Northern West Sussex Economic Appraisal / Part I Employment Land Review

Final Report

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DATE	ORIGINATORS	APPROVED
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1 INTRODUCTION

1.1 Crawley Borough Council, Horsham District Council and Mid Sussex District Council have jointly commissioned GL Hearn and Regeneris Consulting to prepare an Economic Appraisal of Northern West Sussex. This will form part of an Employment Land Review to inform the local authorities' respective Local Development Frameworks.

1.2 The purpose of this Economic Appraisal is to provide the necessary evidence and understanding to progress to a Part II detailed Employment Land Review. It will provide intelligence to Stages I and II of the approach to Employment Land Reviews advocated in the Government's Guidance (CLG, 2004) which address 'taking stock of the existing situation' and 'creating a picture of future requirements.'

APPROACH

1.3 The two stage process is intended to allow the three local authorities to take stock of the findings of this work before undertaking the detailed Employment Land Review. It is intended to provide a platform for consideration of future requirements.

1.4 The Economic Appraisal/ Part I Employment Land Review comprises the following elements:

I. Baseline Economic Analysis – trend-based assessment and benchmarking of economic performance and market demand. Identification of future trends, the development pipeline and potential opportunities for the intensification and redevelopment of existing sites;

II. Key Issues – identification of the strengths, weaknesses, opportunities and threats for both the sub-region and three constituent local authorities over both long and short-term horizons;

III. Scenario Forecasting – interrogation of an econometric forecast and development of scenarios to inform identification of future employment requirements at the sub-regional and local authority levels. Clarification of key issues, opportunities and risks and considering of the need for strategic employment development.

1.5 Initial recommendations are provided regarding the future supply of employment land and employment land policies to inform progress with the three local authorities' respective Local Development Frameworks.

1.6 This Report has been informed by analysis of available evidence, site visits to key employment locations within the sub-region, and discussions with a number of key stakeholders (as listed in Appendix E). To develop a robust and up-to-date understanding of the commercial property market, economic performance and trends, the consultancy team have met with and consulted with a range of stakeholders including locally active commercial agents, local economic partnerships, SEEDA and local chambers of commerce and business associations.

GEOGRAPHY

1.7 The Gatwick Sub-Region Strategy Area, defined in the South East Plan, is centred on Crawley/Gatwick which is defined as a regional hub, but extends to the edge of Redhill, east to East Grinstead, south to Burgess Hill and Haywards Heath, and west to Horsham. It has strong functional links with Redhill and Reigate to the north, and Southwater to the west. This area is defined in the South East Regional Economic Strategy as a 'Diamond for Growth.'

1.8 This Assessment considers the entirety of the local authority areas of Crawley, Horsham and Mid Sussex. It is similar in geography to the Gatwick sub-region but includes the whole Horsham and Mid Sussex Districts and excludes those parts of Mole Valley, Reigate and Banstead and Tandridge Districts in Surrey which fall within the Gatwick Sub-Region/ Diamond.

1.9 This report hence presents analysis for Northern West Sussex, defined as a composite of the three local authorities; for the local authorities separately; for the main towns of Crawley, East Grinstead, Burgess Hill, Haywards Heath and Horsham.

REPORT STRUCTURE

1.10 The remainder of this report is structured as follows:

- Chapter 2: Policy Context
- Chapter 3: Economic Baseline
- Chapter 4: Property Market Baseline
- Chapter 5: SWOT Analysis
- Chapter 6: Employment Scenarios for Northern West Sussex
- Chapter 7: Land Supply Implications
- Chapter 8: Conclusions and Recommendations

1.11 The main Report is accompanied by a number of appendices. These include a 'thinkpiece' document which reviews current thinking and anticipated trends related to changing working patterns. This includes home working, hot-desking, virtual working and automation and is used with a view to understand how changes in working patterns may influence employment land requirements. This document is provided as Appendix A.

2 POLICY CONTEXT

2.1 This chapter summarises the current policy context to employment development in Northern West Sussex. It considers in turn national, regional and local-level policies.

National

PPS1: Delivering Sustainable Development (2004)

2.2 PPS1 sets out that planning should facilitate and promote sustainable and inclusive patterns of urban and rural development. It promotes a positive planning framework to achieve sustainable economic development and the creation of sustainable communities which provide good access to jobs and key services. It requires planning authorities to ensure that suitable locations are available for industrial, commercial, retail, public sector, tourism and leisure developments so that the economy can prosper, and provide for improved productivity, choice and competition. It recognises that economic development can deliver environmental and social benefits, but notes circumstances in which wider sub-regional, regional or national economic benefits may outweigh adverse local impacts. It promotes development which makes prudent use of natural resources and contributes to sustainable travel patterns.

PPG4: Industrial, Commercial Development and Small Firms (1992)

2.3 PPG4 sets out that economic and environmental objectives have to be pursued together. It requires planning authorities to ensure that there is sufficient land available and readily capable of development for employment, well-served by infrastructure. Planning authorities should ensure that a variety of sites are available to meet a range of business needs and facilitate competition. Use of previously developed land is prioritised. In locational terms, planning authorities should seek to encourage new development in locations which minimise the length and number of trips (in terms of both goods and workforce), road congestion and the impact on the trunk road network. It seeks to promote development which can be accessed by sustainable travel modes; and mixed use development where there is would not adversely affect residential amenity. In rural areas, employment development should be weighted with the need to protect the countryside.

Draft PPS4: Planning for Prosperous Economies (2009)

2.4 The Government published a Consultation Paper on a new PPS4 in May 2009. This brings together town centre and retail policies from PPS6 and policies on urban and rural economic development in PPG4, PPG5 and PPS7. Its sets out a clear role for the planning system in contributing to productivity and employment growth, together with delivering wider economic and social objectives, such as the regeneration of deprived areas and provision of housing. It highlights the role of the planning system in affecting economic investment by providing certainty of land use and improvements in infrastructure but highlights that it is not intended to restrict competition.

2.5 In regard to local planning for economic development, the draft PPS indicates that local authorities would be required to positively and proactively encourage sustainable economic growth in both urban and rural areas, in line with the principles of sustainable development, based on a clear and practice locally-specific economic vision and strategy. It promotes the efficient use of existing land and buildings, safeguarding of land from other uses where necessary and more broadly the provision of a range of sites, to facilitate a broad range of economic development, including mixed use, to meet the requirements of a regional spatial strategy.

2.6 It seeks to support existing and identified key sectors or clusters but maintain flexibility in the supply and use of land to accommodate sectors not anticipated in the plan and allow a quick response to changes in economic circumstances. However where land allocated in past plans has not come forward and there is no reasonable prospect of its take-up during the plan period, it encourages de-allocation. The draft PPS encourages provision of space to accommodate a broad range of business types and consideration of how this portfolio can be delivered.

Regional

South East Plan (2009)

2.7 The Government published the South East Plan in May 2009. The Plan's core objectives include delivering sustainable development and improving the quality of life for all; sustaining economic growth and competitiveness, achieving an increase in GVA of 3% between 2006-16; tackling the skills deficit; achieving a closer alignment between jobs and homes growth; and reducing economic and social disparities within the region.

2.8 The spatial strategy is structured around nine sub-regions, which include the Gatwick sub-region, together with a number of regional hubs which include Crawley-Gatwick together with Brighton, Guildford and Redhill/Reigate. Crawley-Gatwick is also identified as a 'Diamond for Growth and 'Centre for Significant Change.'

2.9 The Plan seeks to focus development in the regional hubs to support urban renaissance, whilst promoting their accessibility and linkages between them. Within sub-regions it promotes cross boundary working to better align economic and housing growth, to achieve timely delivery of supporting infrastructure and plan for more sustainable forms of development.

2.10 It promotes higher density and mixed use development in regional hubs particularly close to public transport hubs (such as Gatwick Airport and Crawley Town Centre). The regional hubs are intended to be a focus for major new retail and employment development, skills and training investment and new multi-modal transport infrastructure. Major retail development in Crawley is supported by its designation as a Centre for Significant Change. Haywards Heath, East Grinstead and Horsham are identified as Secondary Regional Centres.

2.11 The particular challenges identified for the Gatwick sub-region are to capitalize on its location and accessibility, reduce economic reliance on the airport, reconcile competing development pressures, maintain a high quality environment and ensure transport systems are able to support growth. The strategy for the area is to maximize its potential for sustainable economic growth whilst maintaining and enhancing its character, distinctiveness, sense of place and important features. This includes sustaining its inter-relationships with London and the South Coast and international links.

2.12 The Plan supports principles of Smart Growth and seeks to deliver at least 60% of all new development on previously developed land or through conversion of existing buildings. It seeks to support and protect rural areas through policies promoting sustainable rural communities, economies, environments and use of natural resources. It includes measures to mitigate and adapt to climate change, including through the location of development.

2.13 The Plan promotes positive planning for economic growth including action to develop important economic clusters and provision of a flexible supply of land to meet the varying needs of economic sectors (Policy RE2). It promotes sub-regional joint authority working on employment land reviews which should identify strategic employment land to provide for the needs of businesses, including qualitative needs, in those sectors showing growth potential. It states that strategic employment land should be focused in locations identified in the sub-regional strategy or more generally at the regional hubs or gateways.

2.14 Local Development Documents should make provision for a range of sites and premises to meet general needs focusing on development in urban areas which are accessible to the existing or proposed labour supply and accessible by public transport; and make efficient use of existing and underused sites and premises (through increasing the intensity of use). It supports retention of existing industrial and commercial sites which are accessible and well located where there is a good prospect of employment use. The plan also supports a range of measures to address the particular economic needs or rural economies.

2.15 The Gatwick sub-region is defined as one of the areas where the economy is strongest. Policy GAT1 states that the strategy for the sub-region is based on maximizing the potential for sustainable economic growth whilst maintaining and enhancing its character, distinctiveness, sense of place and important features. It recognizes and seeks to sustain and enhance the pivotal role played by Crawley-Gatwick in the sub-regional and wider economy.

2.16 Policy GAT2 dealing with the Gatwick sub-region specifically promotes higher value-added economic growth and development which contributes to the skills and flexibility of the local workforce. This includes through provision for a new University campus at Crawley and other improvements to tertiary education; town centre regeneration; provision of employment space in connection with major developments/ strategic locations; high quality sites for start-up and micro-businesses; and the continued functioning of Gatwick as a business airport. The Policy aims to promote economic growth and regeneration through ‘smart growth’ alongside provision of new sites and premises in appropriate locations.

2.17 The Plan provides ‘interim job numbers’ for 17,400 employment growth for monitoring purposes for the Gatwick sub-region between 2006-16. It promotes an early review of RSS policies on the scale and location of employment land and floorspace.

2.18 The Plan promotes ‘smart’ economic growth whereby the region’s prosperity is increased whilst reducing the rate of increase in its ecological footprint. This particularly applies to the economically more buoyant parts of the region, which includes the Gatwick Area. It promotes a focus in these areas on raising levels of innovation, creativity and global competitiveness and on ensuring adequate and timely investment in relevant sector skills, ICT and other infrastructure. The Plan states that “it is critical that the opportunities for smart growth are maximized in [the Gatwick] sub-region … by using employment land as efficiency as possible, continuing to attract high-value business and driving up skill levels” (para 24.6).

2.19 The Plan promotes activity to maximize the economic potential of Gatwick as an international transport hub and address transport, skills and environmental constraints to maximize business development opportunities in surrounding areas.

2.20 The Plan sets out minimum targets for housing provision for 375 dwellings per annum (dpa) for Crawley Borough, 650 dpa for Horsham District and 855 dpa for Mid Sussex District. The minimum target is 1800 for the Gatwick Sub-Region. Policy GAT3 directs the majority of development to major development locations at or adjoining Crawley and the other main towns in the main north/south and east/west transport corridors. It promotes delivery of new homes and employment in tandem with the infrastructure and services needed to support them.

2.21 The Regional Transport Strategy is based on a ‘manage and invest’ approach and seeks particularly to encouraging modal shift towards more sustainable modes and significantly improve the atrractiveness of local public transport services, walking and cycling. It seeks to maintain and maximize the potential of existing transport infrastructure, improve and develop international connections to international gateways such as Gatwick, and improve inter and intra-regional connectivity, specifically between the regional hubs. It encourages development that is located and designed to reduce average journey lengths. The RTS promotes the development of regional spokes which including those which connect Crawley to Guildford, Croydon, Tonbridge/Tunbridge Wells and Brighton.

2.22 Policy T9 relating to Airports requires local development documents to support the development of Gatwick Airport and safeguard land at Gatwick for a possible new runway after 2019; and to take account of airport operator masterplans prepared in the context of the Government's Aviation White Paper. It promotes treatment of airports as regional hubs in their own rights and continued investment in developing multimodal surface access to them.

2.23 Other transport improvements programmed for delivery between 2011-16 include the upgrade to Thameslink rail services and other rail capacity improvements, and proposed widening of the A23 between Handcross and Warninglid. Interventions identified as Regional Funding Allocation Priorities post 2016 include improvement to the M23/A23 in the Gatwick Area and the A24 between Horsham and Capel.

Regional Economic Strategy for the South East 2006-16 (2006)

2.24 The Regional Economic Strategy is structured around a vision for the South East as a 'world class region achieving sustainable prosperity.' Its three core objectives are:

1. **Global Competitiveness – investing in success**: maintaining competitiveness in the face of increasing international competition through assisting businesses to operate internationally, maximising foreign direct investment, increasing expenditure on research and development and the development of new products and services, collaboration with further and higher education and infrastructure investment.

2. **Smart Growth – lifting underperformance**: achieving smart growth whereby higher levels of prosperity per head can be achieved without increasing the region's ecological footprint through improvements in business productivity, entrepreneurial activity, skills and economic participation. The strategy aims to reduce road congestion and pollution levels by improving travel choice, promoting public transport and demand management. It promotes targeted investment in underperforming areas. The strategy a close alignment of housing and employment development and the efficient use of land resources, including through mixed use development. Employment development of the right type and size to meet the needs of the region is promoted.

3. **Sustainable Prosperity: supporting quality of life**: through sustainable development and investment in the quality of life and places as a key competitive advantage of the South East. It promotes reductions in resource consumption and investment in green infrastructure, together with intervention to reduce spatial concentrations of deprivation and spread the benefits of success.

2.25 Northern West Sussex falls within the Gatwick Diamond: one of eight 'Diamonds for Investment and Growth' identified by the Strategy which are considered to have strong growth potential and intended to have a leading role in improving economic vitality. The strategy promotes sustainable growth in these areas based on targeted infrastructure investment.

2.26 The Gatwick Diamond falls within the Inner South East: one of three broad economic contours identified. The challenge identified for this area is to make the most of its location and strengths through appropriate infrastructure investment and targeted intervention to address pockets of deprivation.

2.27 The Diamond is located at the confluence of the Brighton-Gatwick-Croydon Corridor and Gatwick-Guildford-Thames Valley-Oxford Axis, with Crawley/Gatwick identified as a regional hub and Gatwick an international transport hub. This strategic location is considered key to its growth potential.

2.28 The strategy promotes investment in developing the skills needed by global knowledge-based businesses within the Diamond, including through development of higher education provision through new multi-university campuses. Education-led regeneration, development of a skills escalator and establishment of science and innovation campuses form part of eight transformational actions which form part of the regional strategy.

Sub-Regional

Gatwick Diamond Futures Plan

2.29 The Gatwick Diamond Economic Strategy was prepared for the Surrey and West Sussex Economic Partnerships and SEEDA in 2006. It sets out a vision for the area that "*by 2016, the Gatwick Diamond will be a world class, internationally recognised business location achieving sustainable prosperity*." It sought to bring partners together to establish the Diamond as an international business location.

2.30 The Gatwick Diamond Futures Plan, prepared by consultants GHK, was prepared in 2008 to guide delivery of this vision (albeit that it has not been formally adopted and endorsed economic strategy for the area). The Plan identifies deficiencies in the Diamond's performance relative to other sub-regions with an international airport at their heart. These relate to poor levels of knowledge-economy related assets and investment alongside a need to improve the education and skills profile of the sub-region.

2.31 The Plan promotes intervention to establish a coherent identity for the Diamond and improve quality of place through urban renaissance/ town centre regeneration and infrastructure improvements to enhance internal and external connectivity. Intervention is proposed around three themes of 'inspire, connect, grow.'

2.32 The Plan proposes targeted intervention to improve education and training provision, including through development of a University campus; and knowledge transfer via an innovation/research centre and targeted business support. It promotes smart growth via town centre regeneration and redevelopment around rail nodes; and investigation of the potential for a strategic business and innovation district (to including science park, incubator facilities, conference centre and hotel provision). The potential of these interventions is to be maximises through high design standards of new development and co-ordinated investment in infrastructure.

2.33 Since preparation of the Futures Plan, a Gatwick Diamond Business Plan has been completed and Action Plans developed for key themes.

Local

Crawley LDF Core Strategy

2.34 Crawley's LDF Core Strategy was adopted in 2007. Its strategy for employment is based on sustaining development of a thriving local economy, shifting up the value chain and reducing dependence on the airport by diversifying the economic base. It promotes delivery of around 280,000 sq.m employment floorspace to 2016. The expectation is that the majority of this will be delivered through gradual redevelopment and intensification of Manor Royal and County Oak, the town's main employment location; through high quality mixed use development within the Three Bridges Corridor (ideally with no net reduction in employment floorspace); and through a small-scale extension to the north of Manor Royal (which is defined as an employment opportunity area).

2.35 The Strategy supports major employment development of a form and type which will help Crawley fulfil its role as a strategic employment location, with a focus on higher value activities. It includes policies which provide some protection to existing employment space and promotes small-scale employment uses.

Horsham LDF Core Strategy

2.36 Horsham District's LDF Core Strategy was adopted in 2007. Its strategy for employment development is based on providing for business and employment needs, particularly those of local businesses. To achieve this, it designates Employment Protection Zones to support sustainable and valued industrial estates, with Policy DC19 setting out stringent criteria aimed at deterring losses of commercial sites and premises. Policy DC20 supports site expansion and proposals for small employment development of two or more small units (700 sq.m or less).

2.37 Key employment sites within the District are set out below. There is also a range of office provision within Horsham Town Centre.

Figure 2.1: Employment Sites in Horsham District

1	Blatchford Road, Horsham
2	Foundry Lane, Horsham
3	Nightingale Industrial Estate, Horsham
4	Lawson Hunt Industrial Estate, Broadbridge Heath
5	Warnham & Wealden Brickworks, Warnham
6	Oakhurst Business Park, Southwater
7	Gilmans Industrial Estate, Billingshurst
8	Huffwood Trading Estate, Billingshurst
9	Daux Road Industrial Estate, Billingshurst
10	Station Approach Industrial Estate, Pullborough
11	Water Lane Trading Estate, Storrington
12	Shoreham Cement Works, Upper Beeding
13	Mackleys Industrial Estate, Small Dole
14	Star Road/ Huffwood Trading Estate, Partridge Green

Mid Sussex Local Plan

2.38 The Mid Sussex Local Plan, adopted in 2004, highlights that the District has a generally prosperous and resilient local economy and that there is complementarily between the economic roles of the three main towns. It seeks to deliver appropriate economic development and environmental protection, promoting a degree of restraint to economic growth and ensuring this is kept in balance with (or indeed lower than) the rate of housing growth.

2.39 The plan carries forward unimplemented employment allocations from previous local plans and identifies a limited number of additional sites. Sixteen employment allocations are identified. These are set out below.

Figure 2.2: Allocated Employment Sites in Mid Sussex

Mid Sussex	1	Land South of Maltings Park, Burgess Hill	1.8ha
	2	Land North of Maltings Park, Burgess Hill	2.6ha
	3	Land between Pookebourne Stream & York Road West, Burgess Hill	0.5ha
	4	Former Sewage Treatment Works, Burgess Hill	12ha
	5	Extension to Birches Industrial Estate, East Grinstead	9000sq.m
	6	Christopher Road, East Grinstead	-
	7	Kings Street/Christopher Rd/London Rd, East Grinstead	-
	8	Railway Approach, East Grinstead	-
	9	Haywards Heath Station	-
	10	Land to the rear of Mill Green Rd, Haywards Heath	
	11	Bolney Grange	
	12	Borers Yard, Copthorne	
	13	Hassocks Goods Yard	
	14	Land adjacent A23, Pease Pottage	
	15	Rowfant Business Centre, Rowfant	
	16	Land at High Grove, East Grinstead	

2.40 Individual policies set out the form of development appropriate to each of these sites.

2.41 The Plan contains policies seeking to protect existing employment sites and to establish criteria against which to assess employment development proposals at other locations. This includes a policy supporting small-scale employment development of no more than 300 sq.m in the villages.

Pre-Submission Core Strategy

2.42 Mid Sussex District Council's Pre-Submission Core Strategy (2009) sets out a strategy for sustainable economic growth and maintaining economic vitality. It seeks to focus new employment floorspace in and around the main towns; to intensify the use of existing employment sites through redevelopment, improve workforce skills and deliver vibrant and competitive town centres. Some employment space in rural settlements is envisaged to support the rural economy and reduce commuting.

2.43 The emerging strategy highlights that the Council is taking forward a programme of town centre regeneration in each of the three main towns in tandem with its development partner, Thornfield Properties. In Haywards Heath, current proposals include provision of new office space within the Station Quarter scheme.

Summary and Conclusions

2.44 A number of points emerge from the analysis of existing strategic policies. These particularly relate to the regional policy framework, which provides a clear steer to the employment strategy in the sub-region. The South East Plan sets out that:

- Crawley-Gatwick is defined as a regional hub and intended to be a focus for development, including for employment, within the Gatwick sub-region;

- The South East Plan and Regional Economic Strategy promote an economic growth agenda, aiming to maximise growth potential in Gatwick Diamond;

- There is a particular focus on diversifying the economic base, reducing reliance on airport-related employment, developing new clusters, for education-led regeneration and delivering higher-value growth;

- There is an implicit expectation that new employment development should be delivered alongside housing within strategic developments and a need for sub-regional working to assess questions of strategic employment land provision.

2.45 A clear question arising relates to the potential to deliver a step-change in the employment base, particularly in terms of a shift towards a higher value-added business base and whether or not this could be achieved within existing employment locations in accordance with Smart Growth principles.

2.46 Local planning policies currently promote new employment development opportunities, but these are primarily of a local scale; and a key question is whether this framework is sufficient to maximise the potential for higher-level growth. A closer interrogation of the direction of the economy is required: this is considered in the next section.

3 ECONOMIC BASELINE

3.1 This chapter assesses past and present trends in economic performance, based on the latest available information, and distils key messages on likely future performance. It is based on and informed by an analysis of key statistics supplemented by a review of existing research and extensive consultation with a variety of stakeholders, including the local authorities, SEEDA, economic partnerships and business associations. A full list of consultees can be found in the Appendix E. The findings of the Policy and Strategy Review and Consultations are included within boxes in this section, supplementing the statistical analysis.

3.2 The remainder of this chapter is divided into the following sections:

- Geographies and data sets
- Labour market
- Employment Base
- Business Base
- Quality of Life
- Physical setting
- Hot-spots within Northern West Sussex
- Summary and conclusions

Geographies and Datasets

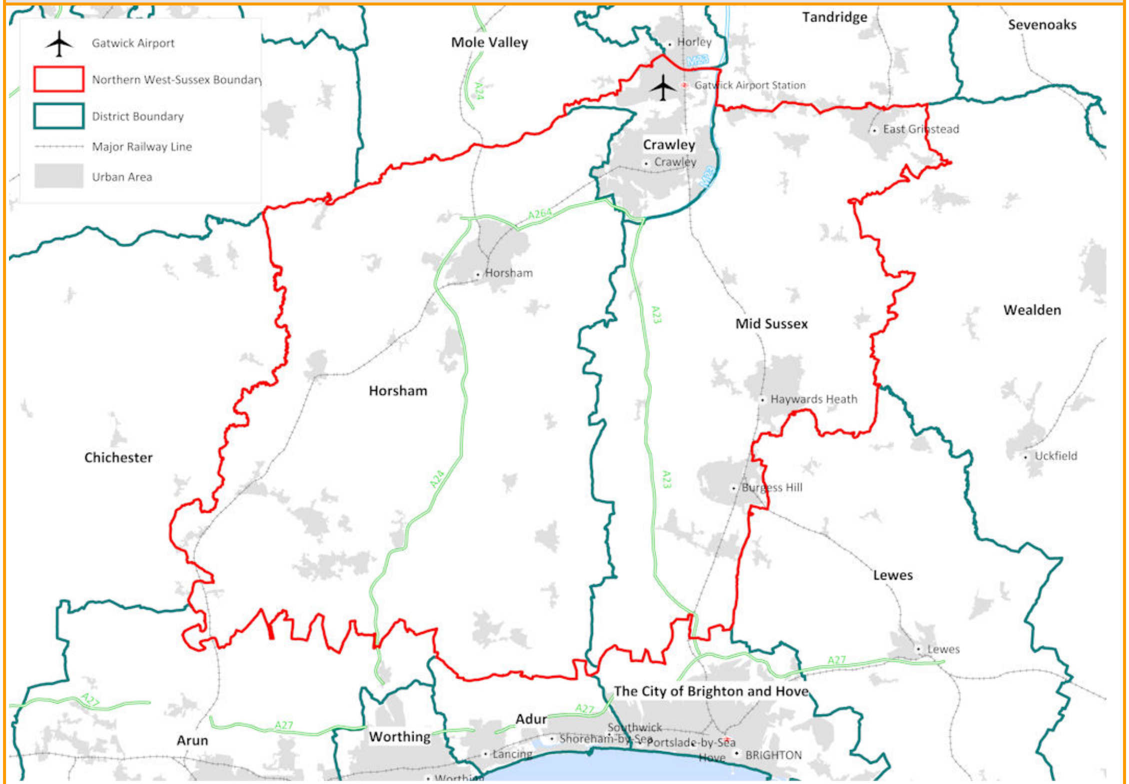
Geography

3.3 The economic baseline refers to the geography of Northern West Sussex. This covers:

- Crawley Borough
- Horsham District
- Mid Sussex District

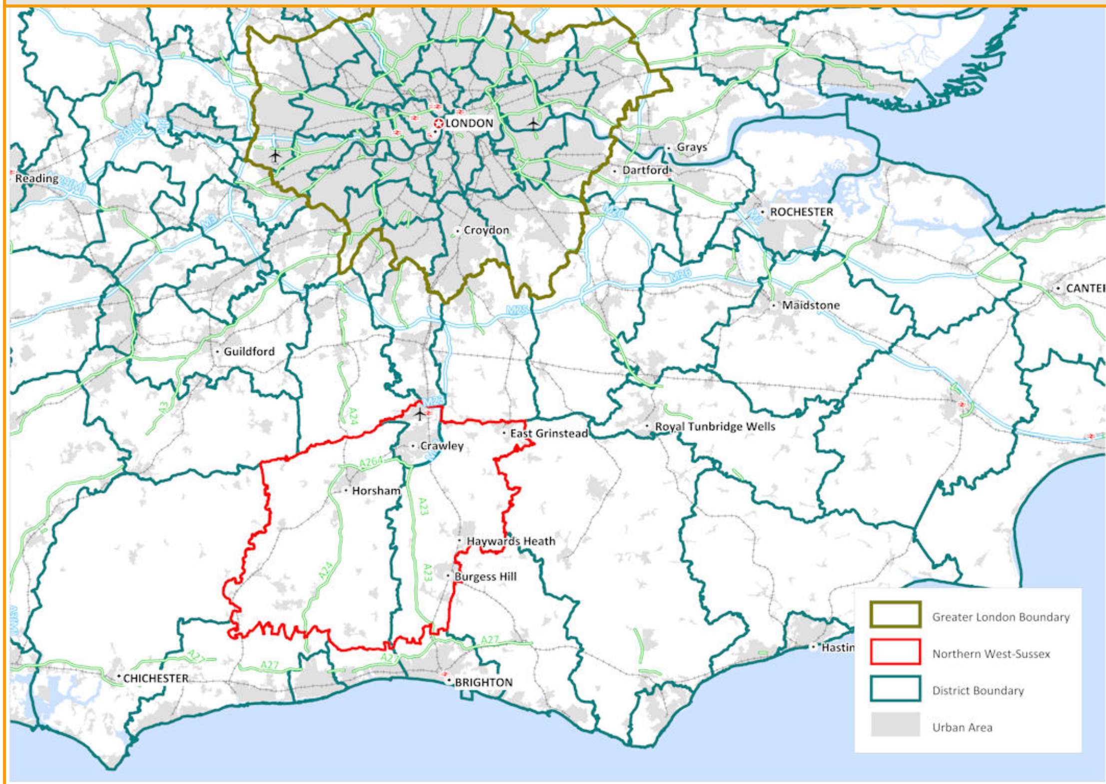
3.4 The Northern West Sussex sub-region, along with its wider geographical context is illustrated in Figure 3.1 and Figure 3.2 below.

Figure 3.1: The Northern West Sussex Sub-Region



Source: Digital Mapping Solutions from Dotted Eyes. © Crown Copyright 2006. All Rights Reserved. Licence number 1000199918.

Figure 3.2: The wider geographical context of the Northern West Sussex sub-region



3.5 In the main, data is analysed at district level but where appropriate analysis takes place at more local geographical scales including at Ward level and Super Output Area level. Throughout the analysis, data for the Northern West Sussex sub-region is benchmarked against sub-regional, regional and national averages to provide additional context.

Datasets

Data Sources

3.6 The analysis presented in the following chapters draws on a range of sources. These are:

- Annual Business Inquiry
- Annual Survey of Hours and Earnings
- Annual Population Survey/Labour Force Survey
- Origin-Destination data from Census 2001
- Index of Multiple Deprivation
- Additional data from NOMIS, BERR, DCSF and National Statistics

Trend Analysis

3.7 In order to establish trends for the future it is necessary to establish what has happened in the past. A number of scenarios are being developed as the study progresses.

3.8 In this economic analysis section we have identified historic data for analysis as relevant. While this varies across the publication-frequency and back catalogues of different data sets we have tried to obtain and analyse information at least from 2001 and ideally over a longer timescale where data allows.

Mapping

3.9 GIS Mapping is a very useful tool to present data in an easily accessible format. Where it adds value we have included maps to illustrate 'hot-spots' or clustering of activity or other important indicators.

Labour Market

Introduction

3.10 The labour market of Northern West Sussex (including in-commuters) is an important factor in predicting future employment land requirements. The information presented below will be used to establish potential future sector representations and to understand the ways in which the labour market of Northern West Sussex functions.

3.11 The following labour market information is covered:

- Population and Demographics
- Economic activity and inactivity rates
- Unemployment
- Qualifications
- School performance
- Occupational groupings and wage levels
- Travel to work patterns

Population and Demographics

3.12 In 2007 the population of Northern West Sussex totalled around 360,300 of which just under 70% was of working age. Within the study area, the both Mid Sussex and Horsham have populations of around 130,000, whilst Crawley has a population of just over 100,000. Northern West Sussex has a relatively a high population aged 60 or over (compared to South East and Great Britain) mainly due to older populations particularly in Mid Sussex and Horsham than in Crawley.

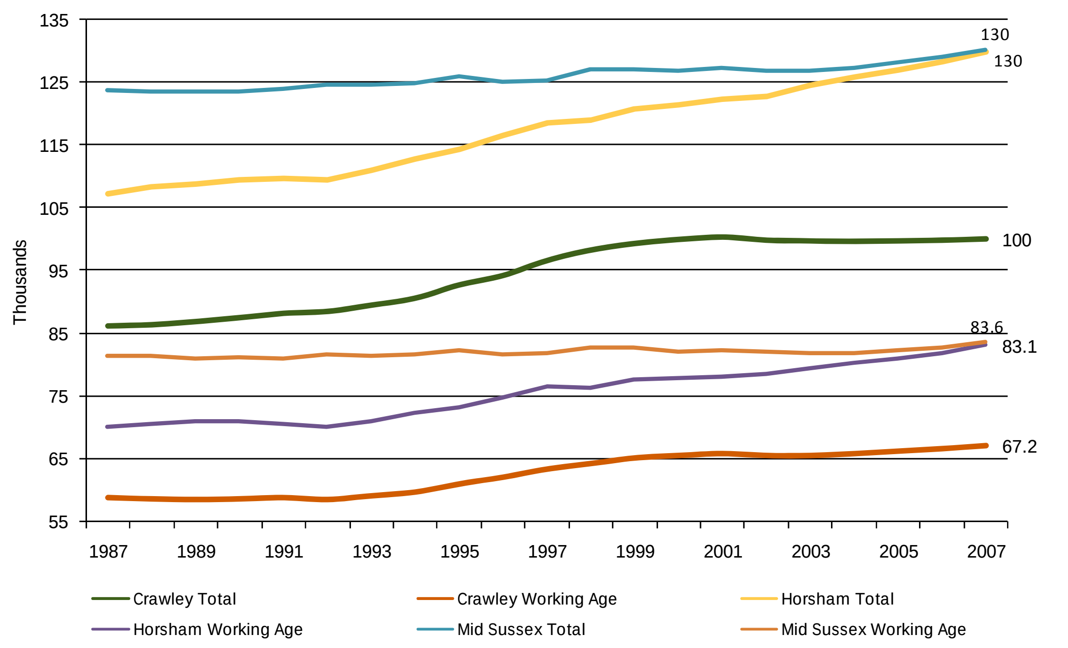
Figure 3.3: Population Change 1987-2007

	Total Population			Working Age Population				Population Aged 60+			
	1987	2007	% Change 1987-2007	1987	2007	% of Total Pop	% Change 1987-2007	1987	2007	% of Total Pop	% Change 1987-2007
Crawley	86,300	100,100	16.0	58,800	67,200	67.1	14.3	15,400	18,800	18.7	22.1
Horsham	107,300	129,900	21.1	70,100	83,100	64.0	18.5	23,400	31,000	23.9	32.5
Mid Sussex	123,700	130,300	5.3	81,400	83,600	64.2	2.7	24,800	30,600	23.7	23.4
Northern West Sussex	317,300	360,300	13.6	210,200	233,900	64.9	11.3	63,500	80,500	22.4	26.8
Croydon	316,300	339,500	7.3	213,300	230,400	67.9	8.0	59,200	59,300	17.5	0.2
East Sussex	457,600	508,300	11.1	269,000	308,900	60.8	14.8	140,700	150,800	29.6	7.2
Hampshire	1,154,100	1,276,800	10.6	769,600	829,600	65.0	7.8	219,200	301,900	23.6	37.7
West Sussex	702,800	776,300	10.5	436,300	485,400	62.5	11.3	187,000	207,400	26.7	10.9
South East	7,505,000	8,308,700	10.7	4,921,600	5,456,600	65.7	10.9	1,594,000	1,868,200	22.4	17.2
Great Britain	55,222,000	59,216,200	7.2	36,275,600	39,313,500	66.4	8.4	11,545,000	12,928,900	21.7	12.0

Source: ONS Mid Year Population Estimates © Crown Copyright

3.13 Between 1987 and 2007, the study area experienced population increase of 13.6% - an increase higher than regional and national averages. Within the study area, Horsham and to a lesser extent Crawley experienced particularly high population growth.

Figure 3.4: Population Change 1987-2007

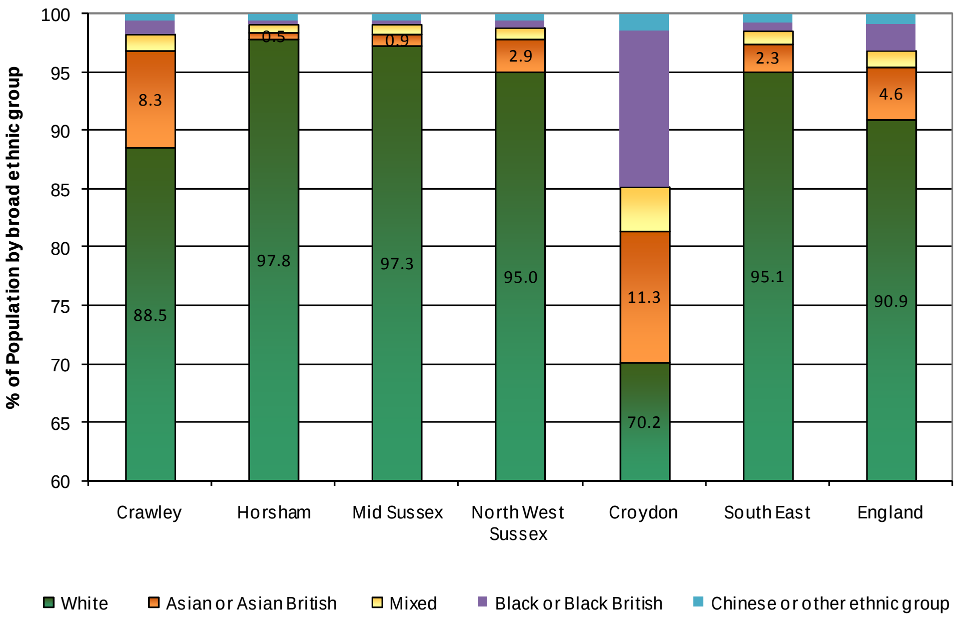


Source: ONS Mid Year Population Estimates © Crown Copyright

3.14 In terms of ethnicity, the Northern West Sussex sub-region has a similar breakdown of ethnic groups to the South East as a whole, with an average of 95% of residents belonging to the 'white' ethnic group. This is distinct however from some competing labour markets, as the profile for Croydon for instance demonstrates.

3.15 The ethnic diversity of the population does vary, however, within Northern West Sussex. In both Horsham and Mid Sussex, over 97% of the population is made up of the white ethnic group. In Crawley, however, the proportion is below 90%, with 8% of the population made up by the 'Asian or Asian British' ethnic group.

Figure 3.5: Ethnicity of Resident Population by Broad Ethnic Group, 2001



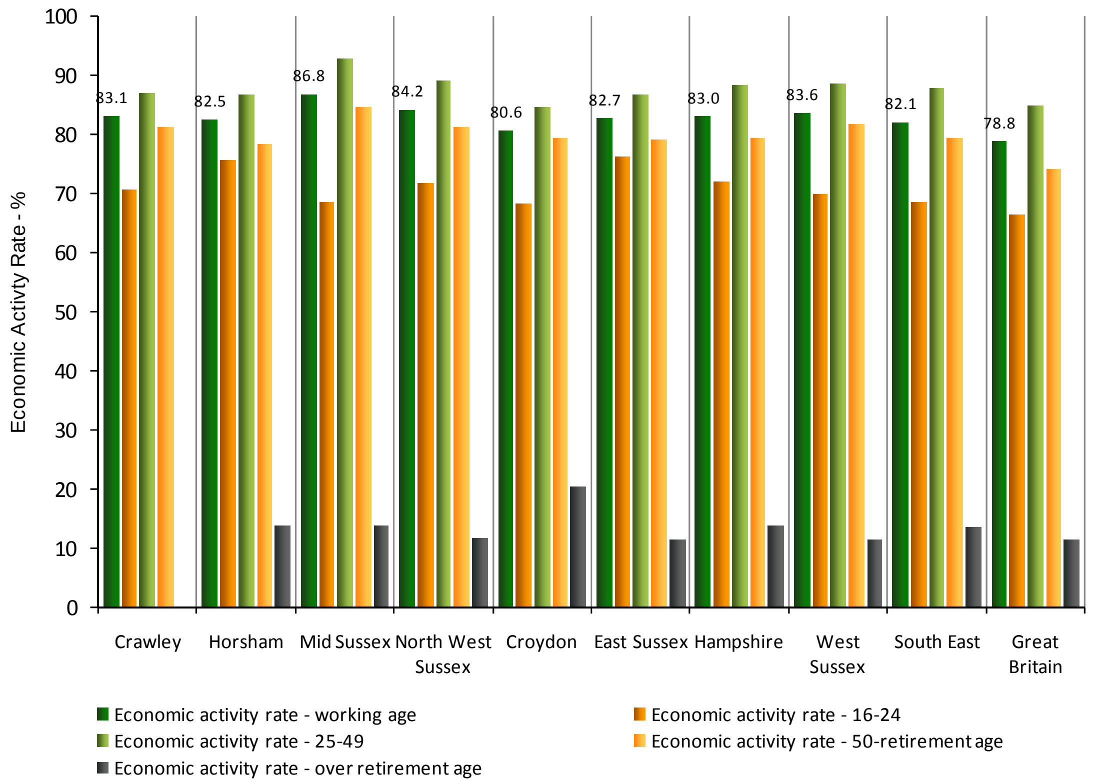
Source: ONS Census 2001

Economic Activity & Inactivity Rates

3.16 In 2007, the Northern West Sussex had a relatively high economic activity rate. Over 84% of the working age population was economically active, compared to 82% across the South East and 79% nationally.

3.17 Within Northern West Sussex, the Mid Sussex local authority has the highest economic activity rate – nearly 87% in 2007. This is very high in comparison to national averages.

Figure 3.6: Economic Activity Rates of Working Age Population by Age Groups, 2007



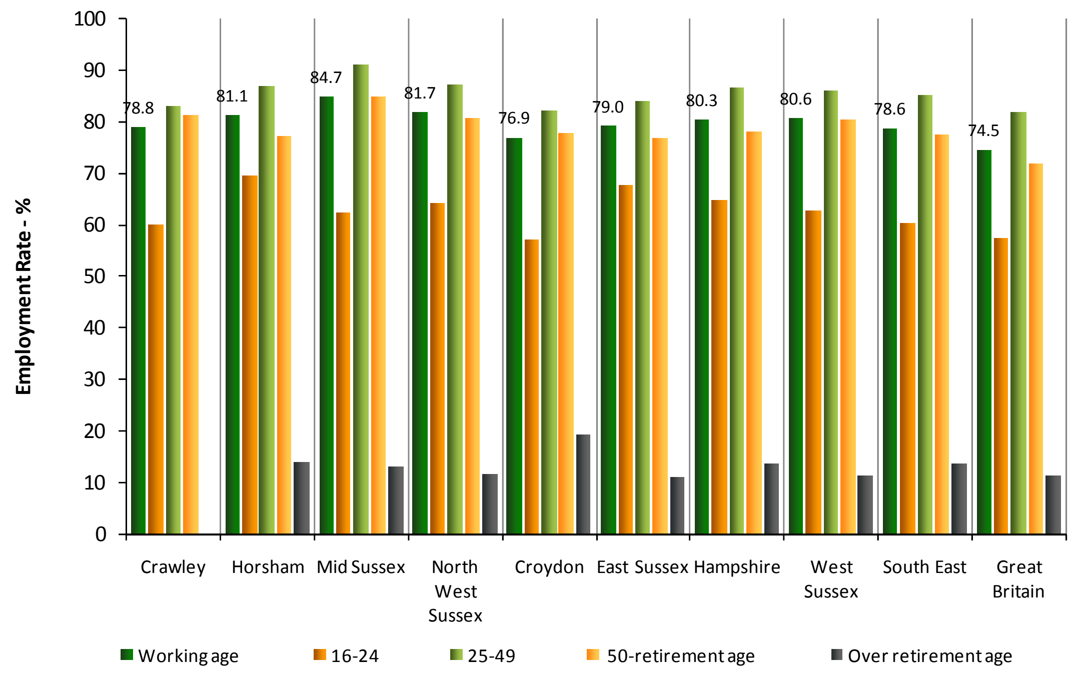
Source: Annual Population Survey © Crown Copyright

Employment Rate

3.18 In addition to a high level of economic activity, the Northern West Sussex area also has a relatively high rate of employment. In 2007, 84.7% of the working age population was in employment, compared to 79% across the South East and only 75% nationally. This overall employment rate does vary within Northern West Sussex – from 85% in Mid Sussex to 79% in Crawley.

3.19 When the employment rate is broken down according to smaller age groups, it is clear that the employment rate for 25-49 age group in Mid Sussex is very high, suggesting that this district has a very strong labour market. Meanwhile, Crawley has a relatively low employment rate in the 16-24 age group.

Figure 3.7: Employment Rates of Working Age Population by Age Groups, 2007



Source: Annual Population Survey © Crown Copyright

Unemployment and Benefit Claimants

3.20 Unemployment and the number of Incapacity Benefit claimants are key indicators in assessing the relative vitality of a local labour market. There are two measures of unemployment that are commonly used:

I. International Labour Organisation Unemployment (ILO) – This measures all those people who want to work, are available to work, and who are actively seeking employment. The ILO unemployment rate is based upon the Annual Population Survey.

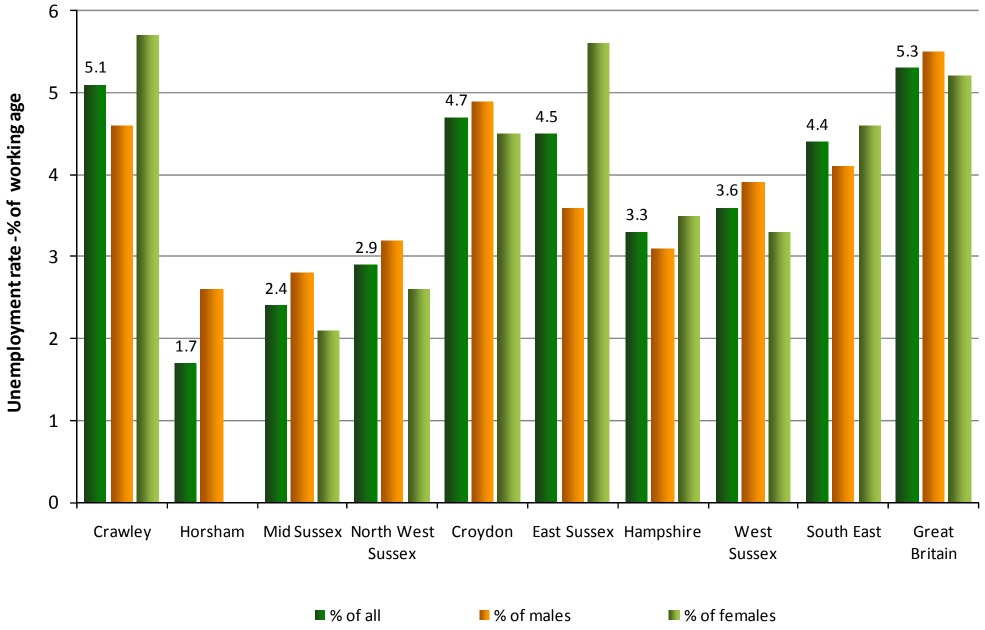
II. The Claimant Count – this only measures those people who are claiming unemployment related benefits. It does not include all unemployed people, as some of those unemployed may not be able to claim benefits or chose not to do so. The measure is based on records from Jobcentre Plus.

3.21 The ILO unemployment data for Northern West Sussex backs up the positive trends in economic activity and employment described above. In 2007, 2.9% of the working age population in the study area was classified as unemployed, compared to 4.4% regionally and 5.3% nationally.

3.22 Within the study area, Horsham has a very low unemployment rate of 1.7% whilst the unemployment rate in Crawley of 5.1% is above regional average. Here, there is a particularly high female unemployment rate of over 5.5%.

3.23 Overall, Crawley is close to the UK average in terms of unemployment characteristics. On the other hand, Horsham has close to zero unemployment.

