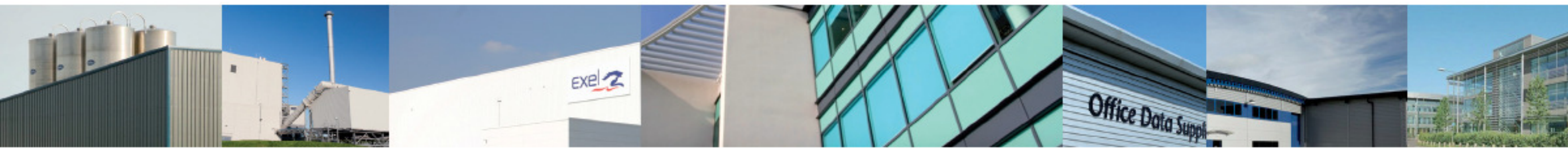

Northern West Sussex Economic Growth Assessment

Mid Sussex Executive Summary

Mid Sussex District Council

April 2014

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22 April 2014

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Executive Summary

The Northern West Sussex authorities comprising Crawley Borough Council, Horsham District Council and Mid Sussex District Council, commissioned Nathaniel Lichfield & Partners ('NLP') to prepare an Economic Growth Assessment ('EGA') for the Northern West Sussex sub-region. It is intended to inform the emerging Local Plans for each of the three authorities, and support the development of a partnership approach to joint working across a range of planning policy and economic development issues in line with the National Planning Policy Framework (NPPF) duty to cooperate.

The Northern West Sussex sub-region lies at the northeast end of West Sussex County and comprises the three local authorities of Crawley, Horsham and Mid Sussex. The area benefits from good strategic rail and road routes as well as international connections via Gatwick Airport. There is a high degree of economic inter-relationship between the three authorities not least in terms of commuting flows. The sub-region's commercial property market is relatively buoyant with the area representing an attractive business location due to its central location, excellent transport links and connectivity and access to a highly skilled workforce. Market and business feedback indicated the need to allocate additional land in the sub-region to maintain a high quality and competitive business offer.

Key findings of the study as far as they relate to Mid Sussex District are as follows:

1. Mid Sussex contained 63,900 workplace jobs in 2013 having recorded a 5.3% decline in total jobs over the period since 1997 (in contrast to the wider sub-region). B-class jobs peaked at just under 31,000 in 1999, and have since declined by 20%. Key employment sectors include business services, health, education and retail. Workforce productivity (measured by GVA) is below the regional and sub-regional average.
2. The District's business base is characterised by small businesses and relatively few larger firms. The rate of business start-ups in recent years has been the highest of all three authorities in Northern West Sussex. Unemployment levels are low, and although the skills profile of the resident workforce is above average, many local residents commute out of the District to higher paid jobs elsewhere.
3. Mid Sussex contains about 605,000 sq.m of commercial office, industrial and warehousing space, the smallest stock of the Northern West Sussex authorities. Split relatively evenly between manufacturing, warehousing and commercial office space, the latter having declined in recent years.
4. The local commercial property market centres around the District's three main towns of Haywards Heath, Burgess Hill and East Grinstead, each with a distinct offer and character. Haywards Heath is the District's main office centre, due in part to its connectivity strengths, strong town centre offer and historic role as an important office destination since the 1980's.

5 An assessment of the District's employment sites undertaken as part of the EGA indicates that Mid Sussex contains a good range of employment sites of differing quality, size and type. The sites assessed were fairly mixed in terms of existing use class, predominantly within B1a in the three main urban areas, B2 and B8 uses in more strategic locations such as northwest of East Grinstead and Victoria Business Park, Burgess Hill, with some smaller mixed uses also evident on isolated rural sites.

6 Demand for good quality, modern office premises remains steady, driven largely by local SMEs, although much of the town's office supply is relatively old and unattractive to current business occupiers. Anecdotal evidence already indicates that a lack of readily available land for new development is beginning to drive potential occupiers and investment out of the town. In industrial terms, Burgess Hill is the largest and most established market, boosted by steady demand from industrial occupiers for a range of premises sizes. Like other centres in the District, a diminishing supply of available land for development represents a key challenge facing the town's industrial market, particularly with regards to future economic prosperity.

7 A number of potential future economic scenarios have been considered for the period to 2031, based on different approaches including Experian baseline economic forecasts and some alternative, higher trajectories of economic growth within Mid Sussex. All of these scenarios indicate higher future economic growth than the District has achieved in the recent past. Under the 2013 baseline scenario the District is forecast to deliver around 10,425 jobs by 2031. This generates a requirement for 148,250m^2 or 30.7ha of B class employment space(i.e. offices, industrial and warehousing). An alternative 'higher growth' scenario has also been considered which takes account of planned investment or intelligence about future sector/site potential and provide an indication of additional growth capacity over and above the baseline scenario. The additional land requirements arising from this alternative scenario in Mid Sussex represents an increase of 72% over and above the baseline position.

