not reflective of the Council's own evidence and PPG and therefore fails to take account of the full requirement needed to positively and proactively encourage sustainable economic growth.

**4.2 Including by reference to PPG paragraphs 2a-026-20190220 and 2a-027-20190220 does the analysis and assessment of employment land required over the plan period take sufficient account of local economic strategies, market demand, the current condition and employment land stock (including losses of employment space to other uses) and local market signals?**

5. No.
6. The analysis and assessment of employment land requirements does not take full account of market demand/signals based on the Council's own evidence and confirmed in our previous submissions. Whilst there has been consideration of market signals this is not effectively factored into the assessment of future requirements, despite clear evidence of historic constraint and market demand outstripping the assessed needs.
7. The assessment fails to provide for the full needs arising from anticipated demographic change which is discussed in our response to question 4.8 below.
8. The assessment also fails to take proper account of future property market requirements resulting from the need to ensure a supply of premises suited to modern occupiers which will arise as a result of losses from change of use, redevelopment and obsolescence.

**4.3 Is the submitted Plan consistent with the economic priorities for the Local Enterprise Partnership(s) and Gatwick Diamond and will it appropriately support Crawley as the prime industrial location in Northern West Sussex?**

9. No.
10. The LEP clearly identifies Crawley as a critical growth location, whilst also noting an unmet demand for space in its key growth locations (Build back stronger, smarter and greener). The LEP areas connectivity is identified as one of its key assets and opportunities with Gatwick airport critical as an engine for growth.
11. By failing to properly provide for the scale of employment space identified within the Council's own evidence base it cannot be consistent with Crawley's role as a key economic hub for the LEP and the Gatwick Diamond.

**4.4 Does the plan provide sufficient flexibility to accommodate needs not anticipated in the Plan and to enable a rapid response to changes in economic circumstances in accordance with NPPF paragraph 82(d)?**

12. No. If the plan does not provide for basic requirements it cannot feasibly provide sufficient flexibility to accommodate needs not anticipated in the Plan. Whilst there is a reliance on additional potential capacity at Gatwick Green to provide flexibility above the minimum, there is no effective consideration of whether this is likely to be sufficient.

**4.5 Does the Economic Growth Assessment (EGA) evidence inform an appropriate strategy for the Local Plan in terms of looking at both baseline jobs growth and past development rates in terms of the figure of 26.2ha representing a positively prepared approach in planning for sustainable economic growth? The 26.2ha is expressed as a minimum requirement yet the submitted plan does not appear to allocate more than the**

**net 13.73ha needed to achieve 26.2ha over the plan period. Is that correct or does the 44ha Gatwick Green site provide a buffer?**

13. No. Whilst the EGA considers baseline jobs growth and past development rates, the conclusions on future requirements fail to fully consider the wider requirements of PPG, particularly in terms of market signals, demographic change, considering whether there has been constraints in the past, ensuring the future supply of premises is fit for modern occupiers, ensuring there is sufficient capacity to respond to non anticipated needs, nor the specific needs of the logistics sector. It is therefore not positively prepared. Whilst some of these matters are explored in the Topic Paper No. 5 there is no consideration of scale or appropriate uplift.
14. In addition, the past trends analysis (acknowledged to be impacted by significant constraint and historic under provision) within the EGA identifies a larger requirement than the baseline jobs approach. However, it is the lower baseline jobs derived figure which is adopted.

**4.6 Does the latest Economic Growth Assessment (EGA) Supplementary Update for Crawley 2023 potentially underplay the likely demand for additional employment land over the plan period by: (i) extrapolating growth from 2011-21 which would include an element of suppression during the Covid-19 pandemic; and (ii) factoring-in past constraints in land supply in the Borough?**

15. Yes. Both these issues are relevant. Point (ii) is part of a wider failure to properly take account of market factors in both the past, present and future, all of which lead to an under estimation of future requirements within the EGA. It is acknowledged that the current adopted plan significantly under provided for identified needs by c35 hectares. This will have had a very significant constraining effect which is repeatedly acknowledged throughout the Council's own evidence.

**4.7 Is the interpretation of the economic land forecasts in the EGA, and as explained in Topic Paper No.5, reasonable and reliable?**

16. We do not disagree with the way the EGA is interpreted within Topic Paper No. 5. The issue is a wider one of a failure of the EGA to take full account of the relevant range of factors, and the extent to which the Topic Paper No. 5 does the same.