Figure 3.8: ILO Unemployment Rate of Working Age Population, 2007



Note – Female Unemployment Rate for Horsham unavailable

Source: Annual Population Survey © Crown Copyright

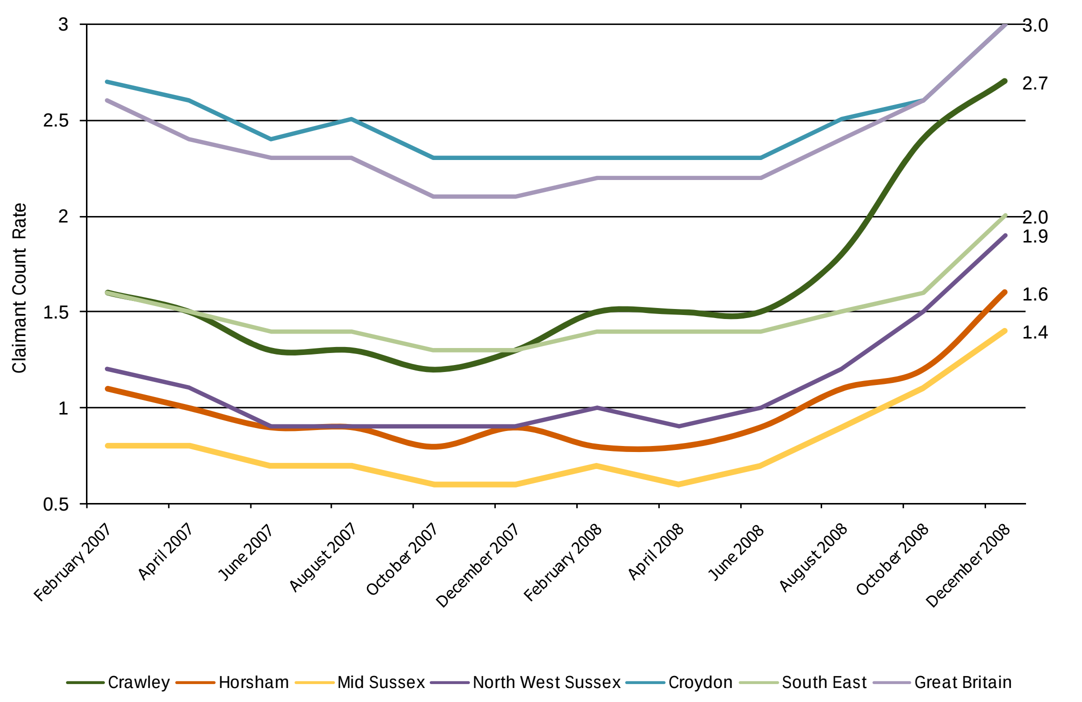
3.24 Looking at the data from 2008, the level of unemployment had increased to 3.5% across Northern West Sussex. ILO Unemployment had increased to 2.7% in Horsham and 3.7% in Mid Sussex, but remained highest in Crawley at 4.2%.

3.25 Following a similar pattern to ILO Unemployment rates, the Northern West Sussex Claimant Count (1.9%) was below regional and national averages in December 2008. The count would be even lower in the study area were it not for a relatively high Claimant Count in Crawley (2.7%), although this is still slightly below the national rate.

3.26 The Claimant Count has increased markedly in all the benchmark geographies during 2008 but especially so in Crawley, where the rate has more than doubled since autumn 2007. This is likely to be an indication of difficult economic conditions nationally and globally beginning to feed through to the sub-region.

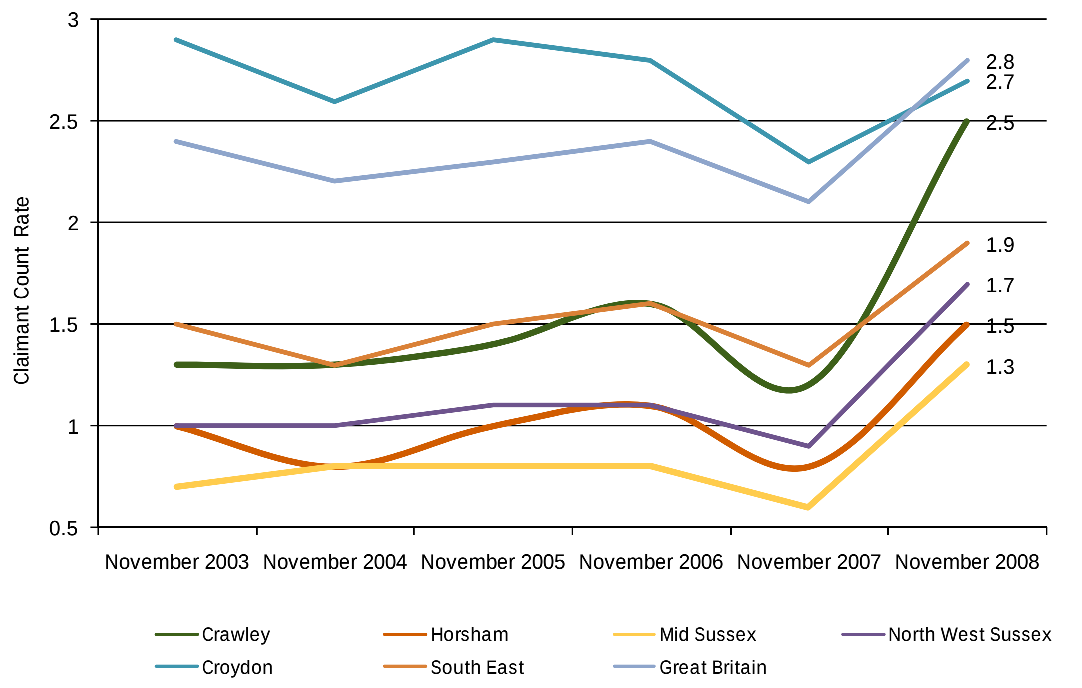
3.27 The Claimant Count has increased further to 4.0% in Crawley, 2.4% in Horsham and 2.0% in Mid Sussex in June 2009. However in each case, claimant unemployment remained below the national average of 4.1%, albeit that unemployment in Crawley is above average for the region (3.0%).

Figure 3.9: Claimant Count Unemployment Rate, February 2007 – December 2008



Source: NOMIS Claimant Count © Crown Copyright

Figure 3.10: Claimant Count Unemployment Rate, November 2003 – November 2008

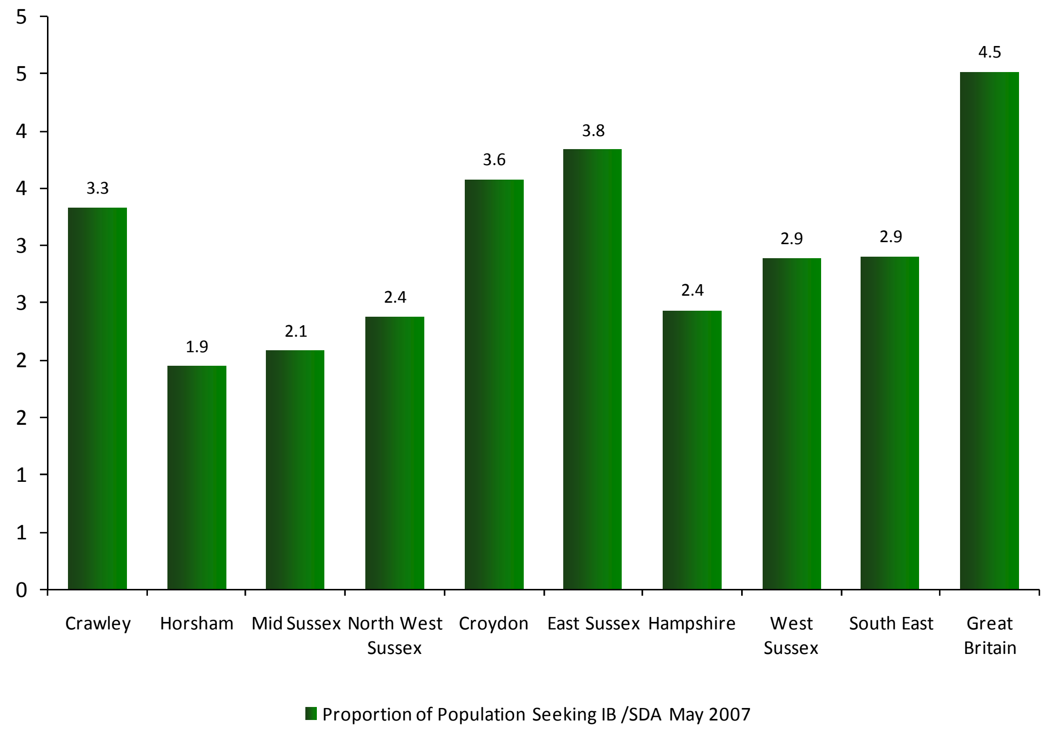


Source: NOMIS Claimant Count © Crown Copyright

3.28 Another important labour market indicator is the number of incapacity claimants resident in an area. In 2007, the proportion of the population claiming these benefits in Northern West Sussex was 2.4% - again relatively low compared to regional and national averages of 2.9% and 4.5% respectively.

3.29 Within Northern West Sussex, Crawley has Incapacity Benefit claimant rate of 3.3% - above the regional average. The number of claimants across the study area has risen since 2003 – a time period during which the number of claimants actually decreased nationally.

Figure 3.11: Proportion of Working Age Population Claiming Incapacity Benefits and Severe Disablement Allowance



Source: NOMIS DWP Benefits Statistics © Crown Copyright

Figure 3.12: Proportion of Working Age Population Claiming Incapacity Benefits and Severe Disablement Allowance

Area	May 2003	May 2004	May 2005	May 2006	May 2007
Crawley	3.1	3.2	3.2	3.2	3.3
Horsham	1.9	1.9	2.0	2.0	1.9
Mid Sussex	2.0	2.1	2.1	2.1	2.1
Northern West Sussex	2.3	2.3	2.4	2.4	2.4
Croydon	3.4	3.5	3.6	3.6	3.6
East Sussex	3.8	3.8	3.9	3.9	3.8
Hampshire	2.4	2.5	2.5	2.5	2.4
West Sussex	2.8	2.9	2.9	2.9	2.9
South East	2.9	3.0	3.0	2.9	2.9
Great Britain	4.8	4.8	4.7	4.6	4.5

Source: NOMIS DWP Benefits Statistics © Crown Copyright

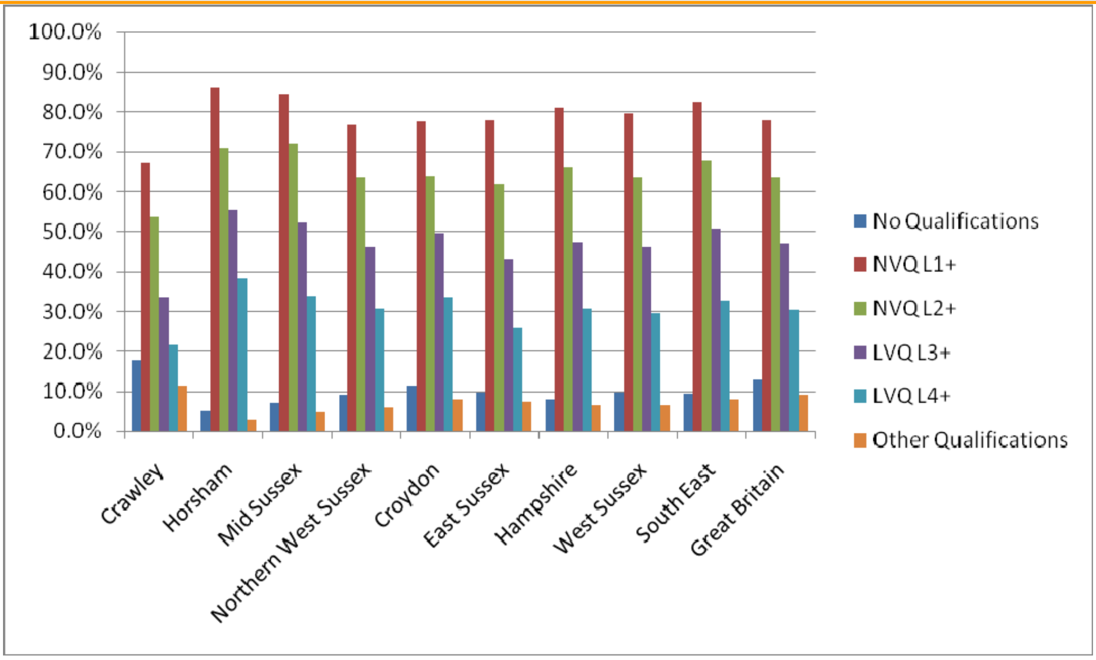
Qualifications and School Performance

3.30 The presence of a skilled and educated resident working age population bears a large degree of importance for the economic vitality of an area. The skills base of this sub region is reasonably strong overall. Figure 3.12 highlights the fact that the proportion of working age residents in Northern West Sussex with no qualifications is relatively low. Across the study area only 9.1% of residents have no qualifications, compared to 9.3% regionally and 12.9% nationally.

3.31 However, the area performs slightly less well at the other end of the spectrum. Around 31% of Northern West Sussex residents have a NVQ Level 4 (degree level) qualification – above the national average but slightly lower than the regional average.

3.32 The situation is hugely variable across the sub region. Within Northern West Sussex, Crawley has a much higher proportion of residents holding no qualifications (18%) than both Horsham (5.2%) and Mid Sussex (7.0%). The trends are replicated at NVQ Level 4. Only 21.6% of working age Crawley residents have NVQ Level 4 qualifications, compared to over a third of residents in both Horsham and Mid Sussex. This indicates that also the qualifications available in the sub region are strong, the pattern is inconsistent across the area.

Figure 3.13: Level of Qualification for Working Age Population, 2005



Source: Annual Population Survey © Crown Copyright

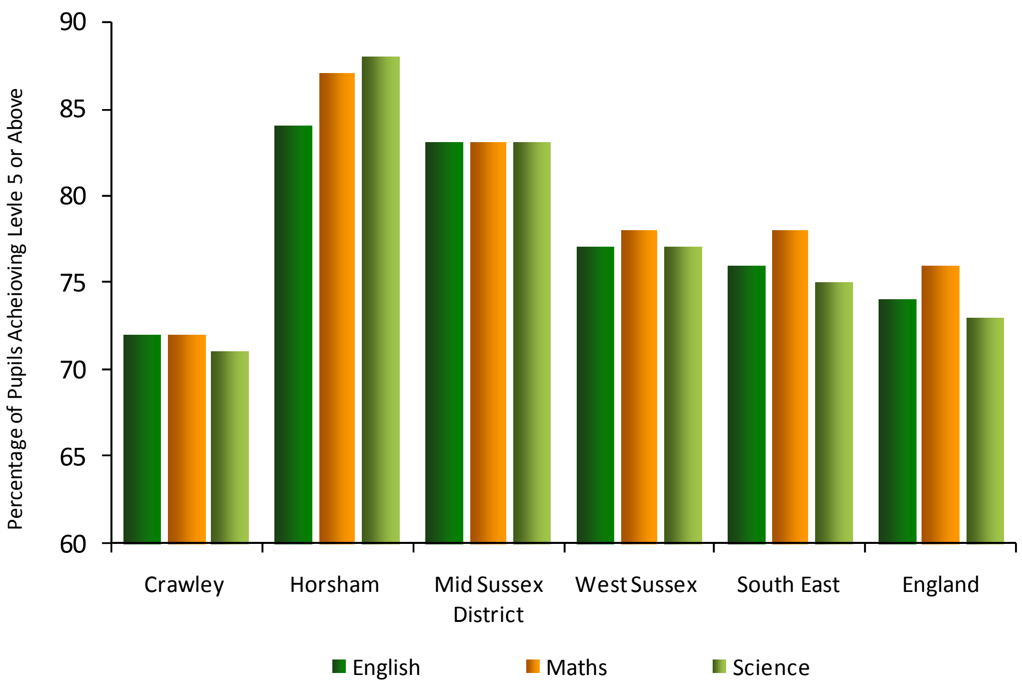
Figure 3.14: Level of Qualification for Working Age Population, 2008

	% with no qualifications - working age	% with NVQ1+ - working age	% with NVQ2+ - working age	% with NVQ3+ - working age	% with NVQ4+ - working age	% with other qualifications - working age
Crawley	17.8%	67.1%	53.7%	33.7%	21.6%	11.6%
Horsham	5.2%	86.0%	71.0%	55.4%	38.3%	3.1%
Mid Sussex	7.0%	84.4%	72.2%	52.3%	34.0%	4.8%
Northern West Sussex	9.1%	0.0%	0.0%	0.0%	0.0%	5.9%
Croydon	11.5%	77.6%	63.8%	49.5%	33.7%	7.9%
East Sussex	9.8%	78.0%	61.9%	43.2%	26.1%	7.3%
Hampshire	7.9%	81.1%	66.3%	47.4%	30.7%	6.4%
West Sussex	9.6%	79.6%	63.7%	46.1%	29.7%	6.7%
South East	9.3%	82.7%	67.6%	50.8%	32.8%	8.0%
Great Britain	12.9%	78.0%	63.6%	46.9%	30.3%	9.1%

Source: Annual Population Survey © Crown Copyright

3.33 Further indication of the levels of skill within a population can be gained by studying trends in performance by local schools. 3.15 shows that at Key Stage 3, schools in two of Northern West Sussex's three constituent local authorities perform comparatively well. Key Stage 3 performance by schools in Horsham and Mid Sussex is better than is average regionally and nationally. Schools perform markedly less well in the third local authority – Crawley.

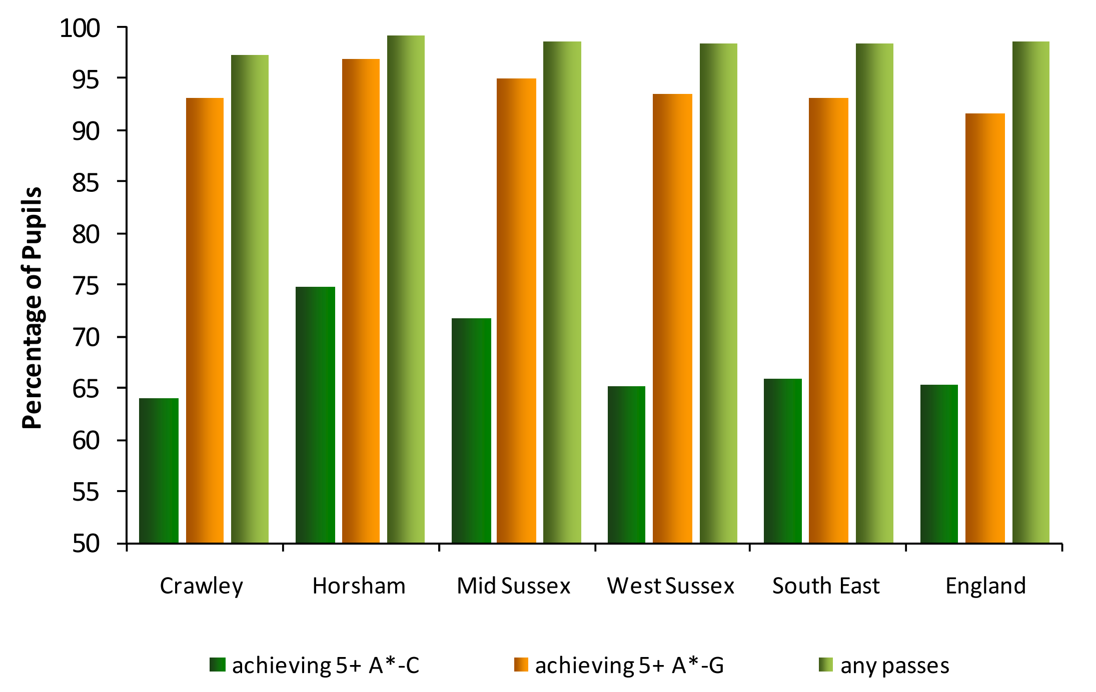
Figure 3.15: School Performance at Key Stage 3, 2007



Source: DCSF Local Education Statistics

3.34 Trends seen at Key Stage 3 are to a certain extent replicated at Key Stage 4 – GCSE level. Figure Figure 3.16 shows that whilst schools in Crawley achieve similar levels of 'any GCSE passes' as is average regionally and nationally, the proportion of pupils achieving 5+ A*-C GCSE's is far lower than in Crawley's neighbouring local authorities. However, Figure 3.16 shows that performance is improving – between 1997-2007, GCSE performance improved at a rate higher than sub-regional, regional and national averages.

Figure 3.16: School Performance at GCSE Level, 2007



Source: DCSF Local Education Statistics

Figure 3.17: Change in School Performance, 1997 - 2007

	% points difference 1997-2007					
	Achieving Level 5+ at Key Stage 3			GCSE Performance		
	English	Maths	Science	achieving 5+ A*-C	achieving 5+ A*-G	any passes
Crawley	15	11	6	24.3	3.2	3.9
Horsham	15	12	9	17.2	1.6	1.9
Mid Sussex	11	8	3	9.8	1	2.5
West Sussex	14	11	7	14.8	2.4	4.1
South East	14	13	9	18.3	3.4	4.4
England	17	16	13	20.2	5.2	6.3

Source: DCSF Local Education Statistics

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Policy and Strategy Review

Qualifications of the residents of Crawley are below average and local residents find themselves employed in relatively low skilled positions in the Borough, despite the diverse range of jobs available to them locally (Crawley Economic Profile, Crawley Borough Council, 2008). To fill positions where high qualifications are required, Crawley businesses must rely on neighbouring areas for labour resources of appropriate quality. Much of the in-commuting to Crawley comes from residents of neighbouring Horsham and Mid Sussex.

The Visioning Horsham Report identifies that Horsham District has a strong skills base and educational performance, which are key assets for the District, however a significant proportion of residents commute out of the District to work, particularly those with higher skilled jobs.

Mid Sussex acknowledges that it needs to work at increasing the skills and qualifications levels of its residents in particular locations so that local people have the opportunity to access a wider range of locally available jobs (Consultation Document – Sustainable Communities Strategy, 2008-2018, Mid Sussex Local Strategic Partnership, 2008). This requirement is even more pressing in Crawley.

Consultation Findings

The strength of the labour market in the area, in terms of qualifications and skills, is an identified draw of the Northern West Sussex area for businesses. Consultees highlighted the fact that often a diverse skills base is more important than having a high proportion of top end skills.

Despite this, stakeholders identified a specific issue regarding the skills base of Crawley residents. It was suggested that a lack of the right type of skills among Crawley residents is currently affecting the ability of the area to attract the right kind of employment and generate a necessary diversification of the employment base. As such, the possibility of a 'University Centre' in Crawley in years to come is seen as key to the future success of the town.

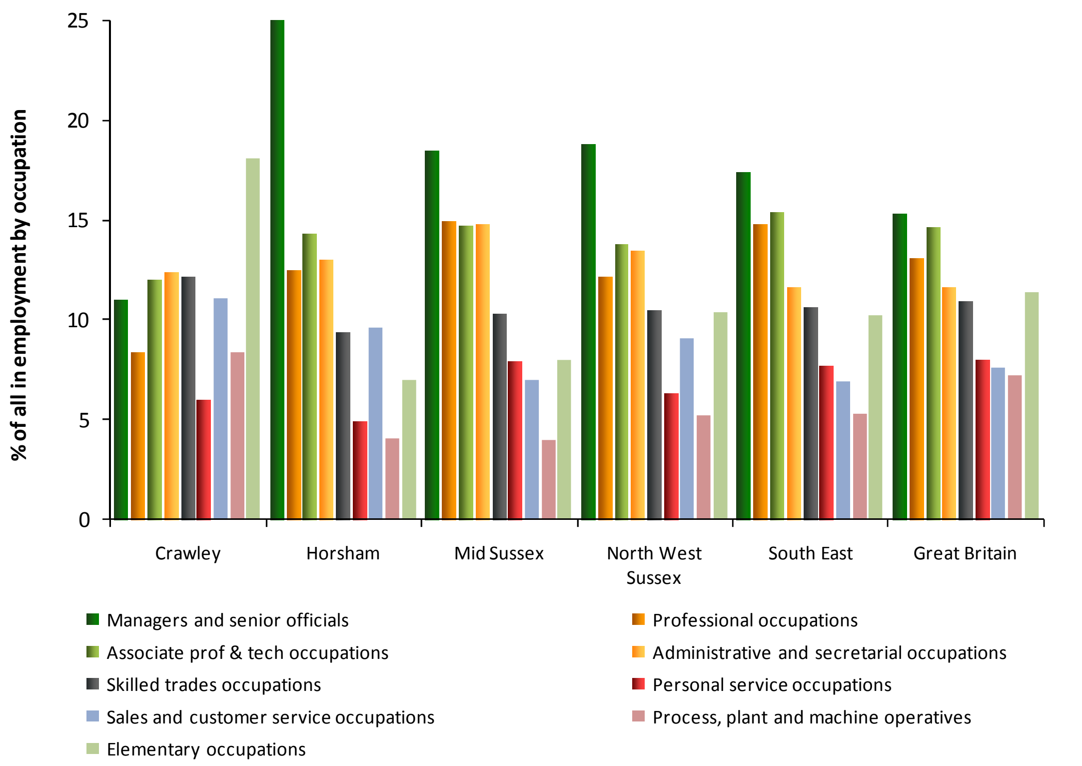
Occupational groupings and wage levels

3.35 Analysis of employment by occupation groups of the resident working age population highlights the following key points:

- Northern West Sussex has a relatively high proportion of people employed as either Managers or Senior Officials (19%) compared to the South East (17.4%) and Great Britain (15.3%). Again, there are clear differences across the sub region. Within Northern Western Sussex, 25% of Horsham residents are occupied in this group, compared to only 11% of Crawley residents
- A relatively low proportion of Horsham and Mid Sussex residents work in manual and elementary occupations. In contrast, nearly a quarter of Crawley residents work in these occupations (compared to an average of around 15% across the South East and 18% nationally).
- The proportion of Crawley residents working in Sales and Customer Service related occupations is also high relative to local, regional and national standards.

3.36 Overall, a strong occupational profile at the level of the sub-region tends to mask some very specific disparities across the individual districts.

Figure 3.18: Employment by Occupation Type for Working Age Population



Source: Annual Population Survey © Crown Copyright

3.37 The analysis set out in Figure 3.18 highlights significant variations in workplace and resident based earnings within the Northern West Sussex study area. The key points are as follows (summarised in Figure 3.19):

- On average, people living in Horsham earn more than those living in Crawley, Mid Sussex, the South East and Great Britain
- Whilst those living in Crawley earn less than those living in neighbouring districts, wages for those working in Crawley are high. Average weekly wages for those working in Crawley are higher than wages for those working in Horsham, Mid Sussex, the South East and Great Britain.

3.38 Overall, Crawley is acting as the location of high skilled, high paid jobs that are being taken advantage of by residents of other parts of the sub-region.

Figure 3.19: Resident and Workplace Based Earnings, 2003-2008

	Resident Analysis		Workplace Analysis	
	2008 (average £ per week)	% Change 2003-2008	2008 (average £ per week)	% Change 2003-2008
Crawley	388.9	0.0	458.8	12.0
Horsham	479.1	21.9	375.7	8.2
Mid Sussex	452.5	19.5	382.0	14.2
Croydon	483.1	18.9	433.8	14.3
East Sussex	378.8	14.4	339.9	14.9
Hampshire	410.4	14.3	398.6	12.9
West Sussex	387.1	9.1	372.3	12.5
South East	425.0	13.2	408.3	13.6
Great Britain	391	15.9	390.0	16.1

Source: ONS Annual Survey of Hours and Earnings © Crown Copyright

Figure 3.20: Resident and Workplace Based Earnings Overview

People living in Horsham Earn per Week...	People working in Crawley Earn per Week...
£90 more than people living in Crawley and £27 more than people living in Mid Sussex	£83 more than people working in Horsham and £77 more than people working in Mid Sussex
£103 more than people working in Horsham	£70 more than people living in Crawley
£54 more than the South East average	£50 more than the South East average
£88 more than the national average	£69 more than the national average

Source: ONS Annual Survey of Hours and Earnings © Crown Copyright

Policy and Strategy Review

In Crawley, there is a clear mismatch between local residents and local workers in terms of occupation type and wage level (Crawley Economic Profile, Crawley Borough Council, 2008). Crawley residents are employed in lower skilled, lower paid positions while in-commuters from other areas of West Sussex and London occupy higher skilled positions with higher pay levels (ibid). On average, Crawley workers are paid higher wages when compared with West Sussex, the Gatwick Diamond and nationally (ibid). Crawley businesses are on average providers of the highest salaries in West Sussex, 17th in the South East and 35th in nationally (ibid). Residents, however, are 45th highest paid in the South East and 150th in Great Britain (ibid).

Mosaic notes that Horsham hosts a very high proportion of 'career professionals living in sought after locations' (Group A) and a high proportion of individuals living in remote, rural areas (Visioning Horsham, Experian and Horsham District Council, 2008). This is complimented by a weekly earnings level of £452 in 2006 compared to £345 in West Sussex and £379 in the South East (ibid).

Mid Sussex reports that wage earnings have not kept pace with the increases in housing prices for the area (Consultation Document – Sustainable Communities Strategy, 2008-2018, Mid Sussex Local Strategic Partnership, 2008). This may indicate that the district is experiencing a large influx of highly skilled and paid individuals that do not work in the district, which indirectly places strain on established residents.

Consultation Findings

Consultation suggested that the high disposable income of some residents in the area is a draw to businesses when making location decisions. Crawley clearly acts as the main driver of the sub-regional economy in terms of the quantum and type of jobs available. Many of the jobs cannot be taken up by local people, however, due to the relatively weak local skills base.

Travel to work Patterns

3.39 Travel to Work analysis can be undertaken using Origin and Destination statistics from the 2001 Census. These statistics allow an analysis to be undertaken of the labour market flows affecting Northern West Sussex, including the travel to work flows of its residents, but also the flows of non Northern West Sussex residents who work in the area.

3.40 Figures 3.21 and 3.22 provide an overview of key travel to work statistics for the three Northern West Sussex local authorities, taking into account the occupation types of those commuting, along with the various modes of transport. There are a number of key points:

- There is a daily net inflow of 9,000 people to Northern West Sussex, but this comprises significant inter sub-region movements;
- Within Northern West Sussex, Crawley has a daily net inflow of 30,781, whilst Mid Sussex and Horsham have daily net outflows of 10,759 and 9,857 respectively;
- A relatively high proportion of those commuting out of Horsham and Mid Sussex work in the most highly skilled occupations, as do relatively high proportions of those commuting into Crawley.

Figure 3.21: Travel to Work trends by Occupation

Residence	Workplace	All people	Large Employers and Higher	Higher professional	Lower Managerial and Professional	Intermediate Occupations	Smaller Employers and Own account	Lower supervisory and Technical	Semi-routine occupations	Routine occupations	Full time students
Horsham	Out Flow	60,143	7.2	10.1	30.9	13.4	11.7	7.9	10.8	6.8	3.0
Crawley		51,473	4.4	6.5	25.8	17.1	7.0	11.3	14.8	9.9	3.3
Mid Sussex		64,741	6.8	9.4	30.9	14.0	10.1	7.9	11.4	6.1	3.5
In flow	Horsham	50,286	4.7	8.0	27.1	12.4	13.9	9.3	12.5	8.7	3.6
	Crawley	82,254	6.0	9.1	28.2	18.9	4.4	10.8	11.8	8.1	2.8
	Mid Sussex	53,982	5.3	8.4	28.6	13.5	12.1	8.2	12.9	6.9	4.1
Total Out Commuters		177,373	6.2	8.7	29.2	14.6	9.7	8.8	12.1	7.4	3.2
Total In-commuters		186,522	5.4	8.6	28.0	15.6	9.2	9.6	12.3	7.9	3.4
Net Change		+9,149									

Source: ONS Origin Destination Statistics, 2001 Census © Crown Copyright

Figure 3.22: Travel to work trends by Mode of Travel (%)											
Residence	Workplace	All people	Mainly at/ from Home	Underground etc.	Train	Bus etc	Taxi	Car-Driver	Car-Passenger	Motorcycle	Bicycle
Horsham	Out Flow	60,143	11.7	0.1	5.6	1.9	0.2	63.7	4.8	0.8	2.0
Crawley		51,473	7.1	0.1	6.1	6.3	0.8	60.8	6.6	0.9	2.9
Mid Sussex		64,741	10.7	0.1	10.8	1.4	0.3	59.1	5.0	0.8	1.5
In flow	Horsham	50,286	14.2	0.1	1.6	2.4	0.2	61.4	5.8	0.8	2.4
	Crawley	82,254	4.5	0.2	5.6	4.9	0.6	70.1	5.5	0.9	2.0
	Mid Sussex	53,982	12.8	0.1	3.4	2.2	0.4	60.7	6.0	0.8	1.8
Total Out Commuters		177,373	10.0	0.1	7.7	3.0	0.4	61.2	5.4	0.8	2.1
Total In-commuters		186,522	9.5	0.2	3.9	3.4	0.4	65.0	5.7	0.8	2.0
Net Change		+9,149									
Source: ONS Origin Destination Statistics, 2001 Census © Crown Copyright											

3.41 Figure 3.23 and Figure 3.24 consider the main recipients and origins of those commuting to and from Northern West Sussex:

- Crawley is the main destination for those commuting out of Horsham and Mid Sussex, with 6,520 and 8,293 commuting there respectively;
- Reflecting geographic location, those living in Crawley are likely to commute north of the Borough, to local authorities in and around London Westminster and Croydon.

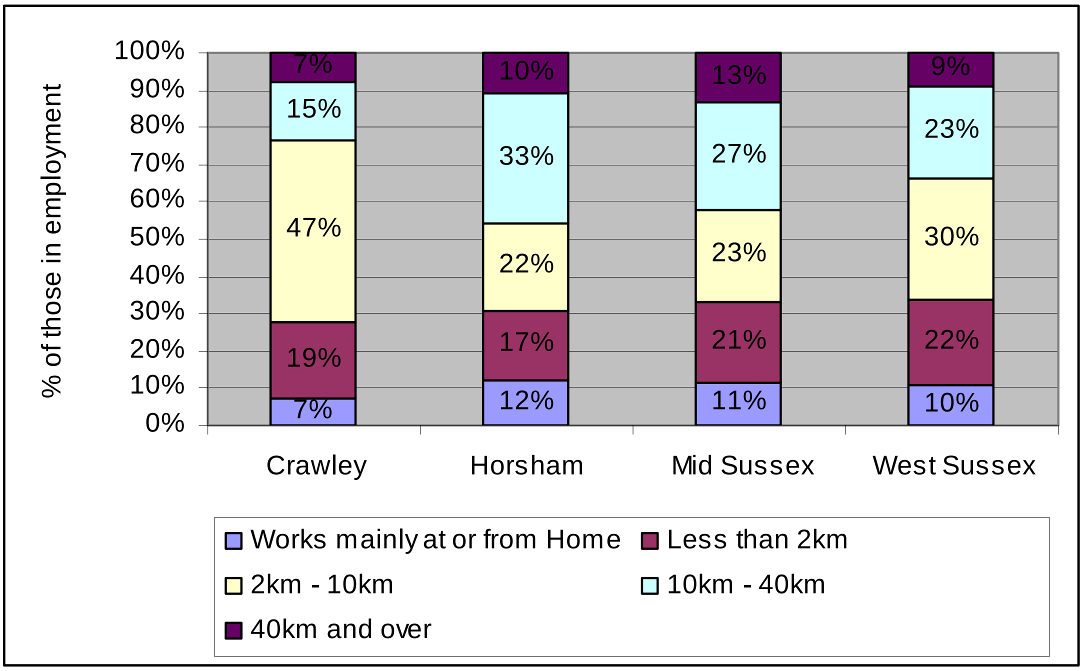
Figure 3.23:Top Destinations of those commuting away from Northern West Sussex								
Residence	Workplace	All people	Residence	Workplace	All people	Residence	Workplace	All people
Crawley	Crawley	36,024	Horsham	Horsham	35,726	Mid Sussex	Mid Sussex	35,078
	Reigate and Banstead	2,749		Crawley	6,520		Crawley	8,293
	Mid Sussex	2,019		Mid Sussex	1,711		Brighton and Hove	2,760
	Horsham	1,884		Mole Valley	1,568		Reigate and Banstead	1,594
	Mole Valley	988		Brighton and Hove	1,526		Tandridge	1,586
	Tandridge	803		Worthing	1,249		Horsham	1,504
	Croydon	672		Reigate and Banstead	1,161		City of London	1,461
	Westminster	581		Chichester	955		Lewes	1,450
	City of London	483		Westminster	835		Westminster	1,388
	Brighton and Hove	359		Waverley	814		Epping Forest	1,061
	Total Out-flow	51,473		Total Out-flow	7,533		Total Out-flow	64,741
Source: ONS Origin Destination Statistics, 2001 Census © Crown Copyright								

Figure 3.24: Top Origins of those commuting into Northern West Sussex								
Workplace	Residence	All people	Workplace	Residence	All people	Workplace	Residence	All people
Crawley	Crawley	36,024	Horsham	Horsham	35,726	Mid Sussex	Mid Sussex	35,078
	Mid Sussex	8,293		Crawley	1,884		Brighton and Hove	3,832
	Horsham	6,520		Worthing	1,855		Wealden	2,489
	Reigate and Banstead	5,215		Brighton and Hove	1,697		Lewes	2,080
	Brighton and Hove	4,390		Mid Sussex	1,504		Crawley	2,019
	Tandridge	1,804		Arun	1,349		Horsham	1,711
	Croydon	1,618		Chichester	1,161		Tandridge	1,009
	Wealden	1,430		Adur	947		Adur	614
	Worthing	1,125		Mole Valley	415		Worthing	569
	Lewes	1,024		Waverley	364		Reigate and Banstead	464
	Total In-flow	82,254		Total In-flow	50,286		Total In-flow	53,982
Source: ONS Origin Destination Statistics, 2001 Census © Crown Copyright								

3.42 Figure 3.25 considers the average distance travelled to work by those in employment:

- A very low proportion of Crawley residents work at home (6.8%) compared to Horsham (20.4%) and Mid Sussex (18.6%)
- A high proportion of Crawley residents travel between 2 – 10km, with lower levels of residents travelling over 10km, reflecting the concentration of employment in the town.

Figure 3.25: Average Distance Travelled to Work



Source: ONS Census 2001 © Crown Copyright

Policy and Strategy Review

Crawley residents find much of their employment in the transport sector. This means a high resident pattern of commuting to Gatwick Airport and other transport and Gatwick-related employment areas (Crawley Economic Profile, Crawley Borough Council, 2008). In-commuters to Crawley, however, may come from further afield in Sussex and London to take advantage of higher paid and qualified positions in the district (ibid).

In Horsham District, the Visioning Horsham Report identifies that business and professional services have performed strongly, while agricultural employment has fallen over the last 20 years.

Consultation Findings

East Grinstead Business Association suggested that East Grinstead is reliant on large volumes of in and out commuting due to the high income levels and associated multipliers that it supports.

Labour Market: Summary and Conclusions

3.43 A number of key points that have emerged from analysis of the Northern West Sussex labour market:

- Northern West Sussex has experienced population growth above regional and national averages over the past twenty years. Within the study area, Horsham has experienced particularly high population growth. Northern West Sussex as a whole contains similar levels of ethnic diversity to the regional average. Within the sub-region, however, levels of ethnic diversity are relatively high in Crawley.

- The study area has relatively high economic activity and employment rates. Over 84% of the working age population across the study area are economically active and rates are particularly high for Mid Sussex residents.

- Whilst average levels of unemployment (according to ILO and Claimant Count definitions) across the study area are below average, the unemployment rate in Crawley is above regional average. The Claimant Count increased markedly across the whole of the study area during 2008 and the first half of 2009 but especially so in Crawley, where the rate has more than doubled since autumn 2007.

- The average proportion of working age residents in Northern West Sussex with no qualifications is relatively low. Again, however, Horsham and Mid Sussex perform markedly better than Crawley in this respect. Horsham and Mid Sussex also perform better than Crawley in terms of school performance, with better than average results at Key Stage 3 and 4.

- The occupation profile of Northern West Sussex residents also varies by local authority. Horsham and Mid Sussex both have a relatively high proportion of people employed as either Managers or Senior Officials and a relatively low proportion of residents working in manual and elementary occupations. The opposite is true in Crawley.

- Average weekly earnings vary according to area of residence and area of workplace in Northern West Sussex. On average, people living in Horsham earn more than those living in Crawley and Mid Sussex, whilst those working in Crawley earn on average more per week than those working in Horsham and Mid Sussex.

- There is a daily net inflow of 9,000 people to Northern West Sussex, with a daily net inflow of 30,781 to Crawley, whilst Mid Sussex and Horsham have daily net outflows of 10,759 and 9,857. Crawley is the main destination for those commuting out of Horsham and Mid Sussex. Meanwhile, a relatively high proportion of Horsham and Mid Sussex residents work from home.

Policy and Strategy Review

The document review indicates that all three districts examined here exhibit distinct identities. Crawley is host to a population of lower qualified and lower paid workers while Horsham is home to better qualified and better paid working age individuals. However, Crawley is the base for many of the area's better jobs and Horsham loses much of its working age population to other destinations for employment, which includes London and Crawley. Mid Sussex sees good levels of its job filled by local residents and the district enjoys a very low unemployment level.

The work force in West Sussex is fairly mobile in its approach towards employment and many of its employment opportunities are dependent on the Gatwick Diamond, whether indirectly, as a source of transport offering an ideal location for larger business to set up, or directly, as a source of transport-related employment crucial to the workforce of Crawley.

Employment Base

3.44 Past and current employment provides a useful context within which to understand future employment land requirements. This section covers the following:

- Employment characteristics
- Employment by company size
- Employment by sector
- Employment Characteristics

Total Employment

3.45 In 2007, employment in the Northern West Sussex totalled 178,700, with Crawley contributing 44% of these jobs (78,700 in real terms). Crawley represents the largest employment centre within the sub-region.

Figure 3.26: Changes in Actual Employment between 2003 and 2007

Employees	2003	2004	2005	2006	2007	% Change 2003 -2007
Crawley	81,600	80,000	79,700	79,400	78,700	-3.59
Horsham	46,500	46,600	47,400	49,000	47,700	2.47
Mid Sussex	53,100	52,100	53,900	53,900	52,300	-1.38
Northern West Sussex	181,200	178,700	180,900	182,300	178,700	-1.39

Source: Annual Business Inquiry © Crown Copyright

3.46 As highlighted by Figures 3.27 and 3.28, Northern West Sussex has lost a net 2,500 jobs between 2003 and 2007, a decline in employment of 1.39%. Within the study area, Crawley has been most affected by employment decline, with 3.59% of jobs lost between 2003 and 2007 (2900 jobs in real terms). During the same time period employment increased across the whole of the South East and Great Britain.

3.47 The sub-region, and particularly Crawley, witnessed a decline in employment even before the current recession against a background of macro-economic stability and growth. This reflects the performance of key sectors, which is considered later in this section.

Figure 3.27: Changes in Employment between 2003 and 2007

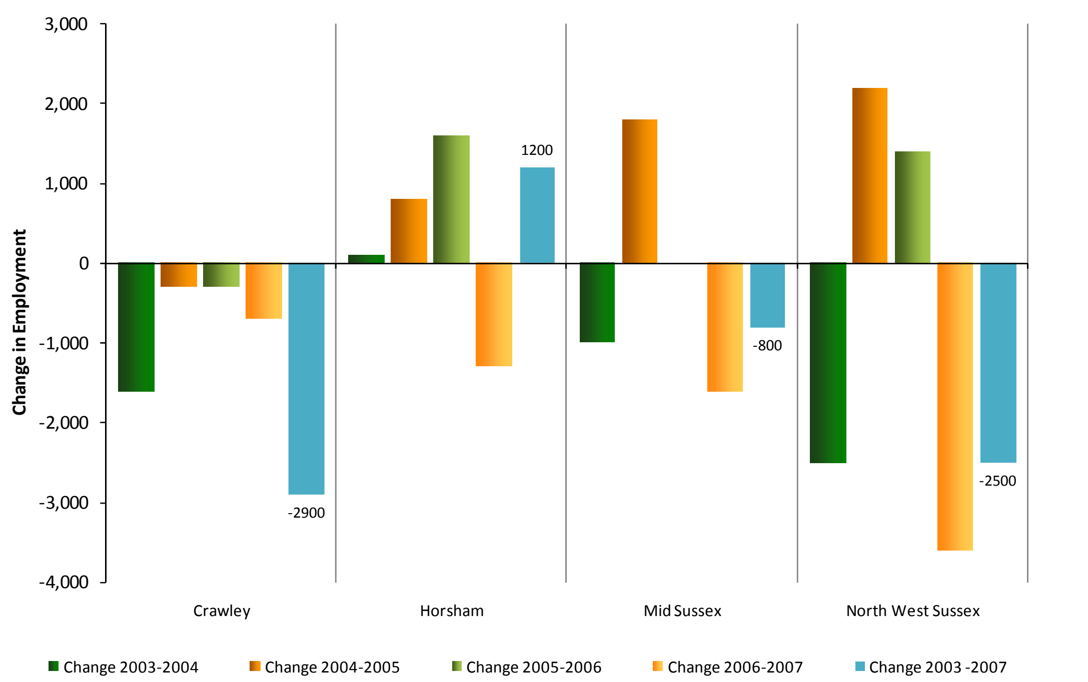


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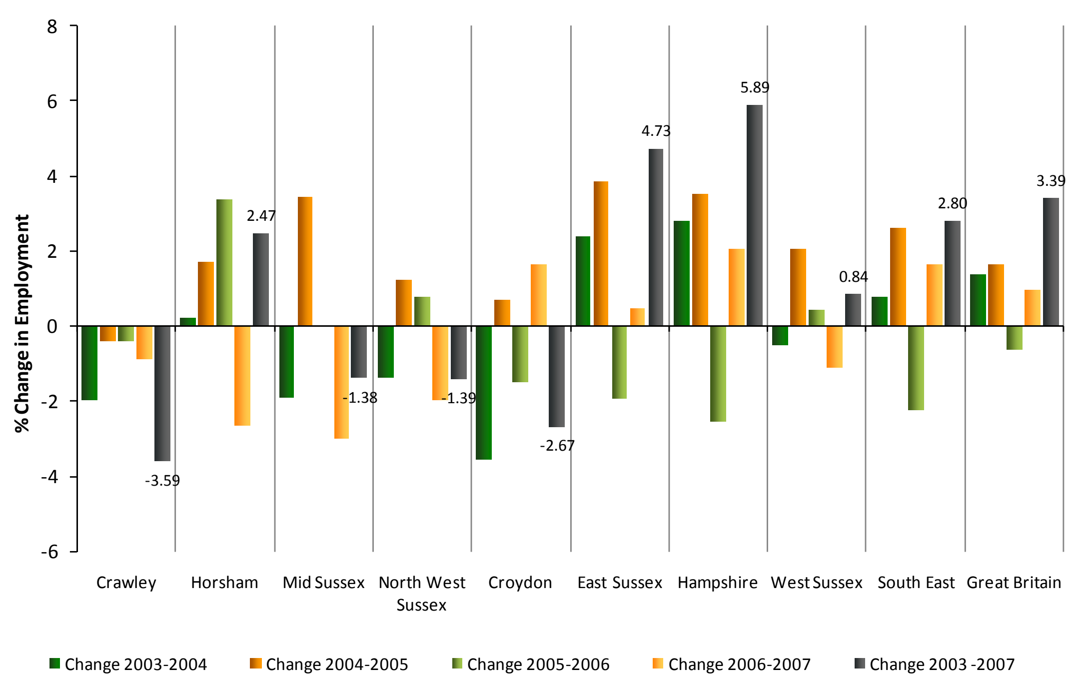
Figure 3.28: % Change in Employment 2003-2007



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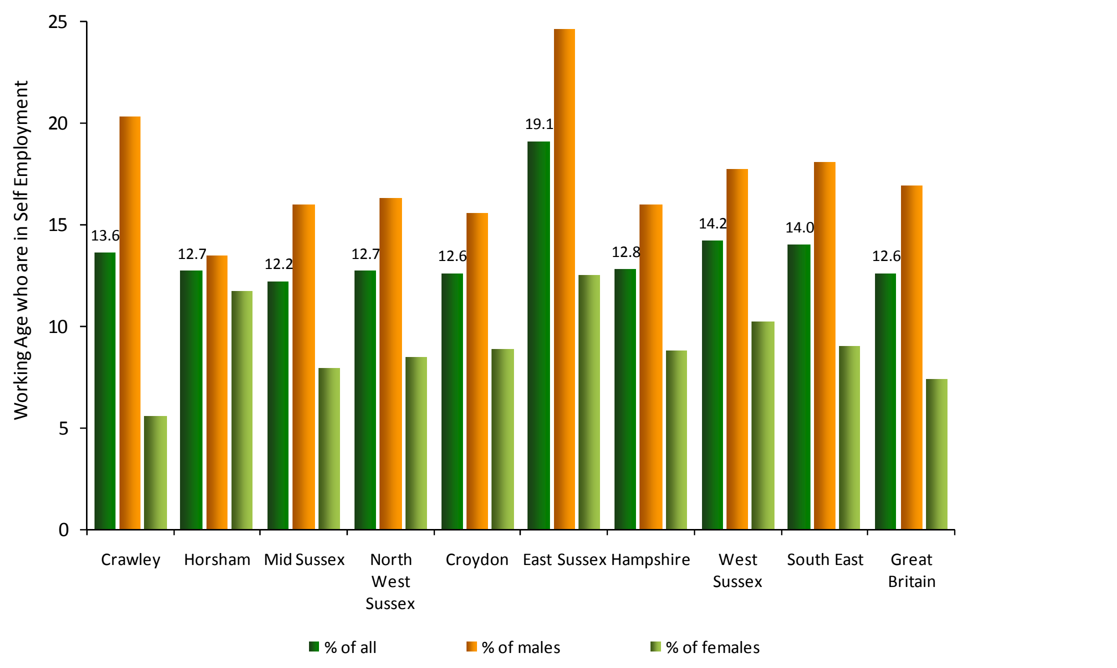
Self-Employment

3.48 In 2007, levels of self employment in Northern West Sussex (12.7% of working age population) were comparable to the national average but lower than the regional average (14%).