8 When the baseline scenario of future growth is compared with available employment space in Mid Sussex, the District would appear to have insufficient employment floorspace in quantitative terms to meet future needs up to 2031, although the potential shortfall is very slight at just over 1 ha. Alongside this, there are a range of qualitative requirements that point to the need for new land being made available.

9 New allocations identified through the draft District Plan, particularly land at north west of Burgess Hill, will provide sufficient new employment land to meet the identified requirements in overall quantitative terms assuming they are adopted in due course. There are also a number of settlement specific issues that should be taken into account when considering how best to meet future economic development requirements:

i As a town centre use defined in the NPPF, the Council should continue to support and encourage office uses in Haywards Heath town centre. The most immediate option for re-use of vacant space includes sub-division into smaller floorplates which could provide an important source of readily available space for smaller businesses and those seeking a town centre location. The Council should also consider defining a core office area where specific policy support and/or protection is provided for office uses to help support delivery of a more modern office portfolio for the town.

ii Whilst East Grinstead's role as an office centre has declined in recent years, the town has remained a buoyant industrial location but characterised by very limited remaining industrial land supply to meet future needs. It would appear justified to consider a further allocation for industrial purposes at East Grinstead to reflect demand in this location, albeit relatively small scale and proportionate to the town's infrastructure and connectivity. At the same time, the Council will need to manage future redevelopment of office accommodation to ensure that some smaller scale provision can be maintained and/or new space provided to support local office needs.

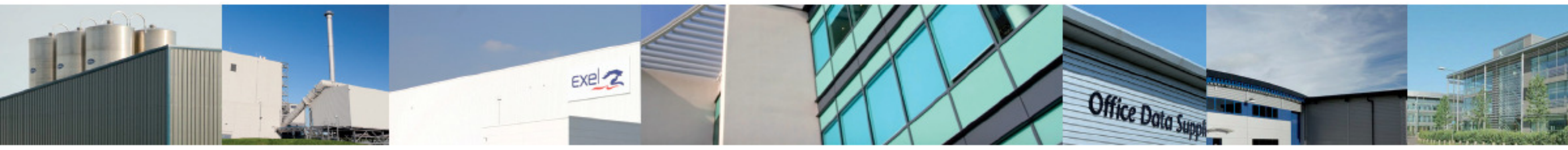
The high degree of economic and commercial property market inter-relationship between the three Northern West Sussex local authorities means that planning policy decisions relating to provision of employment land (both what currently exists and any additional land proposed) made within any one of the local authorities potentially has a bearing on the locational and growth decisions of businesses across the sub-region and, therefore, the scale and distribution of future job growth.

Traditional commercial property market dynamics across the sub-region are gradually changing as town centre office markets have declined in favour of larger modern space on business parks or smaller, more flexible space. Mid Sussex will need to manage legacy office space in town centre locations (including changes of use through the recently introduced office to residential Permitted Development Rights) but also consider how new accommodation can be provided in locations attractive to the market both in town centres and through new business park sites.

Whilst Crawley has traditionally been the focus for much of the sub-region's industrial and distribution activity (largely due to the presence of Manor Royal), industrial demand may become more widely distributed in future particularly in the context of land supply constraints in Crawley and other industrial locations within the sub-region that have proved resilient in recent years (including Burgess Hill and East Grinstead). Providing for the growth of rural based businesses will also be particularly important to the future planning strategies of Mid Sussex. This will require a combination of 'conventional' site allocations but also other measures such as supporting rural workspace and upgrading of broadband infrastructure (not all of which are within the ambit of planning policy).

Both Mid Sussex and Horsham are already advancing new site proposals in their respective draft plans to help accommodate the additional requirements for employment space over the period to 2031, at land north west of Burgess Hill and North Horsham. These proposals will go some way to meeting the indigenous business growth needs of each authority, and offer scope to retain some higher-skilled out-commuters by encouraging higher quality new employment development. There may be some degree of competition between such sites but new provision is required to meet baseline needs and this will also depend on timing, phasing and the type of product developed in each location.

Until such time as the continuing requirement for safeguarding of land around Gatwick is either confirmed or not, it is possible that some of Crawley's business needs will not be capable of being met within the Borough once existing available land supply is developed out. In this situation, some business needs could be displaced to Mid Sussex and Horsham or, indeed, outside the sub-region entirely. The extent to which this occurs will depend on the relative availability and cost of alternative sites at that point in time, as well as other business location factors such as labour force and proximity to suppliers and customers that are beyond planning considerations.



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