**4.8 Is the employment land provision in the plan aiming to provide the minimum necessary to support the Plan's housing requirement (314dpa)? The local housing need is forecast to be significantly higher (755dpa), which historically has been met by adjoining authorities. Is there an additional requirement for employment land to support labour demands from the projected increase in local housing need and how would this be met?**

17. It appears that the plan provides for the minimum requirement as outlined within the EGA. However, we believe the approach to calculating this figure is fundamentally flawed and underestimates the full requirement.
18. There is no provision of employment land associated with any higher or unmet housing needs beyond the 314dpa scenario. There will be an additional employment land requirement arising from the locally assessed housing need which is not provided for within the plan. It is realistic that a proportion of this demand will arise even without higher housing provision should household formation be suppressed leading to increased household size or overcrowding. Where additional housing is provided either within Crawley Borough, or within adjoining authorities it is reasonable to conclude this would lead to additional employment land requirements within Crawley.
19. With Crawley recognised as the key economic hub of the wider area even where housing need is met in adjoining authorities employment provision will be required within Crawley Borough.

**4.9 The NPPF refers to flexibility and often an element of ‘buffer’ is built into employment land requirements. Is the proposed 10% buffer in the EGA justified in light of the circumstances in Crawley including potentially past constraints in supply and any trends in replacement / loss of existing stock?**

20. No. The buffer that is provided is woefully inadequate. Levels of replacement demand are expected to be 10-20 times greater than the uplift provided. In addition, the uplift for past constraint could also be in the order of 15 times the scale of buffer provided.

**Replacement Demand**

21. The labour demand-based modelling approach used within the EGA considers the marginal or net changes in requirement based on anticipated changes in the employment base. It makes no consideration of the needs of the existing employment base which is already accommodated in the area. We have repeatedly highlighted this issue to the Council through our previous representations.
22. Data from the Valuation Office Agency states an existing stock of 699,000 sq m of industrial (including warehousing) premises and 293,000 sq m of office floorspace at 31st March 2023. In combination a total of 992,000 sq m of existing commercial employment stock. To ensure a sustainable economy it is vital that this stock is maintained in such a way that it continues to meet modern occupier needs, in addition to providing for any expansion in the economy.
23. It is replacement demand which is the primary driver of development of new light industrial (E(g)(iii)) and industrial (B2) property given the well documented declines in employment. With an increasing focus on ESG (Environmental, Social and Governance) issues and the gradual increase in Minimum Energy Efficiency Standards the need to upgrade stock is increasing. This is coupled with a large proportion of stock within New Towns approaching functional obsolescence within the next 15-20 years.
24. It is reasonable to assume that a proportion of existing stock will be subject to pressures for change of use, as well as some reaching obsolescence either through age or changing occupier requirements. Based on an evidence based assumption that 1-2% of stock requiring replacement each year [i.e. the entire stock of premises would be gradually refreshed over a 50–100-year period<sup>1</sup>], would require provision for approximately 10,000 – 20,000 sq m of new development each year. Over the 16 year plan period this equates to some 160,000 – 320,000 sq m of new stock requiring replacement.
25. A proportion of this redevelopment could be expected to take place within existing employment areas (e.g. Manor Royal). HJA research has typically found around 35-40% of new floorspace is achieved through re-use of employment sites. This would require 60% to be facilitated through new supply. This equates to 96,000 – 192,000 sq m of development, which at a development density of 40% would require 24 – 48 hectares of additional land.
26. This level of replacement requirement far outweighs the 10% uplift to net additional requirements which is not specified within the EGA but in the order of 10,000 sq m or 2.4 hectares across the entire plan period. Our evidence suggests the buffer should be 10-20 times greater than provided.

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<sup>1</sup> British Standard EN 1990:2002, Eurocode – Basis of structural design (Eurocode 0) states that buildings structures should be designed to last 50 years. It states that over this duration any deterioration in the structure should not impair the use of the building for its intended purpose. BREEAM (Building Research Establishment Environmental Assessment Method) life cycle assessments indicate the service life of a building is considered to be 60 years. This is in-line with British Standards (BS 7543: 1992 and BS ISO 15686-1: 2000 respectively) for the design life of components and assemblies of the main structural elements of a building. Life cycle costings in the commercial real estate sector are designed to consider the entire cost of owning and operating a commercial building over its economic lifespan. In the RICS guide to life cycle costing they consider appraisals of greater than 30 years should involve “consideration for possible technological, commercial and legal changes” (pg. 7). This suggests that buildings over 30 years old have a high probability of becoming functionally obsolete without significant investment to upgrade or refit the building.