3.49 Data from the Annual Population Survey indicates that within Northern West Sussex, Crawley had relatively high levels of self employment (13.6%). The statistics show, across all the geographies, that males are more likely to be self-employed than females. Crawley has a particularly noticeable imbalance between levels of male and female self-employment, with proportions of 20% and 5% respectively.

Figure 3.29: Proportion of Working Age Population in Self Employment, 2007



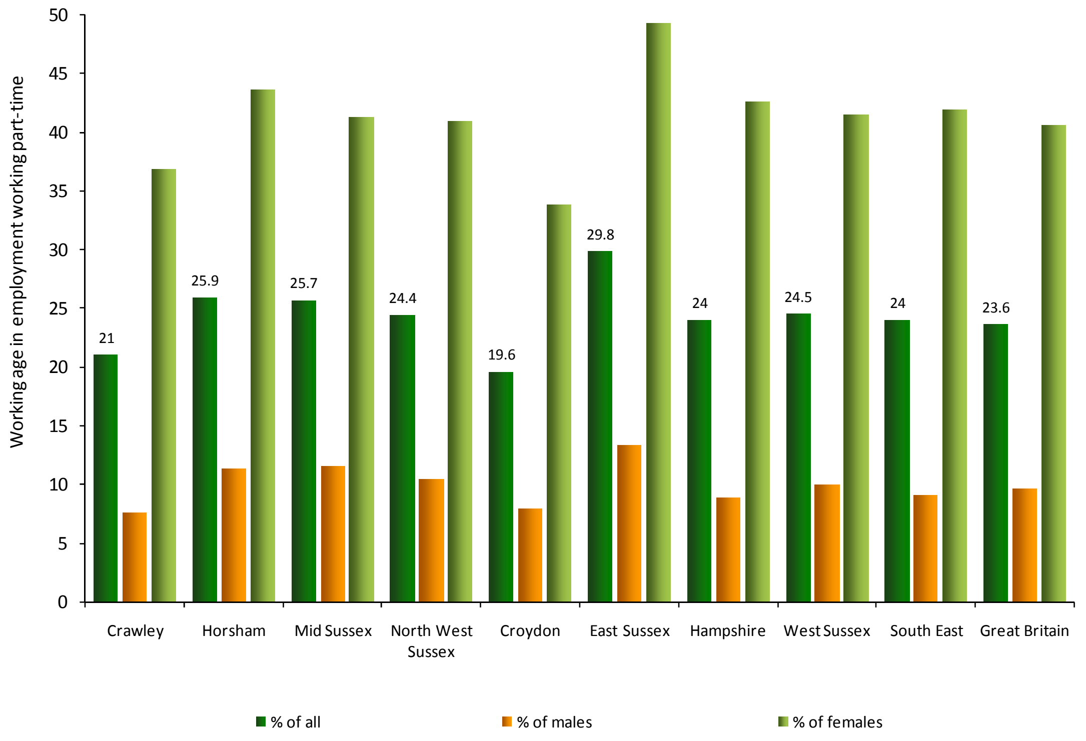
Source: Annual Population Survey © Crown Copyright

3.50 We have some concerns regarding the reliability of these figures. Experian's employment database indicates that self-employment (as a % of total employment) is substantially higher in Horsham and Mid Sussex (both at 18%) than in Crawley (8%).

Full/Part-Time Employment

3.51 Northern West Sussex has a similar proportion of working age population in part time employment (24.4%) to the regional and national averages. Within the study area, however, the proportion of those in part time employment is relatively low in Crawley (21%).

Figure 3.30: Proportion of Working Age Population in Part time employment, 2007



Source: Annual Population Survey © Crown Copyright

Employment by Sector

3.52 Employment in different industrial sectors can be analysed at a number of levels of detail. The following analysis briefly considers sectoral employment at the broadest level – Broad Industrial Sectors – before seeking more detail on the key trends by exploring sectoral employment according to 2 SIC and 4 SIC sectors.

Broad Industrial Sectors

3.53 Northern West Sussex has a low proportion of jobs in Public Administration, Health and Education (17%) relative to the main regional and national benchmark areas (which partly reflects the relative strength of its private sector business base). Employment in the sector has also declined by 6% since 2003. Within Northern West Sussex, the concentration of these jobs in Crawley is particularly low (9.9%), the local authority also having the lowest number of jobs in these sectors in absolute terms.

3.54 In contrast, Northern West Sussex has a relatively high proportion of jobs in the Transport and Communications sector (16%) compared to the South East and Great Britain (both 6%). The strength of this sector in Northern West Sussex is largely the result of a very high concentration of employment in the sector in Crawley (32%), related of course to the presence of Gatwick Airport. By contrast, both Horsham and Mid Sussex have relatively low and declining concentrations of Transport and Communications employment.

3.55 The concentration of Banking, Finance and Insurance employment in Northern West Sussex is slightly lower than regional and national averages

Figure 3.31: Employment by Broad Industrial Sectors, 2007

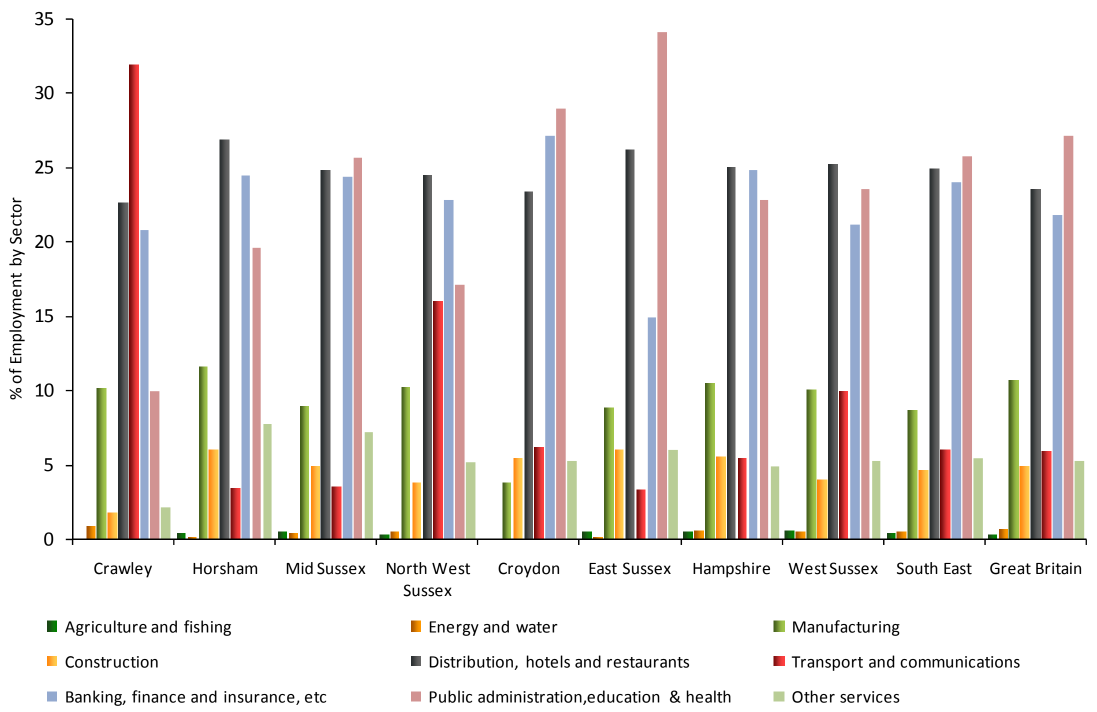


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Figure 3.32: Employment by Broad Industrial Sector, 2003-2007														
Industry	Crawley			Horsham			Mid Sussex			Northern West Sussex			Great Britain	
	Employment, 2007	% Total Employment	% Change 03-07	Employment, 2007	% Total Employment	% Change 03-07	Employment, 2007	% Total Employment	% Change 03-07	Employment, 2007	% Total Employment	% Change 03-07	% Total Employment	% Change 03-07
Agriculture and fishing	-	-	- 10.3	200	0.4	1.0	300	0.5	2.3	500	0.3	1.0	0.3	2.0
Energy and water	600	0.8	39.4	-	0.1	- 47.3	200	0.4	- 38.2	900	0.5	3.0	0.7	0.6
Manufacturing	7,900	10.1	- 8.2	5,500	11.6	- 12.6	4,700	8.9	- 19.6	18,100	10.2	- 12.7	10.7	- 12.7
Construction	1,400	1.8	- 0.1	2,900	6.0	20.3	2,600	4.9	17.9	6,800	3.8	14.6	4.9	13.5
Distribution, hotels and restaurants	17,800	22.6	- 7.2	12,800	26.8	7.1	13,000	24.8	1.1	43,500	24.4	- 0.9	23.5	- 2.1
Transport and communications	25,100	31.9	2.0	1,600	3.4	- 23.3	1,800	3.5	- 43.8	28,600	16.0	- 4.8	5.9	1.1
Banking, finance and insurance, etc	16,300	20.8	1.7	11,600	24.4	6.5	12,700	24.3	12.1	40,700	22.8	6.1	21.8	13.9
Public administration, education & health	7,800	9.9	- 15.6	9,300	19.6	- 2.1	13,400	25.6	- 2.2	30,500	17.1	- 6.0	27.1	7.2
Other services	1,600	2.1	- 16.8	3,700	7.7	21.2	3,800	7.2	10.3	9,100	5.1	7.9	5.2	3.8
All Sectors	78,500	100	-4.9	47,400	100	-30.3	52,200	100	-62.3	178,200	100	7.3	100	25.3
Source: Annual Business Inquiry © Crown Copyright														

2 Digit SIC Sectors

3.56 Figure Figure 3.33 and Figure 3.34 consider sectoral employment trends more closely. The highest sectoral over-representations of employment in Northern West Sussex are found in the Air Transport and Auxiliary Transport Activities sectors. These sectors account for 12% of employment and are over-represented relative to Great Britain by 21.7 and 3.6 respectively. It is worth noting, however, that the Auxiliary Transport Activities (including Travel Agencies) sector has experienced an employment decline of nearly 10% in recent years (due to a decline of 62% in the Mid Sussex local Authority).

3.57 As suggested by the Broad Industrial Sector data, employment in these sectors is largely located in Crawley. Here, the two sectors account for 26% of employment. Crawley accounts for 11,400 of the 11,600 Air Transport jobs in the study area and 9,900 of the 10,900 Auxiliary Transport Activities jobs. We are however aware of sub-regional supply chain linkages, such as the location of aviation-related businesses in Burgess Hill (linked to CAE Training and Simulation).

3.58 The top two employment sectors in Northern West Sussex are other Business Activities and Retail Trade. These sectors account for just under a quarter of all employment, at concentrations similar to those seen across Great Britain.

3.59 Meanwhile, the Northern West Sussex Health and Education sectors are underrepresented relative to regional and national averages, and the Health sector has seen employment decline in recent years.

Figure 3.33: % Employment by Sector, 2007 – Ten Northern West Sussex Sectors (2 SIC)

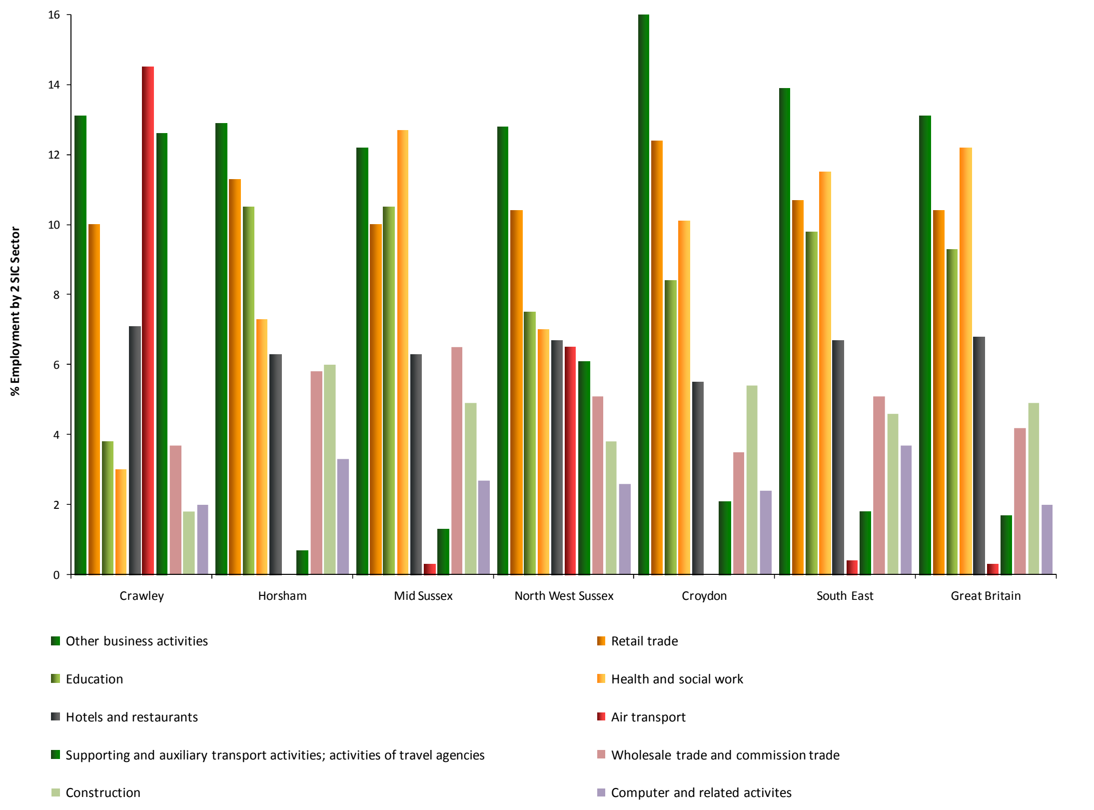

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Figure 3.34: Ten Northern West Sussex 2 SIC Sectors (2007)

	Crawley				Horsham				Mid Sussex				Northern West Sussex			
	%	% Change 03-07	LQ v SE	LQ v GB	%	% Change 03-07	LQ v SE	LQ v GB	%	% Change 03-07	LQ v SE	LQ v GB	%	% Change 03-07	LQ v SE	LQ v GB
Other business activities	13.1	-2.5	0.9	1.0	12.9	31.1	0.9	1.0	12.2	48.6	0.9	0.9	12.8	16.8	0.9	1.0
Retail trade	10.0	-8.7	0.9	1.0	11.3	-6.5	1.1	1.1	10.0	-11.8	0.9	1.0	10.4	-9.0	1.0	1.0
Education	3.8	-5.2	0.4	0.4	10.5	1.0	1.1	1.1	10.5	8.1	1.1	1.1	7.5	2.2	0.8	0.8
Health and social work	3.0	-22.0	0.3	0.2	7.3	-1.4	0.6	0.6	12.7	-7.9	1.1	1.0	7.0	-9.3	0.6	0.6
Hotels and restaurants	7.1	-9.0	1.1	1.0	6.3	21.9	0.9	0.9	6.3	14.0	0.9	0.9	6.7	3.4	1.0	1.0
Air transport	14.5	3.7	36.3	48.3	0.0	130.0	0.0	0.0	0.3	37.4	0.8	1.0	6.5	4.2	16.3	21.7
Supporting and auxiliary transport activities; activities of travel agencies	12.6	-0.1	7.0	7.4	0.7	-0.3	0.4	0.4	1.3	-62.6	0.7	0.8	6.1	-9.3	3.4	3.6
Wholesale trade and commission trade	3.7	-9.3	0.7	0.9	5.8	44.2	1.1	1.4	6.5	22.3	1.3	1.5	5.1	15.0	1.0	1.2
Construction	1.8	-0.1	0.4	0.4	6.0	20.3	1.3	1.2	4.9	17.9	1.1	1.0	3.8	14.6	0.8	0.8
Computer and related activities	2.0	-3.8	0.5	1.0	3.3	-0.9	0.9	1.7	2.7	25.2	0.7	1.4	2.6	4.8	0.7	1.3

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Figure 3.35: Ten Northern West Sussex 2 SIC Sectors (2007) – by Location Quotients

Industry	Crawley					Horsham					Mid Sussex					Northern West Sussex				
	Jobs, 2007	%	% Change 03-07	LQ v SE	LQ v GB	Jobs, 2007	%	% Change 03-07	LQ v SE	LQ v GB	Jobs, 2007	%	% Change 03-07	LQ v SE	LQ v GB	Jobs, 2007	%	% Change 03-07	LQ v SE	LQ v GB
Air transport	11,400	14.5	3.7	36.3	48.3	-	-	130.0	-	-	200	0.3	37.4	0.8	1.0	11,600	6.5	4.2	16.3	21.7
Manufacture of medical Instruments & clocks	1,900	2.4	34.8	3.0	6.0	600	1.2	5.4	1.5	3.0	300	0.7	4.9	0.9	1.8	2,800	1.6	23.4	2.0	4.0
Auxiliary transport activities; travel agencies	9,900	12.6	- 0.1	7.0	7.4	300	0.7	- 0.3	0.4	0.4	700	1.3	- 62.6	0.7	0.8	10,900	6.1	- 9.3	3.4	3.6
Manufacture of Communication equipment	600	0.8	- 6.5	2.7	4.0	100	0.3	9.2	1.0	1.5	200	0.3	- 66.1	1.0	1.5	900	0.5	- 26.5	1.7	2.5
Manufacture of electrical machinery and apparatus	100	0.1	- 86.2	0.2	0.3	700	1.4	36.7	2.8	3.5	300	0.7	- 47.6	1.4	1.8	1,100	0.6	- 30.9	1.2	1.5
Insurance and pension funding	300	0.4	- 42.5	0.5	0.6	900	1.9	- 31.1	2.4	2.7	600	1.1	50.1	1.4	1.6	1,800	1.0	- 19.2	1.3	1.4
Electricity, gas, steam and hot water supply	600	0.8	43.5	2.7	2.7	-	-	- 88.1	-	-	100	0.2	- 55.2	0.7	0.7	700	0.4	1.1	1.3	1.3
Manufacture of machinery	1,200	1.6	23.7	1.8	1.6	200	0.5	- 28.7	0.6	0.5	900	1.7	- 7.7	1.9	1.7	2,400	1.3	2.6	1.4	1.3
Computer activities	1,600	2.0	- 3.8	0.5	1.0	1,600	3.3	- 0.9	0.9	1.7	1,400	2.7	25.2	0.7	1.4	4,600	2.6	4.8	0.7	1.3
Manufacture of chemicals	700	0.9	38.6	1.1	1.3	800	1.6	- 17.6	2.0	2.3	200	0.3	- 30.6	0.4	0.4	1,700	0.9	- 2.4	1.1	1.3
Total	78,700		-3.6			47,700		2.5			52,300	-1.4				178,700	-1.4			

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4 Digit SIC Sectors

3.60 Figure considers the constituent components of the top ten Northern West Sussex 2 Digit SIC sectors discussed above. Whilst re-iterating the trends described above, the Table highlights the following key points:

- The Activities of Travel Agents sector has declined by 18.8% in Northern West Sussex since 2003, largely the result of an employment decline of 72.5% in the sector in Mid Sussex. Meanwhile the Activities of Other Transport Agencies sector has also seen a large employment decline in each of the three study area local authorities.

- Within the Health and Social Work sector, the Hospital Activities sub-sector experienced a high employment decline of 27.3% from 2003-2007. This is largely due to a decline of 91% in Crawley.

Figure 3.36: 4 SIC Breakdown of Top Ten Northern West Sussex 2 SIC Sectors (2007)

2 SIC Sectors	4 SIC Sectors	Crawley					Horsham					Mid Sussex					Northern West Sussex				
		No.	%	% Change 03-07	LQ v SE	LQ v GB	No.	%	% Change 03-07	LQ v SE	LQ v GB	No.	%	% Change 03-07	LQ v SE	LQ v GB	No.	%	% Change 03-07	LQ v SE	LQ v GB
Other business activities	Labour recruitment	2,400	3.0	-39.5	1.0	1.0	800	1.7	-40.6	0.6	0.6	900	1.8	22.3	0.6	0.6	4,100	2.3	-32.1	0.8	0.8
	Industrial cleaning	2,500	3.2	44.1	1.9	1.9	800	1.7	113.7	1.0	1.0	700	1.3	-10.1	0.8	0.8	4,000	2.2	39.5	1.3	1.3
	Other business activities (*see note below)	500	0.6	92.3	0.3	0.4	1,000	2.0	88.7	1.1	1.3	1,200	2.2	94.3	1.2	1.5	2,600	1.5	91.8	0.8	1.0
	Architectural and engineering activities And related technical consultancy	800	1.0	-17.7	0.6	0.7	600	1.3	49.2	0.8	0.9	1,000	1.9	36.2	1.2	1.4	2,400	1.3	15.2	0.8	0.9
	Business and management consultancy	400	0.5	15.8	0.3	0.4	1,000	2.2	77.1	1.4	1.8	1,000	1.8	66.6	1.1	1.5	2,400	1.3	59.6	0.8	1.1
	Accounting, book-keeping and auditing	900	1.2	53.3	1.3	1.3	500	0.9	36.0	1.0	1.0	400	0.7	46.9	0.8	0.8	1,700	1.0	47.1	1.1	1.1
	Investigation and security activities	1,400	1.8	-16.7	3.6	3.0	200	0.4	54.8	0.8	0.7	100	0.1	205.9	0.2	0.2	1,700	0.9	- 9.4	1.8	1.5
	Total (all 4 SIC Sectors)	10,300	13.1	- 2.5	0.9	1.0	6,100	12.9	31.1	0.9	1.0	6,400	12.2	48.6	0.9	0.9	22,900	12.8	16.8	0.9	1.0
Retail trade	Retail sale in non-specialised stores	2,100	2.6	13.0	0.7	0.7	2,000	4.3	-11.2	1.1	1.1	2,100	4.0	-9.1	1.0	1.1	6,200	3.5	-3.5	0.9	0.9
	Other retail sale in specialised stores	1,600	2.0	- 5.3	1.3	1.4	1,000	2.1	10.0	1.4	1.5	800	1.5	-5.0	1.0	1.1	3,400	1.9	-1.1	1.3	1.4
	Retail sale of clothing	1,500	1.9	- 6.3	1.4	1.4	500	1.1	-14.8	0.8	0.8	500	0.9	-9.2	0.6	0.6	2,500	1.4	-8.8	1.0	1.0
	Other retail sale in non-specialised stores	800	1.0	- 26.0	1.1	1.1	200	0.5	-2.2	0.6	0.6	300	0.5	-43.4	0.6	0.6	1,300	0.7	-27.8	0.8	0.8
	Retail sale of hardware, paints & glass	300	0.4	- 7.3	0.8	1.0	300	0.6	29.8	1.2	1.5	300	0.6	-5.0	1.2	1.5	900	0.5	3.7	1.0	1.3
	Total (all 4 SIC Sectors)	7,900	10.0	- 8.7	0.9	1.0	5,400	11.3	-6.5	1.1	1.1	5,200	10.0	-11.8	0.9	1.0	18,500	10.4	-9.0	1.0	1.0
Education	Primary education	1,100	1.4	- 29.5	0.3	0.4	2,300	4.9	1.3	1.2	1.3	2,400	4.5	21.5	1.1	1.2	5,800	3.3	- 0.3	0.8	0.9
	General secondary education	900	1.1	4.9	0.5	0.5	1,900	3.9	-8.7	1.8	1.9	1,900	3.6	-10.8	1.6	1.7	4,700	2.6	-7.3	1.2	1.2
	Adult and other education	300	0.4	36.1	0.5	0.5	300	0.7	35.4	0.9	0.9	700	1.3	-0.4	1.6	1.6	1,300	0.7	14.2	0.9	0.9
	Vocational secondary education	700	0.8	35.8	2.0	1.6	100	0.2	45.1	0.5	0.4	300	0.5	118.8	1.3	1.0	1,000	0.6	52.3	1.5	1.2
	Higher education	-	-	250.0	0.0	-	300	0.7	15.6	0.3	0.4	100	0.2	17.3	0.1	0.1	500	0.3	19.7	0.1	0.2
	Total (all 4 SIC Sectors)	3,000	3.8	- 5.2	0.4	0.4	5,000	10.5	1.0	1.1	1.1	5,500	10.5	8.1	1.1	1.1	13,500	7.5	2.2	0.8	0.8

Health and social work	Hospital activities	100	0.1	- 91.0	0.0	0.0	800	1.7	12.4	0.3	0.3	3,700	7.1	-16.1	1.4	1.3	4,700	2.6	-27.3	0.5	0.5
	Social work activities with accom	900	1.1	37.3	0.6	0.6	800	1.7	27.4	0.9	0.9	900	1.8	- 4.3	0.9	1.0	2,600	1.5	16.4	0.8	0.8
	Social work activities w/o accom	500	0.7	- 7.4	0.3	0.3	900	1.8	-30.3	0.8	0.7	800	1.4	-6.8	0.6	0.6	2,100	1.2	-18.2	0.5	0.5
	Medical practice activities	400	0.5	48.6	0.6	0.6	500	1.0	4.6	1.3	1.3	500	1.0	32.8	1.3	1.3	1,400	0.8	24.8	1.0	1.0
	Other human health activities	300	0.4	246.6	0.4	0.4	200	0.3	27.7	0.3	0.3	300	0.6	19.3	0.5	0.5	800	0.4	64.5	0.4	0.4
	Total (all 4 SIC Sectors)	2,400	3.0	- 22.0	0.3	0.2	3,500	7.3	-1.4	0.6	0.6	6,600	12.7	-7.9	1.1	1.0	12,500	7.0	-9.3	0.6	0.6
Hotels and restaurants	Restaurants	2,000	2.6	5.4	1.1	1.1	1,000	2.1	20.2	0.9	0.9	1,400	2.6	33.9	1.1	1.1	4,400	2.4	16.4	1.0	1.0
	Bars	900	1.1	- 32.1	0.6	0.6	1,100	2.2	23.0	1.2	1.1	900	1.8	13.2	0.9	0.9	2,900	1.6	-3.6	0.8	0.8
	Catering	1,500	1.9	- 22.9	1.7	2.4	400	0.8	13.6	0.7	1.0	400	0.7	-28.0	0.6	0.9	2,300	1.3	-19.7	1.2	1.6
	Hotels	1,100	1.4	22.1	1.3	1.2	500	1.0	26.4	0.9	0.8	600	1.2	14.1	1.1	1.0	2,200	1.2	20.7	1.1	1.0
	Canteens	-	0.1	34.4	1.0	1.0	-	0.1	107.7	1.0	1.0	-	-	250.0	-	-	100	0.1	75.0	1.0	1.0
	Total (all 4 SIC Sectors)	5,600	7.1	- 9.0	1.1	1.0	3,000	6.3	21.9	0.9	0.9	3,300	6.3	14.0	0.9	0.9	11,900	6.7	3.4	1.0	1.0
Air transport	Scheduled air transport	8,700	11.1	0.4	37.0	37.0	-	-	-33.3	-	-	-	-	-92.7	-	-	8,700	4.9	-0.7	16.3	16.3
	Non-scheduled air transport	2,700	3.4	16.1	34.0	34.0	-	-	150.0	-	-	200	0.3	391.4	3.0	3.0	2,900	1.6	22.2	16.0	16.0
	Total (all 4 SIC Sectors)	11,400	14.5	3.7	36.3	48.3	-	-	130.0	-	-	200	0.3	37.4	0.8	1.0	11,600	6.5	4.2	16.3	21.7
Supporting and Auxiliary transport activities; travel agencies	Other supporting air transport	6,000	7.6	7.0	25.3	38.0	-	-	72.7	-	-	100	0.1	22.6	0.3	0.5	6,100	3.4	7.3	11.3	17.0
	Activities of travel agencies	2,600	3.3	16.3	8.3	8.3	200	0.3	-5.4	0.8	0.8	400	0.8	-72.5	2.0	2.0	3,100	1.8	-18.8	4.5	4.5
	Other supporting land transport	600	0.7	- 2.5	2.3	2.3	-	0.1	262.5	0.3	0.3	-	-	85.7	-	-	600	0.3	2.2	1.0	1.0
	Storage and warehousing	400	0.5	171.0	1.3	1.0	100	0.2	14.1	0.5	0.4	100	0.1	-20.3	0.3	0.2	500	0.3	82.2	0.8	0.6
	Activities of other transport agencies	400	0.5	- 72.0	1.7	2.5	-	-	-59.6	-	-	100	0.2	-22.2	0.7	1.0	500	0.3	-67.5	1.0	1.5
	Total (all 4 SIC Sectors)	9,900	12.6	- 0.1	7.0	7.4	300	0.7	-0.3	0.4	0.4	700	1.3	-62.6	0.7	0.8	10,900	6.1	-9.3	3.4	3.6

Note: The 4 SIC Sector, 'Other Business Activities' includes credit reporting and collection agency activities, speciality design activities and activities of exhibition, conference and fair organisers

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Knowledge economy, Creative industries, Airport-related

3.61 Figure 3.37 considers employment trends in certain key sectors. Definitions of the key sectors can be found in Appendix D.

3.62 In 2007, 20% of jobs in Northern West Sussex were classified as being knowledge based (as defined by the OECD, see Appendix D) – lower than regional and national averages and a decline from 2003. The concentration of knowledge based jobs in Crawley is particularly low (16.8%). This is surprising given the average earnings available in Crawley.

3.63 As discussed above, Crawley, and consequentially Northern West Sussex have a very high concentration of jobs in the Aviation sector. The sector has also shown above average growth in Crawley in recent years.

3.64 Employment in Creative Industries in Northern West Sussex is average although Mid Sussex has a relatively high concentration. This could reflect its proximity to Brighton which has a strong creative industries sector. Employment growth in the sector in recent years has been high (10.2%), the result of a very high increase in employment in the sector in Mid Sussex (17%).

3.65 Retail employment in Northern West Sussex is close to regional and national averages but has experience relatively high decline in recent years (8.9%) by national standards.

Figure 3.37: Employment in Key Sectors, 2007

	Knowledge Based Employment			Aviation Based Employment			Creative Industries Employment			Retail Employment		
	Number	%	% Change 03-07	Number	%	% Change 03-07	Number	%	% Change 03-07	Number	%	% Change 03-07
Crawley	13,300	16.8	- 3.0	19,900	25.4	6.2	2,500	3.2	8.6	7,800	10.0	- 8.7
Horsham	9,900	20.5	0.4	200	0.3	5.3	2,100	4.2	2.9	5,400	11.2	- 6.0
Mid Sussex	13,300	25.1	- 5.2	700	1.2	- 60.5	3,200	6.1	17.0	5,200	9.9	- 11.9
Northern West Sussex	36,500	20.0	- 2.9	20,800	11.7	0.8	7,800	4.2	10.2	18,400	10.2	- 8.9
South East	917,400	24.8	5.4	40,300	1.1	- 12.0	202,000	5.6	6.8	394,400	10.6	- 9.0
Great Britain	5,939,100	22.7	6.5	243,300	1.0	0.8	1,174,800	4.4	5.9	2,735,400	10.5	- 6.4

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Employment by Company Size

3.66 Figure 3.38 and Figure 3.39 consider the distribution of employment by business sizeband. The distribution of employment by business size in Crawley is very different to that seen in the other benchmark geographies. The key points that emerge from the analysis are:

- Crawley has a very low proportion of employment in micro businesses (1-10 employees). Only 10.6% of employees work in these businesses – half the number than is average regionally and nationally. Crawley also has a relatively low proportion of small businesses (11-49 employees).

- The low proportion of employment in small businesses in Crawley can be explained by the very high proportion of employment in large businesses (200+ employees). Just under 50% of employees in Crawley work in large businesses, compared to regional and national averages of 28% and 31% respectively.

- The aviation industry can be seen to be responsible for the high proportion of employment in large industries – in Northern West Sussex, 88% of those employed in air transport and 66% of those employed in activities supporting air transport are employed in large businesses.

Figure 3.38: Northern West Sussex Employment Base by Business Sizebands, 2007

	1-10 employees		11-49 employees		50-199 employees		200 or more employees	
	%	Change 2003-2007	%	Change 2003-2007	%	Change 2003-2007	%	Change 2003-2007
Crawley	10.6	5.5	18.5	2.2	21.6	-10.7	49.3	-4.1
Horsham	31.9	8.2	31.3	10.3	23.6	-5.2	13.3	-11.0
Mid Sussex	29.9	13.2	28.3	2.0	24.2	3.4	17.5	-26.2
Northern West Sussex	21.9	9.5	24.8	4.7	22.9	-5.0	30.4	-9.5
South East	23.1	6.9	24.9	1.4	23.8	2.6	28.2	1.0
Great Britain	20.8	4.7	24.2	0.1	23.6	1.2	31.4	6.9

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Figure 3.39: Northern West Sussex Employment Base by Business Sizebands - Top 10 2 SIC Sectors, 2007

Industry	1-10 employees		11-49 employees		50-199 employees		200 or more employees	
	%	% Change 2003-007	%	% Change 2003-2007	%	% Change 2003-007	%	% Change 2003-2007
Other business activities	33.2	46.7	17.4	35.1	23.0	10.0	26.4	-9.7
Retail trade	27.8	1.0	29.6	-5.8	21.8	-17.0	20.8	-15.6
Education	6.1	124.5	26.6	-19.2	47.8	9.0	19.5	7.3
Health and social work	14.5	8.6	40.1	3.9	22.3	-9.0	23.1	-31.6
Hotels and restaurants	21.9	1.0	45.7	30.9	24.6	-13.0	7.8	-33.3
Air transport	1.2	47.4	3.9	120.6	6.2	-39.0	88.6	6.6
Supporting and auxiliary transport activities; activities of travel agencies	7.9	-8.1	11.6	11.3	14.2	19.0	66.3	-16.3
Wholesale trade and commission trade	28.1	4.1	37.0	31.6	19.1	1.0	15.8	22.5
Construction	48.5	19.8	29.0	13.6	22.5	26.0	0.0	-100.0
Computer and related activities	47.6	18.4	17.8	-11.1	21.8	91.0	12.9	-46.0
All Sectors	21.9	9.5	24.8	4.7	22.9	-5.0	30.4	-9.5

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Consultation Findings

The importance of the Aviation sector to the Crawley economy was highlighted by consultees. Whilst the town developed around engineering activities in the 1960s, these have progressively replaced by industries related to the presence of Gatwick Airport. As a result, consultees highlighted a concern that the local economy is vulnerable to possible future changes in the dynamics of the aviation industry. In particular, the impending change of ownership of Gatwick Airport may have significant implications for the future development of the sub-regional economy, especially in Crawley.

Consultees also highlighted the importance of high value added Advanced Manufacturing industries in Northern West Sussex, with Manor Royal a key location. Whilst some of these industries are related to the Aviation and Aerospace sectors (such as flight simulation and military applications at Thales), there is also a strength in other sectors including pharmaceuticals (companies such as Glaxo-Smith-Kline and Novartis) and high precision medical devices and diagnostics (such as Siemens hearing instruments).

In Horsham District, pharmaceuticals and insurance industries are more strongly represented linked to the location of a number of key employers in Horsham.

It is predicted by some consultees that the elderly population in the area will support a growing health and social care sector in the future.

Employment Analysis for the Main Towns

3.67 The current recession in the UK economy represents a major threat to employment across the country. It is currently unclear which employment sectors will be hit hardest but nonetheless it is important to consider how the recession is to play out at the local level.

3.68 As such, this following section considers the perceived vulnerability of the dominant employment sectors in the five main towns in Northern West Sussex – Crawley, Horsham, Burgess Hill, Haywards Heath and East Grinstead. For each of the towns, the top employment sectors (in terms of total number of jobs and the extent to which these jobs are over-represented relative to national averages) are highlighted. These sectors are then categorised as risk, stable or growth sectors, according to current thinking on the potential impacts that the recession may have.

3.69 It is important to note that these thoughts on the likely impact of the recession are based on the current thinking of economists and academics rather than on hard evidence, little of which currently exists. As such, the analysis is not intended to act as accurate forecasting, rather, as an attempt to highlight the importance of understanding the diverse nature of the key sectors in each of the Northern West Sussex towns.

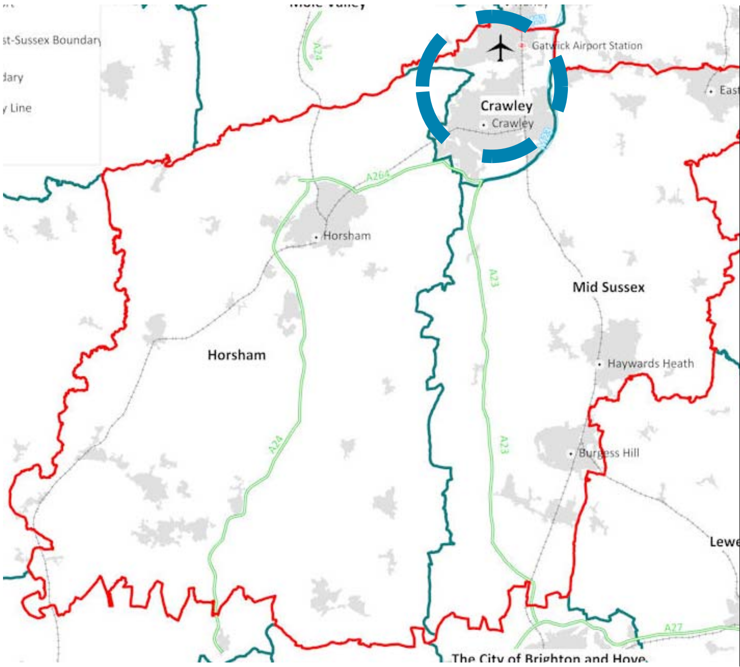
Crawley

3.70 As explored previously, Crawley has a strong concentration of employment in aviation and transport related industries. Over 20,000 jobs in the town are in the transport sector – a sector which is perceived to be potentially vulnerable in future years.

3.71 In contrast, potential future growth sectors which already have a strong footing in the town (as indicated by the location quotient analysis) include advanced manufacturing industries such as the manufacture of precision instruments and the manufacture of communication equipment.

3.72 As the largest employment centre within the sub-region, Crawley has a higher level of jobs in the sectors highlighted than in the other towns. This, coupled with a higher proportion of employment in larger businesses, makes it more vulnerable to economic trends in the short-term.

Figure 3.40: Crawley Town – Future Prospects of Key Local Sectors



	Industry	Jobs (2007)	LQ vs GB
Sectors Perceived to be Vulnerable in Current Recession	Air transport	11,400	48.3
	Supporting transport activities & travel agencies	9,900	7.4
	Manufacture of machinery and equipment	1,200	1.6
	Manufacture of transport equipment	1,000	2.0
Sectors Perceived to be Stable in Current Recession	Electricity, gas, steam and hot water supply	600	2.7
	Post and telecommunications	2,500	1.8
Sectors Perceived to have Potential for Growth	Manufacture of precision and optical instruments	1,900	6.0
	Manufacture of communication equipment	600	4.0

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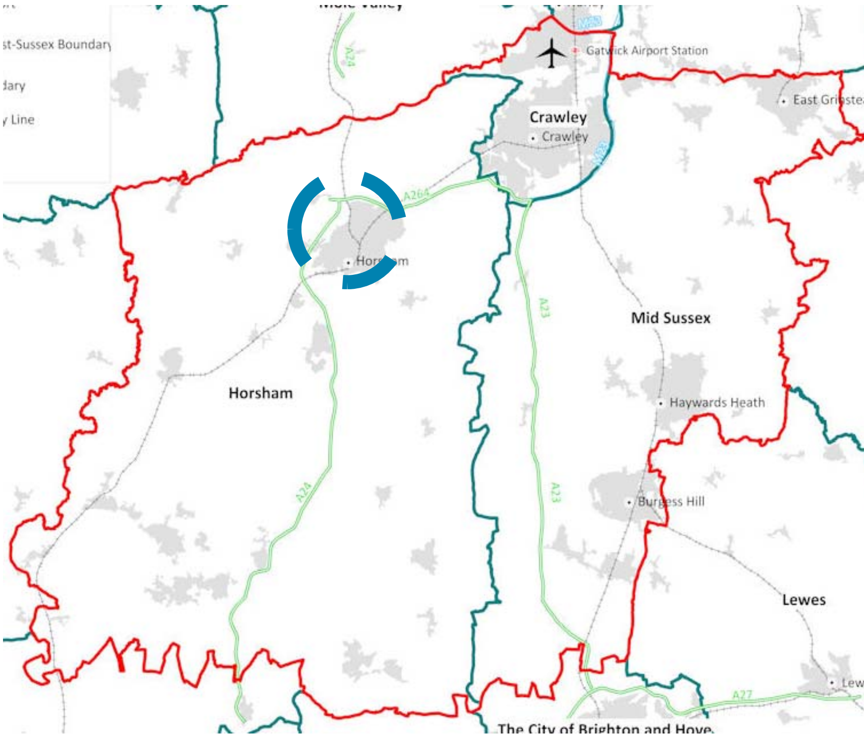
Horsham Town

3.73 Horsham Town currently has relative strengths in a number of professional service sectors including Insurance and Pension Funding and Real Estate. These sectors are perceived to be under considerable threat in the current recession.

3.74 Royal Sun Alliance, which was a major employment in the town, has undergone a process of rationalising its business operations. This is likely to have affected the level of employment in insurance-related services in Horsham.

3.75 Like Crawley, Horsham also has relative strength in advanced manufacturing sectors such as the manufacture of precision instruments- this is one area that the town can look to build upon in the future.

Figure 3.41: Horsham Town – Future Prospects of Key Local Sectors



Industry		Jobs (2007)	LQ vs GB
Sectors Perceived to be Vulnerable in Current Recession	Insurance and pension funding	900	6.1
	Real estate activities	600	1.6
Sectors Perceived to be Stable in Current Recession	Research and development	600	7.8
	Manufacture of electrical machinery and apparatus	400	5.0
	Manufacture of chemicals and chemical products	500	3.6
	Post and telecommunications	600	1.6
Sectors Perceived to have Potential for Growth	Manufacture of precision and optical instruments	300	3.5
	Computer and related activites	700	1.7

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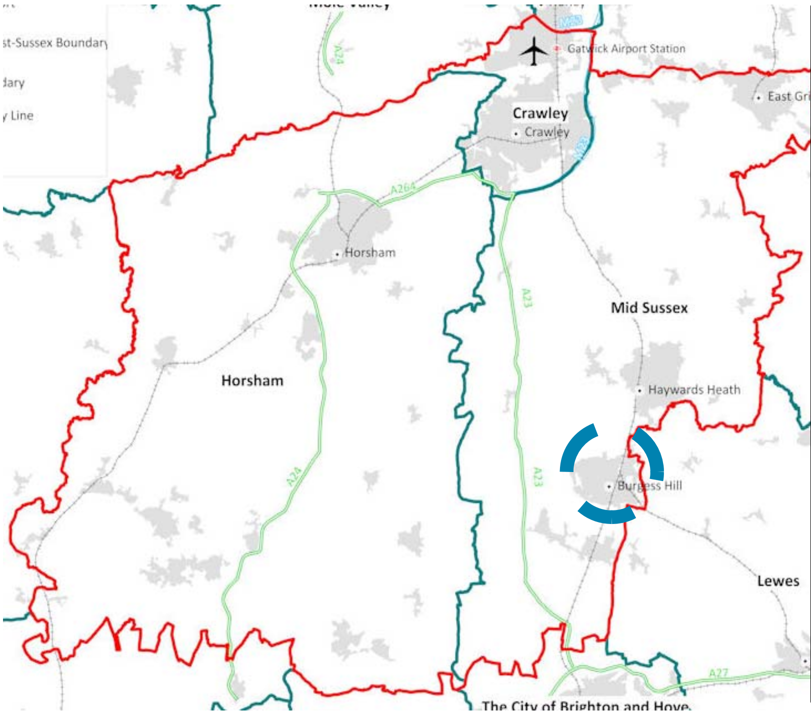
Burgess Hill

3.76 The Mid Sussex town of Burgess Hill currently has a number of strong sectors which could be under threat given the current economic conditions. These sectors include Financial Intermediation (800 jobs), the manufacture of machinery and equipment (600 jobs) and wholesale trade (1,100).

3.77 Like other towns in the Northern West Sussex sub-region, Burgess Hill also has a relative strength in the manufacturing of precision instruments sector – a potential future growth sector.

Figure 3.42: Burgess Hill - Future Prospects of Key Local Sectors



	Industry	Jobs (2007)	LQ vs GB
Sectors Perceived to be Vulnerable in Current Recession	Manufacture of machinery and equipment	600	5.4
	Financial intermediation,	800	3.3
	Wholesale trade and commission trade	1,100	2.4
	Manufacture of non-metallic mineral products	100	2.3
	Air transport	100	2.0
Sectors Perceived to be Stable in Current Recession	Other service activities	300	2.3
	Manufacture of electrical machinery	300	5.8
Sectors Perceived to have Potential for Growth	Manufacture of precision and optical instruments	100	2.0

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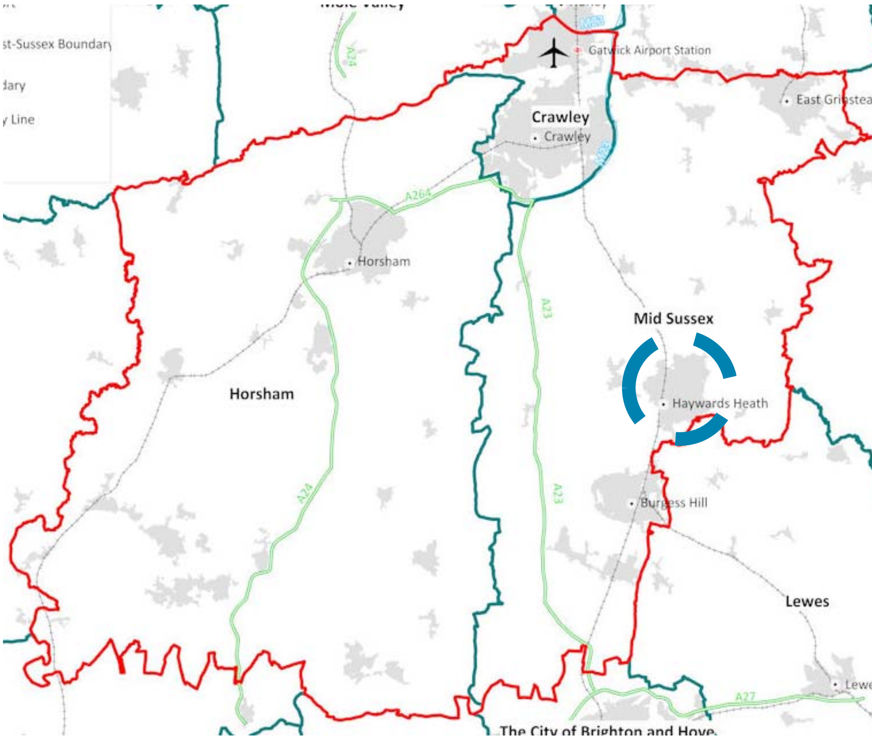
Haywards Heath

3.78 Haywards Heath currently has significant strengths in several high value added sectors including Financial Intermediation, Insurance and Pension Funding and Real Estate. These sectors are amongst those perceived to be under specific threat from the current recession.

Figure 3.43: Haywards Heath - Future Prospects of Key Local Sectors



Industry		Jobs (2007)	LQ vs GB
Sectors Perceived to be Vulnerable in Current Recession	Activities auxiliary to financial intermediation	700	4.4
	Insurance and pension funding	400	4.3
	Financial intermediation	800	2.8
	Real estate activities	400	1.9
Sectors Perceived to be Stable in Current Recession	Collection, purification and distribution of water	100	4.0
	Publishing, printing and recorded media	300	1.9
Sectors Perceived to have Potential for Growth	Other service activities	300	1.8
	Activities of membership organisations	200	1.6

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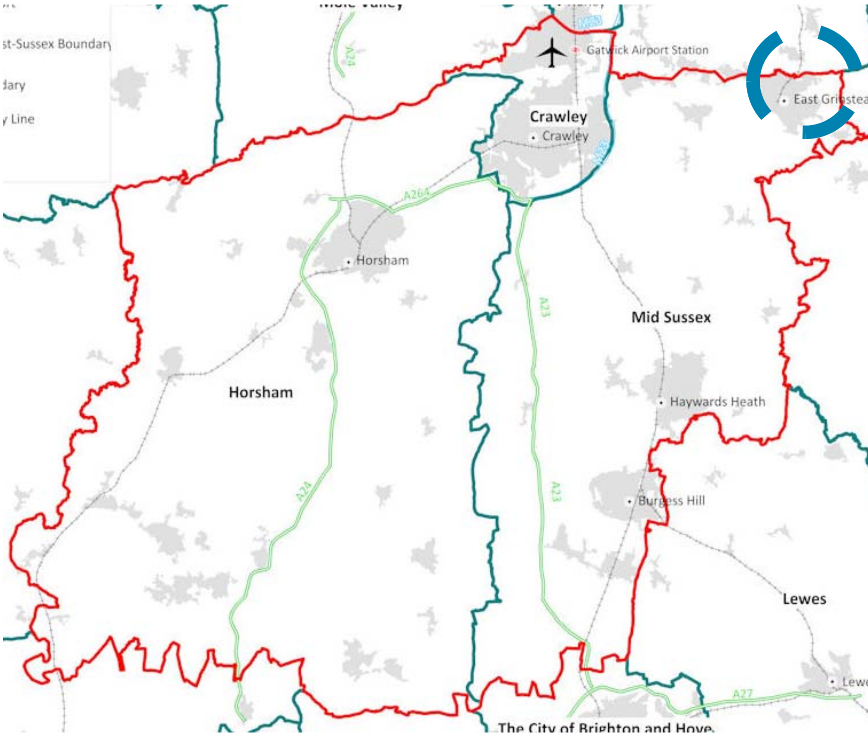
East Grinstead

3.79 The Mid Sussex town of East Grinstead currently has a relative strength in advanced manufacturing, with a concentration of jobs in the manufacture of precision instruments and communication equipment. The town also has relative strength in computer related activities. Each of these sectors has strong potential for growth in the future, and as such there is currently a good base on which the town can build.

3.80 The town also has a relatively high number of jobs in wholesale trade – a sector which may be more vulnerable to job loss in future years.

Figure 3.44: East Grinstead - Future Prospects of Key Local Sectors



Industry		Jobs (2007)	LQ vs GB
Sectors Perceived to be Vulnerable in Current Recession	Wholesale trade and commission trade	700	1.5
Sectors Perceived to be Stable in Current Recession	Activities of membership organisations	500	5.3
	Publishing, printing and recorded media	500	4.0
	Other service activities	200	1.4
	Health and social work	1,900	1.4
Sectors Perceived to have Potential for Growth	Manufacture of precision and optical instruments	200	4.5
	Manufacture of communication equipment	100	2.5
	Computer and related activities	400	2.0

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Summary and Conclusions

3.81 A number of key points that have emerged from analysis of the Northern West Sussex employment base:

- Employment in Northern West Sussex totals around 178,700, but the area has lost a net 2,500 jobs (1.4%) since 2003. Crawley has been most affected by employment decline, with a -3.59% decline in employment between 2003 and 2007.

- Northern West Sussex has a relatively high proportion of jobs in the Transport and Communications sector – largely due to the high levels of aviation related employment in Crawley. Northern West Sussex has a low proportion of jobs in Public Administration, Health and Education with levels of these particularly low in Crawley. The concentration of Banking, Finance and Insurance employment in Northern West Sussex is slightly lower than regional and national averages.

- The proportion of knowledge based employment is relatively low in Northern West Sussex, particularly so in Crawley. The study area performs better in terms of employment in Creative Industries, with Mid Sussex being home to a relatively high concentration of these jobs. Retail employment has experienced a relatively high decline across Northern West Sussex in recent years.

- The distribution of employment by business size in Crawley is very different to that seen in Horsham and Mid Sussex. Crawley has a very low proportion of employment in micro and small businesses and a very high proportion of employment in large businesses (200+ employees). The aviation industry can be seen to be responsible for the high proportion of employment in large industries – in Northern West Sussex, 88% of those employed in air transport are employed in large businesses.

Policy and Strategy Review

The document review has highlighted that employment in the West Sussex area has been changing over the past 10-15 years as business and professional services and transport and transport-related industry is rising to the detriment of agricultural activities. The impact of Gatwick Airport on the region is evident. Larger companies are establishing themselves and see Crawley as an important centre of activity; this may, in part, be responsible for the decline in jobs available in areas such as Horsham, who find their workers commuting elsewhere. Mid Sussex is similar to the other two local authorities in its shift towards the service economy, but unlike evidence from Horsham that its agricultural economy is on the decline, Mid Sussex still reports it as an important part of their economy.

Consultation Findings

As highlighted previously, consultation recognised the vulnerable nature of the aviation industry and impact that this could have on the Crawley economy in years to come. There was also a belief that the type of industries located in Manor Royal may also be at risk in the current recession. As such, the importance of developing 'an economy of the future' was highlighted, with emphasis placed on attracting 'growth industries' such as low carbon and environmental technologies.

Consultation suggests that the retail sector is currently strong in East Grinstead and that high tech sectors such as R&D will be important in the future.

Business Base

3.82 The sectoral structure of the business base is key to understanding requirements for employment land. This analysis will feed into extrapolations of land requirements and will be one of several elements used to provide an indication of the types of employment land needed.

3.83 This chapter covers the following:

- Basic business base structure
- Business Size
- Business Registrations
- Key sectors
- Sectoral change

Basic Business Base Structure

3.84 In 2007 there were approximately 17,700 businesses in Northern West Sussex, of which around 80% were located in the two local authorities Horsham and Mid Sussex.

Figure 3.45: Business Base (number of data units) 2003-2007

Industry	2003	2004	2005	2006	2007	Change 2003 -2007
Crawley	3,600	3,600	3,700	3,700	3,800	5.6
Horsham	6,500	6,400	6,700	6,800	7,000	7.7
Mid Sussex	6,400	6,500	6,700	6,800	7,000	9.4
Northern West Sussex	16,400	16,500	17,100	17,300	17,700	7.9
Croydon	11,800	11,600	11,900	12,100	12,200	3.4
East Sussex	20,400	20,800	22,100	22,400	22,800	11.8
Hampshire	52,900	53,800	56,200	57,300	58,800	11.2
West Sussex	33,500	33,700	34,800	35,100	36,100	7.8
South East	357,600	361,700	374,200	379,700	388,000	8.5
Great Britain	2,211,800	2,235,500	2,312,800	2,348,400	2,392,900	8.2

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3.85 Between 2003 and 2007, the Northern West Sussex business base grew by 1,300 (7.9%). This increase is similar to increases seen regionally and nationally. Within Northern West Sussex, business base increases have lagged behind to a certain extent in Crawley (5.6%).

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Figure 3.46: Change in Business Base 2003-2007

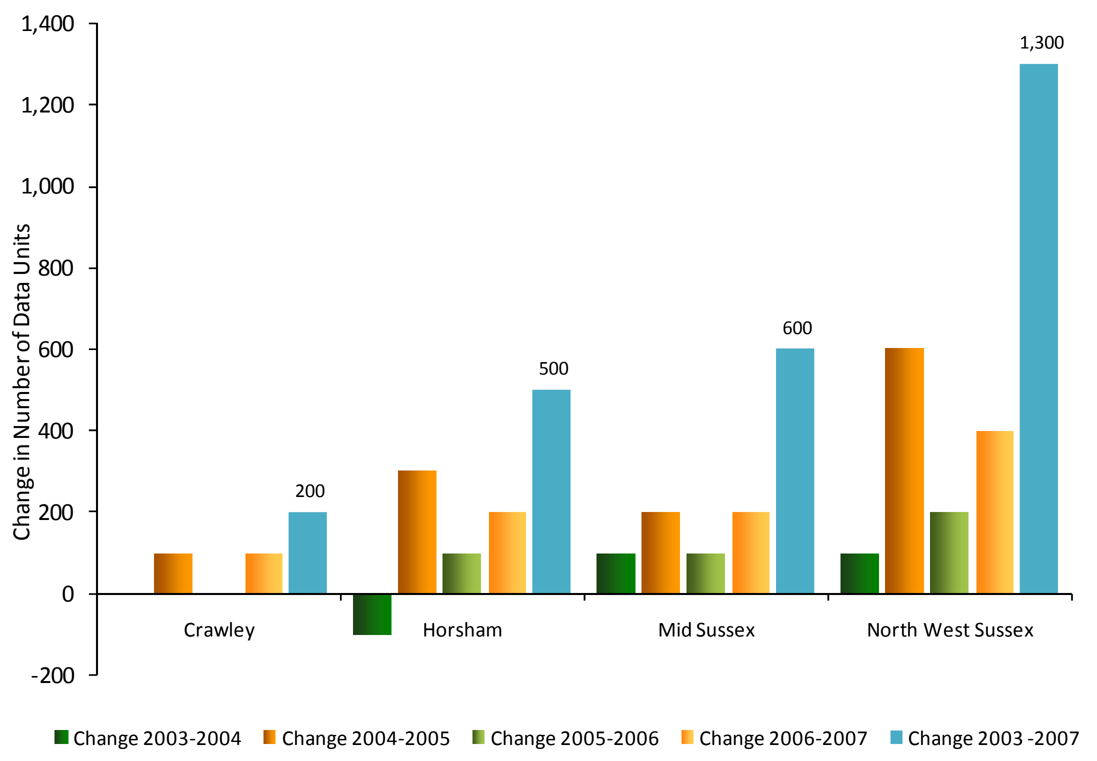

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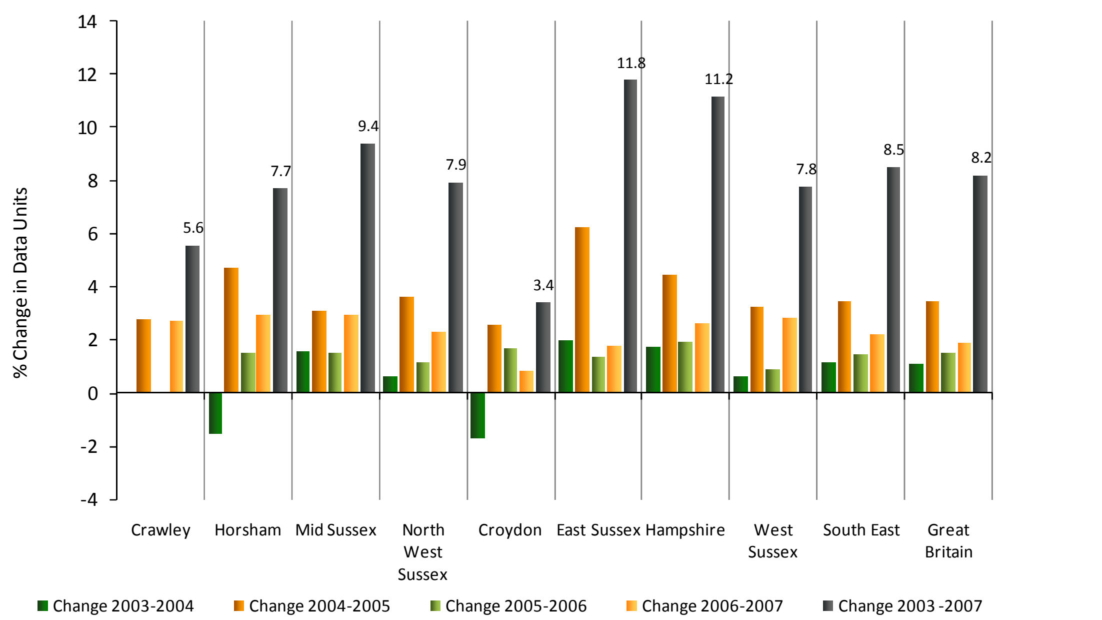
Figure 3.47: % Change in Business Base 2003-2007



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Business Structure by Size

3.86 Figure 3.48 and

Figure 3.49: Northern West Sussex Business Base by Business Sizebands: Top 10 2 SIC Sectors, 2007

3.87 3.49 highlight the distribution of businesses by business size. The data emphasises the relatively high proportion of large businesses in Crawley:

- A high proportion of businesses in Crawley employ more than 200 people - 2.1% compared to 0.5% regionally and 0.7% nationally
- Crawley also has a relatively high proportion of employment in small businesses (11-49 employees) and a low proportion of micro businesses (76%).
- We have seen growth in smaller businesses (< 50 employees) across all three local authorities between 2002-2007. In Crawley the number of businesses employing 50-199 employees has fallen, while those employing more than 200 employees has increased, potentially as a result of medium-sized businesses increasing in size. However there has been minimal growth in the number of businesses employing 200+ persons in Horsham and Mid Sussex.

Figure 3.48: Businesses Base by Business Sizebands, 2007

	1-10 employees		11-49 employees		50-199 employees		200 or more employees	
	%	% Change 03-07	%	% Change 03-07	%	% Change 03-07	%	% Change 03-07
Crawley	76.2	7.2	16.7	1.3	4.9	-9.3	2.1	6.7
Horsham	88.5	8.5	9.4	8.2	1.8	-3.1	0.3	-9.5
Mid Sussex	88.1	10.3	9.6	5.3	2.0	6.0	0.3	-24.1
Northern West Sussex	85.7	9.0	11.0	4.9	2.5	-3.2	0.7	-3.2
South East	86.2	9.6	10.7	2.5	2.5	1.7	0.5	0.6
Great Britain	84.5	9.7	12.0	0.6	2.9	0.8	0.7	4.1

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Figure 3.49: Northern West Sussex Business Base by Business Sizebands: Top 10 2 SIC Sectors, 2007								
Industry	1-10 employees		11-49 employees		50-199 employees		200 or more employees	
	%	% Change 03-07	%	% Change 03-07	%	% Change 03-07	%	% Change 03-07
Other business activities	93.8	26.6	4.4	39.8	1.4	16.3	0.4	5.9
Retail trade	83.1	4.0	14.2	-12.0	2.2	-21.6	0.5	-10.0
Construction	93.2	11.8	5.7	17.3	1.0	30.8	0.0	-100.0
Computer and related activities	96.0	-4.1	3.0	2.6	0.8	83.3	0.2	0.0
Wholesale trade and commission trade	81.7	-6.8	15.9	24.0	2.1	-4.8	0.3	0.0
Hotels and restaurants	67.7	2.3	28.2	32.3	3.8	-8.1	0.3	-40.0
Real estate activities	96.9	19.8	2.6	-7.7	0.3	-50.0	0.1	-
Health and social work	65.2	24.6	29.7	6.2	4.6	6.1	0.5	-20.0
Other service activities	93.7	-9.1	6.1	16.7	0.1	-	0.0	-
Recreational, cultural and sporting activities	89.1	11.3	8.2	-21.9	2.3	16.7	0.3	100.0
Overall	85.7	9.0	11.0	4.9	2.5	-3.2	0.7	-3.2
Source: Annual Business Inquiry © Crown Copyright								

Policy and Strategy Review

Crawley businesses have reported a lack of medium-sized properties in the area (Crawley Economic Profile, Crawley Borough Council, 2008). It is possible that this results in, or is a result of, the district increasingly becoming host to larger businesses and smaller start-ups (ibid). Crawley's average business size is in the 100th percentile, which confirms the area's high frequency of large employers (ibid).

The profile in Horsham District is more focused towards smaller enterprises. The Central Vision put forward in the Visioning Horsham Report highlights a need for employment space for start-up, small and medium sized businesses as well as any large businesses attracted through the Gatwick Diamond Partnership.

Consultation Findings

Consultation corroborated the fact that Crawley is home to a relatively high proportion of large (200+) employees. Meanwhile, there are only a handful (7-10) of businesses in East Grinstead that employ over 200 people.

VAT Registrations/De-Registrations

3.88 In 2007, the number of VAT Registrations per 10,000 population in Northern West Sussex (39.9) was similar to the number of registration across the region and higher than the average nationally. Within Northern West Sussex, Horsham has particularly high levels of VAT registrations (42.3 per 10,000) whilst the number of VAT registrations in Crawley is relatively low (33 per 10,000). Given that Crawley has quite high levels of self-employment, it suggests a concentration of small businesses in the town which fall below the VAT threshold.

3.89 In 2007, the number of VAT de-registrations in Northern West Sussex (30.7 per 10,000) was relatively high in comparison to regional and national averages. Within the study area, VAT deregistration in Horsham were particularly high (31.9 per 10,000) whilst de-registration in Crawley were relatively low (19%).

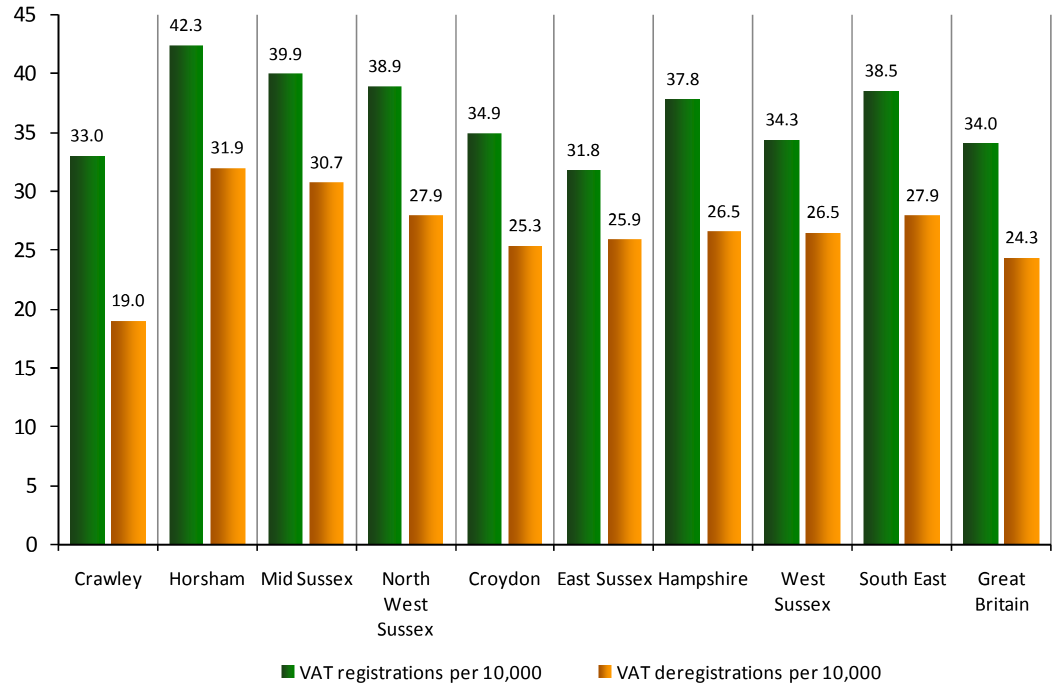
3.90 The number of businesses per 1,000 population is relatively high in Northern West Sussex (40.3) relative to regional and national averages. Within the study area Horsham and Mid Sussex both have a higher number of businesses per 1,000 population than is average regionally and nationally but Crawley has a very low number (25 per 1,000).

Figure 3.50: VAT Registrations / de-registrations, 2007

Area	VAT Registrations			VAT De-registrations			Net-change (Number)	Stocks at end of year		
	Number	per 10,000 pop	% Change 03-07	Number	per 10,000 pop	% Change 03-07		Number	per 1,000 pop	% Change 03-07
Crawley	330	33.0	22.2	190	19.0	-26.9	140	2,500	25.0	8.7
Horsham	550	42.3	-5.2	415	31.9	-5.7	135	6,185	47.6	6.5
Mid Sussex	520	39.9	-11.1	400	30.7	-15.8	120	5,845	44.9	6.1
Northern West Sussex	1,400	38.9	-2.4	1,005	27.9	-14.5	395	14,530	40.3	6.7
Croydon	1,185	34.9	15.0	860	25.3	-7.0	325	9,435	27.8	8.0
East Sussex	1,615	31.8	-8.8	1,315	25.9	-9.3	300	18,890	37.2	6.1
Hampshire	4,825	37.8	5.1	3,385	26.5	-7.9	1,440	48,650	38.1	9.3
West Sussex	2,665	34.3	-6.5	2,055	26.5	-16.6	610	29,375	37.8	5.4
South East	31,970	38.5	3.3	23,170	27.9	-6.6	8,800	319,860	38.5	8.5
Great Britain	201,315	34.0	7.3	144,100	24.3	-4.4	57,215	1,964,920	33.2	9.2

Source: Department for Business, Enterprise and Regulatory Reform VAT Registration / De-registration © Crown Copyright

Figure 3.51: VAT Registrations / De-registrations, 2007



Source: Department for Business, Enterprise and Regulatory Reform VAT Registration / De-registration © Crown Copyright

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Key Sectors

Broad Industrial Sectors

3.91 Northern West Sussex has a high proportion of Transport and Communication businesses (4.7%) relative to the South East (3.9%) and Great Britain (4.3%). The strength of this sector in business terms is, however, less marked than the strength of sector in terms of employment (indicating a stronger degree of employment in larger businesses).

3.92 The Banking, Finance and Insurance sector is relatively strong in the study area relative to regional and national average. Mid Sussex has a particularly high concentration of businesses in this sector (41.7%).

Figure 3.52: Business Base by Broad Industrial Sector, 2003-2007

Industry	Crawley			Horsham			Mid Sussex			Northern West Sussex			South East		Great Britain	
	No. Businesses, 2007	% Businesses	%Change 03-07	No. Businesses, 2007	% Businesses	%Change03-07	No. Businesses, 2007	% Businesses	%Change 03-07	No. Businesses, 2007	% Businesses	% Change 03-07	% Businesses	% Change 03-07	% Businesses	% Change 03-07
Agriculture and fishing	-	0.1	- 20.0	-	0.5	- 2.6	-	0.5	-	100	0.4	- 2.5	0.4	- 4.7	0.5	- 1.6
Energy and water	-	0.2	- 20.0	-	0.1	25.0	-	0.1	28.6	-	0.2	8.0	0.1	- 18.9	0.2	- 10.6
Manufacturing	200	4.6	- 9.9	500	7.6	- 6.7	400	6.0	- 7.3	1,100	6.3	- 7.4	6.0	- 8.1	6.7	- 7.4
Construction	300	7.9	7.2	700	9.9	11.3	700	9.6	15.5	1,700	9.3	12.2	10.4	13.2	9.7	16.2
Distribution, Hotels & restaurants	1,100	29.4	1.1	1,600	22.8	- 1.1	1,500	21.3	2.4	4,200	23.6	0.7	24.5	1.9	27.5	0.3
Transport and communications	400	10.2	- 0.3	200	3.2	- 5.5	200	3.2	- 0.9	800	4.7	- 1.9	3.9	- 1.2	4.3	- 0.8
Banking, finance and insurance	1,300	34.6	13.9	2,800	40.3	18.7	2,900	41.7	16.7	7,000	39.7	16.9	37.8	17.8	33.4	20.0
Public administration, education & health	300	6.8	12.4	500	7.0	17.2	500	7.6	18.5	1,300	7.2	16.7	8.4	20.4	9.4	16.9
Other services	200	6.2	- 3.8	600	8.5	1.7	700	9.8	2.5	1,500	8.5	1.2	8.5	- 3.7	8.3	- 2.3

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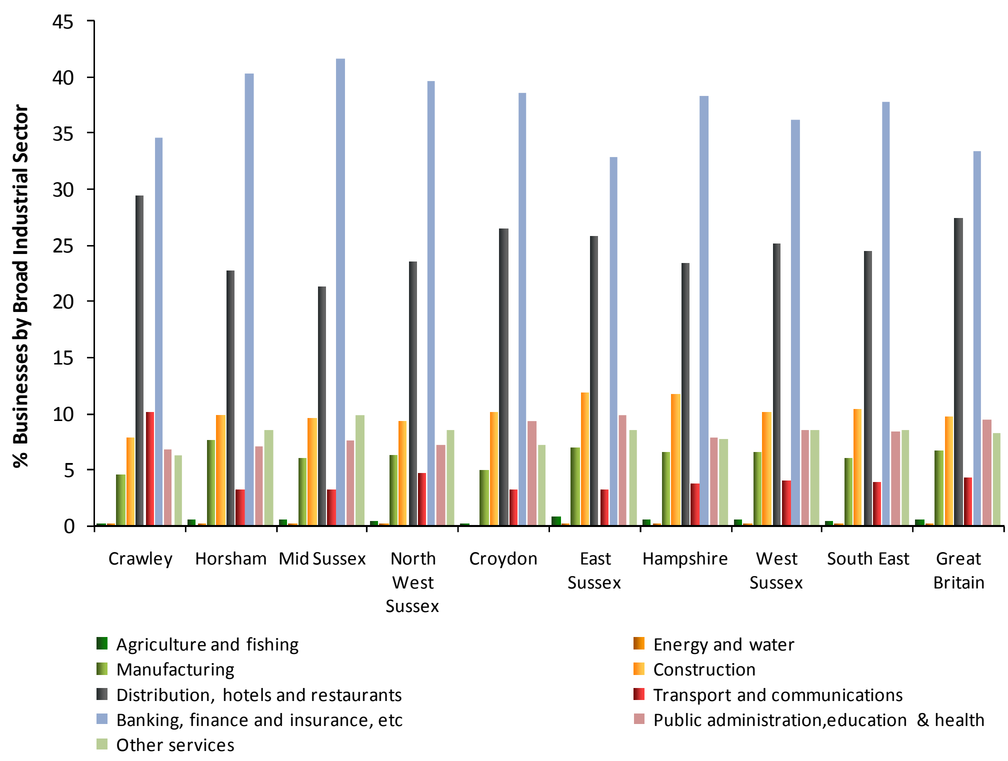
Figure 3.53: Business Base by Broad Industrial Sector, 2007



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2 SIC Sectors

3.93 The following key trends emerge from analysis of the Northern West Sussex business base at the 2 SIC sector level:

- The top business sector in Northern West Sussex is Other Business Activities, accounting for 23.6% of businesses. The sector has seen high growth of 26.9% in recent years.
- Both the Hotels and Restaurant and Health and Social Work sectors are under-represented in Northern West Sussex relative to regional and national averages (although hotels and restaurant businesses are more strongly represented in Crawley). Health and social work businesses, however, have seen relatively high growth in recent years.
- The Northern West Sussex sectors with the highest over-representation of businesses include Air Transport and Auxiliary Transport Activities (including Travel Agencies). However, neither of these sectors are in the top ten business sectors in terms of actual numbers.

Figure 3.54: Business Base by 2 SIC Industrial Sector, Top 10 Northern West Sussex Sectors 2007

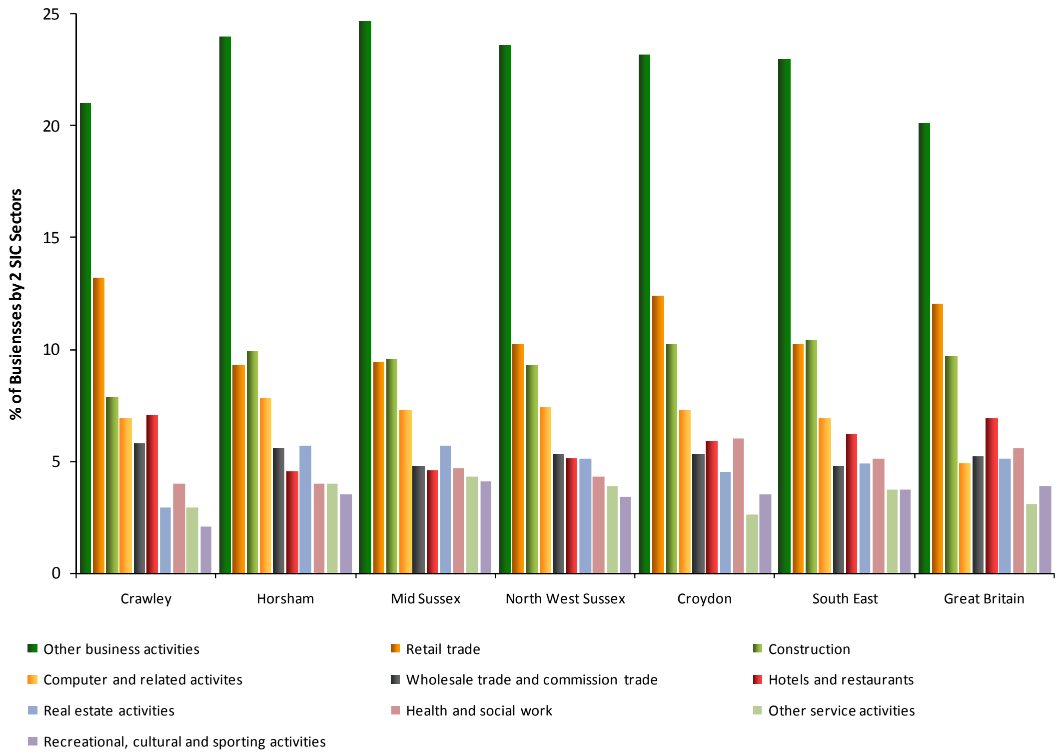

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Figure 3.55: Business Base by 2 SIC Industrial Sector, Top 10 Northern West Sussex Sectors 2007

Industry	Crawley				Horsham				Mid Sussex				Northern West Sussex			
	% Businesses	% Change 03-07	LQ v SE	LQ v GB	% Businesses	% Change 03-07	LQ v SE	LQ v GB	% Businesses	% Change 03-07	LQ v SE	LQ v GB	% Businesses	% Change 03-07	LQ v SE	LQ v GB
Other business activities	21.0	22.8	0.9	1.0	24.0	28.9	1.0	1.2	24.7	26.9	1.1	1.2	23.6	26.9	1.0	1.2
Retail trade	13.2	2.5	1.3	1.1	9.3	-1.8	0.9	0.8	9.4	1.7	0.9	0.8	10.2	0.6	1.0	0.9
Construction	7.9	7.2	0.8	0.8	9.9	11.3	1.0	1.0	9.6	15.5	0.9	1.0	9.3	12.2	0.9	1.0
Computer activities	6.9	-1.9	1.0	1.4	7.8	0.4	1.1	1.6	7.3	-8.1	1.1	1.5	7.4	-3.5	1.1	1.5
Wholesale trade	5.8	-6.0	1.2	1.1	5.6	-2.7	1.2	1.1	4.8	-0.9	1.0	0.9	5.3	-2.9	1.1	1.0
Hotels and restaurants	7.1	5.5	1.1	1.0	4.5	6.5	0.7	0.7	4.6	13.4	0.7	0.7	5.1	8.5	0.8	0.7
Real estate activities	2.9	20.9	0.6	0.6	5.7	20.2	1.2	1.1	5.7	16.0	1.2	1.1	5.1	18.4	1.0	1.0
Health and social work	4.0	25.2	0.8	0.7	4.0	14.3	0.8	0.7	4.7	16.4	0.9	0.8	4.3	17.2	0.8	0.8
Other service activities	2.9	-11.4	0.8	0.9	4.0	-7.3	1.1	1.3	4.3	-6.6	1.2	1.4	3.9	-7.7	1.1	1.3
Recreational, cultural and sporting activities	2.1	12.7	0.6	0.5	3.5	11.0	0.9	0.9	4.1	4.0	1.1	1.1	3.4	7.8	0.9	0.9

Source: Annual Business Inquiry © Crown Copyright

Figure 3.56: Business Base by 2 SIC Industrial Sector, Top 10 over-represented Northern West Sussex Business Sectors 2007

Industry	Crawley					Horsham					Mid Sussex					Northern West Sussex				
	No Businesses	% Businesses	% Change 03-07	LQ v SE	LQ v GB	No. Businesses	% Businesses	% Change 03-07	LQ v SE	LQ v GB	No. Businesses	% Businesses	% Change 03-07	LQ v SE	LQ v GB	No. Businesses	% Businesses	% Change 03-07	LQ v SE	LQ v GB
Air transport	100	1.6	35.6	16.0	16.0	-	0.1	16.7	1.0	1.0	-	0.2	120.0	2.0	2.0	100	0.4	41.1	4.0	4.0
Manufacture of communication equipment	-	0.2	-	1.0	2.0	-	0.3	5.6	1.5	3.0	-	0.2	7.1	1.0	2.0	-	0.2	5.3	1.0	2.0
Supporting transport activities; agencies	200	4.6	4.8	4.2	4.2	100	1.1	5.6	1.0	1.0	100	1.2	- 1.2	1.1	1.1	300	1.9	3.4	1.7	1.7
Computer activities	300	6.9	- 1.9	1.0	1.4	500	7.8	0.4	1.1	1.6	500	7.3	- 8.1	1.1	1.5	1,300	7.4	- 3.5	1.1	1.5
Agriculture & related service activities	-	0.1	-	0.5	0.5	-	0.4	-	2.0	2.0	-	0.3	-	1.5	1.5	100	0.3	-	1.5	1.5
Manufacture of electrical Machinery and apparatus	-	0.1	- 50.0	0.3	0.5	-	0.5	13.3	1.7	2.5	-	0.2	- 40.9	0.7	1.0	100	0.3	- 16.1	1.0	1.5
Manufacture of medical, precision instruments & clocks	-	0.5	- 5.6	1.7	1.7	-	0.4	- 3.2	1.3	1.3	-	0.4	- 10.0	1.3	1.3	100	0.4	- 6.3	1.3	1.3
Other service activities	100	2.9	- 11.4	0.8	0.9	300	4.0	- 7.3	1.1	1.3	300	4.3	- 6.6	1.2	1.4	700	3.9	- 7.7	1.1	1.3
Activities auxiliary to financial intermediation	-	1.2	- 11.8	1.3	1.2	100	1.0	12.9	1.1	1.0	100	1.4	16.1	1.6	1.4	200	1.2	8.0	1.3	1.2
Other business activities	800	21.0	22.8	0.9	1.0	1,700	24.0	28.9	1.0	1.2	1,700	24.7	26.9	1.1	1.2	4,200	23.6	26.9	1.0	1.2

Source: Annual Business Inquiry © Crown Copyright
The sectors set out are those with the strongest representation of employment in the sub-region relative to the profile of businesses across Great Britain.

4 SIC Sectors

3.94 The following key points emerge from analysis of the Northern West Sussex business base at the 4 SIC level:

- Within the Other Business Activities sector, Business and Management Consultancy activities and 'Other Business Activities (taken to include credit reporting and collection agency activities, speciality design activities and activities of exhibition, conference and fair organisers) account for a large proportion of businesses. There are particularly high concentrations of the former in Mid Sussex and Horsham.

- Crawley contains relatively high concentrations of businesses involved in retail of clothing and retail in specialised stores.

- Crawley has experienced high growth in the number of restaurants and hotels businesses in recent years (25% and 39% respectively). Both these sectors are now over-represented locally relative to national averages

Figure 3.57: Business Base - 4 SIC Breakdown of Top Ten Northern West Sussex 2 SIC Business Sectors

2 SIC Industrial Sector	4 SIC Industrial Sector	Crawley					Horsham					Mid Sussex					Northern West Sussex				
		No.	%	% Change 03-07	LQ v SE	LQ v GB	No.	%	% Change 03-07	LQ v SE	LQ v GB	No.	%	% Change 03-07	LQ v SE	LQ v GB	No.	%	% Change 03-07	LQ v SE	LQ v GB
Other business activities	Business and management consultancy activities	100	3.4	12.2	0.5	0.8	500	7.7	33.5	2.3	1.8	500	7.2	19.6	1.2	1.7	1,200	6.6	24.7	1.1	1.5
	Other business activities not elsewhere classified	200	4.7	64.5	0.7	0.8	400	6.2	60.9	1.3	1.1	500	6.9	50.2	1.0	1.2	1,100	6.2	56.5	0.9	1.1
	Architectural and engineering activities and related technical consultancy	100	2.3	1.2	0.8	0.8	200	3.5	12.0	1.5	1.3	200	3.4	4.3	1.2	1.2	600	3.2	6.9	1.1	1.1
	Accounting, book-keeping and auditing activities	-	1.2	9.5	0.7	0.8	100	1.9	12.8	1.6	1.3	200	2.2	25.6	1.3	1.5	300	1.9	18.0	1.1	1.3
	Total (all 4 SIC sectors)	800	21.0	22.8	0.9	1.0	1,700	24.0	28.9	1.0	1.2	1,700	24.7	26.9	1.1	1.2	4,200	23.6	26.9	1.0	1.2
Retail trade	Other retail sale in specialised stores	100	3.4	0.8	1.3	1.2	200	2.8	12.6	0.8	1.0	200	2.8	11.6	1.1	1.0	500	2.9	9.1	1.1	1.0
	Retail sale of clothing	100	1.8	11.5	1.8	1.5	100	0.8	14.6	0.4	0.7	100	0.8	-	0.8	0.7	200	1.0	8.6	1.0	0.8
	Retail sale in non-specialised stores	100	1.4	8.0	1.2	0.8	100	0.8	-1.8	0.6	0.5	100	0.8	1.7	0.7	0.5	200	1.0	2.4	0.8	0.6
	Other non-store retail sale	-	0.6	35.3	1.5	1.5	-	0.6	- 4.3	1.0	1.5	-	0.5	- 14.6	1.3	1.3	100	0.6	- 1.9	1.5	1.5
	Retail sale of furniture, lighting equipment and household articles not elsewhere classified	-	0.8	10.7	1.3	1.3	-	0.5	-19.6	0.6	0.8	-	0.4	- 3.6	0.7	0.7	100	0.5	- 6.9	0.8	0.8
	Total (all 4 SIC sectors)	500	13.2	2.5	1.3	1.1	700	9.3	- 1.8	0.9	0.8	700	9.4	1.7	0.9	0.8	1,800	10.2	0.6	1.0	0.9
Construction	General construction of buildings and civil engineering works	100	2.2	- 2.4	0.7	0.8	200	3.4	2.6	1.5	1.2	200	2.9	- 6.9	0.9	1.0	500	2.9	- 2.1	0.9	1.0
	Plumbing	-	1.1	38.7	0.8	0.9	100	1.3	19.5	1.2	1.1	100	1.1	39.3	0.8	0.9	200	1.2	29.9	0.9	1.0
	Installation of electrical wiring and fittings	-	1.0	42.3	0.8	0.8	100	1.1	27.4	1.1	0.9	100	1.1	36.2	0.8	0.9	200	1.1	33.6	0.8	0.9
	Other construction work involving special trades	-	0.7	7.7	0.9	1.0	100	1.0	7.7	1.4	1.4	100	0.9	6.5	1.1	1.3	200	0.9	7.2	1.1	1.3

	Joinery installation	-	0.8	20.0	0.9	0.9	-	0.6	10.0	0.8	0.7	-	0.6	34.5	0.7	0.7	100	0.6	20.2	0.7	0.7
	Total (all 4 SIC sectors)	300	7.9	7.2	0.8	0.8	700	9.9	11.3	1.0	1.0	700	9.6	15.5	0.9	1.0	1,700	9.3	12.2	0.9	1.0
Computer and related activities	Other software consultancy and supply	200	4.0	25.8	1.0	1.3	300	4.2	16.1	1.1	1.4	300	4.2	9.0	1.0	1.4	700	4.2	14.9	1.0	1.4
	Other computer related activities	100	1.4	- 37.3	0.9	1.3	200	2.2	- 20.1	1.6	2.0	100	1.8	- 34.2	1.1	1.6	300	1.9	- 29.0	1.2	1.7
	Hardware consultancy	-	0.6	15.0	1.5	2.0	-	0.6	-	1.0	2.0	-	0.5	- 10.0	1.3	1.7	100	0.6	-1.0	1.5	2.0
	Data processing	-	0.5	21.4	2.5	5.0	-	0.2	23.1	0.4	2.0	-	0.3	53.8	1.5	3.0	100	0.3	32.5	1.5	3.0
	Total (all 4 SIC sectors)	300	6.9	- 1.9	1.0	1.4	500	7.8	0.4	1.1	1.6	500	7.3	- 8.1	1.1	1.5	1,300	7.4	-3.5	1.1	1.5
Wholesale trade and commission trade	Other wholesale	-	0.7	- 28.2	0.9	1.0	100	1.0	- 18.8	1.4	1.4	-	0.7	- 22.6	0.9	1.0	100	0.8	- 22.0	1.0	1.1
	Wholesale of other machinery for use in industry, trade and navigation	-	0.6	- 31.4	1.5	1.5	-	0.5	8.8	0.8	1.3	-	0.4	- 3.6	1.0	1.0	100	0.5	- 9.3	1.3	1.3
	Wholesale of other household goods	-	0.5	28.6	1.3	1.0	-	0.5	16.1	1.0	1.0	-	0.4	- 13.8	1.0	0.8	100	0.4	6.8	1.0	0.8
	Wholesale of wood, construction materials and sanitary equipment	-	0.5	5.3	1.7	1.3	-	0.4	- 7.4	0.8	1.0	-	0.3	46.7	1.0	0.8	100	0.4	9.8	1.3	1.0
	Wholesale of hardware, plumbing and heating equipment and supplies	-	0.5	33.3	2.5	2.5	-	0.2	6.7	0.4	1.0	-	0.3	- 4.5	1.5	1.5	100	0.3	9.6	1.5	1.5
	Total (all 4 SIC sectors)	200	5.8	- 6.0	1.2	1.1	400	5.6	- 2.7	1.2	1.1	300	4.8	- 0.9	1.0	0.9	900	5.3	- 2.9	1.1	1.0
Hotels and restaurants	Restaurants	100	3.4	25.2	1.4	1.2	100	1.7	10.5	0.5	0.6	100	2.1	17.3	0.8	0.7	400	2.2	17.6	0.9	0.8
	Bars	100	1.5	- 15.2	0.8	0.6	100	1.7	0.9	1.1	0.7	100	1.6	4.7	0.8	0.7	300	1.6	- 1.4	0.8	0.7
	Catering	100	1.6	- 4.7	1.6	2.0	-	0.6	10.0	0.4	0.8	-	0.5	26.7	0.5	0.6	100	0.8	6.7	0.8	1.0
	Hotels	-	0.5	38.5	1.3	1.0	-	0.3	11.8	0.6	0.6	-	0.2	7.1	0.5	0.4	100	0.3	18.2	0.8	0.6
	Other provision of lodgings not elsewhere classified	-	-	- 80.0	-	-	-	0.1	- 11.1	#DIV/0!	0.5	-	-	-	-	-	-	0.1	- 29.4	1.0	0.5
	Total (all 4 SIC sectors)	300	7.1	5.5	1.1	1.0	300	4.5	6.5	0.7	0.7	300	4.6	13.4	0.7	0.7	900	5.1	8.5	0.8	0.7
Real estate activities	Letting of own property	-	0.9	36.0	0.6	0.5	100	1.8	29.6	2.0	1.0	200	2.3	11.0	1.4	1.3	300	1.8	20.1	1.1	1.0
	Development and selling of real estate	-	0.7	19.0	0.4	0.4	100	1.9	6.3	2.7	1.2	100	1.5	13.3	0.9	0.9	300	1.5	10.1	0.9	0.9
	Real estate agencies	-	1.0	9.1	0.9	1.0	100	1.3	31.4	1.3	1.3	100	1.2	25.0	1.1	1.2	200	1.2	24.6	1.1	1.2
	Management of real estate	-	0.3	18.2	0.6	0.6	-	0.5	25.0	1.7	1.0	-	0.6	24.2	1.2	1.2	100	0.5	23.6	1.0	1.0
	Buying and selling of own real estate	-	0.1	100.0	1.0	1.0	-	0.1	12.5	1.0	1.0	-	0.1	33.3	1.0	1.0	-	0.1	26.7	1.0	1.0

	Total (all 4 SIC sectors)	100	2.9	20.9	0.6	0.6	400	5.7	20.2	1.2	1.1	400	5.7	16.0	1.2	1.1	900	5.1	18.4	1.0	1.0
Health and social work	Social work activities without accommodation	-	1.3	25.6	0.8	0.7	100	1.2	15.7	0.9	0.6	100	1.2	30.3	0.8	0.6	200	1.2	23.4	0.8	0.6
	Social work activities with accommodation	-	1.0	38.5	0.9	0.9	100	0.8	- 5.2	0.8	0.7	100	1.1	4.2	1.0	1.0	200	0.9	6.4	0.8	0.8
	Medical practice activities	-	0.6	22.2	1.0	0.9	-	0.5	16.7	0.8	0.7	-	0.6	55.2	1.0	0.9	100	0.6	32.5	1.0	0.9
	Other human health activities	-	0.4	87.5	0.5	0.6	-	0.5	75.0	1.3	0.7	-	0.6	34.4	0.8	0.9	100	0.5	55.0	0.6	0.7
	Total (all 4 SIC sectors)	100	4.0	25.2	0.8	0.7	300	4.0	14.3	0.8	0.7	300	4.7	16.4	0.9	0.8	800	4.3	17.2	0.8	0.8
Source: Annual Business Inquiry © Crown Copyright																				

Knowledge Economy, Creative Industries, Airport-related

3.95 Figure 3.58 considers the business base of a number of key sectors:

- There is a relatively high proportion of knowledge based businesses in Northern West Sussex (27%) relative to regional and national averages although the proportion of knowledge-based employment is below average. This suggests that knowledge-based employment is focused in smaller enterprises;

- Aviation-based businesses for 1.5% of businesses in Northern West Sussex and 4% of businesses in Crawley. Regional and national average for businesses in this sector are 0.5%;

- Northern West Sussex has a high proportion of creative businesses relative to Great Britain (9.6%). Mid Sussex has a particularly high proportion of businesses in this sector (10%);

- The proportion of retail businesses in Northern West Sussex (10.2%) is similar to the regional average but below the national average (11.8%).