### Historic Constraint

27. There is no effort within the evidence base to quantify the impact of historic constraint. However, Topic Paper No. 5 does acknowledge the current adopted Plan provided c35ha less employment land than identified need (para 3.10; only 40% of identified need was provided for). The Topic Paper also repeatedly cites the impact of this constraint through unmet demand, low vacancy and rising rents.
28. This therefore suggests any extrapolation of historic development trends will significantly under represent the true nature of demand, and any suggestion alignment with the baseline jobs position has validity is meaningless.
29. It also means a 10% uplift, equivalent to around 2.4 hectares to address this constraint over 16 years is woefully inadequate. If the historic constraint is equivalent to 35ha over 15 years this would suggest a broadly similar level over the 16 years of the current Plan period.

### Summary

30. The buffers for historic constraint and replacement demand are not necessarily mutually exclusive and cumulative. Both issues suggest the level of additional provision required is in the region of 36 hectares (based on midpoint of replacement range). This clearly demonstrates the woeful under provision via the current buffer approach.

**4.11 Is it necessary for soundness to increase the employment land requirement in Crawley to ensure there is a strong, competitive economy over the plan period? If so, what would be a reasonable, alternative figure and could that be accommodated within the Borough under the current safeguarding regime for Gatwick?**

31. Yes. However, it is challenging to provide a specific estimate without understanding potential duty to cooperate discussions relating to both housing and employment matters.
32. Uplift should be made for:
- 1) Aligning to local housing need/demographic change
  - 2) Replacement requirements
  - 3) Historic constraints
  - 4) Market evidence
33. The EGA sets out an additional requirement for 43 hectares to align to the 544 dpa scenario. It would require further dialogue via the duty to cooperate to understand what proportion of this additional requirement would be met by adjoining authorities.
34. As set out in our response to 4.9 replacement requirements are estimated at 24-48 hectares of additional provision. Historic constraint based on previous under-provision could be in the order of 36 hectares.
35. On this basis the minimum requirement should be increased by at least 36 hectares to deal with replacement and historic constraint effects, with any further requirement arising from additional population growth/housing provision needing to be added on top.

### CONCLUSION AND REQUIRED CHANGES IN RESPECT OF MATTER 4 TO THE PLAN TO MAKE IT SOUND

36. 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 62 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 50ha 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*

### ISSUE 3: WHETHER THE APPROACH TO THE STRATEGIC EMPLOYMENT LOCATION AT GATWICK GREEN (POLICY EC4) IS SOUND.

**Question 4.18: Having regard to safeguarded land for Gatwick Airport, master-planning for Gatwick Airport, land ownerships and the need to achieve safe and suitable access to the highway network, is the proposed Gatwick Green allocation deliverable and capable of meeting employment needs in the Borough during the plan period?**

37. No. As set out in our response to Issue 1 there is a need to identify a minimum of 50ha of employment land. As such, the 44ha that currently makes up the allocation is not sufficient to deliver this minimum level. The allocation of 8.8ha of our clients land as the missing section would allow this to be met and would allow for a comprehensive master plan for the area in line with NPPF and as envisaged by the topic paper.
38. As set out in our representations (and our response to Matter 5), we consider that the most appropriate approach towards the delivery of Gatwick Green is a comprehensive master planning approach across a larger area that allows for an optimum strategy for delivery including in respect of appropriate development parcels (which are large and unconstrained for large units), a high quality design approach, access and servicing, modal shift, infrastructure, landscape and biodiversity.
39. The technical work that our clients have undertaken and submitted in respect of land within their control demonstrates that the proposals are deliverable and that a larger Gatwick Green allocation is feasible to meet needs.

**Question 4.19: Does the evidence, including any local market intelligence, demonstrate that Gatwick Green would be an attractive location for both small-scale industrial stock and larger footplates for storage and distribution uses?**

40. There is a considerable amount of market intelligence setting that informs this requirement that has not been taken account of in the formulation of the policy requirements. Indeed, this has been set out in our response to EC1 and issue 4 as advised by Altus Group who confirm the attractiveness and demand for the site for such uses.