Figure 3.58: Businesses in Key Sectors, 2007

	Knowledge Based Businesses			Aviation Based Businesses			Creative Businesses			Retail Businesses		
	No.	%	% Change 03-07	No.	%	% Change 03-07	No.	%	% Change 03-07	No.	%	% Change 03-07
Crawley	800	20.9	3.1	200	4.0	16.2	300	7.6	8.6	500	12.9	2.6
Horsham	2,000	27.7	10.0	-	0.7	6.5	700	9.8	13.2	600	8.9	- 0.9
Mid Sussex	2,000	28.9	7.1	100	0.9	11.5	700	10.0	8.7	600	9.1	1.4
Northern West Sussex	4,800	27.0	7.6	300	1.5	13.1	1,700	9.6	10.5	1,800	10.2	0.9
South East	99,000	25.4	7.7	2,200	0.5	- 1.4	37,200	9.3	7.2	38,700	10.0	1.6
Great Britain	525,500	21.5	9.6	14,100	0.5	- 3.4	196,900	8.1	10.2	280,500	11.8	- 0.3

Source: Annual Business Inquiry © Crown Copyright

Policy and Strategy Review

Reported in the West Sussex County Council Economic Review (2008), West Sussex may find itself under difficulty to expand its knowledge-based sector. This will be due to increased competition from not just emerging economies but also increased competition from the Continent. For example, Germany has increased its airport capacity which could rival the Gatwick Diamond (ibid).

Summary and Conclusions

3.96 The following key points have emerged from the above analysis:

- There are approximately 17,700 businesses in Northern West Sussex, of which around 80% are located in the two local authorities Horsham and Mid Sussex. These are mainly very small businesses. The Northern West Sussex business base has grown by 7.9% since 2003 although Crawley has lagged behind Horsham and Mid Sussex in this respect.

- Business density across Northern West Sussex is relatively high compared to regional and national averages. Within the study area, Horsham and Mid Sussex both have high business densities whilst Crawley's is relatively low. Whilst VAT Registrations rates across the whole of Northern West Sussex are fairly average, Horsham has particularly high levels of VAT registrations per 10,000 population and Crawley has a relatively low level

- Northern West Sussex has a high proportion of Transport and Communication businesses, mainly due to the concentration of aviation related businesses in Crawley. However, the strength of this sector in terms of business base is less marked than the strength of the sector in terms of employment (suggesting a higher proportion of larger businesses). This can be explained by the fact that a high proportion of aviation businesses in Crawley employ more than 200 people.

- The Banking, Finance and Insurance sector is relatively strong in the study area relative to regional and national averages, with Mid Sussex home to a particularly high concentration of businesses in this sector.

- Northern West Sussex has a high proportion of knowledge based and creative businesses relative to Great Britain (9.6%). Mid Sussex has a particularly high proportion of businesses deemed to be creative. However despite an above average proportion of knowledge-based businesses, employment in knowledge-based sectors is below average. This suggests that the distribution of knowledge-based businesses is focused more towards smaller businesses than at regional or national levels.

Policy and Strategy Review

West Sussex as a whole is developing a business base which is more dependent on business services and the transport industry. Retail and construction account for a good share of regional employment and manufacturing has been increasing in Horsham, while it has been declining regionally. It is possible that as home to one of London's major national and global transport hubs, West Sussex is seeing its business base transformed to reflect the importance of finance and business services that is seen in London. The traditional agricultural base of the region has been eroded by these new activities, although Mid Sussex still regards its agricultural economy as significant.

The business base of Crawley is increasingly dominated by large companies. This is formed and reformed by a lack of medium-sized business properties in the area. Crawley enjoys a high rate of business formation, but suffers from low business survival rates. Its neighbour, Mid Sussex, on the other hand also experiences high rates of business formation but its survival rate is much higher than that of Crawley. This is similar to circumstances in Horsham District. Experiences of both districts, however, may fluctuate as the knowledge economy, on which the area is increasingly reliant, may come under increasing pressure due to competition from abroad and through the development of emerging economies.

Consultation Review

Little change has been noted at present in terms of businesses closing as a result of the recession. There have been a number of larger companies which have relocated operations or reduced their presence in the sub-region, including Royal Sun Alliance in Horsham and Glaxosmithkline from Crawley, however these are considered to represent long-term corporate decisions linked to longer-term business planning rather than the short-term impacts of the recession.

Quality of Life

3.97 The level of deprivation (or not) in a community is an important factor in its future economic success and also influences the labour market, both through potential to attract high quality residents, and the ability to up-skill those existing.

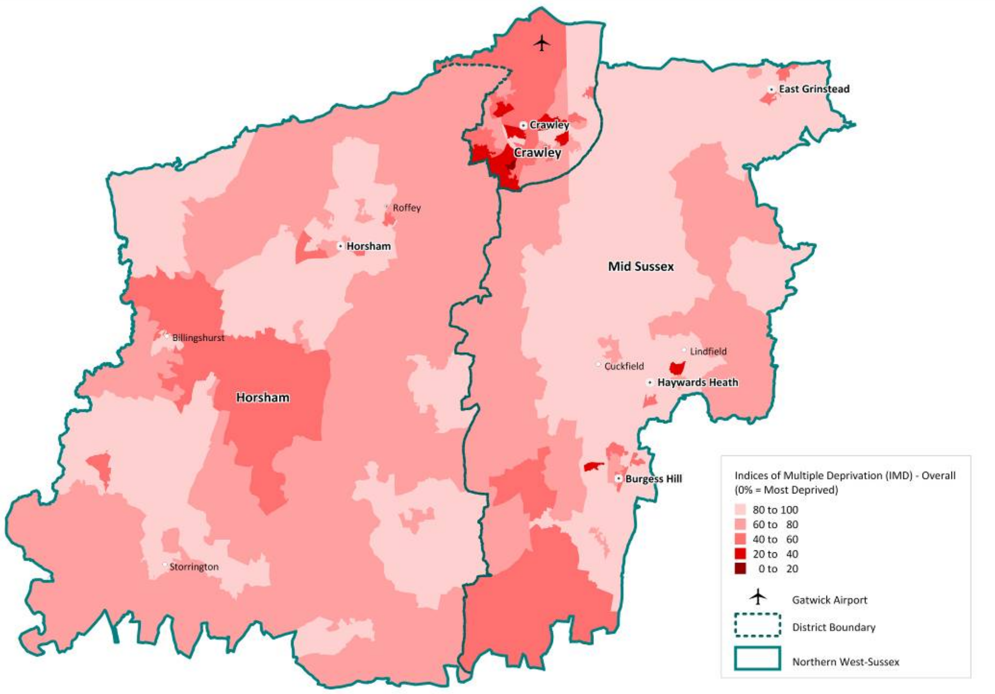
3.98 This chapter covers seven different quality of life indicators, as measured by Indices of Multiple Deprivation.

Overall Levels of Deprivation

3.99 Figure 3.59 maps overall levels of deprivation in Northern West Sussex. The map highlights a number of key points:

- Overall, levels of socio-economic deprivation across the sub-region are low, with Horsham and Mid Sussex containing particularly few concentrations of severe deprivation.
- The highest concentrations of deprivation in Northern West Sussex are found in Crawley. Here, several localities are classified as being in the worst 40% most deprived localities in the country, with one locality being in the worst 20%. The most deprived areas of Crawley are clustered to the south and west of the Borough.

Figure 3.59: Indices of Multiple Deprivation – Overall Levels of Deprivation



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3.100 The causes of the deprivation described above can be analysed by drilling down into deprivation domains – indicators which measure levels of deprivation according to separate social and community factors. The following analysis highlights the most important trends for each of these deprivation domains, with the data mapped in Figures 3.60 and 3.61:

- Education – within Northern West Sussex, levels of education related deprivation are highest in Crawley, where several localities to the south west of the town are in the 20% most deprived nationally. Other concentrations of relative deprivation exist throughout the sub-region, most notably in particular suburbs of towns such as Haywards Heath, Burgess Hill, Horsham and Storrington.

- Income – levels of income related deprivation follow patterns described above. Crawley contains the highest levels of deprivation, but Super Output Areas (SOAs) – which represent sub-ward level geographies - in urban areas across the sub-region also containing relative concentrations of deprivation.

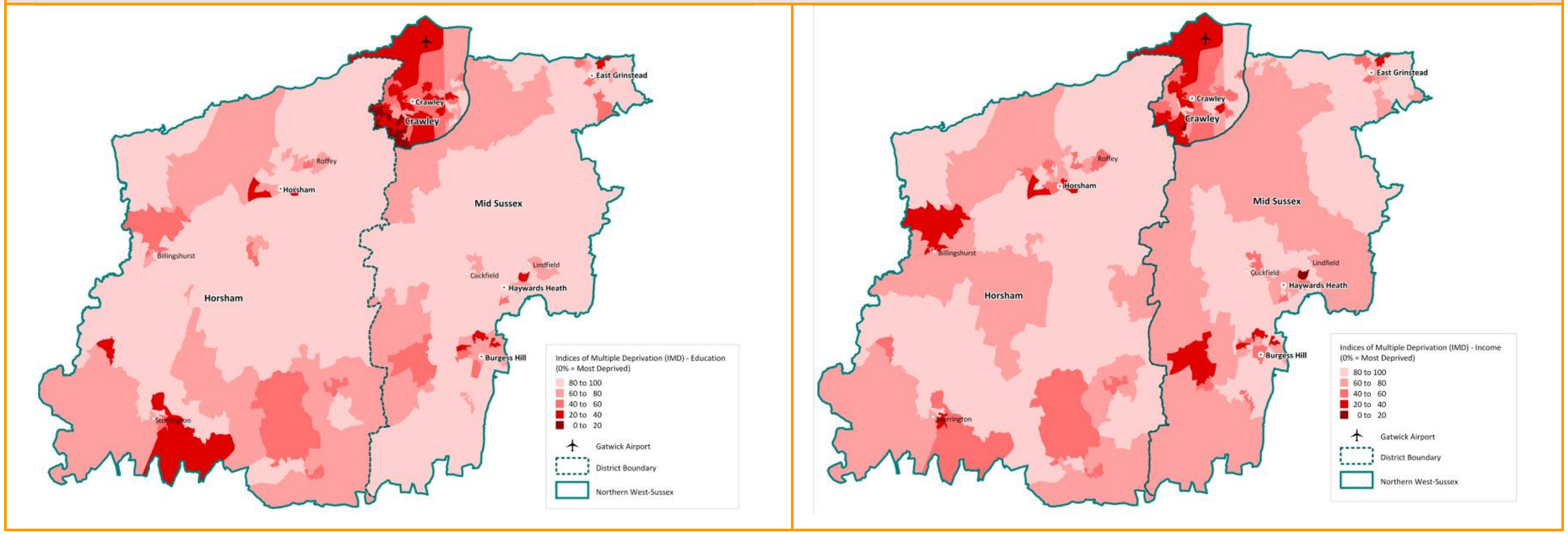
- Crime – the most severe concentrations of crime related deprivation in Northern West Sussex are found in the south west of Crawley.

- Health – levels of health-related deprivation are relatively low across the whole of Northern West Sussex. Again, however, the highest concentrations are found in Crawley, with one SOA to the south of the town in the 20% most deprived SOA's in the country.

- Housing – the most severe levels of deprivation in Northern West Sussex are found to be in relation to barriers to housing. Here, the rural areas suffer from the most severe local concentrations of deprivation (although it must be remembered that this is all relative), with localities across Horsham and Mid Sussex suffering the most. As would be expected, there is less deprivation in terms of access to services in Northern West Sussex's towns.

- Living Environment – deprivation related to living environment in Northern West Sussex, follows a similar pattern to deprivation related to barriers to housing, with the highest levels of deprivation found in the rural areas of Horsham and Mid Sussex. In general, however, levels of deprivation overall are less severe.

Figure 3.60: Indices of Multiple Deprivation: Deprivation related to Education, Income, Crime and Health (clockwise from top left)



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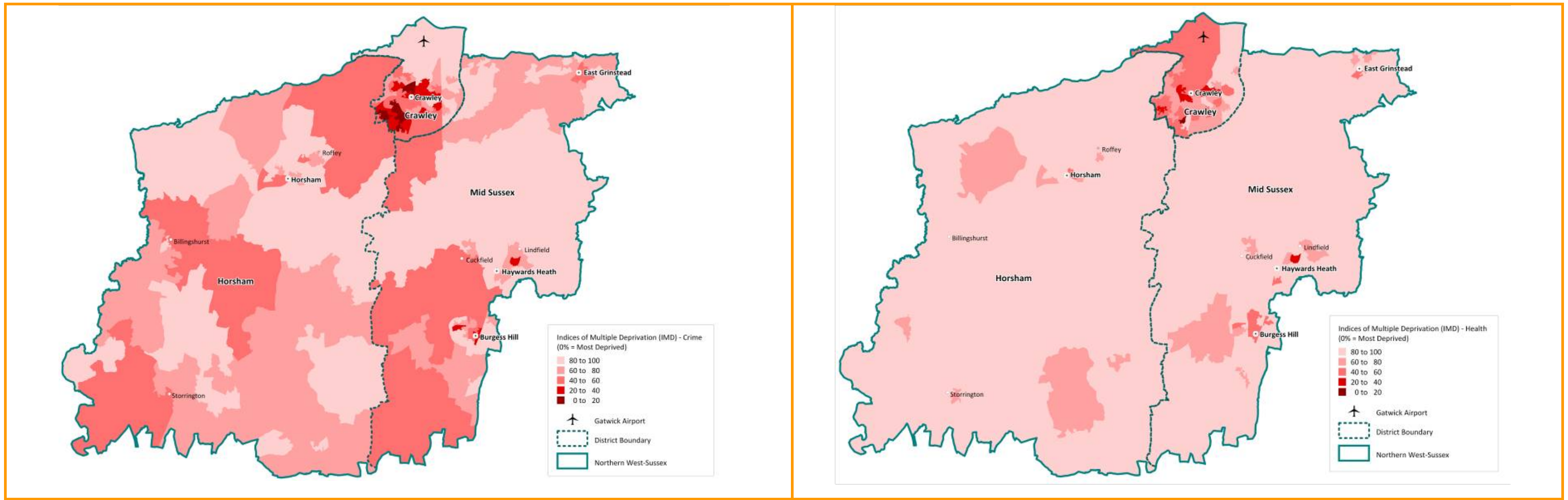

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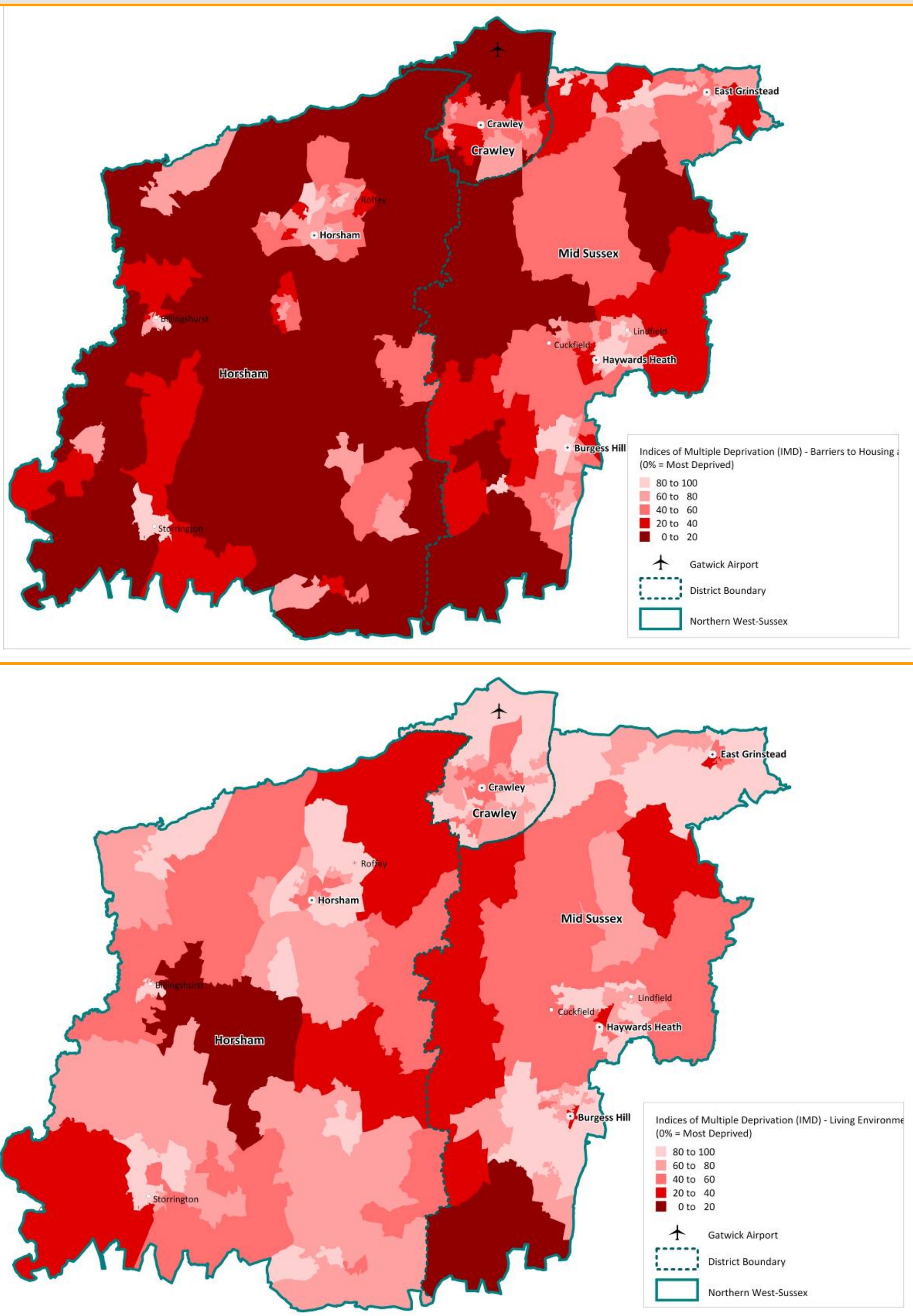
Figure 3.61: Indices of Multiple Deprivation – deprivation related to Barriers to Housing (top) and Living Environment (bottom)



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Policy and Strategy Review

Local business in Crawley report that the Borough needs to tackle crime and also its related image to produce a more successful place for business (Clusters and Key Sectors in Crawley, Crawley Borough Council and Crawley Together, 2004). Crawley also suffers from low levels of knowledge workers, leading businesses to bring in workers from elsewhere (ibid).

The areas of deprivation within Crawley, Horsham and Mid Sussex may only be further exacerbated by the effects of the current economic downturn. This may happen as the more highly skilled residents see themselves retain employment and/or have the ability, through high wages, to retrain for available positions; whereas lower skilled and lower paid individuals may be the most susceptible to layoffs and/or pay cuts while finding themselves less able to retrain and find work.

West Sussex, in general, suffers from a lack of capital investment in its property stock which will lead to problems in trying to accommodate the future demands and desires of local business (Economic Review, West Sussex County Council, 2008).

The number of households in West Sussex has greatly increased in recent years (Economic Review, West Sussex County Council, 2008); this is partly attributed to EU migrants and an ageing population and in-migration. As a result, infrastructure and services are under increasingly difficult burdens. The growth in dual-home ownership and rising property prices may amplify the gap between rich and poor, social fragmentation and lead to increased tension and unrest (ibid).

More locally, however, house prices in Crawley are still affordable, in relative terms, in Crawley (Crawley Economic Profile, Crawley Borough Council, 2008) both when viewed against national prices but also when higher local wages are taken into account, giving greater purchasing power when compared nationally. House prices in Horsham and Mid Sussex Districts are high, reflecting the high quality of life offer in these areas, which have been shown to inhibit access to housing.

Access to services in Crawley Town Centre has seen mixed reviews. While the Crawley Economic Profile (2008), produced by Crawley Borough Council, presents the area as providing a good mix and incidence of amenities, local business owners have reported that the area needs more restaurants and shops that might persuade workers to spend more (Clusters and Key Sectors in Crawley, Crawley Borough Council and Crawley Together, 2004).

The Mid Sussex Local Strategic Partnership acknowledges that there are difficulties in access to town centres and public services as a result of poor transport links and parking availability (Consultation Document – Sustainable Communities Strategy, 2008-2018, Mid Sussex Local Strategic Partnership, 2008).

Summary and Conclusions

3.101 Overall, levels of deprivation in Northern West Sussex are relatively low. However, geographically, within Northern West Sussex, there are areas which perform relatively more strongly and more weakly against the various domains which make up the Indices of Deprivation.

3.102 The area in the south of Crawley Borough contains the most severe concentrations of deprivation Northern West Sussex, particularly in relation to income, education, crime and health. Certain localities around urban area such as Horsham and Haywards Heath also contain relative concentration of deprivation according to these deprivation domains.

3.103 The deprivation indices indicate that barriers to housing and access to services are more significant than average in Horsham and Mid Sussex, reflecting the highly rural nature of these local authority areas, together with the mix and price of housing.

Policy and Strategy Review

Deprivation in West Sussex reflects some county-wide trends, but also exhibits variations at the district level. The county as a whole suffers from a lack of business and property investment which will only hinder economic growth in the long-term. Housing prices have risen, both due to dual-home ownership and an ageing population. At the same time, housing in Crawley is still affordable, but that may be due to the area's crime rates and perceived image as a place to live and work. Amenities in Crawley have been viewed both positively and negatively. Business leaders believe Crawley could benefit from better restaurants and shops which would attract more spending, but Crawley Borough Council produced a report revealing an adequate and good mix of amenities. Mid Sussex and Horsham Districts have also outlined relative deprivation resulting from accessibility issues, whether affordable housing, public services and town centre amenities. It is a hope that future efforts, county-wide, will help to address deprivation and inequality.

Physical Setting

3.104 The ability of an area to appeal to both people and firms is an important element of boosting the economy and subsequently can impact on demand for employment space. In addition to the labour market characteristics and business base factors reviewed previously, both real estate and transport connections can influence location decisions of people and businesses.

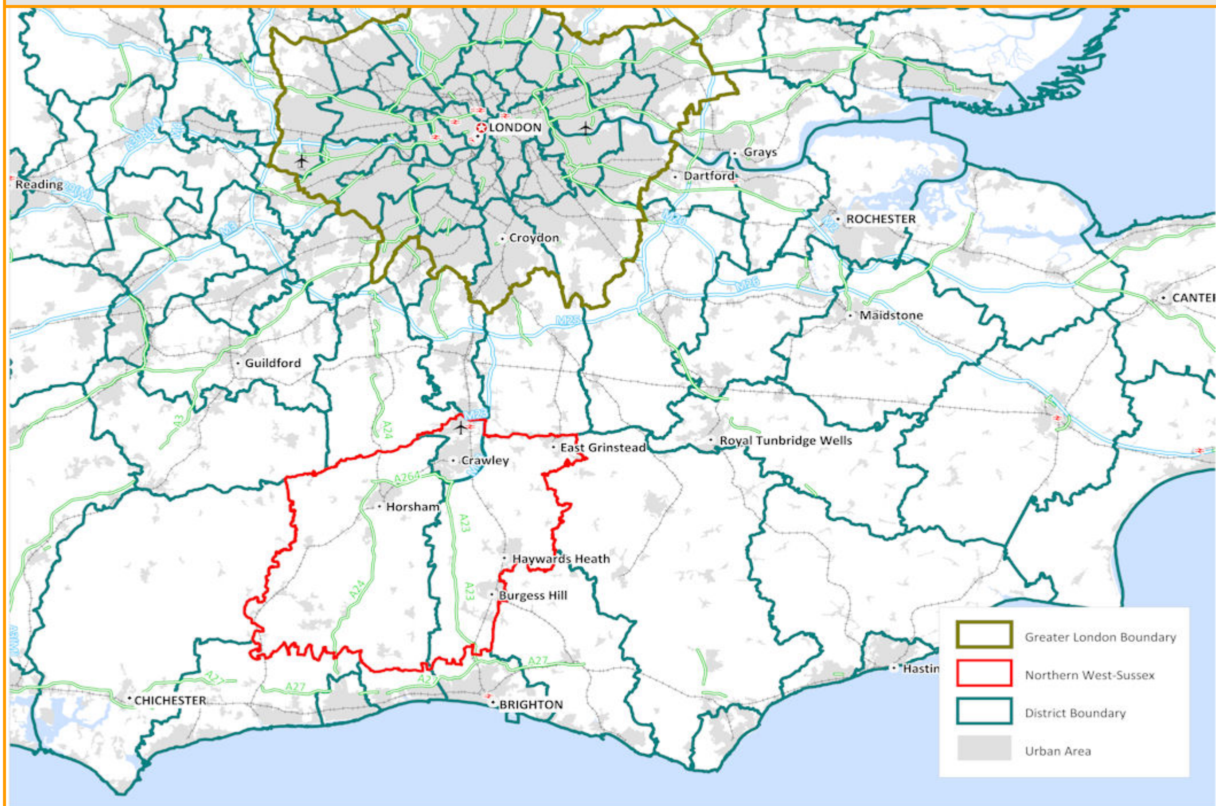
External Connectivity

3.105 Northern West Sussex occupies an important strategic position geographically, located within commuting distance to London, a global economic centre, and Brighton, a far smaller but thriving economy which is identified as a Regional Hub and Primary Regional Centre in the South East Plan.

3.106 In terms of external connectivity, Northern West Sussex benefits from a number of important transport links:

- Gatwick Airport - the UK's second busiest airport after Heathrow, handling over 35million passengers a year (2007).
- The M23 (and A23), linking Crawley and the Northern West Sussex sub region to the M25.
- Gatwick Airport, Crawley, Haywards Heath and Burgess Hill are located on or close to the main train line connecting Brighton to London. Both London and Brighton can be reached from Gatwick in around 30 minutes.

Figure 3.62: Geographical Context of Northern West Sussex



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Policy and Strategy Review

External connectivity has been a traditional strength of West Sussex, due to its proximity to Gatwick Airport, London rail links and motorways (M23 and M25) (Economic Review, West Sussex County Council, 2008). The future, however, seems more uncertain. The local impacts of the new Crossrail development, as well as increased international transportation and infrastructural investments, may potentially alter the dominance of the region (Economic Review, West Sussex County Council, 2008).

Consultation Findings

Northern West Sussex benefits from excellent connectivity to European and international destinations via Gatwick Airport. However, there are concerns for internal connectivity in towns such as East Grinstead which suffers from congestion, and poor accessibility and communications. Consultation also suggested that transport infrastructure in Crawley needs improvement, with the town centre currently suffering from poor rail infrastructure and a road system with is 'choked'.

The importance of future changes to the ownership and operational functions of Gatwick Airport to the local economy was highlighted as an issue of major importance. In the short term, BAA is committed to nearly £1 billion capital expenditure on improvements to the North and South Terminals and the rail station. In the longer term, the airport is expected to change operator, which may result in a change in the target market of the airport. It was suggested by consultees that the local area would benefit from becoming more oriented towards business travel, which is believed to leave a bigger 'economic footprint' on an area. Consultees cited the recent losses of some flights to the United States and Paris as a worrying trend – there is a belief that the flight destinations offered by Gatwick will play a key role in defining the future success of the Northern West Sussex area as a business location. It was also suggested that the local area could benefit were the area to improve its share of UK cargo transport. However attempts to orientate the airport towards business travel are likely to be hampered by a current lack of suitable local facilities – hotel accommodation, conference and exhibition space. The benefits of investment in such facilities should be investigated in the future.

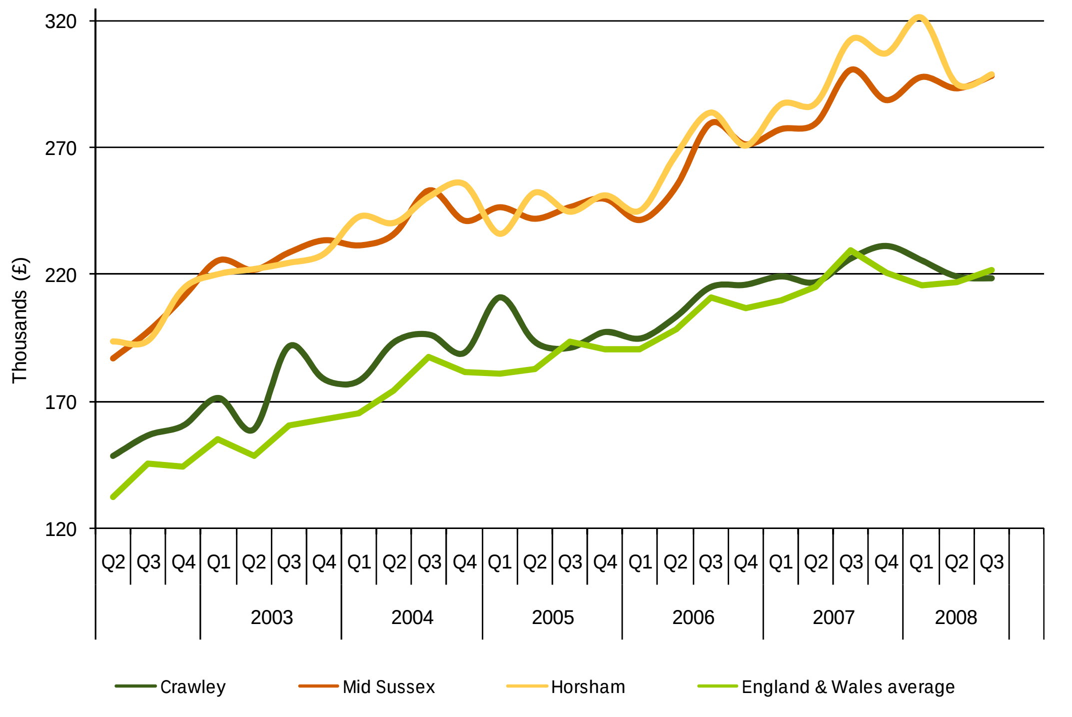
The Cost of Real Estate

Residential Property

3.107 Figure 3.63 maps changes in average overall property prices from 2002 to 2008. The following key points emerge:

- Overall property prices in Crawley are similar to average prices across England and Wales, and have increased at a much slower rate than average nationally since 2002. They have not kept pace with growth in Horsham and Mid Sussex in absolute terms.
- Average property prices in Horsham and Mid Sussex are far higher than is average in Crawley and nationally and have increased at a rate similar to national average since 2002.

Figure 3.63: Change in Average Property Prices, 2002-2008



Source: Up My Street

3.108

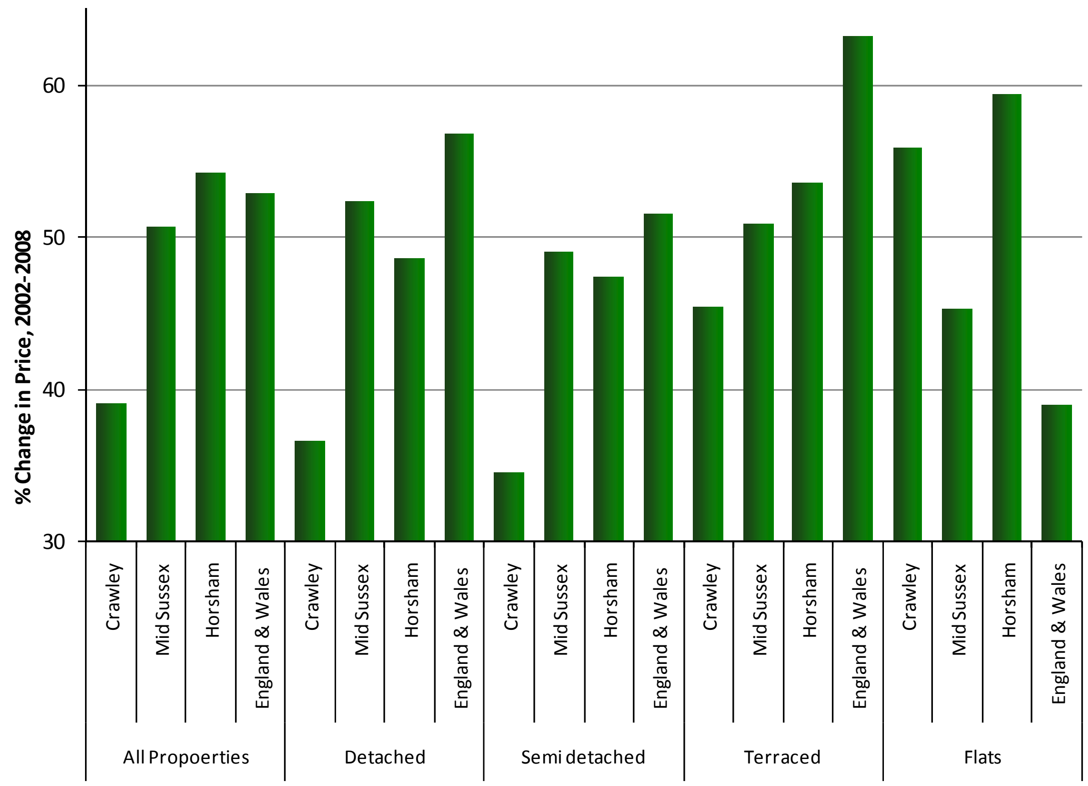
Figure 3.64: Average Property Prices by Property Type, 2002-2008

3.109 3.64 and Figure 3.65 consider average property prices in the three Northern West Sussex local authorities by type of property. Average prices of all property types with the exception of flats have increased at a rate below national average in Crawley since 2002. At £151,990, the average price of a flat in Crawley remains well below the national average of £204,793.

Figure 3.64: Average Property Prices by Property Type, 2002-2008				
		2002 (Q3)	2008 (Q3)	% Change 2002-2008
All Properties	Crawley	£157,029	£218,475	39.1
	Mid Sussex	£197,818	£298,146	50.7
	Horsham	£193,936	£298,969	54.2
	England & Wales	£145,388	£222,220	52.8
Detached	Crawley	£265,717	£362,902	36.6
	Mid Sussex	£305,952	£466,023	52.3
	Horsham	£305,641	£454,318	48.6
	England & Wales	£219,816	£344,550	56.7
Semi detached	Crawley	£169,604	£228,218	34.6
	Mid Sussex	£183,147	£272,860	49.0
	Horsham	£180,389	£265,907	47.4
	England & Wales	£126,324	£191,438	51.5
Terraced	Crawley	£129,612	£188,468	45.4
	Mid Sussex	£142,876	£215,568	50.9
	Horsham	£149,982	£230,340	53.6
	England & Wales	£106,941	£174,598	63.3
Flats	Crawley	£97,536	£151,990	55.8
	Mid Sussex	£112,560	£163,587	45.3
	Horsham	£113,277	£180,510	59.4
	England & Wales	£147,316	£204,793	39.0
Source: Up my Street				

3.110 In broad terms, house prices peaked in late 2007 and have continued to fall until early 2009. In the year to Q1 2009 average house prices, based on sales, fell by 26% in Horsham District, 18% in Crawley and 14% in Mid Sussex. Over the longer-term there is a prospect that significant house price inflation could return.

Figure 3.65: Change in Property Prices by Property Type, 2002-2008



Source: Up my Street

Policy and Strategy Review

On the whole, West Sussex has seen rising housing prices due to increased demand and an ageing population (Economic Review, West Sussex County Council, 2008) as well as in-migration.

Crawley, however, still maintains affordable properties, especially when compared to local earnings (Crawley Economic Profile, Crawley Borough Council, 2008)

Mid Sussex has some of the highest housing and rental prices in the county (Consultation Document – Sustainable Communities Strategy, 2008-2018, Mid Sussex Local Strategic Partnership, 2008). The average house price between April to June 2007 was £285,000 (Consultation Document – Sustainable Communities Strategy, 2008-2018, Mid Sussex Local Strategic Partnership, 2008). Horsham District also has high housing costs in a regional context.

The Northern West Sussex Strategic Housing Market Assessment (2009) indicates strong housing demand in the sub-region, linked to both population and economic growth and migration from Surrey and London. It also suggests a continued requirement for affordable housing provision to meet local needs, given differentials between earnings and housing costs, recommending a policy for 40% affordable housing provision.

The area of West Sussex, as well as the South East, has historically been a dominant and

enviable region. This is reflected by rising property prices in the region (especially Mid Sussex), established infrastructure and transport connections. However, the importance of the region may be somewhat diminished in the future. The benefits of the established north-south travel patterns to London may be affected by the completion of the west-east Cross Rail. West Sussex may also come under pressure from international competition as other global areas make substantial investments in their own transport and infrastructure.
Consultation Findings There are a number of levels of competition of place. Due to Gatwick, Crawley competes on an international market, along with UK regions such as the M4 corridor. However, locations such as East Grinstead and Burgess Hill compete with one another due to the similarity of their offer. East Grinstead is also said to compete with areas within Crawley and Horsham.

Summary and Conclusions

3.111 Northern West Sussex benefits from an excellence strategic location, situated as it is between the two important economies of London and Brighton. The areas towns have very good rail, road and air transport connections.

3.112 Property prices in Crawley are similar to average prices across England and Wales, but increased at a much slower rate than average nationally since 2002. Meanwhile, average property prices in Horsham and Mid Sussex are far higher than is average in Crawley and nationally and have increased at a rate similar to national average since 2002.

3.113 Market demand for housing is expected to remain strong in the sub-region in the longer-term, while there is also a significant need for affordable housing.

HOT SPOTS

3.114 A number of clusters of activity and hot-spots of key indicators are evident from the preceding data analysis. In this chapter we draw on this information to provide an analysis of these agglomerations. The chapter uses socio-economic data to map variations across the Northern West Sussex geography at the lowest geographical level – Lower-Level Super Output Areas.

3.115 The analysis examines the following indicators, taking into account levels of actual employment along with the extent to which employment is over / under represented relative to national averages:

- Employment in the Aviation Sector
- Employment in Professional and Business Services
- Employment in the Public sector, Health and Education
- Employment in Creative Industries
- Employment in Knowledge based industries
- Employment Change 2003-2007
- Business Size

3.116 The Plans indicate firstly the level of distribution of employment at a ward level across the sub-region. This shows where jobs are in the particular sector being examined. The second plan provides a location quotient analysis, showing the concentration of employment in the sector being examined relative to the South East Region. A red dot indicates a location quotient in this sector of above 1, indicating that there is a stronger concentration of employment in the specific ward when compared to the region. The size of the dot indicates the strength of this concentration.

Aviation Sector

3.117 As would be expected, levels of aviation related employment are very high to the north of Crawley, in and around Gatwick Airport. This is demonstrated very graphically in Figure 3.66. Small clusters of aviation related employment exist across Northern West Sussex, however, particularly in towns such as Haywards Heath, Burgess Hill, East Grinstead and Horsham.

3.118 The Aviation sector accounts for a relatively low proportion of employment across the whole of the UK. As such, each cluster of aviation employment in Northern West Sussex equates to a large over-representation of employment in that sector relative to the national average. The biggest over-representations of Aviation related unemployment occur around Gatwick, but again, towns such as Haywards Heath and East Grinstead have relatively high concentrations of aviation employment.

Figure 3.66: Employment in the Aviation Sector – 2007 Total (top) and LQ vs GB (bottom)

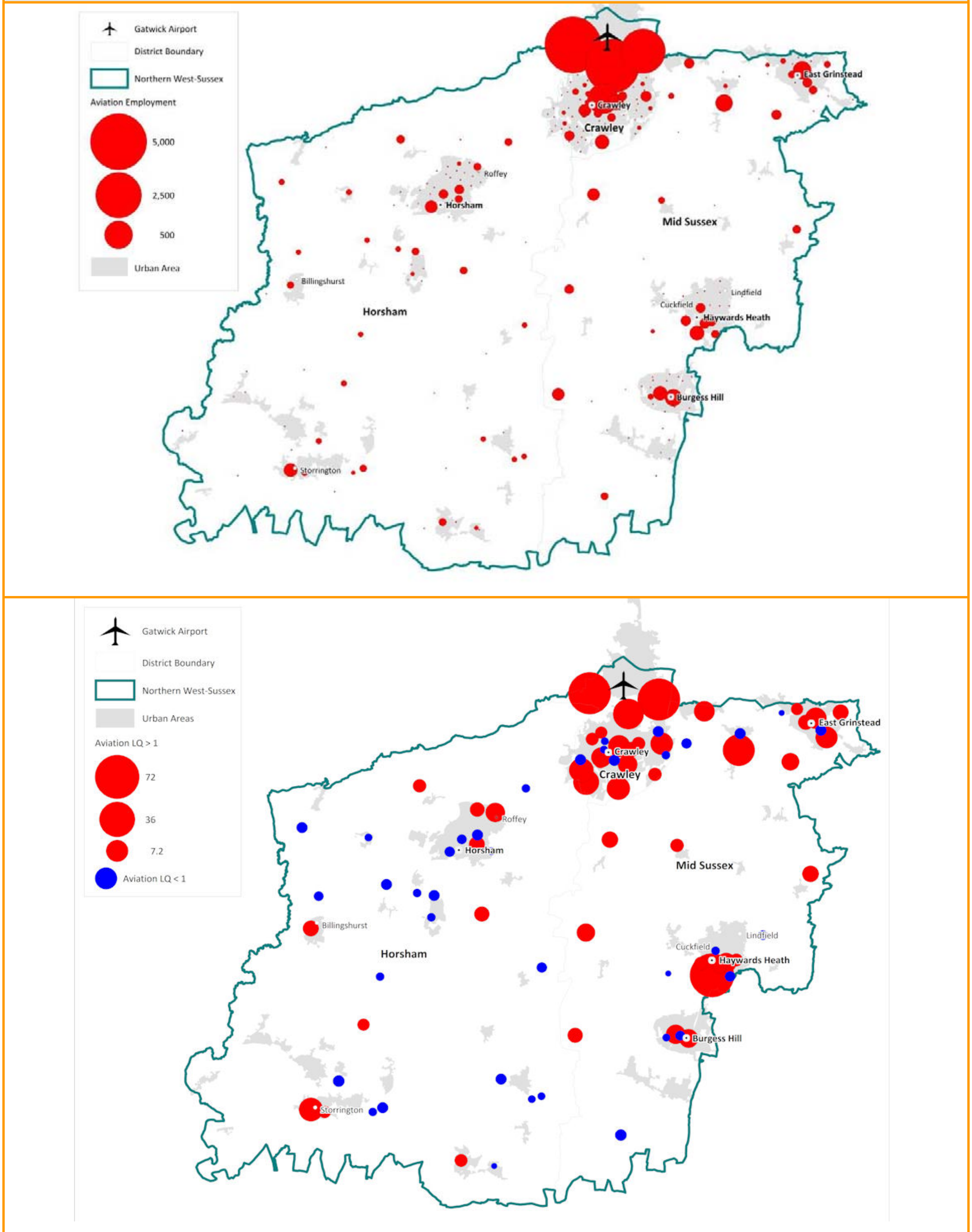
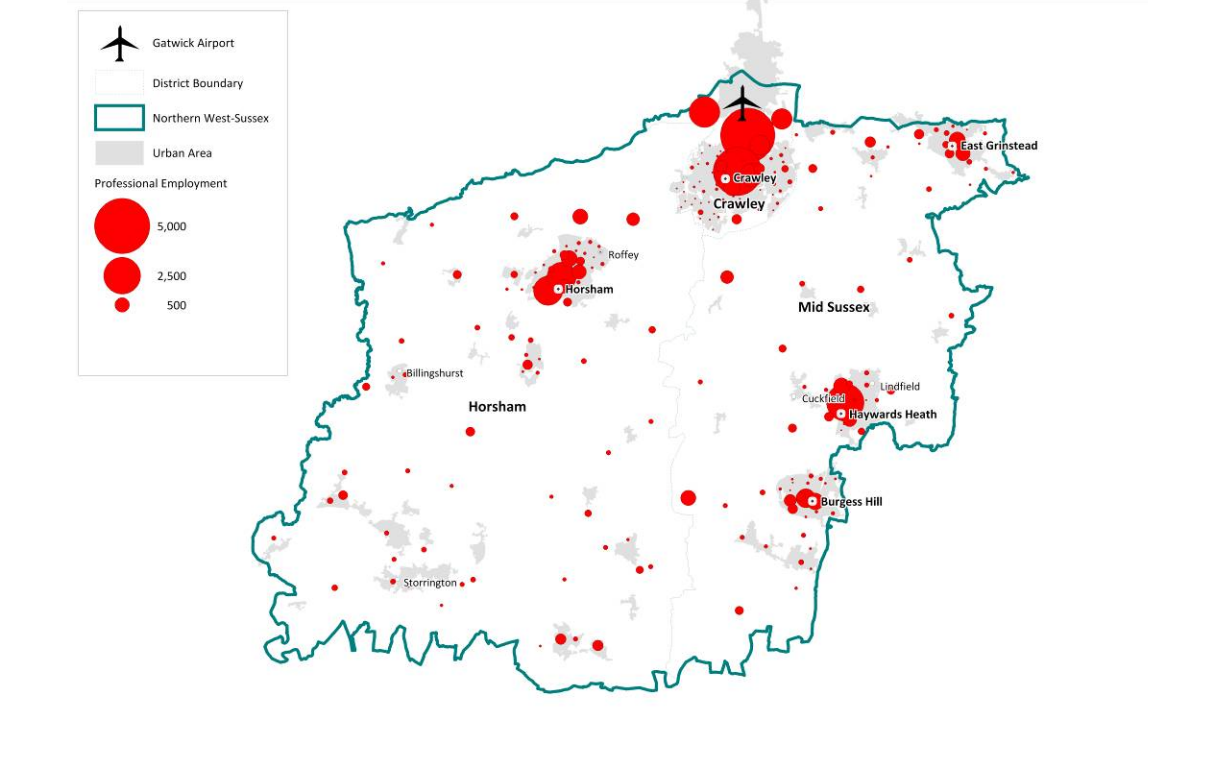
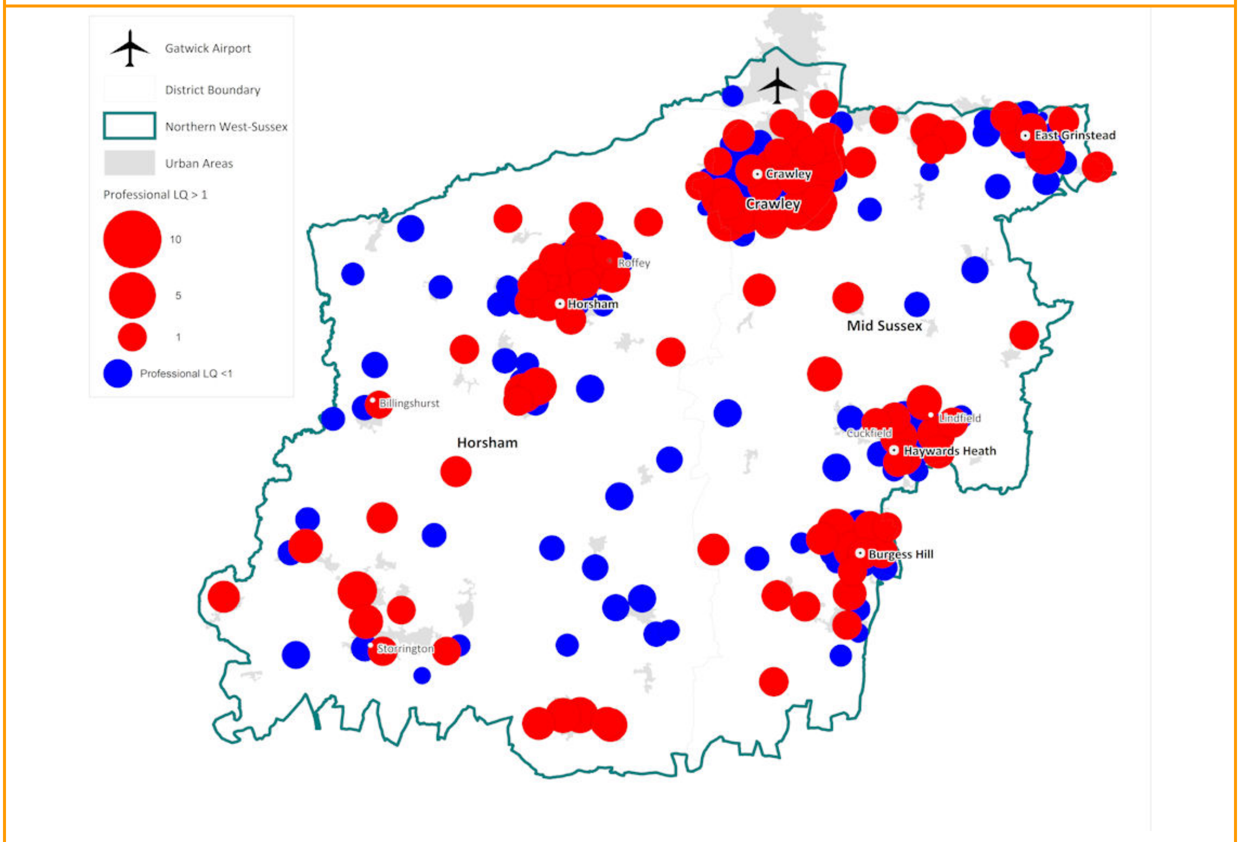


Figure3.67: Employment in Professional and Business Services – 2007 Total (top) and LQ vs GB (bottom)





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Professional and Business Services

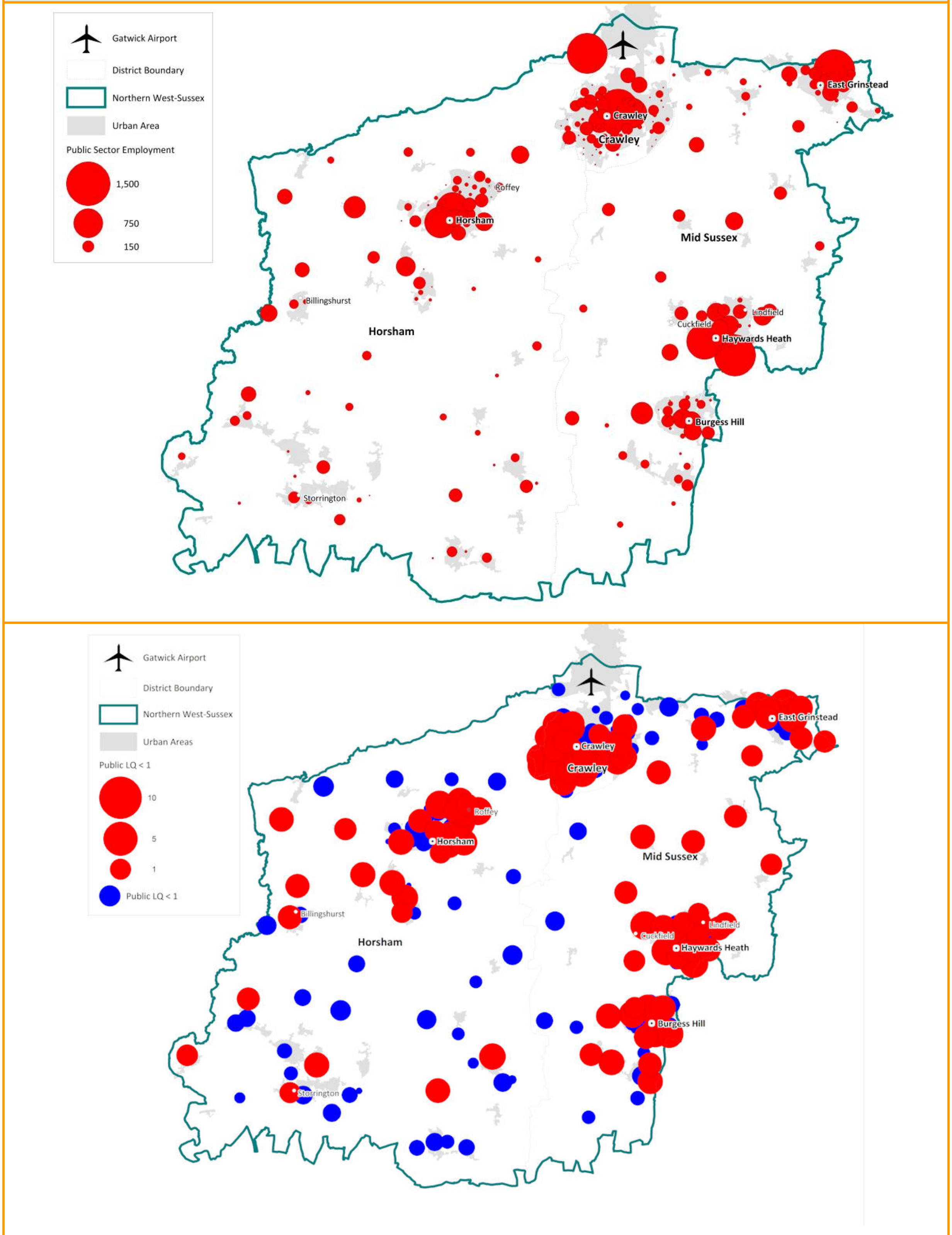
3.119 The majority of employment in Professional and Business Services in Northern West Sussex is located in Crawley and to a lesser extent Horsham and Hayward Heath. These areas also have the highest over-representations of employment in the sector relative to GB.

3.120 There are also relatively high concentrations of employment in the sector in rural areas of Horsham and Mid Sussex – this may reflect the high home-working levels in these areas, described earlier.

Employment in Public Sector, Health and Education

3.121 As would be expected, employment in the Public Sector, Health and Education is mainly located in Northern West Sussex's major towns. These areas also account of the biggest over representations of employment in the sector in Northern West Sussex.

Figure 3.68: Employment in Public Sector, Health and Education – 2007 Total (top) and LQ vs GB (bottom)



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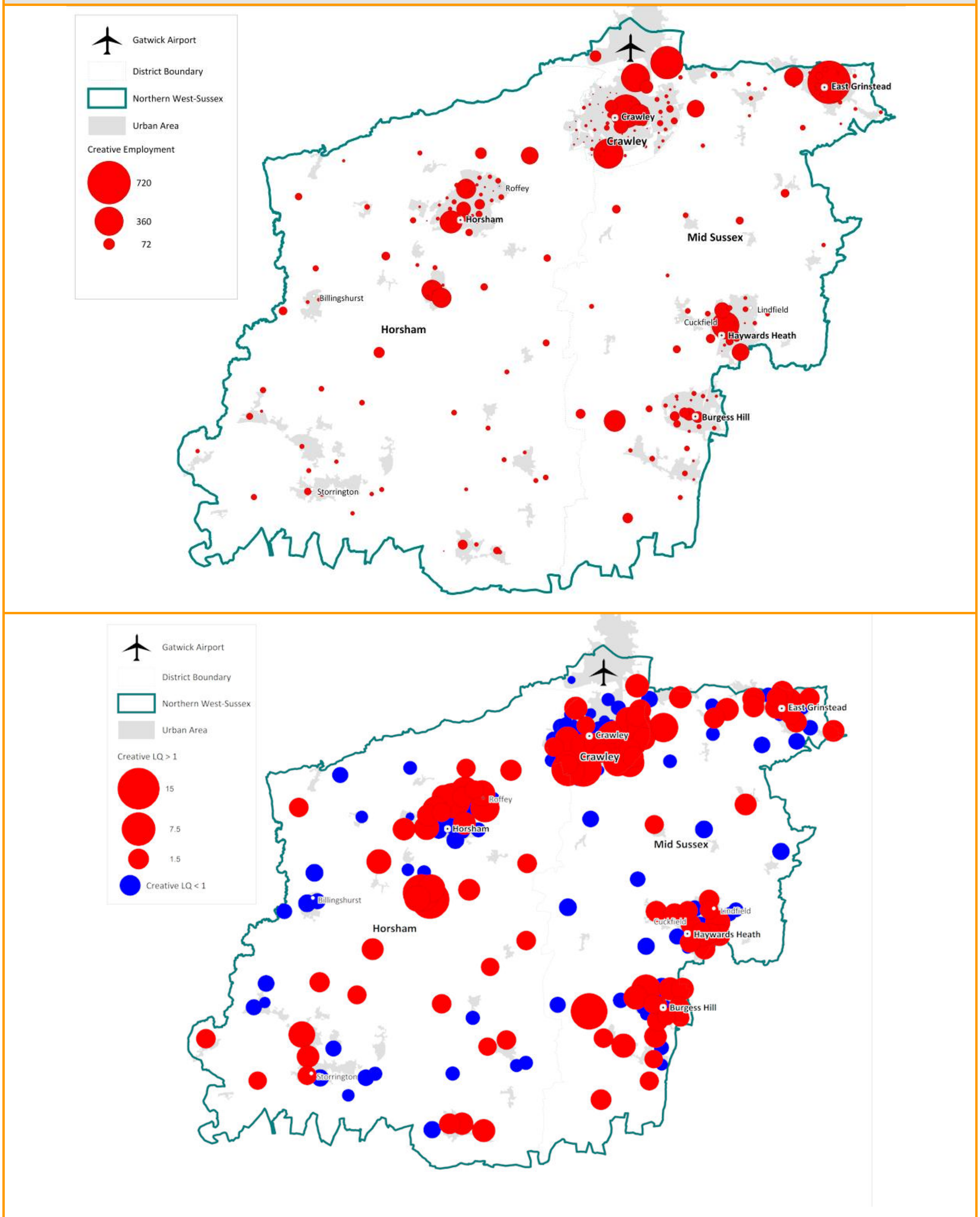
Employment in Creative Industries

3.122 In absolute terms, the majority of employment in Creative Industries in Northern West Sussex is found in the area's major towns. However, certain rural parts of Horsham and Mid Sussex are also home to relatively high concentrations of employment in Creative Industries.

Figure 3.69: Employment in Creative Industries – 2007 Total (top) and LQ vs GB (bottom)



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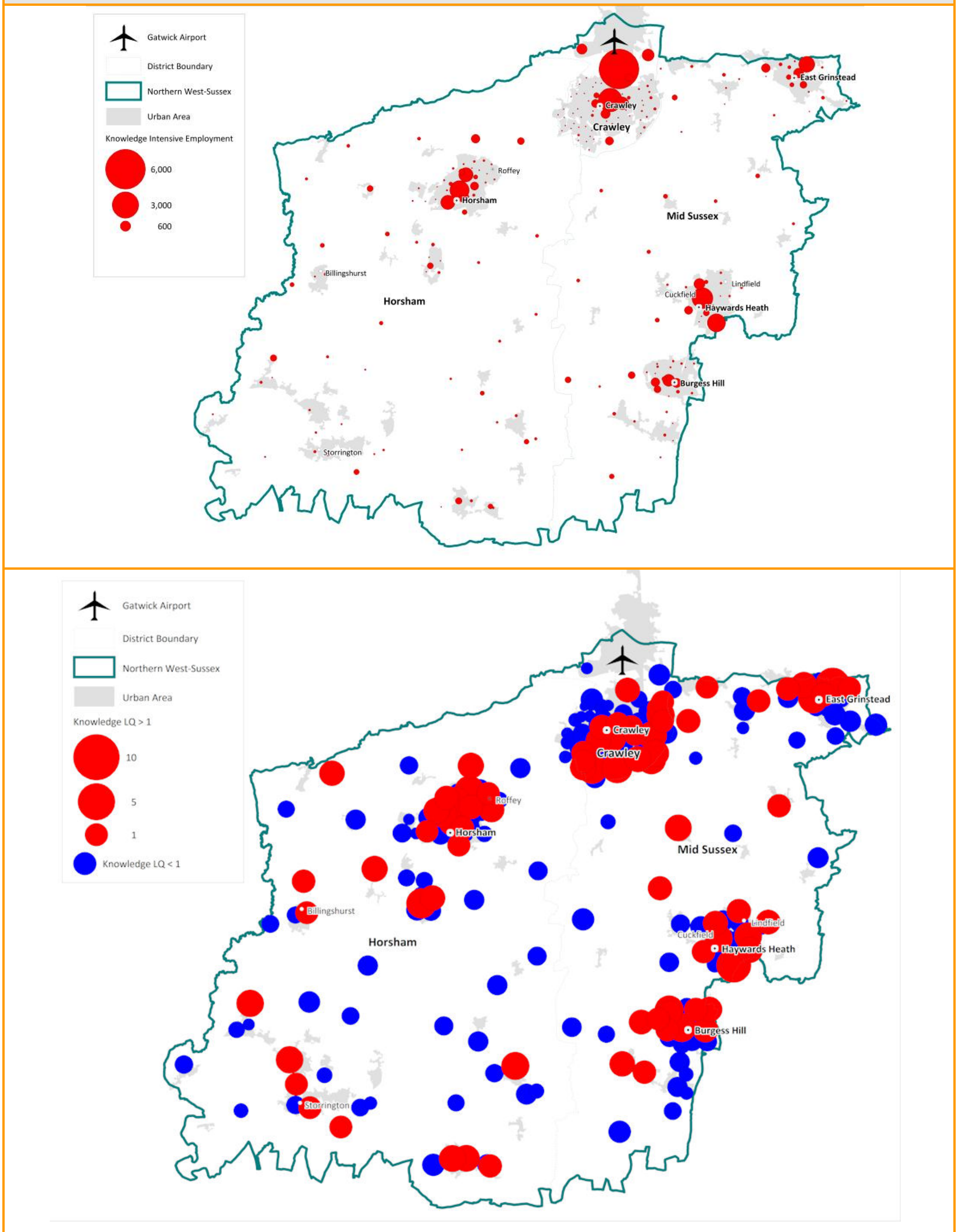
Employment in Knowledge Based Industries

3.123 In absolute terms, the vast majority of employment in knowledge based industries is found in Northern West Sussex's towns. There is a particularly large cluster of knowledge based employment close to Gatwick Airport.

3.124 Over-representation of employment in the sector are relatively high across the area's major towns, but also in certain rural areas of Horsham and Mid Sussex. This may again reflect home working tendencies of residents of these areas.

Figure3.70: Employment in Knowledge Based Industries – 2007 Total (top) and LQ vs GB (bottom)



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Policy and Strategy Review

The Sussex and Surrey Universities are establishing themselves as important centres in biochemistry/biological science and bio-skills, respectively (Clusters and Key Sectors in Crawley, Crawley Borough Council and Crawley Together, 2004).

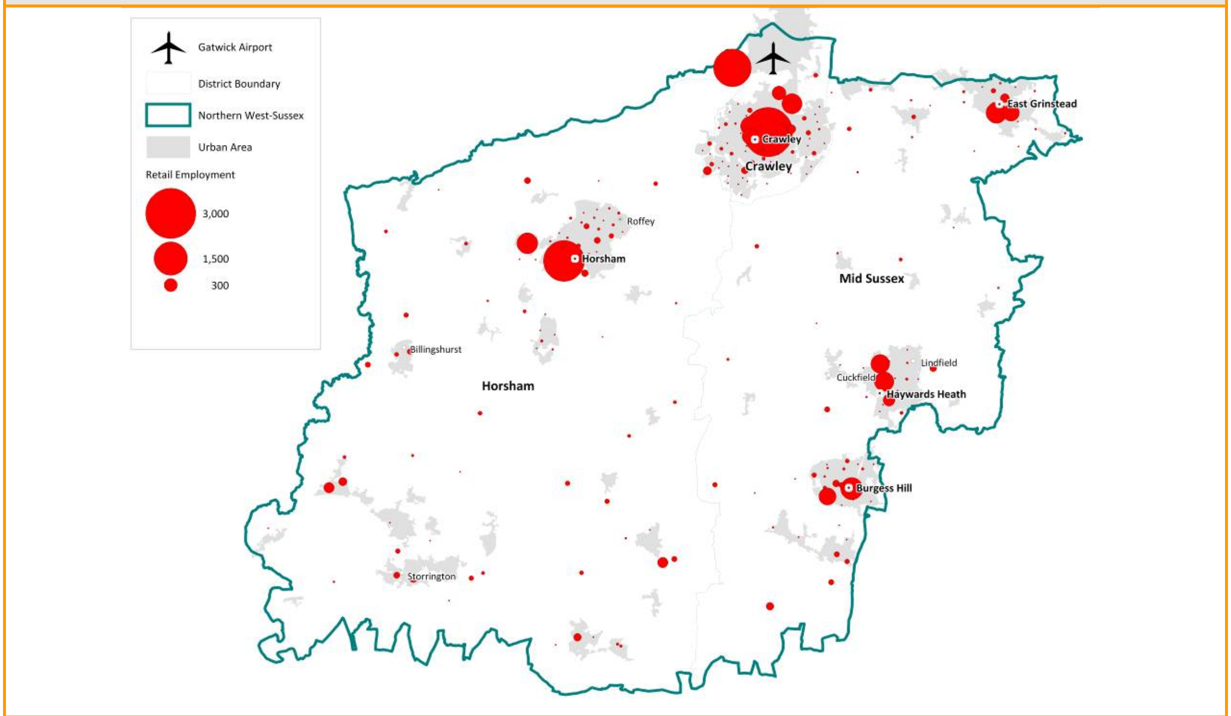
Crawley is becoming a centre for instrumentation and medical device production (Clusters and Key Sectors in Crawley, Crawley Borough Council and Crawley Together, 2004).

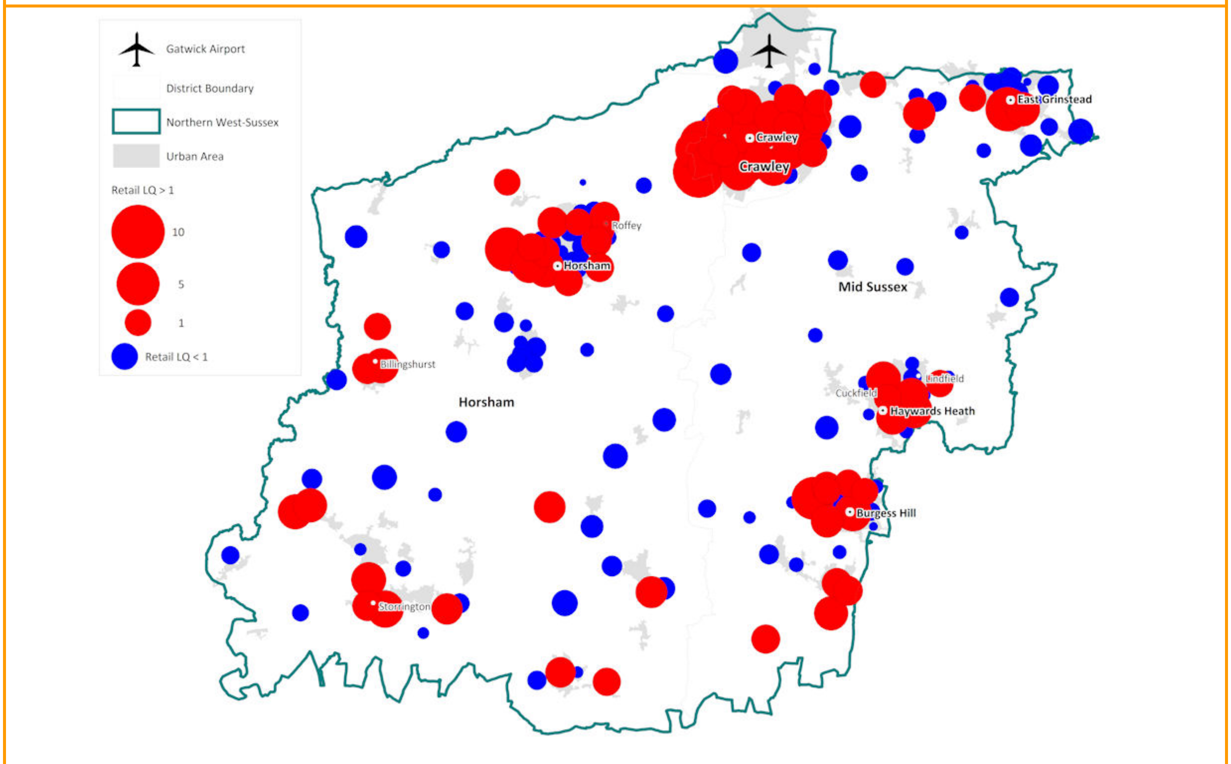
The Visioning Horsham Report identifies significant growth potential in business and professional services, banking and insurance and community and personal services over the period to 2021.

Employment in the Retail Sector

3.125 As would be expected, employment in Northern West Sussex's retail sector is mainly located in the area's major towns – particularly Crawley and Horsham. Urban areas also account for the highest over-representations in retail employment in Northern West Sussex.

Figure 3.71: Employment in Retail Sector – 2007 Total (top) and LQ vs GB (bottom)





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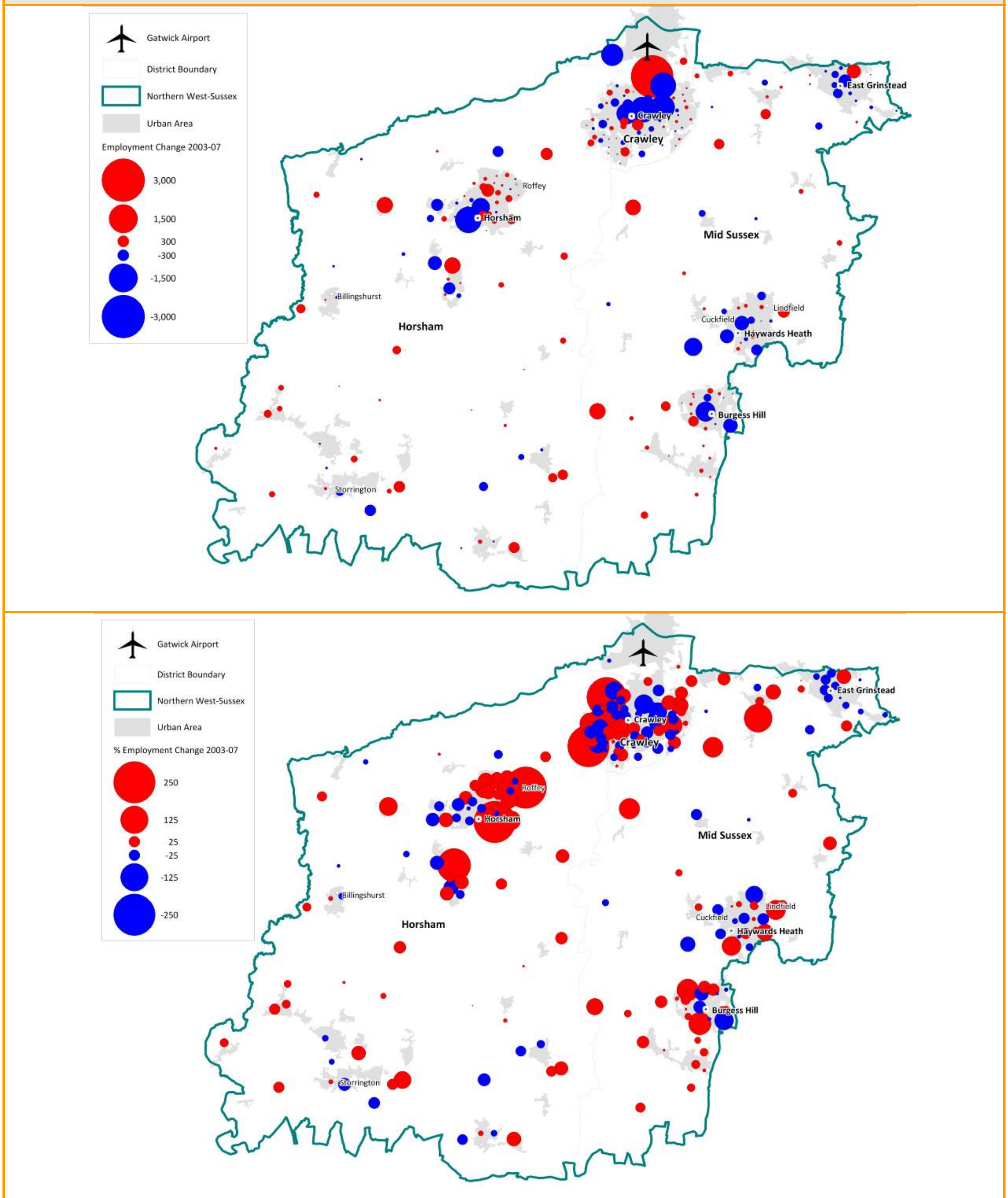
Employment Change 2003 – 2007

3.126 In absolute terms, there has been a high increase in employment in Manor Royal and the fringes of Gatwick Airport. However, other areas of Crawley and indeed parts of other urban areas in Northern West Sussex, have experienced job losses in recent years.

3.127 In terms of proportion change, employment increases in certain parts of Crawley in recent years have been more than outweighed by job loss in other areas. The opposite has been true in Horsham and Burgess Hill – job creation outweighing job losses.

Figure 3.72: Employment Change 2003-2007 – Absolute Change (top) and % Change (bottom)



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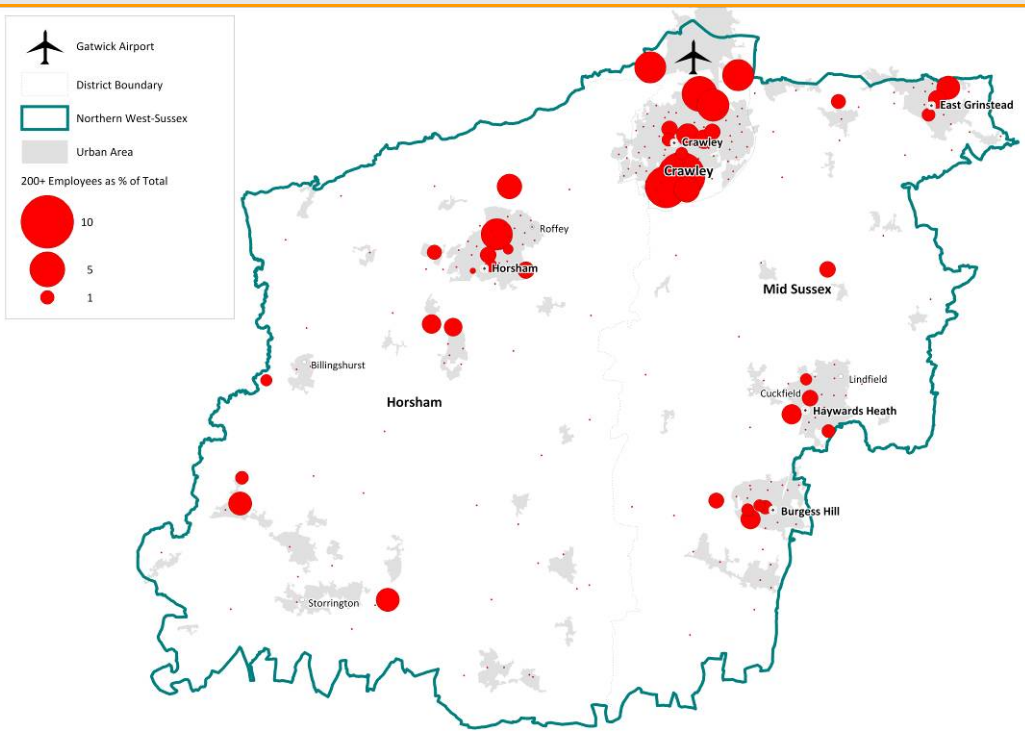
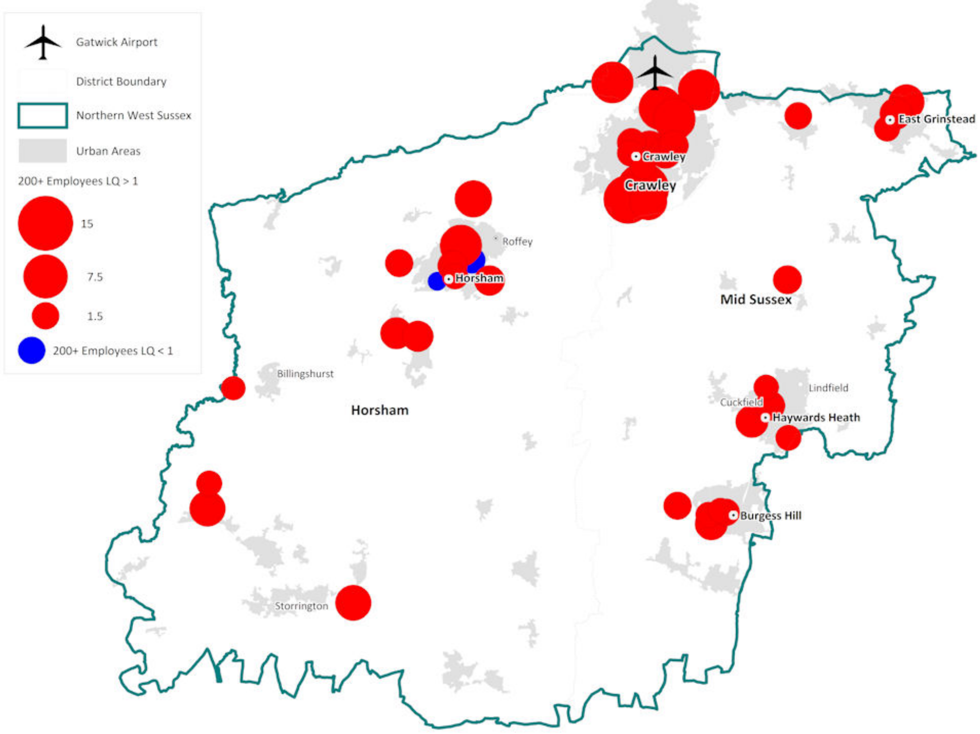
Business Size

3.128 The majority of Northern West Sussex businesses with more than 200 employees are located in and around Crawley and to a much lesser extent Horsham. Crawley also accounts for the majority of over-representation of large businesses in Northern West Sussex.

Figure 3.73: Business Size, Businesses with 200+ employees - Absolute 2007 (top) and LQ vs GB (bottom)





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Summary and Conclusions

3.129 The analysis above provides a useful indication of the spatial strengths and weaknesses within the Northern West Sussex sub-region. The key points can be summarised as follows:

- Crawley – Crawley contains strong concentration of employment in the aviation, retail, professional and public, health and education sectors. However, employment growth in certain localities in recent years has been outweighed by job losses in other parts of the Borough. The town is home to a relatively high concentration of large businesses.

- Horsham, Haywards Heath, Burgess Hill and East Grinstead – like Crawley, Northern West Sussex's other urban area's all have employment strengths in the retail sector, professional and business services and the public sector, health and education. They also have strengths in concentrations of employment in creative and knowledge based industries. Whilst both employment gains and losses have been experienced by different localities, the former outweighs the latter in Horsham.

- Rural Northern West Sussex – rural parts of Horsham and Mid Sussex have employment strengths in professional and businesses services, creative industries and knowledge based industries.

Policy and Strategy Review

Overall, West Sussex has a mix of positive and negative hot-spots. There are concerns in Crawley that the area lacks knowledge workers, that locals are not skilled enough and that recruitment and gaining planning permissions are difficult. At the same time, there are positive hot-spots and local expansions in the knowledge economy that will serve to benefit the wider area. Congestion in the area is now at a high level and coupled with some spots of environmental degradation, the attractiveness of the area as a place to live and invest may be damaged. Finally, despite congestion trouble, Crawley is still ranked at the 16th best connected place in England and Wales.

Consultation Findings

Consultation suggested that rural parts of Northern West Sussex may benefit from the current downturn in the UK economy. Job losses in the larger employment centre may encourage a larger number of people to become entrepreneurial, starting up their own businesses. If this is the case, it is important that the right type of space and support is available to enable these businesses to grow over time. The possibility of a need for more flexible employment space (of which Basepoint is an example) and Innovation Centres was highlighted.

4 PROPERTY MARKET ASSESSMENT

4.1 This section provides an assessment of the performance of the office and industrial property market in Northern West Sussex. It considers demand and supply trends for office, industrial and warehouse/distribution floorspace, drawing on available data, discussions with local authorities and local property agents and GL Hearn's in-house market knowledge.

4.2 Occupational demand for property is influenced by a range of factors including the location, the supply of floorspace and quality of existing provision, local and wider macro-economic trends and performance. The wider economic outlook and business confidence influence the property requirements and wider investment decisions of businesses.

4.3 The economic and property market context has changed significantly since late 2007 as economic conditions have deteriorated. In this context, this section considers both long and short-term trends.

4.4 Based upon our understanding of commercial property, labour market and economic trends, including travel to work patterns, we consider that Northern West Sussex forms a coherent local property market. Within this however, the different towns have a somewhat distinctive and complimentary offer to one another. These are explored through this section.

4.5 An overview of the current macro-economic context is provided initially. The analysis which follows then considers and assesses:

- Composition and trends in commercial floorspace;
- Office Market;
- Industrial Market;
- Warehouse/Distribution Market;
- Availability of Commercial Floorspace;
- New Development (Net Completions); and
- Development Pipeline.

MACRO-ECONOMIC CONTEXT

4.6 The UK economy performed strongly for just over a decade to mid 2007, achieving macro-economic stability and growth over a sustained period. Sustained economic growth, availability of credit and the attractiveness of property over other forms of investment, most notably the stock market, have supported development activity. It is important to recognise upfront that there were hence a range of factors which have influenced levels of development of new commercial floorspace, beyond simply occupational demand for new or additional space. Indeed it has been argued that occupational demand was strong only in a quite limited period between 2005 to early 2007 (Robert Houston, Global Head of Real Estate Investment Management, ING. 10.02.09).

4.7 From late 2007, the UK economy has entered a 'downturn' and as a result of two consecutive quarters of negative growth in the second half of 2008, at the time of writing in Spring 2009, is officially in a recession. Market demand across property market sectors is suffering from this marked deterioration in economic conditions.

4.8 Economic output (GDP) contracted by -1.5% in Q4 2008 representing the largest contraction in a quarter since 1980 and continuing the trend from the previous quarter when UK economic output fell by -0.5%. The level of GDP in Q4 2008 was -1.9% down on the same period a year previously.

4.9 A range of sectors are now being affected by the recession, with the 2008 Q4 figures indicating a substantial reduction in output has been experienced over the preceding year in the manufacturing sector (-8.1%);and distribution, hotels and catering (-4.7%). The transport sector which is important in this area has seen a fall in output of -0.5%, while business services had fallen by -0.1%.

4.10 Retail sales in the three months to January 2009 rose by 1.5% compared to the previous three months and were 3.2% higher than the same period a year ago. However a number of mainstream high street retailers have fallen into administration over the last six months and the short-term outlook is not strong, with knock-on implications for the distribution/ warehouse sector.

4.11 Employment growth which until recently had remained strong, turned negative in mid 2008, with the employment rate nationally falling from 74.8% in the first quarter of the year to 74.1% in Q4. We have seen a similar trend in Northern West Sussex, with linked growth in unemployment levels (as described in Chapter 3).

4.12 A number of recent surveys, at the time of writing, have highlighted that business confidence has fallen sharply. Research by SEEDA in October 2008 for instance showed that just one in nine businesses in the region believed that the climate in which they operate would improve in the subsequent 12 months. One third of businesses expected the volume of output and domestic orders to fall, while almost half expected profit margins to be lower than in the next 12 months.

4.13 Indeed the respected Institute of Chartered Accountants (ICEAW) Business Monitor for Q1 2009 records that business confidence has been falling since mid 2007 and is now at a historic low. Almost a third of businesses report that compared to the last 12 months, they are *much* less confident about the economic prospects facing their organisation in the year ahead.

4.14 The ICEAW expects business turnover to fall by 0.3% in 2009 compared to annual growth of c. 4% to date, linked to declining sales volumes and minimum growth in selling margins as businesses compete for market share.

4.15 There are a range of broader factors which are now contributing to reinforce deteriorating economic circumstances. These include:

- Manufacturing output falling as order books shrink;
- Businesses taking stringent action to cut costs (which include staffing levels);
- A situation of effective 'market failure' in the property and construction industry linked to a dearth of credit,
- Rising unemployment, reduced access to credit and consumer confidence impacting on demand in the retail, leisure, hotels and catering sectors;
- Contraction in the banking, finance and insurance sector which has been a strong driver of economic performance in the last decade and contributed disproportionately to wealth creation.

4.16 The ICEAW survey identifies that the property and construction, banking, finance and insurance and transport, storage and communication sectors are currently the least confident about short-term business prospects. The latter two are sectors in which there is an over-representation of employment in Northern West Sussex.

4.17 The Treasury's latest Consensus Forecasts (Feb 2009) predict that GDP will fall substantially by -2.8% in 2009. The green shoots of recovery are expected to emerge in 2010 but growth is expected to be moderate at 0.4%, with stronger growth of 2.2% in 2011 before returning to a near trend 2.6% in 2012 and 2013.

4.18 This macro-economic picture will impact on occupier demand for property which is expected to fall and result in negative rental growth throughout 2009 and 2010. The IPD Monthly Index (Dec 2008) indicates that commercial property rents had been falling consistently throughout the second half of 2008 and are now -1.4% down on the previous year.

4.19 GVA Grimley predict negative rental growth to 2011, with improving (but below inflation) growth in rents returning in 2012 and 2013 (as occupational demand improves but is not matched by levels of new development). Figure 4.1 indicates their January 2009 Rental Value Growth Forecasts.

Figure 4.1: Rental Value Growth Forecasts

	2009	2010	2011	2012	2013
Retail	-5.60%	-4.70%	-2.10%	0%	1.60%
Office	-13.40%	-9.20%	-2.60%	1%	3.80%
Industrial	-4.00%	-3.50%	-1.60%	0.20%	0.90%
All Property	-8.10%	-6.10%	-2.20%	0.40%	2.20%

Source: GVA Grimley

4.20 The office market is vulnerable to declining employment in financial and business services which accounts for around two thirds of office employment. It is expected to see a particularly strong fall in rental values in 2009 and 2011, albeit that this is heavily influenced by central London offices.

4.21 The deterioration in outlook for the manufacturing and retail sectors is expected to impact on the industrial and warehouse/distribution markets. Recent changes to rate relief will further deter development activity. The expectation is that rental values will fall by around 4% - 5% pa over the next two years.

4.22 The economic and market outlook have resulted in many large capital investment projects being stalled or delivery re-profiled linked to the downturn in commercial and residential property demand and the availability and cost of credit.

4.23 It is worth noting that there is unlikely however to be a direct relationship between declining employment numbers and floorspace, as some businesses shrink in terms of employee numbers but retain existing floorspace linked to the leases or sizes of units they occupy. Similarly those businesses which do expand may try to accommodate growth by using existing floorspace more intensely rather than invest in taking on new space which increases overheads.

COMPOSITION & TRENDS IN COMMERCIAL FLOORSPACE

4.24 Northern West Sussex benefits from its location and transport links and these contribute to its attractiveness as a business location. The sub-region contains a major international airport, and has strong rail links to London, with the Gatwick Express linking the Airport Rail Station with London Victoria in 30 minutes. The Brighton Main Line also provides direct rail links from to East Croydon, London Victoria, London Bridge and the City of London. The Airport, Three Bridges and Haywards Heath have the fastest and most frequent services. The M23/A23 provides access to the M25 and national motorway network.

4.25 In a broader sense, Northern West Sussex benefits from a high quality of life and strong skills mix overall (recognising the different between the skills profile in Crawley and the wider area), which enhance its attractiveness relative to other parts of the greater South East (including the Thames Gateway).

4.26 Crawley is the major economic and commercial centre in the sub-region: it contains 46% of total floorspace in the Study Area. This compares to 28% of the Study Area population resident in the Borough but is similar to the 44% level of jobs in the Study Area in Crawley. This total floorspace includes office, warehouse and factory floorspace together with retail and other uses.

Figure 4.2: Floorspace – All Bulk Classes

000 sq.m	2007	% West Sussex	% Northern West Sussex
Crawley	1565	25%	46%
Horsham	960	15%	28%
Mid Sussex	867	14%	26%
Northern West Sussex	3392	54%	100%
West Sussex	6305	100%	
South East	73190		
England	563116		

Source: VOA/ CLG

4.27 We have analysed changes in total floorspace between 1998 – 2004 and 2005 – 2007. Because of a revaluation of commercial property undertaken in 2005, it is not possible to compare floorspace trends pre and post 2005 using CLG's Commercial and Industrial Floorspace Statistics.

4.28 Total floorspace across the bulk use classes (which includes retail) grew strongest by 17% in Crawley between 1998 – 2004 effectively reinforcing its role as the major economic centre in the sub-region. Growth in Horsham and Mid Sussex Districts at 7% and 5% respectively was below average relative to the region and England.

Figure 4.3: % Change in Total Floorspace, 1998 – 2004

000 sq.m	1998	2004	% Change (1998 - 2004)
Crawley	1255	1470	17%
Horsham	867	930	7%
Mid Sussex	784	825	5%
Northern West Sussex	2906	3225	11%
West Sussex	5564	6072	9%
South East	64564	71550	11%
England	511775	555634	9%

Source: VOA/ CLG

4.29 Across the 1998-2004 period, annualised growth in floorspace was 1.8% pa in Northern West Sussex (varying from 0.9% pa in Mid Sussex to 2.9% in Crawley). Floorspace growth continued in the 2005 – 2007 period, averaging 1.6% pa (with a similar pattern of variance from 0.4% in Mid Sussex pa to 2.2% in Crawley, but with Horsham District performing more strongly at 1.6% pa).

Figure 4.4: % Change in Total Floorspace, 2005 - 2007

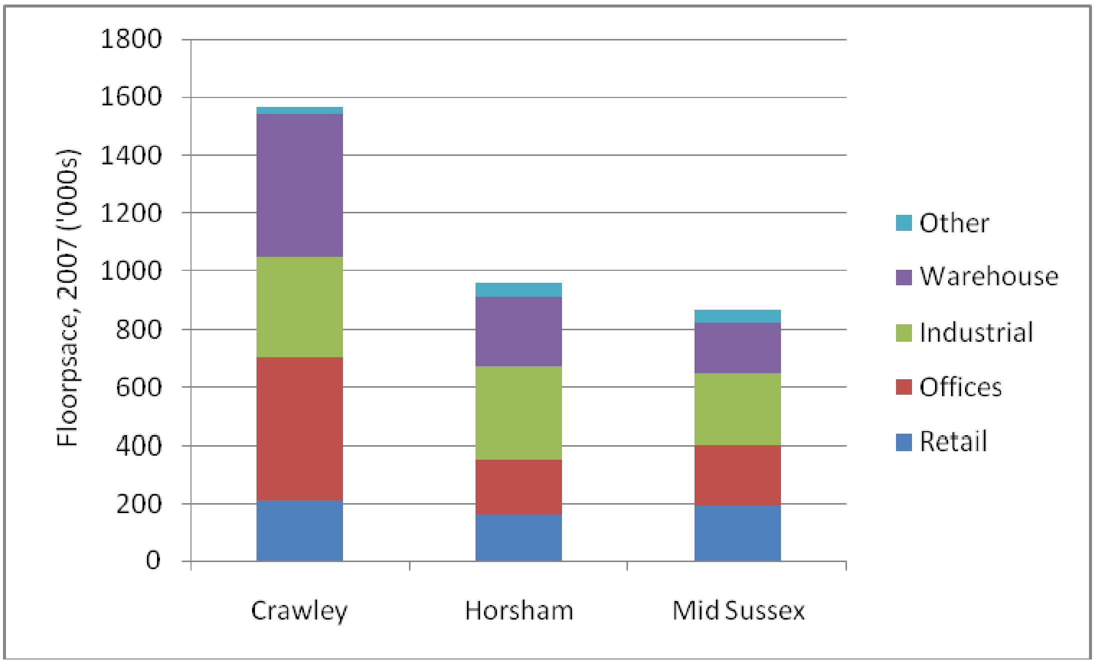
000 sq.m	2005	2007	% Change (2005-2007)
Crawley	1500	1565	4%
Horsham	930	960	3%
Mid Sussex	860	867	1%
Northern West Sussex	3290	3392	3%
West Sussex	6208	6305	2%
South East	72511	73190	1%
England	557302	563116	1%

Source: VOA/ CLG

4.30 Crawley contains around twice the total floorspace across bulk use classes as either Horsham or Mid Sussex Districts, as Figure 4.5 demonstrates. This reflects a combination of factors which make it an attractive business location including inter alia: its proximity to London, motorway and rail links and adjacency to Gatwick Airport.

4.31 The level of employment floorspace and size of its commercial property market in Crawley is correspondingly more substantial than in Horsham, East Grinstead, Burgess Hill or Haywards Heath.

Figure 4.5: Total Floorspace by Bulk Use Class, 2007

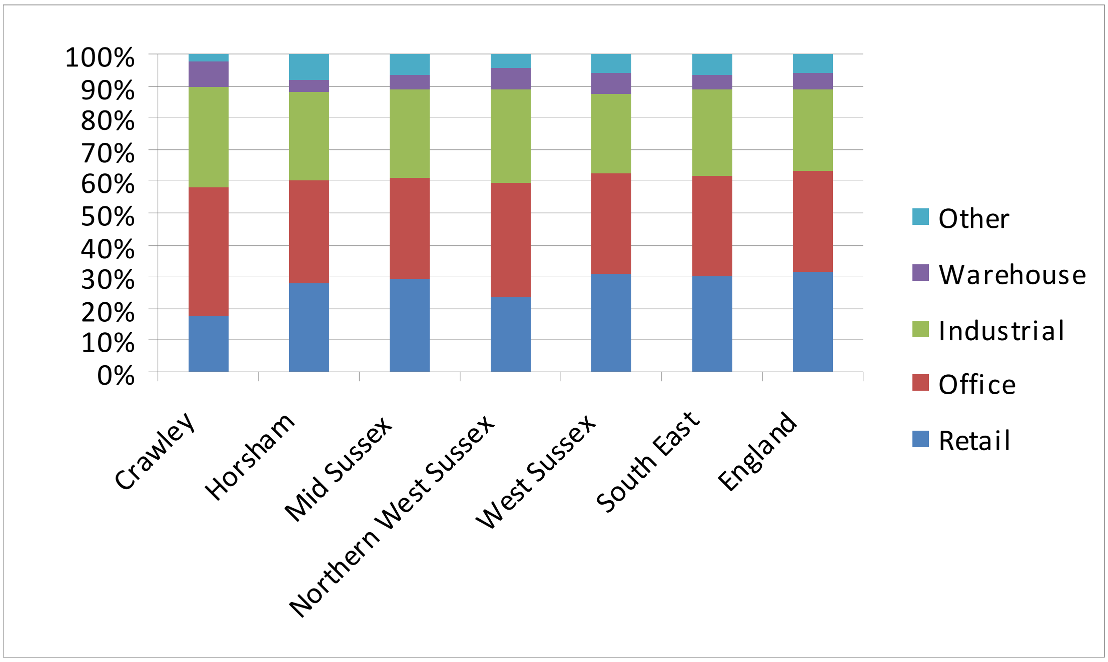


Source: CLG/VOA

4.32 Crawley has evolved over the years from a largely industrial employment base to become a sub-regional office location, with a heavy bias towards the financial and business services sector. It has a greater proportion of office floorspace than average at 40% of all bulk floorspace. Levels of office floorspace at 32% in Horsham and Mid Sussex Districts are consistent with regional and national benchmarks.

4.33 Crawley also has a higher proportion of industrial and warehouse floorspace (32% and 8% respectively of total bulk floorspace in Northern West Sussex) relative to the other two local authorities and wider benchmarks. This is likely to reflect the proximity of the town's industrial estates to Gatwick Airport and its historical growth as a New Town.