**Question 4.20: Would Gatwick Green hinder sustainable aviation growth as envisaged in the Government's Draft Aviation Strategy to 2050 (2018)?**

41. We consider the robustness of the evidence base within our response to Matter 5. But note for ease of reference that circumstances are likely to dramatically change at Gatwick with the introduction of the northern runway, this effectively doubles the capacity of the airport meaning that Gatwick will play a major role in increasing capacity and a second southern runway would be a disproportionate response for a relatively minor increase in capacity.

**Question 4.22: Is the extent / shape of the allocation justified and would it result in a coherent development site in terms of securing high quality design, strategic landscaping and integrated connectivity within the wider site but also to adjoining land uses?**

42. It is evident that in its present form, the allocation does not allow for a comprehensive approach to the development of the area (NPPF para 22) nor for the minimum 50ha of employment land to be delivered. Indeed, the whole area was originally promoted by The Wilky Group but only parts that they control were identified for allocation. It is notable that the Council's response to the proposed allocation of the remainder of the area (including our clients) was that it is not promoted for employment, this is incorrect. At successive consultations our clients have made it clear that their land holdings would be available for employment purposes.



43. We believe that a larger Gatwick Green area should be allocated for mixed use employment purposes such that it can meet current and future employment needs in an efficient and joined up approach. This will form a long term strategic approach to the area rather than an incremental and reactive approach that arises as a result of the current requirement of 13.73ha (notwithstanding the acceptance in the Topic Paper that 44ha is deliverable).

**Question 4.23: Is the net developable area of 13.73ha justified within the context of the overall scale of the allocation? Is it effective to express the 13.73ha as a minimum but to subsequently require additional employment proposals beyond 13.73ha to be supported by appropriate evidence?**

44. The evidence indicates that there is an outstanding need for a minimum of 50ha as set out in our response to Matter 1. We consider that given the evidence it is highly inappropriate to discount this at this stage and not plan properly for it, this is contrary to the requirements of NPPF with regards to positively planning for the future of an area.

**Question 4.24: What would be the consequences of reducing the Gatwick Green allocation to more closely align with the net employment land requirement (13.73ha)?**

45. The consequences are set out in our response to EC1, insofar as the plan would not be properly prepared and with regard to the implications of the under delivery of employment land.

**Question 4.25: Is Gatwick Green sustainably located in terms of modal shift for prospective employees and connectivity by means other than private car? Are the policy requirements at criteria (f) and (g) of Policy EC4 feasible?**

46. Our clients are supportive of the measures that can be taken including (f) and (g) however consider that this is best dealt with as part of a comprehensive approach towards the proper planning of the area rather than the piece meal approach taken. Furthermore a critical mass of employees allows the longer term planning for improvements.

**Question 4.28: If the allocation is found sound and the plan adopted in 2024, when would a first development likely be completed on the Gatwick Green site? Is the Employment Land Trajectory within the Plan soundly based and reflective of the evidence for Policy EC4? Could the allocation come forward within the early part of the plan period to promptly respond to demand for employment land? If Gatwick Green fails to come forward in a timely manner what are the contingencies/buffers to ensure demand for new employment premises and land is met? Would the fall back be a review of the Plan? Would that be sound given the NPPF position on flexibility?**

47. The allocation is not sound in its present state nor with regard to the evidence that has been presented in response to Issue 1 and the need for a minimum of 50ha. In order to meet requirements and achieve an NPPF compliant position on flexibility the larger area (including our clients land) needs to be identified as the allocation.

**Question 4.29: Is the extent of safeguarded land around the Gatwick Green site justified having regard to the Airport Masterplan and the need to deliver access improvements to the Gatwick Green site?**

48. This is considered in more detail in our response to matter 5.



**Question 4.30: Part m of Policy EC4 requires an Agricultural Land Classification Statement. Is this justified? Has plan preparation, including SA, considered land quality in terms set out at NPPF paragraph 174(b) in recognising the benefits of best and most versatile agricultural land?**