Figure 4.6: Floorspace Composition by Use Type



	Retail	Office	Industrial	Warehouse	Other
Crawley	18%	40%	32%	8%	2%
Horsham	28%	32%	28%	4%	8%
Mid Sussex	29%	32%	27%	5%	7%
Northern West Sussex	23%	36%	30%	6%	5%
West Sussex	31%	31%	25%	6%	6%
South East	30%	32%	27%	5%	6%
England	32%	31%	26%	5%	6%

Source: CLG/VOA

4.34 The floorspace mix in Horsham and Mid Sussex Districts is similar to the South East and England averages.

OFFICE MARKET

4.35 Crawley is the main office centre within the Study Area: it contains 55% of total office floorspace. Office floorspace relates broadly to B1a and B1b Use Classes.

Figure 4.7: Office Floorspace, 2007

000 sq.m	2007	% West Sussex	% Northern West Sussex
Crawley	488	37%	55%
Horsham	188	14%	21%
Mid Sussex	210	16%	24%
Northern West Sussex	886	68%	100%
West Sussex	1306	100%	
South East	15682		
England	96700		

Source: CLG/VOA

4.36 Crawley's office market developed and grew strongly in the 1998 – 2004 period achieving 30% growth in total floorspace (net). This compares with 22% growth across the region driven by a shift of economic activity towards service and office-based employment.

4.37 Mid Sussex District saw minimal growth of 3% in office floorspace between 1998 – 2004. Horsham District saw a net reduction in office floorspace of - 6%.

Figure 4.8: % Change in Office Floorspace, 1998 – 2004

000 sq.m	1998	2004	% Change (1998 - 2004)
Crawley	342	444	30%
Horsham	201	189	-6%
Mid Sussex	208	215	3%
Northern West Sussex	751	848	13%
West Sussex	1114	1257	13%
South East	13185	16132	22%
England	78973	97181	23%

Source: CLG/VOA

4.38 Crawley witnessed a slightly accelerated rate of growth in office floorspace, achieving 5.5% growth pa in 2005-7 relative to 5.0% the 1998-2004 period. Horsham witnessed 1% growth (net) in office floorspace over the two years; whilst total net floorspace declined in Mid Sussex.

Figure 4.9: % Change in Office Floorspace, 2005 – 2007

000 sq.m	2005	2007	% Change (2005-2007)
Crawley	440	488	11%
Horsham	186	188	1%
Mid Sussex	216	210	-3%
Northern West Sussex	842	886	5%
West Sussex	1251	1306	4%
South East	15479	15682	1%
England	94216	96700	3%

Source: CLG/VOA

4.39 The evident trend is of a reinforcing of office space provision within Crawley as the main employment centre in the sub-region with an established office market and number of significant occupiers.

Crawley

4.40 Gatwick Airport has a notable influence on the office market in Crawley, with a number of the town's largest office occupiers related directly or indirectly to aviation and travel. These include Virgin Atlantic, British Airways and the Civil Aviation Authority. The town is also home to Unilever Bestfoods division, however Unilever will pull out of Crawley in 2009 as part of a consolidation into a new purpose-built headquarters in Leatherhead.

4.41 There are three main locations for office development in Crawley: the Town Centre, Manor Royal and the immediate environs of Gatwick Airport. Due to a lack of available sites in the Town Centre, recent office development has been focused at Manor Royal and around the Airport. Against this context, the majority of take-up has been of out-of-town office space, focused particularly within Manor Royal.

4.42 The most recent office developments have been at City Place, located on the Beehive Site on the fringes of Gatwick Airport; together with Gatwick 23, half a mile away on Gatwick Road in Manor Royal. The two schemes add more than 128,000 sq.ft to Crawley's Grade A office supply and taken the vacancy rate in the office market to nearly 10% against a context of a five year low rate of take-up achieved in 2008.

4.43 City Place is a high quality scheme consisting of three buildings built between 2002 – 2008, partly on a pre-let and partly on a speculative basis. The scheme has performed well, with Building Two now fully let and Building Three (68,618 sq.ft) was completed last year on the back of this success. The quoting rent is £25 psf.

4.44 In 2007 market commentators were reporting a looming shortage of Grade A office space in Crawley, with the only space available being a meagre 5,000 sq.ft at Pegasus Place at £24.50 psf. New space coming on stream at City Place and Gatwick 23 has gone some way to resolving this whilst occupational demand has also dropped linked to wider economic conditions.

4.45 Gatwick 23, completed in June 2008, comprises 62,214 sq.ft of office space refurbished to Grade A standard by Northridge Capital. No space in either of its twin buildings has yet been let. The quoting rent is £19.50 psf.

4.46 Manor Royal remains the town's main employment location. Originally designated for industrial and warehouse/ distribution uses, Manor Royal has developed as an office location since the 1980s through the gradual redevelopment of industrial sites for office use. A major focus of office provision has been the Crawley Business Quarter which comprises over 320,000 sq.ft of floorspace developed since the mid 1990s on the western part of Manor Royal. Vrgin Atlantic, Unilever Bestfoods, Alteon Training and Tokyo Electronics all occupy large standalone modern office buildings here. Diamante Investments have planning permission for a further 130,000 sq.ft of office development.

4.47 While Manor Royal caters well for larger office occupiers, there appears to be a reasonably high vacancy level for smaller units. This includes office and light industrial space around Betts Way, where there may be potential for development; and at Satellite Business Village where there are a number of vacant B1 units ranging between 4,200 – 5,800 sq.ft in size.

4.48 In Crawley Town Centre, there are concentrations of office premises around Crawley Station, the northern end of the High Street, and to the south of the Town Centre. The largest recent deal was the letting in 2007 of 24,000 sq.ft to DMH Stallard at Gainsborough House at the northern end of the High Street. Other key tenants include lawyers Thomas Edgar, located close to Crawley Station; and Virgin Atlantic at the Galleria.

4.49 Floorspace to the south of the Town Centre is primarily in secondary office buildings, many of which are due to be redeveloped as part of the Town Centre North regeneration scheme.

4.50 Regus Business Centre provides office space for micro businesses. There is a Basepoint development of flexible office and workshop space in Manor Royal, which has been achieving occupancy levels of over 90%.

4.51 Pinnancle House, opposite Crawley Station, was refurbished by Invista Real Estate in early 2008 to provide 22,000 sq.ft of Grade A space. It however remains unoccupied. Indeed there is also considerable vacant space close to the station within Overline House (3,600 – 27,000 sq.ft units), and in the 1970s Belgravia House.

4.52 In addition to the Town Centre and Manor Royal, there are a number of smaller secondary office locations within Crawley. These include Haslett Avenue East, Broadfield Park and Tilgate Forest Business Park. Broadfield Park and Tilgate Business Park were developed in the 1980s and 1990s respectively along Brighton Avenue in the south of the town.

4.53 Prime office rents in Crawley are reported at around £23 psf at mid 2008 for out-of-town space. City Place has been the recent driver of rental growth. It has seen the most recent key deals in the Crawley market, including BDO Stoy Hayward and AV who both took space at 2 City Place at £23.50 psf in the first half of 2007.

4.54 Town centre rents, due to the generally lower standard of space, are slightly lower at £22 psf. Rental levels have seen limited growth over the last five years. There is a strong prospect of negative growth in the short-term.

4.55 Outside of Crawley, the freehold owner-occupier office market has traditionally been very popular linked both to the availability of opportunities and the size and type of businesses locating in the ‘mid Sussex’ market (which includes Horsham and Mid Sussex Districts). As demonstrated elsewhere, a high proportion of the business base in Mid Sussex and Horsham Districts comprises small businesses: 88.5% of Horsham’s businesses and 88.1% of those in Mid Sussex District have between 1-10 employees. This compares to 76.2% in Crawley.

Horsham

4.56 Horsham’s office market comprises predominantly small, professional companies however there are a number of larger occupiers within the larger schemes constructed in the 1980s.

4.57 The office market in early 2008 was cautiously confident, demonstrated by the sale of Enterprise House, which is let to BT PLC for £3.95 million. However this confidence has been significantly dented by Royal Sun Alliance’s announcement to downsize its presence in the town.

4.58 Royal Sun Alliance was Horsham’s largest office occupier but has been progressively scaling back its presence. In 2008 it consolidated its presence to the 140,000 sq.ft St Marks Court building on Chart Way, to release its 100,000 sq.ft Parkside office, close to the rail station, and the adjacent 39,650 sq.ft Linden House. It has reduced its workforce in Horsham from c. 3-4000 to 700 staff.

4.59 West Sussex County Council have recently purchased the 100,000 sq.ft building known as Parkside from Royal Sun Alliance and are intending to refurbish the space to provide a new ‘County Hall North.’ We understand that this will involve some reorganisation of space that the County Council already occupy within the town, with potentially some relocation of jobs from Chichester. The County has purchased the space at Parkside, built in 1994, for a capital value of £100 psf. The deal has gone some way to buoying the market, particularly in the current economic climate. West Sussex County Council are now the main office occupiers in the market. It is considered that this may act as a catalyst for other businesses linked to serving the local authorities. The town is however unlikely to attract another large occupier.

4.60 A large proportion of the office stock in Horsham is vacant despite the fact that there has been no speculative development in the town since the 1980s. Much of the available office floorspace in Horsham dates from the 1980s with little Grade A floorspace available. It is generally perceived that there is an oversupply of office accommodation in the town. Flexible policies which support change of use may be appropriate.

4.61 A number of mainly mid-sized professional service occupiers who would traditionally have occupied around 5,000 sq.ft office units have consolidated their businesses into offices in Crawley or other large towns in the region, and closed their smaller satellite offices. The market in Horsham is now for smaller premises. The town however is attractive to smaller freehold occupiers.

4.62 8,000 sq.ft of bespoke small business space for micro-businesses has been delivered at the Top Centre in Horsham Town Centre. This has been successful and fully occupied and demonstrates demand for suitable business space for micro-businsses.

4.63 The latest office development in Horsham is at Foundry Court on Foundry Lane, to the north of the town centre. This is a self-contained office scheme with units ranging between 1,243 – 2,643 sq.ft being sold on a freehold basis. It has attracted a good mix of professional occupiers, including Hitek Calibration, Oxygen 4, Protec, Marcon Homes and The Drinks Company. Three units remain available for c. £200 - £215 psf capital value.

4.64 Rents in Horsham peaked in the early 1990s at around £17-£18 psf and then declined to £10 psf in the mid 1990s. Headline rents have now crept up to £15 psf but this is still not sufficient to support mainstream speculative office development activity (even with more favourable market conditions).

Haywards Heath

4.65 The office market in Haywards Heath is strongly influenced by the rail connections and a number of large occupiers from the banking and insurance sectors. It has a highly skilled catchment and offers an attractive working environment, with access to various cafes and restaurants in the town centre. Major occupiers include Lloyds Banking Group, HSBC, Europ Assistance and Savills housed in larger 1980s office blocks on Perrymount Road. Many are loyal to the town. Take-up averages 50-80,000 sq.ft per annum.

4.66 While there is a critical mass in terms of major occupiers, the level of vacant office floorspace is above average. Available space includes 20,683 sq.ft at 21 Perrymount Road and 3,919 sq.ft at Perrymount House, both on Perrymount Road. There is also space available in a number of refurbished office blocks, including Chester House (2,500 – 6,800 sq.ft) and Capital Place, a newly-refurbished block at the top of Perrymount Road providing 5,000 – 27,000 sq.ft floorplates. Rental values for refurbished space are £18-19 psf.

4.67 The key issue however appears to be one of quality, with a long-standing lack of Grade A space available, which has led to a number of large requirements taking space elsewhere. It will be important to retail a consistent supply of new or refurbished floorspace.

4.68 Thornfield's Station Quarter redevelopment scheme currently includes c 100,000 sq.ft of office accommodation and is at a pre-planning stage. The office space is mostly in a large building facing onto the proposed new Station Square with some office space to be provided above the new station building. We understand that there are limited other potential development sites close to the rail station.

4.69 The Station Quarter provides the potential for product-led development which will move rents upwards and could potentially provide a catalyst for other office development.

East Grinstead

4.70 East Grinstead historically performed well as a secondary office location, particularly benefiting from the lack of space in Crawley before the change of policy in the 1980s allowing office development at Manor Royal. However that has been limited recent office development and the town is not regarded as a strong office market. A number of occupiers, such as Veritas, have relocated to Crawley despite the lower cost of space in East Grinstead. Currently rents are low and the vacancy level is above average, with limited local demand.

4.71 Key office occupiers in the town include Simmonds, occupying 30,000 sq.ft of space, and Reed, who occupy 30-40,000 sq.ft. Headline rents are £12-13 psf. However a high proportion of the office stock is second hand space, letting from £10-12 psf.

4.72 Transport connections to the town are not as strong as elsewhere in the sub-region, particularly by rail. There is generally an oversupply of second hand space and little demand for Grade A product.

Burgess Hill

4.73 Burgess Hill has a successful industrial base, however the office market is less well developed partly reflecting the strength of transport links to the town. The main employment location is the Victoria Business Park, an in-town estate.

4.74 Major office occupiers in Burgess Hill include Roche Diagnostics, American Express, Honeywell, Rockwell Collins and CAE.

4.75 Whilst primarily an industrial/warehouse location the Victoria Business Park includes some office provision. This includes the Woodlands Office Park. Comprising four buildings, this provides modern floorspace ranging between 1,670 – 6,790 sq.ft on either a freehold or leasehold basis. Quoting rents are £16 psf.

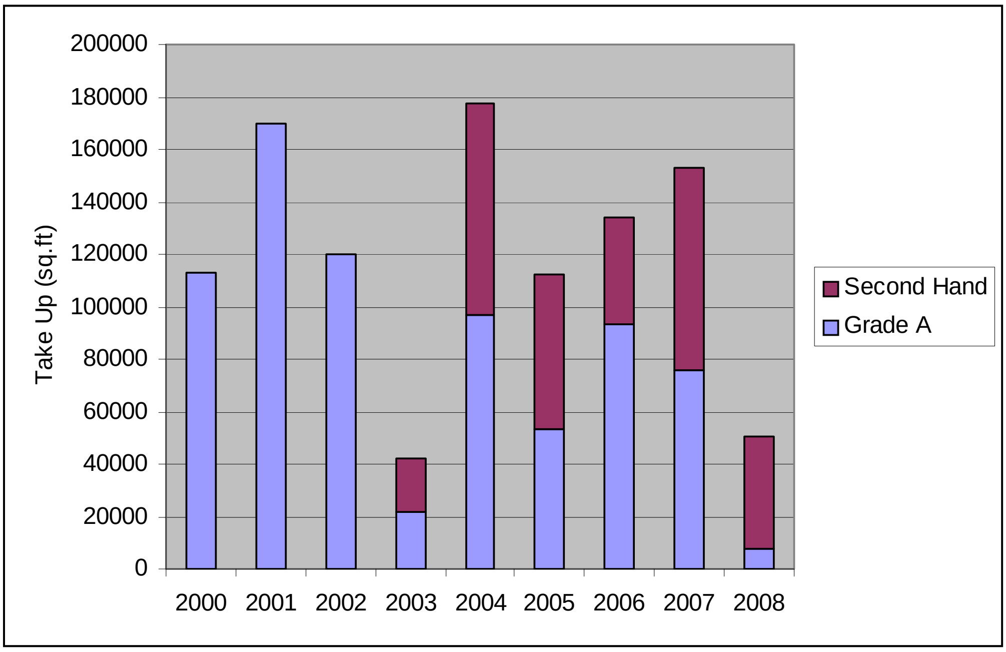
4.76 The major in-town office location is The Brow, a 1970s office development located close to the retail core. It has a high current level of vacancy, with one block providing 32,660 sq.ft floorspace currently completely empty. The town centre is not an established office market.

Office Take-Up

4.77 Based on data from Stiles Harold Williams, office take-up in Crawley has average 120,000 sq.ft per annum over the 2000-8 period, peaking at 177,500 sq.ft in 2004. Across the period, 70% of take-up has been of Grade A space.

4.78 As Figure 4.10 shows however, take-up of office space in Crawley in 2008 was just a third of levels achieved the previous year reflecting the downturn in the economy. This is likely to further deter development activity in the short-term, notwithstanding development finance and risk factors.

Figure 4.10: Take-Up in Crawley



Source: Stiles Harold Williams

4.79 For the other towns, we have drawn on data on deals from EGi to establish take-up. Figure 4.11 indicates office take-up over the five year period 2004 – 2008 inclusive. Take-up of office space has been strongest in Horsham, averaging just over 25,000 sq.ft per annum. It has been weakest in Burgess Hill at just 2,500 sq.ft per annum.

Figure 4.11: Indicative Assessment of Take-Up

	Office Lettings, 2004 – 2008 (sq.ft)	Annual Office Take-Up (sq.ft)
Horsham	127,144	25,429
Haywards Heath	67,867	13,573
East Grinstead	55,671	11,134
Burgess Hill	12,486	2,497

Source: EGi

4.80 Our analysis indicates that 70% of take-up of office space over the last five years within the main towns in the sub-region has been in Crawley.

INDUSTRIAL MARKET

4.81 Industrial floorspace is spread relatively evenly across the sub-region, with 38% in Crawley, 35% in Horsham and 27% in Mid Sussex. Industrial floorspace is assumed to include both B1c and B2 Use Classes.

4.82 A strong industrial market in Crawley is consistent with other New Towns. It has been supported and driven by the aviation industry and the proximity of Manor Royal to Gatwick Airport, alongside good road accessibility afforded by the M23.

Figure 4.12: Industrial Floorspace, 2007

000 sq.m	2007	% West Sussex	% Northern West Sussex
Crawley	349	18%	38%
Horsham	319	17%	35%
Mid Sussex	244	13%	27%
Northern West Sussex	912	47%	100%
West Sussex	1926	100%	
South East	20664		
England	196669		

4.83 The volume of industrial floorspace remained relatively static across the South East, growing by 1% as against a -1% reduction in industrial floorspace across England. This picture is mirrored across the sub-region, with 1% floorspace growth between 1998 – 2004.

4.84 There has however been some internal redistribution of industrial floorspace, with a -8% reduction in total floorspace in Crawley and a growth of 12% in industrial floorspace in Horsham District. Mid Sussex has witnessed a 2% growth in industrial floorspace between 1998-2004.

4.85 A decline in industrial floorspace in Crawley can be linked to a relaxation of planning policy at Major Royal in the 1980s, resulting in a large amount of industrial space being redeveloped for office accommodation.

Figure 4.13: % Change in Industrial Floorspace, 1998 – 2004

000 sq.m	1998	2004	% Change (1998 - 2004)
Crawley	363	335	-8%
Horsham	310	346	12%
Mid Sussex	238	243	2%
Northern West Sussex	911	924	1%
West Sussex	2022	2061	2%
South East	21729	21965	1%
England	211530	208510	-1%

4.86 The industrial market appears to have been stronger between 2005 – 2007 than wider areas, with total industrial floorspace remaining broadly static as against a reduction across West Sussex as a whole, the South East region and England. Indeed total industrial floorspace in Crawley grew by 1%, albeit that this was counterbalanced by a similar scale reduction in Horsham District.

Figure 4.14: % Change in Industrial Floorspace, 2005 - 2007

000 sq.m	2005	2007	% Change (2005-2007)
Crawley	347	349	1%
Horsham	323	319	-1%
Mid Sussex	243	244	0%
Northern West Sussex	913	912	0%
West Sussex	2029	1926	-5%
South East	21342	20664	-3%
England	204237	196669	-4%

4.87 Despite this recent resilience, Crawley has seen a net reduction in industrial floorspace since 1998, whilst Horsham and Mid Sussex Districts have experienced marginal growth. There has hence been an element of redistribution within the sub-region.

4.88 Rents for industrial floorspace in Crawley were around £8.25 psf/ £89 psm in mid 2008. This compares to £8.00 in Milton Keynes, £9.75 in Oxford and Reading and £7.50 in Basingstoke. Comparable rents in Burgess Hill are £6.75 psf/ £73 psm.

Crawley

4.89 Many of Crawley's major manufacturing firms are engaged in skilled technical work rather than low-grade manufacturing. Major businesses includes Thales Group, Varian Medical Systems and GlaxoSmithKline. GlaxoSmithKline are however looking to rationalise their operations: they have determined to retain their site at Worthing and relocate from Crawley, releasing their current site 12 hectare site at Manor Royal. Moreover it is expected that Thales will release space as part of a programme of rationalising their operation across their two current sites at Manor Royal.

4.90 There has been no new Grade A industrial floorspace built in Crawley since 2000. As a result a number of occupiers have moved elsewhere, including to East Grinstead. A lack of industrial development particularly reflects the higher values which can be achieved for office development.

4.91 After take-up of more than 160,000 sq.ft of second-hand industrial space in 2008, which was 68% higher than the 95,000 sq.ft in 2007, the vacancy level in the industrial sector adds up to 585,000 sq.ft (Vail Williams, Feb 2009). This includes a number of large units, as indicated in Figure 4.15.

Figure 4.15: Vacant Industrial Schemes in Crawley, 2009

Scheme	Size (sq.ft)
Gatwick 80, Gatwick Road	78,992
Emerson Process Management Unit, Crompton Way	69,470
Unit F2, Sussex Manor Business Park	44,731
Unit 100, Focal Point, Fleming Way	40,921
The Innovation Centre, Compton Way	39,757

Source: Vail Williams

4.92 We understand that there is limited availability of the larger multi-purpose buildings of over 25,000 sq.ft in Crawley which combine office and industrial elements.

4.93 Outside of Manor Royal, Stephenson Road Industrial Estate has a niche role in providing space for smaller businesses. Located near Three Bridges Station, it benefits from high occupancy levels and caters for small industrial businesses and building supplies companies seeking cheaper sites and premises than available elsewhere in the town.

Burgess Hill

4.94 Burgess Hill has an established industrial market, with significant floorspace spread across the substantial Victoria Business Park, Sheddingdean Business Park and Bolney Grange Business Park. The industrial market has benefited significantly from delivery of the distributor road (A2300). While the quality of provision on the Victoria Business Park is varied, it has seen recent investment including development by ROK on Innovation Drive which now houses CAE Training and Simulation, Porsche, Anite and Edwards High Speed Machines. However development of further allocated greenfield sites at the Victoria Business Park have not been brought forward including a 2.6ha allocated extension to the site.

4.95 There has however been considerable interest in land released at the former Ericsson Site, with land parcels disposed of to the Driving Standards Agency, CAE and Whitbread with just 0.8 hectares (net) remaining.

4.96 The Sheddingdean Business Park caters primarily for smaller occupiers. It provides a good quality of provision and is well occupied. Both the Sheddingdean and Burgess Hill/Victoria Business Parks have benefited from investment in the environment and signage, coordinated by the Burgess Hill Business Association.

4.97 Some further space in Burgess Hill is available on the Bolney Grange Business Park, comprising light industrial and ancillary office space; together with small-scale office units in Stairbridge Court.

4.98 The town has successful attracted industrial occupiers from Brighton. It contains both high and low skilled businesses and demonstrates potential for further growth in high-skilled manufacturing.

East Grinstead

4.99 East Grinstead has three main industrial locations; the Birches Industrial Estate, Imberhorne Lane and Charlwoods Road. The town serves local occupiers but has also successful attracted occupiers from Crawley and from Surrey. It has particularly benefited from the availability of new floorspace set against constraints elsewhere (including a lack of new industrial supply coming forward in Crawley and limited employment sites in other adjacent local authorities). Availability of land and delivery of good quality product have driven a successful industrial market. Distribution occupiers have also been attracted by a cost differential (c. £0.75 - £1.00 psf) for space in East Grinstead relative to Crawley.

4.100 The three main industrial locations are well occupied and there is currently limited availability of space, despite delivery of c. 8 hectares of development over the last eight years. Delivery of new industrial development could be supported by the market in East Grinstead.

Other Towns

4.101 Horsham does not have a significant industrial market with available floorspace primarily concentrated in a number of industrial sites to the north of the Town Centre. These include the Foundary Lane Industrial Estate which contains a mix of small industrial and office occupiers. Occupancy levels are relatively strong. Rents are c. £7 psf.

4.102 There are also small industrial sites in other settlements in Horsham District which cater for a local market, including Billinghurst, Storrington and Partridge Green. These are generally well occupied and achieve rents of £5-6 psf.

4.103 Industrial estates in Horsham Town and elsewhere in the District are generally small in scale and well occupied. They lack major occupiers but cater well for local demand and there may be potential to enhance provision, particularly of B1c floorspace, to improve the sustainability of smaller settlements and the rural areas of the District.

4.104 Small mixed-use development schemes which contain high quality modern industrial space, workshop and small-scale/ ancillary office space (e.g. hybrid units) could work well within some of the smaller settlements in Horsham and elsewhere in the sub-region.

4.105 The main industrial location in Haywards Heath is the Burrell Road Industrial Estate, close to the rail station. This contains a mix of small-scale industrial and office blocks, and benefits from reasonable occupancy levels. Flowserve/ Worcester Controls is a major occupier, involved in the manufacture flow control products and equipment. While the accommodation is of a low standard, it is well occupied and satisfies local demand. Freehold ownerships could preclude redevelopment.

Industrial Take-Up

4.106 Take-up of industrial floorspace has averaged 215,000 sq.ft per annum across the five main towns over the five year period 2004 – 2008 inclusive. 65% of the combined take-up of floorspace has been in Crawley, 14% in Burgess Hill and 11% in East Grinstead.

Figure 4.16: Indicative Industrial Take-Up, 2004 – 2008

	Industrial Lettings, 2004 – 2008 (sq.ft)	Annual Industrial Take-Up (sq.ft)
Crawley	694,552	138,910
Horsham	49,827	9,965
Haywards Heath	65,962	13,192
East Grinstead	117,231	23,446
Burgess Hill	146,207	29,241

Source: EGi (Includes B1c, B2 and B8 floorspace)

WAREHOUSE/ DISTRIBUTION MARKET

4.107 Warehouse floorspace within the Study area is strongly concentrated in Crawley which contains 3% of total warehouse floorspace in the South East region. It contains 54% of warehouse floorspace, which is assumed to correspond to B8 use, relative to 27% in Horsham District and 20% in Mid Sussex.

Figure 4.17: Warehouse Floorspace, 2007

000 sq.m	2007	% West Sussex	% Northern West Sussex
Crawley	490	32%	54%
Horsham	243	16%	27%
Mid Sussex	178	12%	20%
Northern West Sussex	911	60%	100%
West Sussex	1529	100%	
South East	18878		
England	151273		

4.108 Crawley benefits from proximity to the motorway network and an international airport. It is also a major economic centre in West Sussex. These factors influence its attractiveness for warehouse and distribution activities.

4.109 However Crawley is not regarded as a major distribution location. There is neither the demand not supply of large-scale distribution sheds. Demand for warehouse/ distribution space in the area generally comes from the aviation sector, with occupiers willing to pay a premium for space near Gatwick Airport.

4.110 Each of the local authorities saw growth in total warehouse and distribution floorspace between 1998 – 2004. However Crawley saw the most significant growth consolidating its role. With 37% net growth in floorspace in Crawley relative to 15-16% across the region and England, the town consolidated its role as a centre for centre for warehouse and distribution activities.

Figure 4.18: % Change in Warehouse & Distribution Floorspace, 1998 – 2004

000 sq.m	1998	2004	% Change (1998 - 2004)
Crawley	352	482	37%
Horsham	191	220	15%
Mid Sussex	139	167	20%
Northern West Sussex	682	869	27%
West Sussex	1140	1423	25%
South East	15801	18142	15%
England	124880	145226	16%

4.111 Between 1998 – 2004, warehouse and distribution floorspace grew by 20% in Mid Sussex and 15% in Horsham District. In both cases this was below average for West Sussex as a whole.

4.112 More recent trends show that growth in warehouse and distribution floorspace in Crawley has notably slowed, with a moderate 3% growth in net floorspace achieved between 2005-7. However Horsham District has witnessed stronger performance of 11% growth which is above regional and national benchmarks.

Figure 4.19: % Change in Warehouse & Distribution Floorspace, 2005 – 2007

000 sq.m	2005	2007	% Change (2005-2007)
Crawley	478	490	3%
Horsham	219	243	11%
Mid Sussex	174	178	2%
Northern West Sussex	871	911	5%
West Sussex	1424	1529	7%
South East	18143	18878	4%
England	142853	151273	6%

4.113 Warehouse and distribution space in Crawley tends to be smaller scale units located close to the Airport. This includes Brixton's Gatwick International Distribution Centre, the 1980s Gatwick Distribution Point and space at Gatwick Gate. Vacancy levels within these developments remain above average.

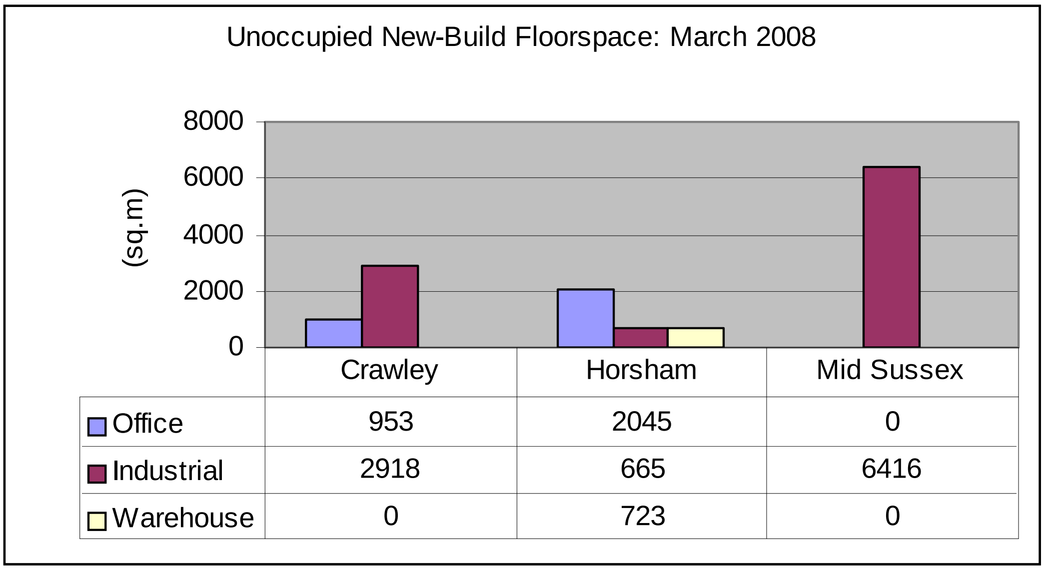
4.114 While Burgess Hill's industrial base is primarily B1c light industrial, the town has the ability to attract hub distributors given its accessibility and existing industrial base.

AVAILABILITY OF COMMERCIAL FLOORSPACE

4.115 West Sussex County Council's Commercial and Industrial Development Survey indicated unoccupied new-build floorspace. It indicates that, as at March 2008, there was a total of 13,720 sq.m of unoccupied new-build floorspace across the three local authorities of which 47% was in Mid Sussex, 28% in Crawley and 25% in Horsham.

4.116 Of the total unoccupied commercial floorspace, 73% was industrial floorspace, 22% office and just 5% warehouse/ distribution space.

Figure 4.20: Unoccupied New-Build Floorspace, March 2008



Source: WSCC Commercial & Industrial Development Survey 2008

4.117 The majority of unoccupied office floorspace is in Horsham District (68%) with the remainder (32%) in Crawley. Horsham also contains the only unoccupied new-build warehouse floorspace. However the majority of unoccupied new-build industrial floorspace is in Mid Sussex District (64%).

4.118 Drawing on commercial databases, we estimate availability of around 420,000 sq.ft of office space in Crawley, representing a vacancy level of around 9%. We would expect levels of vacant office floorspace to increase linked to the economic recession.

4.119 Availability of office space is highest in the Town Centre, reflecting the relatively poorer quality of space available; with second hand buildings proving hard to let. Some of these will be included within the proposed Town Centre North regeneration scheme and may well be taken off the market through the redevelopment process. Upon completion, this scheme is not expected to result in a net gain in office space, but will result in an improved quality of town centre floorspace provision.

4.120 We have sought to estimate available premises in the wider centres drawing on details of advertised commercial space. The results of this analysis are not particularly precise but provide an indication of the distribution of vacant floorspace across the main towns in the sub-region.

Figure 4.21: Estimated Available Floorspace, March 2009

Availability	Office		Industrial	
Crawley	643,000	55%	622,000	68%
Horsham	350,000	30%	59,000	6%
Burgess Hill	84,000	7%	181,000	20%
East Grinstead	38,000	3%	51,000	6%
Haywards Heath	49,000	4%	6,000	1%
Total	1,164,000	100%	919,000	100%

Source: EGi

4.121 The analysis indicates that there is a significant level of vacant office space in Horsham town, whilst Burgess Hill contains a substantial proportion of the vacant industrial space in the sub-region.

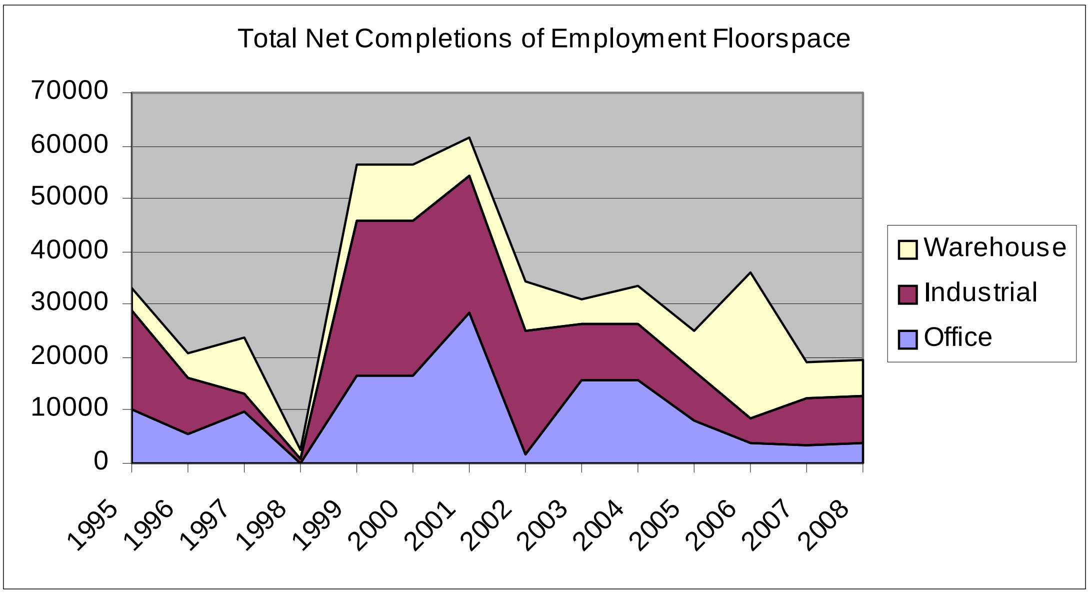
DEVELOPMENT TRENDS

4.122 In this section we profile net completions of employment floorspace across the three local authorities in Northern West Sussex based on data from the County Council's Commercial and Industrial Development Survey. The data on completions used is net of losses of existing employment floorspace on development sites.

4.123 The County Council did not undertake a Survey in either 1999 or 2003. We have therefore spread completions of employment floorspace in 2000 and 2004 over the preceding two year period in each case.

4.124 Figure 4.22 outlines net completions of employment floorspace across the sub-region between 1995 – 2008. It shows a peak in construction activity between 1999 – 2002. Total net completions of employment floorspace have averaged 32,363 sq.m per annum. This comprises 13,876 sq.m of industrial floorspace (B1c/ B2); 9,926 sq.m of office floorspace (B1a/b) and 8,560 sq.m of warehouse/ distribution floorspace (B8) on average per annum.

Figure 4.22: Net Completions of Employment Floorspace, Northern West Sussex



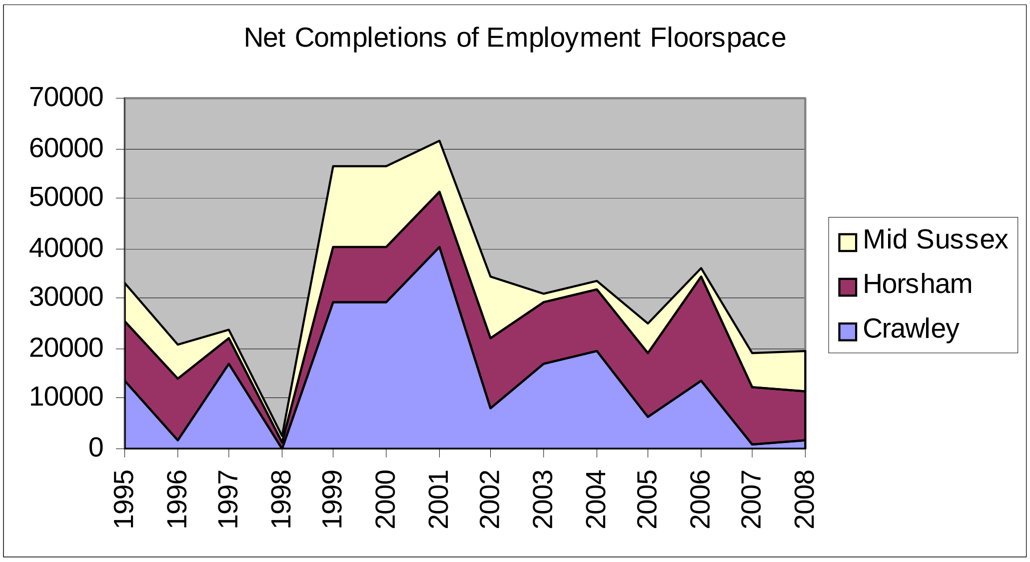
Source: WSCC Commercial and Industrial Development Survey

4.125 Figure 4.23 identifies the distribution of net completions of employment floorspace across the three local authorities. Over the 14 year period:

- 138,307 sq.m net of employment floorspace has been competed in Crawley representing 44% of the total across Northern West Sussex.

- 156,472 sq.m net of employment floorspace has been competed in Horsham District representing 35% of the total across Northern West Sussex.
- A less substantial 98,297 sq.m net of employment floorspace has been completed in Mid Sussex District representing 22% of the total across Mid Sussex.

Figure 4.23: Net Completions of Employment Floorspace by District



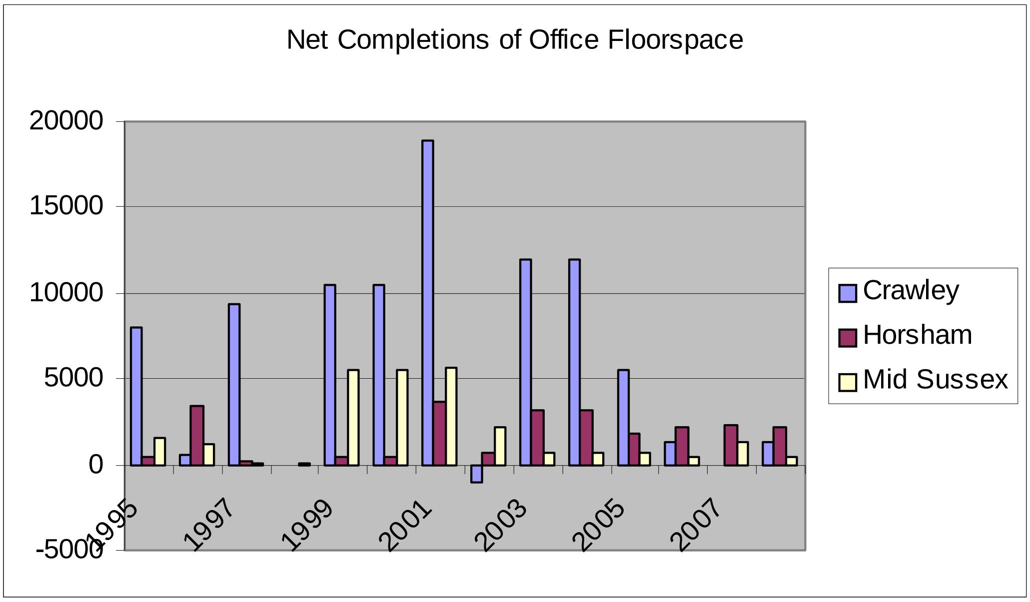
Source: WSCC Commercial and Industrial Development Survey

4.126 Total net completions of 453,076 sq.m over the 14 year period represents an average rate of 32,363 sq.m net of employment development per annum. The rate of employment development varied between 14,165 sq.m in Crawley, 11,178 sq.m in Horsham to 7,021 sq.m net in Mid Sussex per annum.

Office Development Activity

4.127 Figure 4.24 indicates net completions of office floorspace (B1a/b). 64% of net office floorspace completions across the three local authorities between 1995 - 2008 were in Crawley, with 17% in Horsham and 19% in Mid Sussex.

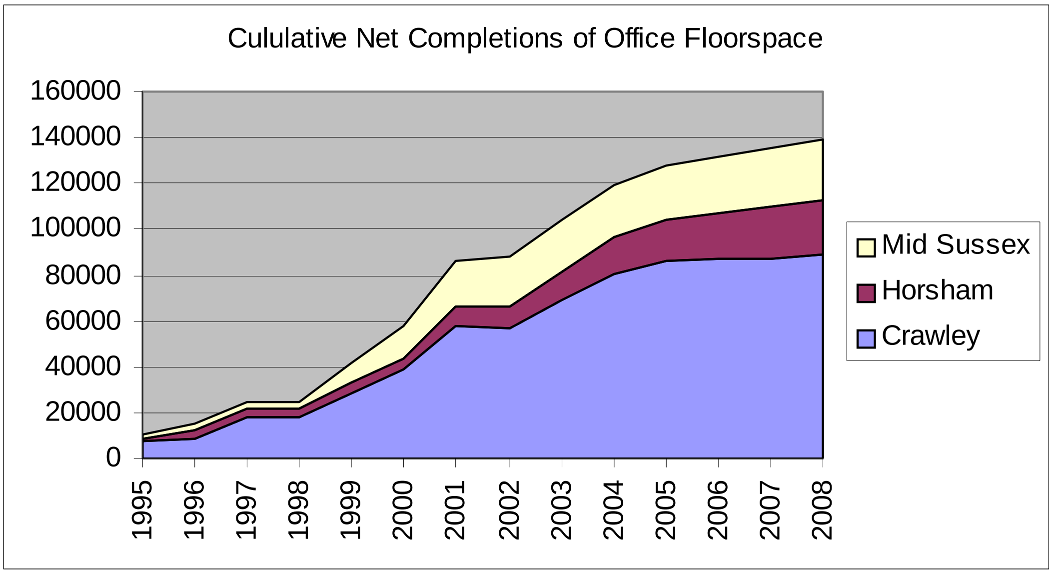
Figure 4.24: Net Completions of Office Floorspace, Districts



Source: WSCC Commercial and Industrial Development Survey

4.128 Figure 4.25 shows cumulative growth in office floorspace over the 14 year period. Development activity was clearly strongest between 1999 – 2004. The rate of net office floorspace growth varies between 6,339 sq.m per annum in Crawley, 1854 sq.m in Mid Sussex and 1,734 sq.m in Horsham District.

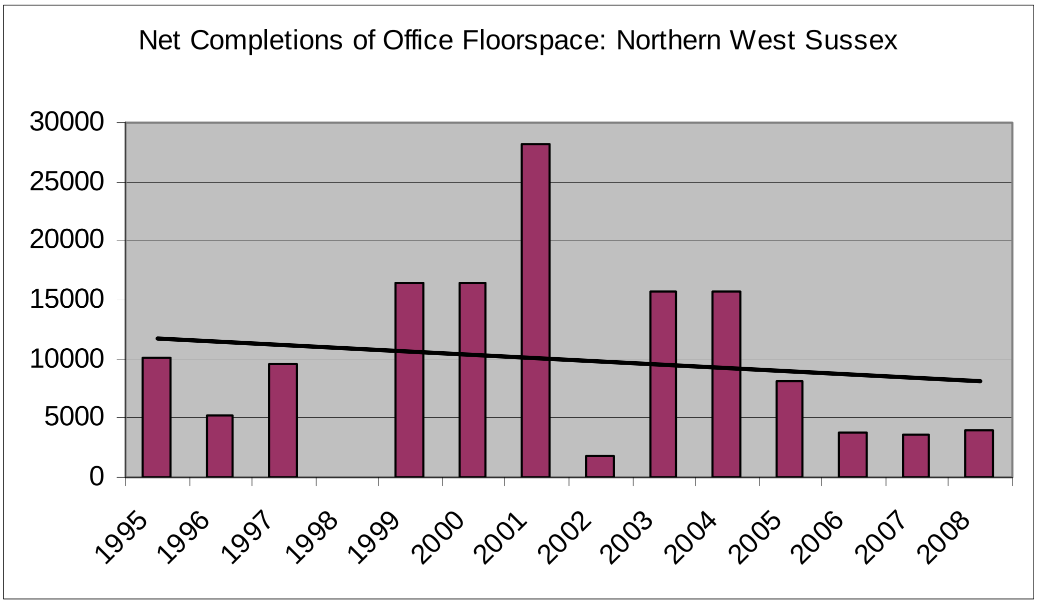
Figure 4.25: Cumulative Growth in Office Floorspace



Source: WSCC Commercial and Industrial Development Survey

4.129 Over the fourteen year period as a whole, there has actually been a downward trend in net completions of office floorspace in Northern West Sussex. This reflects lower levels of development activity since 2006, which are substantially below both those achieved between 1999 – 2005 and in the mid-to-late 1990s.

Figure 4.26: Net Completions per Annum, Northern West Sussex



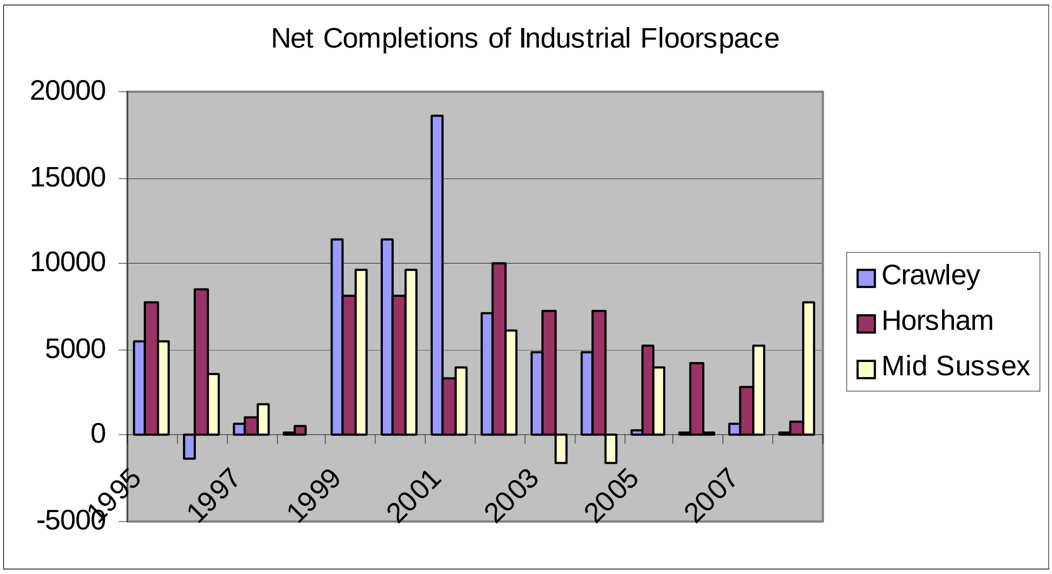
Source: WSCC Commercial and Industrial Development Survey

Industrial Development Activity

4.130 Industrial development (B1c/B2) has accounted for 43% of net development of employment floorspace over the 1995-2008 period. Figure 4.27 identifies net employment completions in each of the local authorities. It indicates a number of interesting trends:

- There has been a much more even distribution of net industrial floorspace growth across the sub-region than for office space, with 38% in Horsham District, 33% in Crawley and 28% in Mid Sussex.
- The level of new industrial development in Mid Sussex has been surprisingly low given its stronger existing industrial base (e.g. in Burgess Hill) over the last fifteen years as a whole; however Mid Sussex has performed rather better in recent years, with levels of net industrial floorspace development increasing since 2004.
- There appear to be inter-relationships between rates of development across the three local authorities.
- Since 2002, levels of industrial development in Horsham District have declined year-on-year.
- We have also seen a downward trend in net industrial floorspace completions in Crawley, with levels of net industrial floorspace completions of just 366 sq.m per annum achieved over the 2005-8 period. As commented earlier, there has been no development of Grade A industrial space since 2000.