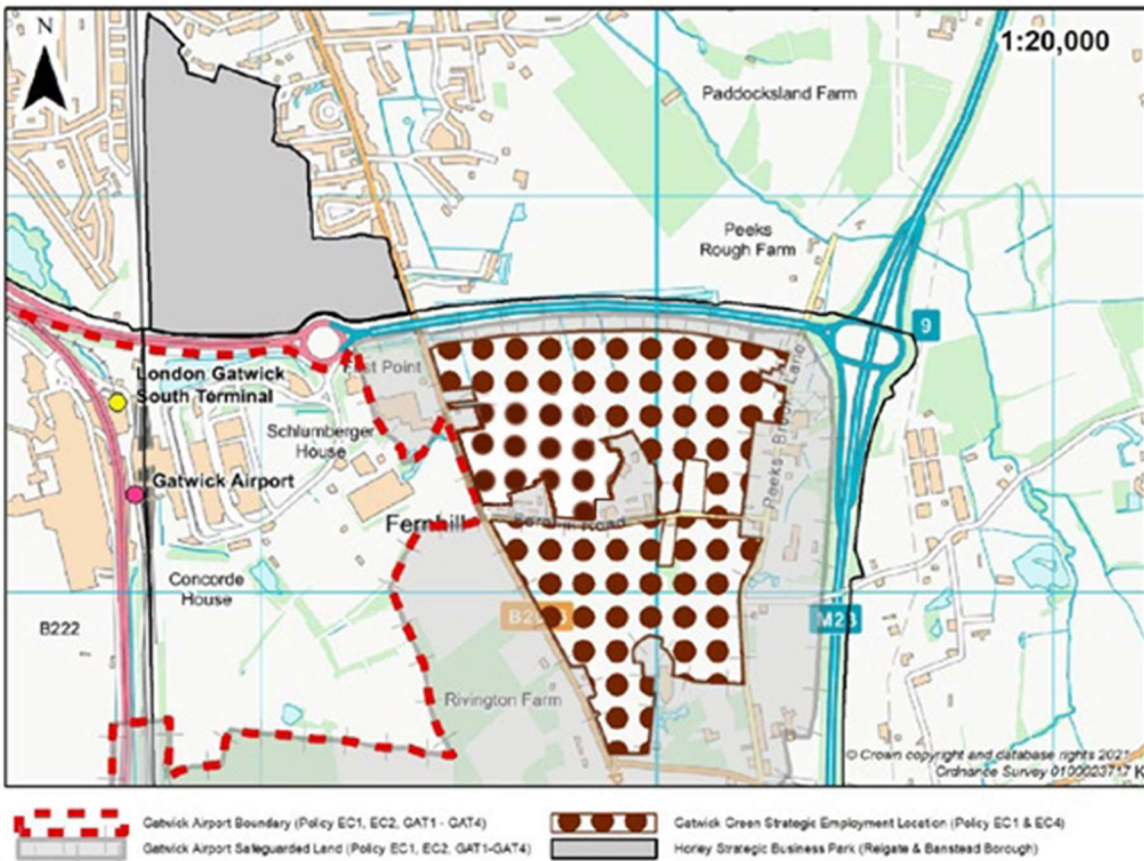
49. The land to the east of Balcombe Road is generally classed as 3, it is not considered that it would be likely to comprise grade 3a land given its highly urbanised location, previous uses (particularly our clients land) and the drainage regime. Indeed, it does not link into much larger farming.

**CONCLUSION AND REQUIRED CHANGES TO THE PLAN TO MAKE IT SOUND**

50. As we have indicated we are supportive of the allocation of Gatwick Green as a strategic employment allocation under policy EC4. However, as set out in our representations in respect of Policy EC1 we consider that there is an under estimation of the amount of land requirement for employment purposes during the plan period.

51. It is considered therefore that in order to make the plan sound, two changes are required.

1. The proposals map for Policy EC4 should be redrawn as below to include land within our clients control:



2. The policy wording of Strategic Policy EC4: Strategic Employment Location should be amended under the heading "Employment Uses" to read:

*a. provide as a minimum 50ha of new industrial land and warehousing land including for B8 storage and distribution along with smaller scale general industrial land to meet local needs, demonstrating through appropriate evidence the justification for any further industrial floorspace beyond this amount;*

*b. justify any limited complementary ancillary uses such as office floorspace, small-scale convenience retail and small-scale leisure facilities that would support the principal industrial-led storage and distribution function*

52. Our clients reiterate that they would be happy to work with TWG and the Council in order to ensure a comprehensive approach to the master planning of the site. In this regard they would be willing to enter into a Statement of Common Ground with TWG to confirm their commitment to joint working, collaboration and delivery.

**LRM Planning  
November 2023**