Figure 4.27: Net Industrial Floorspace Development by District

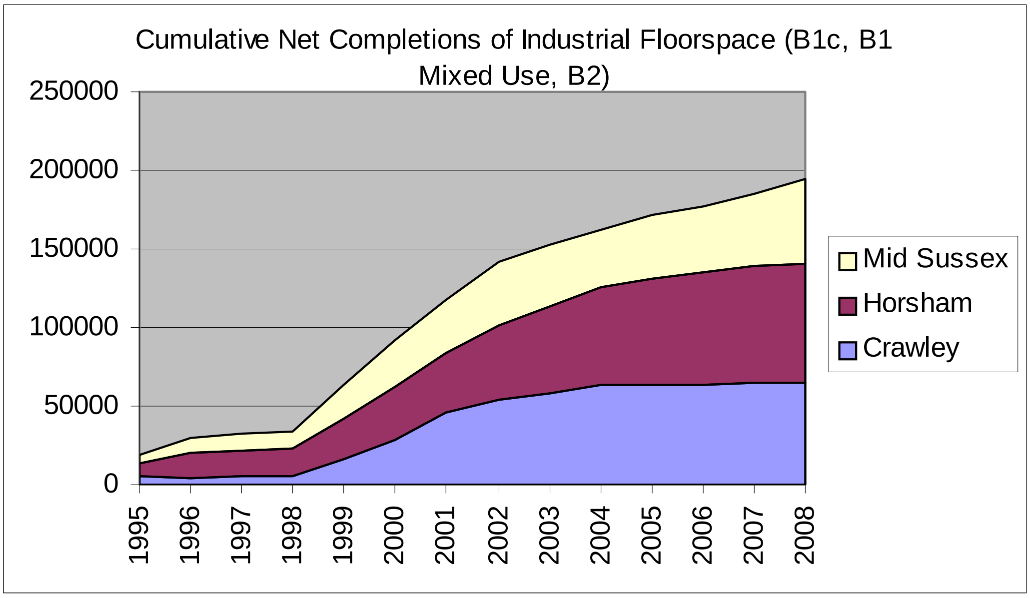


Source: WSCC Commercial and Industrial Development Survey

4.131 Development of new industrial floorspace was strongest (in net terms) between 1999 – 2002, when substantial new industrial floorspace was delivered in Crawley.

4.132 Over the 14 year period, net completions of industrial floorspace per annum have averaged 5,368 sq.m in Horsham District, 4,623 sq.m in Crawley and 3,884 sq.m in Mid Sussex. Across the sub-region this represents net completions of industrial floorspace of 13,876 sq.m per annum.

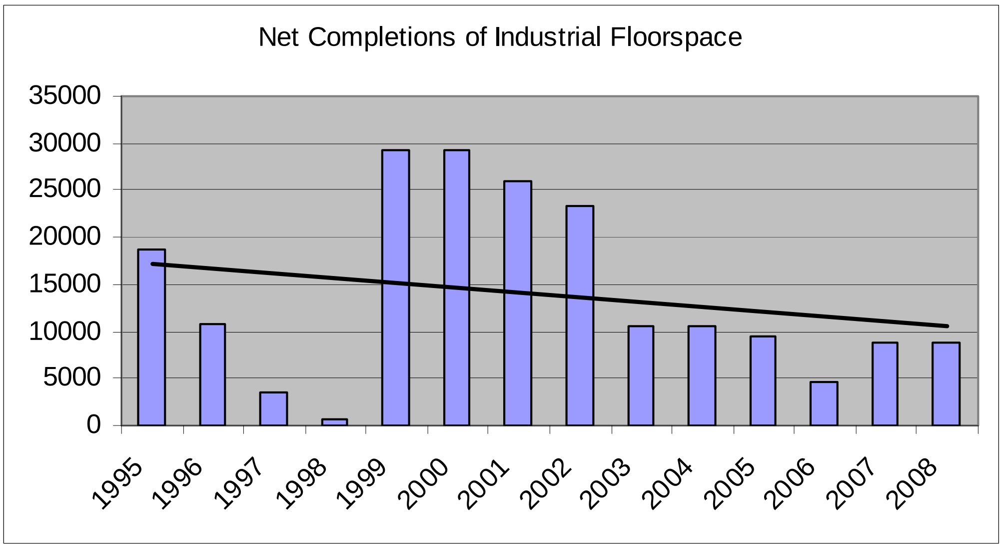
Figure 4.28: Cumulative Net Industrial Floorspace Development



Source: WSCC Commercial and Industrial Development Survey

4.133 As Figure 4.29 indicates, however, levels of net industrial floorspace development have been falling over time.

Figure 4.29: Net Industrial Floorspace Development, Northern West Sussex



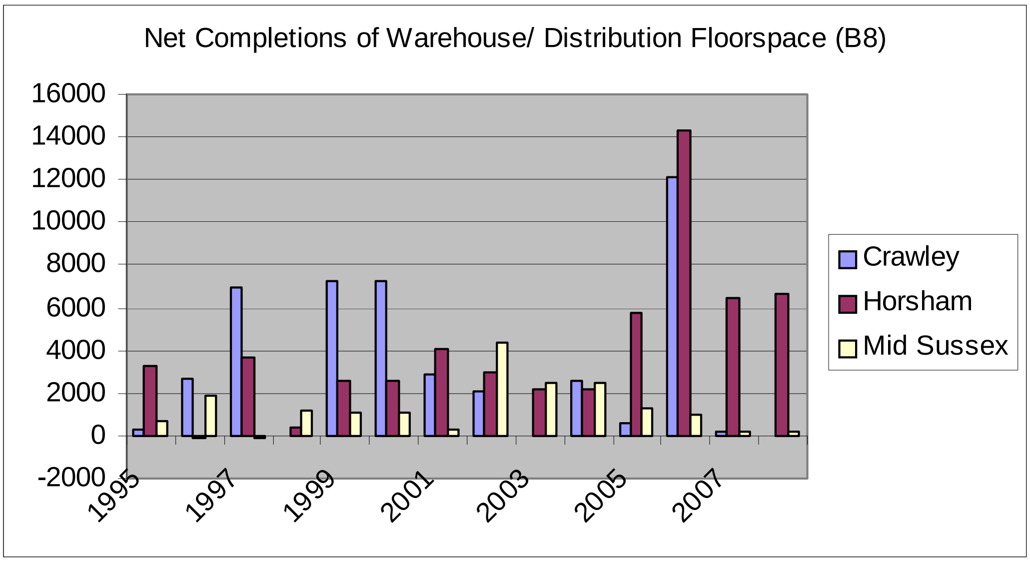
Source: WSCC Commercial and Industrial Development Survey

Warehouse/Distribution Development

4.134 Over the 1995-2008 period, 119,839 sq.m of warehouse and distribution floorspace (B8) was completed in Northern West Sussex representing 26% net new employment floorspace. Of this, 37% was in Crawley, 48% in Horsham District and a lower level of 15% in Mid Sussex.

4.135 Figure 4.30 indicates the trend in net completions. It indicates substantial level of recent development of B8 floorspace between 2006-8 in Horsham District, together with a substantial level of B8 development in 2006 in Crawley. Levels of B8 development in Mid Sussex have been low.

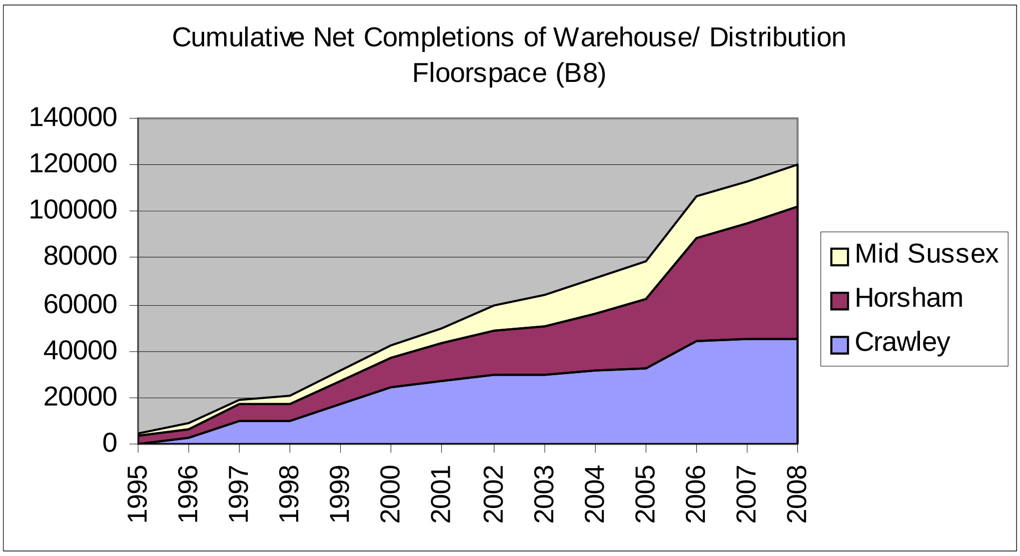
Figure 4.30: Net Completions of Warehouse/Distribution Floorspace, by District



Source: WSCC Commercial and Industrial Development Survey

4.136 Figure 4.31 indicates cumulative net completions. It demonstrates an increase in the rate of warehouse/distribution development experienced between 2006-8 linked to new floorspace development in Horsham and Crawley.

Figure 4.31: Cumulative Net Completions of Warehouse/Distribution Floorspace



Source: WSCC Commercial and Industrial Development Survey

4.137 Over the 1995-2008 period, net completions of warehouse/distribution space have been 8,560 sq.m per annum across the sub-region, comprising 4,074 sq.m in Horsham District; 3,202 sq.m in Crawley and 1,282 sq.m in Mid Sussex.

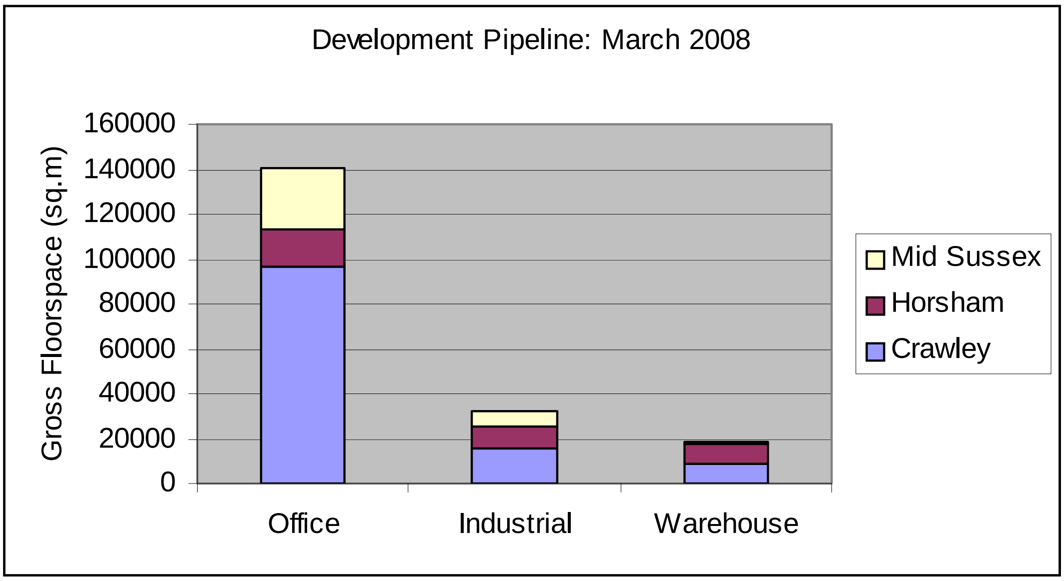
4.138 However if we exclude the later 2006-8 period, net completions of industrial/warehouse space fall to 7,163 sq.m across the sub-region per annum, comprising 3,613 sq.m in Crawley, 2,693 sq.m in Horsham District and 1,514 sq.m in Mid Sussex.

DEVELOPMENT PIPELINE

4.139 WSCC Commercial and Industrial Development Survey provides details of commercial development pipeline in April 2008. Of the total of 191,000 sq.m in the development pipeline, 73% is of office floorspace (140,000 sq.m), 17% industrial (32,000 sq.m) and 10% warehouse/distribution floorspace (19,000 sq.m).

4.140 Of the total floorspace in the development pipeline, which includes floorspace under construction and with planning permission, 63% is in Crawley (121,000 sq.m), 19% in Horsham (36,000 sq.m) and 18% in Mid Sussex (34,000 sq.m).

Figure 4.32: Development Pipeline in Northern West Sussex, April 2008



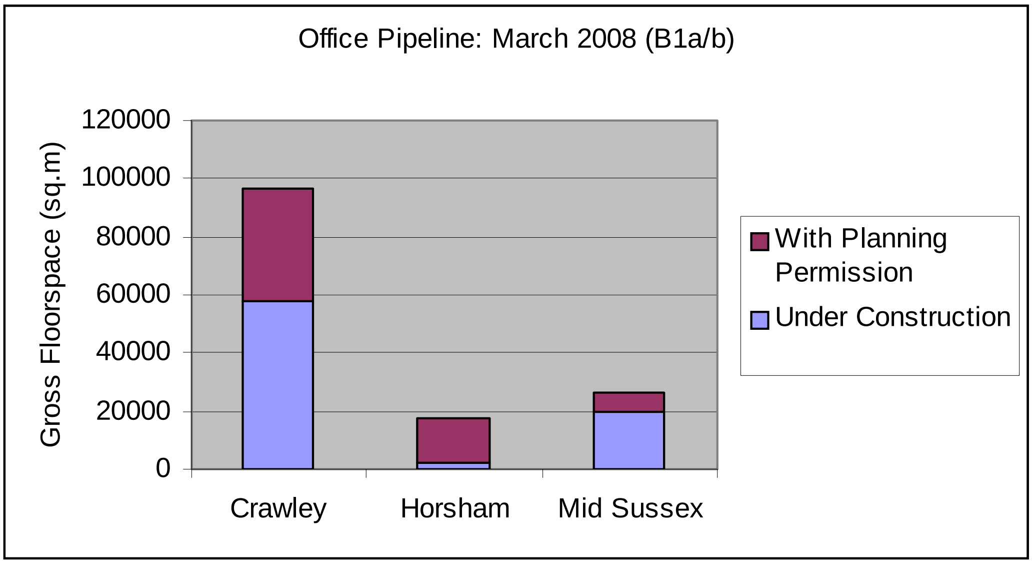
Source: WSCC Commercial and Industrial Development Survey

4.141 Looking separately at the different commercial sectors, 68% of the office development pipeline in West Sussex in 2007 was in the three local authorities and 55% alone in Crawley.

4.142 Crawley had 96,000 sq.m of office space in the development pipeline in April 2007 (down from 140,000 sq.m a year previously). We anticipate that if all of this was brought forward, it would represent c. 20% growth over current office floorspace in Crawley.

4.143 The development pipeline of 26, 400 sq.m in Mid Sussex would represent growth of 13% in office floorspace in the District. The pipeline of 17,000 sq.m in Horsham would represent growth of 9%.

Figure 4.33: Office Development Pipeline, April 2007



Source: WSCC Commercial and Industrial Development Survey

4.144 Of the total office development pipeline as at March 2008, 57% was on sites where floorspace was under construction.

4.145 The Survey suggests that total office floorspace on sites under construction was 57,500 sq.m in March 2008. However commercial databases suggest that there is around 30,000 sq.m of office floorspace under construction in Crawley and expected to complete within 2009. The majority of this space is being constructed on a pre-let basis which in current market conditions is important. The proportion of space that is being built speculatively, at around 16%, can be expected to remain on the market for some time following completions given the slump in demand being experienced across the region.

4.146 There is a significant office development pipeline in Crawley although in the current economic climate it is unlikely that these potential schemes will be progressed in the short-term. Manor Royal is again the focus of much of the planned space.

4.147 Segro have recently constructed a purpose-built office and warehouse facility for Thales UK on a 22 acre site at Manor Royal. Planning permission has been granted for further development of land not required for the Thales HQ. Thales are rationalising their existing operations to this site, and are to release their existing site on Gatwick Road which will become available for development. In the short-term however, a deal is unlikely to be agreed on this land due to the economic climate.

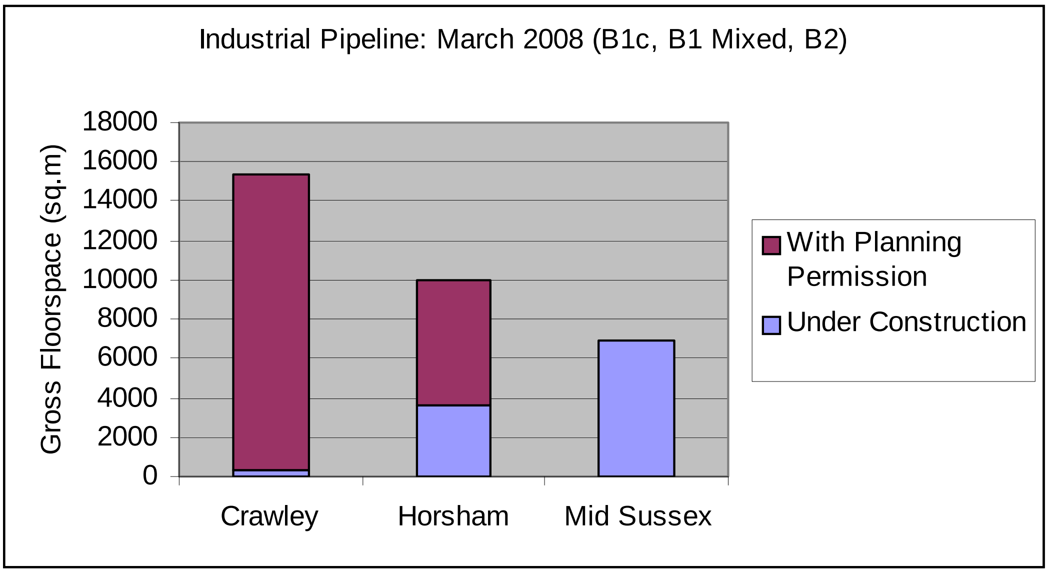
4.148 In the Town Centre, the Council-promoted Town Centre North regeneration scheme is expected to deliver the mixed-use regeneration of the 35 acre site. It includes plans to develop 150,000 sq.ft of office space to replace existing provision, focused at the north end of the High Street.

4.149 In Horsham and Mid Sussex Districts, the office development pipeline is less substantial. In Mid Sussex District, there is a pipeline of 26,400 sq.m of office space of which over three quarters is under construction. In Horsham District the office pipeline is both less substantial, totalling 17,000 sq.m of which just 12.5% is under construction.

4.150 The industrial development pipeline as at April 2008 stood at 32,000 sq.m, of which 48% was in Crawley, 31% in Horsham District and 21% in Mid Sussex. Of this total, 33% was on sites under construction.

4.151 In Crawley a high proportion of space was on sites with planning permission but where development had not started (98%), with very little industrial development under construction.

Figure 4.34: Industrial Development Pipeline, April 2008

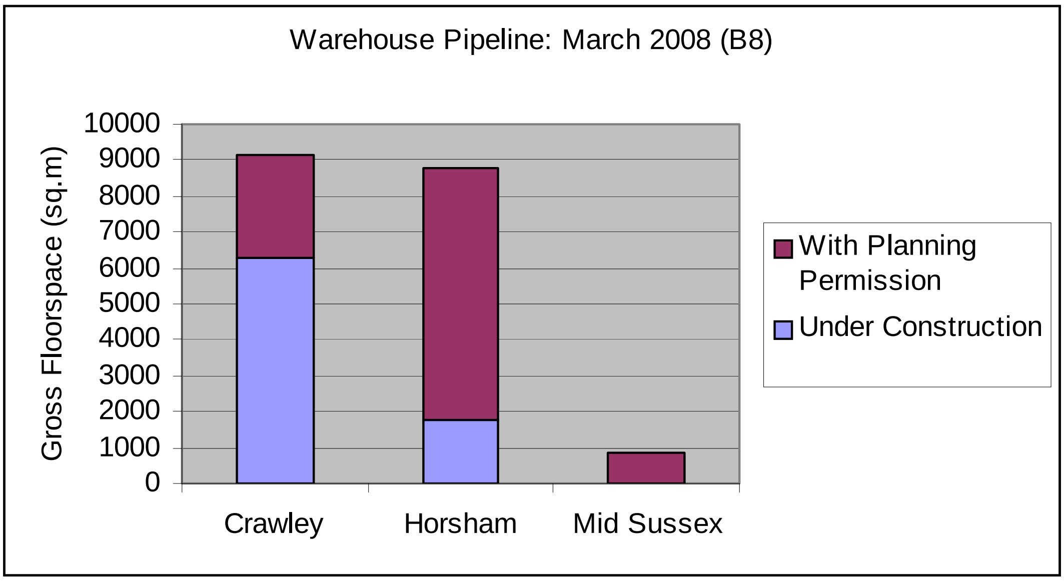


Source: WSCC Commercial and Industrial Development Survey

4.152 In Horsham District 3,600 sq.m industrial floorspace was under construction, with 6,900 sq.m under construction in Crawley.

4.153 A high proportion of the pipeline for B8 development is in Horsham District (47%) and Crawley (49%), with a very limited development pipeline in Mid Sussex. Of the total pipeline of 187,000 sq.m floorspace, 43% was under construction, concentrated particularly in Crawley.

Figure 4.35: Warehouse & Distribution Floorspace Development Pipeline, April 2008



Source: WSCC Commercial and Industrial Development Survey

SUMMARY & CONCLUSIONS

4.154 The analysis above provides an appraisal of trends in commercial property demand and development. It indicates that:

- Crawley is the major economic and commercial centre in the sub-region reflecting the size and location of the town. The market analysis indicates that its has been successful at repositioning its commercial offer over the last 15 years and growing as a sub-regional office location, particularly through provision of out-of-centre office space. Its town centre office market is somewhat under-developed, which is reflective to some degree of the quality of place (particularly) together with weaker rail links compared to other stations in the Crawley-Gatwick area.

- Crawley is also a major industrial centre, with substantial industrial floorspace particularly at Manor Royal. The industrial market has performed reasonably and is strongly linked to the Airport, however the town has seen an overall reduction in industrial floorspace over the last decade, particularly as industrial sites at Manor Royal have been redeveloped for office provision.

- Industrial floorspace overall is more evenly spread across the sub-region, and there is evidence that reductions in floorspace in Crawley and a lack of any new Grade A floorspace delivered since 2000 have benefited other locations in the sub-region with growth in industrial floorspace outside of Crawley (particularly Horsham). Given its industrial base and available land, there have been low levels of new industrial development coming forward in Burgess Hill.

- Northern West Sussex is not a major warehouse/distribution location with demand linked primarily to the aviation sector. The strongest concentration of distribution floorspace is located in Crawley, focus particularly close to the Airport. Elsewhere the market is for smaller space to cater for local requirements.
- Outside of Crawley, Haywards Heath has a stronger office market than the other towns, supported by a number of major occupiers and its relative accessibility, particularly by rail.

It however suffers from a lack of Grade A office space. Horsham has a number of larger office blocks, constructed primarily in the 1980s and 1990s, but is no longer able to attract the major occupiers to these. The market in Horsham, Burgess Hill and Haywards Heath is primarily for smaller office premises to cater for the business base which comprises primarily smaller businesses (with some role to provide secondary space at a lower value for larger businesses located there due to historical decisions).

- The developing economic recession will have a particular impact on occupational demand for commercial floorspace. Significant reduction in output in the manufacturing; transport, storage and communications; and banking, finance and insurance sectors recorded in recent months can be expected to feed through to demand for office, industrial and distribution floorspace. The office market in the South East is particularly vulnerable due its dependency on financial and business services.

- Levels of industrial and office floorspace development within the sub-region have been declining over time. The development pipeline is strongly biased towards office space in Crawley (albeit that it unlikely that it will all be delivered); and is relatively weak in Mid Sussex.

5 STRENGHS, WEAKNESSES, OPPORTUNITIES & THREATS

5.1 In this final section we present the conclusions of the analysis undertaken setting out the key strengths, weaknesses, opportunities and threats of the sub-region and the three component local authorities in terms of their economic offer, commercial offer, recent and emerging trends.

5.2 Northern West Sussex is addressed first as a whole, followed by consideration of the three local authorities of Crawley, Horsham and Mid Sussex separately.

SWOT – NOTHERN WEST SUSSEX ECONOMY

Strengths	Weaknesses
• Location and accessibility: proximity to London, good road and rail links, international airport at the heart. • Labour Market Characteristics: High rates of economic participation and strong skills base (particularly outside of Crawley). • Strong private sector business base which has been growing, including strengths in a number of higher-value sectors including aerospace, pharmaceuticals, high-precision engineering, medical devices and other business activities. • High proportion of knowledge-based businesses (albeit with low employment) and creative businesses. • Key towns within the sub-region play different and complimentary roles.	• Below average degree level skills relative to other parts of the region, particularly influenced by the New Town. • Lack of higher education & research base within the sub-region, although potential for improving links to Brighton & Sussex Universities. • Decline in employment between 2003-7 before current recession against a strong macro-economic context. • Identified lack of good quality and sizeable conference and exhibition facilities. • Outside of Crawley the main towns provide insufficient critical mass to attract larger businesses and speculative property investment. • Low knowledge-based employment. • Lack of capital investment in the property stock, particularly outside of Crawley and for industrial space in Crawley. • Internal connectivity between the towns, particularly east-west.
Opportunities	**Threats**
• Supportive policy framework: identified as a Diamond for Growth, with policy support for University provision. • University could help to deliver appropriate skills to support local economy and attract investment in R&D. • Strong housing growth planned which could support improvements to skills base and regeneration; and is likely to support growth in health and education. • Planned housing and population growth which will support labour market, and	• Uncertainty regarding the future direction of Gatwick Airport which may impact on investor and occupier confidence. • Degree of economic dependency and exposure to trends in transport / aviation and related activities (which are concentrated in Crawley but demonstrate sub-regional supply chains). • Risks that strong office development pipeline and growth aspirations of Croydon reduce investment and demand in Crawley.

consumer-related and public services. • Planned regeneration schemes in the Mid Sussex towns and Crawley Town Centre which will improve image, offer and quality of place. • Potential for other public sector-led investment, including County Hall North in Horsham and secondary healthcare. • Potential to capture investment from a lack of sites available for employment and business development in Brighton. • Planned investment at Gatwick including extensions/ improvements to terminals and the rail hub. • Opportunities for growth in professional and consultancy activities in rural areas, including new business start-ups. • Opportunities for growth in low carbon and environmental technologies.	• Exposure to trends in the financial, insurance and professional services sector. • Rising unemployment in the short-term, particularly in Crawley. • Market and economic trends and finance requirements are likely to deter speculative development activity in the short-term. • Potential that Crossrail and identified Growth Areas in London and the South East deflect potential investment from the Gatwick Diamond. • Capacity of local transport infrastructure and congestion issues. • Market circumstances likely to speculative development activity in the short-term.

5.3 The following tables develop this sub-regional analysis to set out key strengths, weaknesses, opportunities and threats specific to the three constituent local authorities.

SWOT – CRAWLEY

Strengths	Weaknesses
• Main employment centre is the sub-region with established office and industrial market. • Concentration of higher-value employment opportunities and knowledge-based businesses. • High self-employment (albeit with below average business start-ups). • Strengths in pharmaceuticals, life sciences, advanced manufacturing (particularly of precision instruments) and aircraft simulation. • Strong accessibility, including rail links and location of Airport.	• Higher proportion of workforce with no qualification, and below average proportion with degree-level skills. Mismatch between skills of local population and jobs on offer which does not allow local people to take advantage of employment opportunities on offer. In-commuting to higher-paid employment. • Below average economic participation, particularly in 16-24 age group. • Skills mix does not allow local people to take advantage of job opportunities on offer locally. Concentration of deprivation in some neighbourhoods. • Below average growth in business base with lower entrepreneurial activity/ VAT registrations. • Commercial offer and quality of place within the Town Centre. Town Centre infrastructure requires improvement. • Level and quality of amenities within main employment areas. • Higher commercial property vacancy levels. • Lack of new Grade A industrial floorspace or available large warehouse/ distribution units.
Opportunities	**Threats**
• Improving school performance at Key Stage 4 with potential to create pathways to L4+ skills though development of a higher-education campus. • Established commercial location and strong accessibility provides potential to attract larger companies and higher-value businesses. • Potential for growth in niche sectors, including instrument and medical device production and manufacture of communications equipment. • Strong office development pipeline and identified need for modern industrial floorspace. • Identified demand for large multi-purpose buildings of 25,000 sq.ft including office	• High proportion of larger businesses and dependency on transport/ aviation sector and manufacture of machinery and equipment results in higher degree of economic exposure to economic or sectoral downturns. • Exposure to vulnerable sectors: particularly aviation/ transport and financial and business services. • Potential for competition from strong office development pipeline in Croydon.

and industrial elements.	

SWOT – HORSHAM DISTRICT

Strengths	Weaknesses
• Strong economic participation and low unemployment. Strong skills and schools offer. • High business density with small-business focus and high levels of residents working from home. • Stronger industrial base. Strengths in niche manufacturing sectors including precision instruments. • Specialism in research and development activities and electrical manufacturing. • Strong quality of life offer.	• Net out-commuting to work from the district. • Mismatch between sizes of office units and occupational demand. High proportion of vacant office floorspace in Horsham Town Centre. • Potential for high house prices and access to housing to constrain availability of certain skills.
Opportunities	**Threats**
• Identified growth potential in precision/ optical instruments and computer and related activities sectors. • Potential for growth in small business base, particularly in consultancy services, linked to job losses at RSA and in financial and professional services in London. • Opportunities for growth in precision and optical engineering and computer and related activities.	• Continued decline in office floorspace in the District. • Risks to insurance and professional service sectors due to the recession. Impact of rationalisation of Royal Sun Alliance within Horsham.

SWOT – MID SUSSEX DISTRICT

Strengths	Weaknesses
• Very high levels of economic participation. Strong skills and schools offer. • High business density with small-business focus and high levels of residents working from home. • Above average employment in creative industries. • Strengths in aircraft simulation and precision engineering in Burgess Hill. • Stronger sectoral distribution in East Grinstead. • Key towns playing different and complimentary roles to some degree.	• Net out-commuting to work from the District. • East Grinstead is somewhat disconnected from other parts of the sub-region and suffers from poorer transport connections. • Allocated employment sites have not been brought forward. • Risks to employment base in Burgess Hill from higher employment in financial services, aviation-related, wholesale and general manufacturing activities. • Risks to employment base in Haywards Heath linked to concentration of employment in financial services, insurance and real estate. Limited potential growth sectors.
Opportunities	**Threats**
• Planned housing and population growth in the main towns which will support labour market, and consumer-related and public services. • Opportunities for growth in precision and optical engineering and computer and related activities.	• Challenges to improving accessibility to East Grinstead and bringing forward strategic developments.

6 EMPLOYMENT SCENARIOS FOR NORTHERN WEST SUSSEX

FUTURE EMPLOYMENT SCENARIOS FOR NORTHERN WEST SUSSEX

6.1 This section outlines potential employment scenarios for Northern West Sussex to 2026.

6.2 At the time of writing, in Spring 2009, the UK economy is in a recession. There is a considerable degree of uncertainty regarding not least the length, depth and impact of the recession, including how this will affect different places and sectors. Against this context, a health warning needs to be attached to any economic forecast, related both to these factors and uncertainty regarding future sectoral performance in the longer-term. It is uncertain whether those sectors which have grown strongly over the last decade for instance will be those which will recover and grow strongly again over the next.

6.3 The scenarios-based approach adopted herein recognises these uncertainties and attempts to explore the implications of a range of economic futures. It aims to explore cause and effect relationships including the implications of various policy options on employment growth in the sub-region and local authorities.

OVERVIEW OF SCENARIOS

6.4 The scenarios use an econometric forecast prepared by Experian in February 2009. The scenario development process has however been informed by and builds upon the specific understanding of the local economy which the consultants team has developed through the detailed baseline analysis of the local economy and discussions with key stakeholders.

6.5 SEEDA and SEERA issued guidance to local authorities in the South East Region in February 2009 regarding long-term planning for economic growth within LDFs. This has recommended how local authorities should take account of the economic downturn and current uncertainty in developing planning policies.

6.6 The guidance note highlights that Experian's regional job growth forecasts for 2006-2020 has decreased by 48% between the autumn 2006 forecasts (which underpin the interim job targets in the South East Plan) and the autumn 2008 forecasts. We suspect that the level of employment growth within the February 2009 forecasts for the sub-region used as the base forecast herein may have fallen further.

6.7 The guidance note states that "in light of current economic uncertainty and the unknown impact that the current short-term demand-side trends are having upon the long-term forecasts, we consider local authorities should be cautious in using the latest standard forecasts/ projections for LDF policy decisions. However, local authorities could use the latest standard forecasts/ projections as a 'low growth scenario' as part of employment land review scenario testing.

6.8 SEEDA and SEERA highlight that PPS12 places an emphasis on the need for LDFs to contingency plan. On this basis both the Assembly and SEEDA expect that the evidence base to inform LDF preparation would include a scenario for economic growth which broadly aligns with the vision for the South East contained within the South East Plan and the RES (a 'Policy-ON approach). It recommends that "to support the delivery and implementation of the South East Plan and RES local authorities should use the regional growth assumptions as part of positive contingency planning."

6.9 The South East Plan is informed by a Gross Value Added (GVA) 'policy-on' forecast of around 3% growth per annum, while the RES contains a policy aspiration to achieve an annual increase in GVA per capita of at least 3%. Given the impact of the economic recession, we can consider the achievement of 3% growth in GVA per annum on average across the 2006-26 plan period as a whole as a high growth 'policy-on' scenario.

6.10 On this basis we have defined two 'Strategic Scenarios' which relate to different overall levels of growth which could be achieved. One scenario is 'trend-based,' influenced by Experian's Economic Model, while the adopts a 'policy-led' approach.

STRATEGIC SCENARIOS

6.11 The Strategic Scenarios relate to the levels of overall economic growth which might be achievable.

6.12 Experian's February 2009 forecast provides an analysis of employment trends for 30 sectors dating back to 1982, and projects employment to 2026 using a shift-share approach. This forecast comprises the **Base Scenario**. In policy terms, it represents a low-growth option.

6.13 A **Policy-On Scenario** has been constructed which assesses the level of employment growth which we would expect to arise over the 2006-26 plan period if GVA was to increase at an average of 3% per annum. This represents a high-growth option. We have assessed the level of total employment growth which would arise based upon a judgement regarding the potential increase in productivity (GVA per employee) in each of the three local authorities.

6.14 The Policy-ON Scenario is a high-level scenario which is used to explore what level of employment growth would be necessary to achieve 3% growth in GVA per annum. To achieve this would likely involve a growth in labour force, productivity and employment. There are various ways which this could be achieved, which are explored through the Alternative Scenarios.

ALTERNATIVE SCENARIOS

6.15 We have sought to develop alternative scenarios based around the Conceptual Framework set out below. These scenarios capture the wider understanding of consultants' team and capture the impact of different performance of key sectors relative to the base; as well as a number of policy and intervention options.

6.16 Experian's Economic Model forecasts employment at a national and regional level. It assumes that sectors within the sub-region and local authorities capture a similar share of growth in sectors at a regional level moving forward as they have in the past.

6.17 The Forecast has been interrogated by Regeneris Consulting and GL Hearn and compared against the local understanding of the sub-region developed from the baseline assessment and stakeholder consultations. This has identified a number of risks to the forecast, such as the level of projected growth in the transport sector in Horsham, but also identified sectors in which there may be stronger growth potential than identified in the Base Scenario. These factors have been explored through the development of alternative scenarios, which are based on identifying broader potential futures for the sub-regional economy and those of the three constituent authorities.

6.18 The scope of the scenarios was identified and discussed with representatives of the three local authorities together with a selected number of wider stakeholders at a Workshop on 30th January 2009. Following this, the consultants' team have worked together through a number of workshop sessions to agree and populate the scenarios. These have then been further refined following presentation of initial scenarios to the Project Steering Group.

6.19 The alternative scenarios developed explore the impact of:

- **Successful Repositioning of the Gatwick Diamond:** to capture growth in specific higher value-added sectors;

- **Housing Growth:** The economic implications of strong planned housing growth across the three local authorities, as proposed in the South East Plan; and

- **Moderate Growth of Gatwick Airport:** The potential impact of changes at Gatwick Airport and wider vulnerability of the sub-region to changes in the transport/ aviation sector;

- **Changing Working Patterns**: Changing working patterns, specifically the impact of potential growth in self-employment and home working.

6.20 We have quantified the impact of the first three of these. The fourth scenario is considered in qualitative terms only. While it is recognised that this is a key sensitivity which will affect employment land requirements, it is difficult to quantify in a precise way.

6.21 It is considered likely that achievement of Policy-ON Scenario for 3% GVA growth per annum would require a growth in labour force, productivity and employment. The Successful Repositioning and Housing Growth scenarios consider independently the potential impact of growth in labour supply and in consumer-related services, and a focus on higher-value added growth which supports strong improvements in productivity.

6.22 Potential changes in employment in transport, aviation and related sectors linked to future change at Gatwick Airport have been explored. We have considered a number of potential factors which could influence the future development of the Airport, including the immanent sale of the Airport and potential growth aspirations of new operators, as well as the risks posed by potential growth at other Airports within the greater South East at Heathrow and Stanstead, and how this may influence the success of Gatwick. We have appraised projected employment within the Base Scenario, derived from Experian's forecast, against this context. This has highlighted that the Base Scenario potentially over-estimates the level of employment growth which could be achieved in certain sectors, notably in the transport sector. On this basis we have developed and quantified a **Moderate Growth of Gatwick Airport Scenario** which explores the potential impact of much more moderate growth in this area than in the Baseline Scenario.

6.23 The Low Gatwick Growth Scenario recognises a degree of uncertainty regarding the future development and growth of the Airport, the vulnerability of the aviation/ transport sectors to trends in the aviation industry globally and to wider macro-economic conditions, and the degree of risk or exposure of the local economy to these factors. The Consultants' team is of the view that the Base Scenario as it stands reflects quite a positive outlook in terms of employment in transport/ aviation-related sectors.

6.24 There is strong policy support for an enhanced economic growth scenario through policies in the South East Regional Economic Strategy which emphasises the growth potential in the sub-region through its designation as a 'Diamond for Growth and Investment.' The potential for enhanced higher-value economic growth is explored in the **Successful Repositioning of the Diamond Scenario**. This assumes that an additional 20% employment growth over and above the base scenario is achieved over the 2006-26 plan period arising from a higher level of growth achieved across a number of higher-value sectors which are either growth orientated or strongly represented in the sub-region. It is an aspirational economic scenario.

6.25 Significant housing growth with associated infrastructure investment is also planned within the sub-region. The South East Plan establishes a requirement to deliver 37,600 net additional homes over the 2006-26 plan period. The impact of this on demand for consumer-related services will result in a net impact on terms of employment growth, and this, coupled with the impact of growth in labour supply, is explored in the **Successful Delivery of New Housing Scenario**. This assumes additional growth in construction, retailing and leisure and public services.

6.26 We have also undertaken some work to explore the likely impact of **Changes in Working Patterns**, recognising that this is a key sensitivity which will influence any assessment of employment land requirements.

HYBRID GROWTH SCENARIO

6.27 The aforementioned scenarios are useful in their own right when seeking to understand the impact of various potential factors which could influence the level and nature of employment growth in the sub-region. They explore cause and effect relationships and the implications of various policy options, or growth in certain parts of the economy.

6.28 While there remains a considerable degree of uncertainty at present, it is appropriate to plan in Local Development Frameworks for an 'aspirational' economic future which is both influenced by and consistent with regional policy. Significant housing growth is planned within the sub-region whilst there is also a focus on attraction investment and supporting growth in higher value-added sectors. Identified key sectors in the Gatwick Diamond comprise Advanced Manufacturing and Engineering, Pharmaceuticals, Financial Services, Professional Services, Aviation, Retail as well as Hotels and Leisure (although this is a reflect of existing concentration more than growth potential).

6.29 On this basis, we have developed a **Hybrid Growth Scenario** which assumes additional growth in both consumer-related sectors, driven by housing growth, and in higher value-added sectors, supported by the Gatwick Diamond Initiative. It is a policy-led scenario draws together the Successful Repositioning of the Diamond and Housing Growth Scenarios, identifying additional growth in each of the key sectors within the Gatwick Diamond. It achieves an average of over 3% annual growth in GVA across the sub-region over the 2006-26 plan period and is hence in accordance with regional policy.

COMPARATIVE OVERVIEW OF SCENARIOS

6.30 Each of the quantitative scenarios developed considers potential changes in employment levels across the Northern West Sussex sub-region during the period 2006-26 – the period covered by the South East Plan. A summary of the employment scenarios developed is shown overleaf.

Figure 6.1: Summary of Scenarios

No.	Scenario Name	Type of Scenario	Reason for Scenario	Key Sectors
1	Base Scenario	Quantitative – based on Experian Forecasts	Experian Employment Forecasts	2 All Sectors
2	Policy On	Quantitative – based on Experian Forecasts	Reflecting SEEDAs recommended 3% per annum GVA growth	3 All Sectors
3	Housing Growth	Quantitative – based on Experian Forecasts	Extent of targets for new housing as set out in local planning documents	4 Other 5 Construction 6 Retailing 7 Hotels & Catering 8 Public Admin. & Defence 9 Education 10 Health
4	Moderate Growth of Gatwick Airport	Quantitative – based on Experian Forecasts	Exploring down-side risks to high forecast levels of growth in key sectors	11 Transport 12 Banking & Insurance 13 Business Services 14 Other Financial & Business Services 15 Hotels Communications
5	Successful Repositionin g of Diamond	Quantitative – based on Experian Forecasts	Employment impact of successful repositioning of Diamond and attraction of employment in higher value added and office based sectors	16 Chemicals 17 Machinery & Equipment 18 Electrical & Optical Equipment 19 Transport Equipment 20 Communications 21 Banking & Insurance 22 Business Services 23 Other F&Bs
6	Hybrid	Quantitative – based on Experian Forecasts	Combining Successful Repositioning of Diamond and Housing Growth scenarios to deliver 3% per annum GVA Growth	24 Chemicals 25 Machinery & Equipment 26 Electrical & Optical Equipment 27 Transport Equipment 28 Communications 29 Banking & Insurance 30 Business Services 31 Other F&Bs 32 Construction 33 Retailing 34 Hotels & Catering 35 Public Admin. & Defence 36 Education 37 Health 38 Other
7	Changes in Working Patterns	Qualitative	Impacts of changing working patterns including increased levels of self employment and home working.	39 Distribution 40 Retailing 41 Business and financial services 42 Public administration, education and training 43 Health 44 Manufacturing

FUTURE EMPLOYMENT SCENARIOS FOR NORTHERN WEST SUSSEX

SCENARIO 1: BASE SCENARIO

6.31 The Base Scenario presents employment forecasts for Northern West Sussex as compiled by Experian. Put simply, the Experian employment forecasts are based on employment data stretching back to 1982 with forecasts based on a shift-share approach which captures this past performance at the local level as well as Experian's view of macro-economic performance of the economy and individual sectors looking forward.

Methodology

6.32 The Experian Forecast is based on a top-down approach to regional forecasting, with assumption on future performance of the UK economy forming the basis of the regional view. The forecasts are based on a range of historical economic data covering all the major economic indicators and the overall forecasting approach is based on a methodology which combined long-term supply and demand influences with short-term demand-side influences. Initial forecasts are then evaluated by regional and sector experts in light of their detailed knowledge. Alterations are then made for significant pieces of investment, or infrastructure development, or changes to European funding, in the form of 'add factors.'

6.33 County and local area forecasts are prepared once national and regional forecasts are finalised. Experian make use of employment data, drawn from the Annual Business Inquiry, along with surveys such as the Labour Force Survey. In broad terms, the historical performance of county economies is interpreted in terms of their share of the regional economy of which they are part. In turn, the performance of the LAD areas is based on their share of their encompassing county. For each sector of the economy (there are 30 sectors, based upon SIC92 definitions), equations are produced for output and employment that explain the observable relationship between these variables at the local level.

6.34 The county and local authority forecasts derived from this methodology are demand driven and are of most relevance in the short to medium term. Over the longer-term, supply-side factors become more important in influencing the performance of economies – there are finally incorporated into the forecasts by taking into account factors including labour supply, labour force quality, infrastructure, population density and ethnic mix, which help determine participation rates (the potential for people to be economically active for a given employment rate), productivity and employment rates.

6.35 The base forecast includes some assessment of the impact of housing development on local economies. It assumes that a proportion of the housing development allocations outlined in each of the regional spatial strategies is met.

6.36 We provide below an overview analysis of Experian's forecast considering employment growth between 2006-26 compared to the previous 20 year period and the short-term impact of the recession before looking in more detail at what the forecast indicates for each of the three local authority areas.

Overview of the Base Scenario

6.37 Between 1986 – 2006 employment increased by 57,000 in Northern West Sussex. The most substantial growth in employment over this period was in the business services sector, in which employment increased by 20,300. This represented more than a third of total employment growth. Other sectors in which employment grew strongly included other services (7,700), transport (7,400), education (5,200), and heath (4,400). This growth reflected an increasing population, growing expenditure on public services, and growth in consumer spending. Employment growth in these sectors more than compensated for a substantial reduction in employment in manufacturing (-5,200), and reduced employment in the agricultural sector (-1,600).

6.38 Experian's forecast indicates that the profile of employment growth in the sub-region over the next twenty years (2006-26) is expected to be *considerable different* to the previous two decades (1986-2006). It projects employment growth of 7% across the sub-region between 2006-26 compared to the 37% growth achieved between 1986-2006. This projected rate of growth is below the County average of 9%.

6.39 Over the 2006-26 period, those sectors which are expected to see the most substantial increases in employment are the transport sector and the health sector in which employment is expected to grow by more than 23% generating over 15,000 additional jobs. In both cases growth in employment between 2006-26 is expected to be stronger than over the previous 20 years.

6.40 Other sectors which are expected to see some growth in employment are hotels and catering and education. Projected growth in hotels and catering of 2,400 is slightly above the level achieved over the previous 20 years. However growth in employment in the education sector of 1,600 is around a third of that achieved previously. Virtually no growth in Other Services is expected compared to growth in employment of 7,700 over the past 20 years.

6.41 If we look at the business services, banking and insurance and other financial and business services sectors collectively, forecast employment growth of 1,000 jobs between 2006-26 in this Base Scenario is just a fraction of the 25,100 additional jobs created over the last 20 years. The size of these sectors did however peak in employment terms in 2002; well before the 'credit crunch.' Limited growth in these sectors has significant implications for growth in the office market.

6.42 Employment in banking and insurance is expected to shrink by around 900 jobs over the 2006-26 period, however this is expected to be offset by growth in business services, with an additional 900 jobs in business services and a further 900 in the other financial and business services sector. Moderate growth is expected in public administration (c. 400 jobs).

6.43 The manufacturing sector is expected to shed almost 1,900 jobs and contract by 10% over the 2006-26 period. The sector is however now much leaner, and this represents less than 40% of the level of jobs lost over the previous 20 years. This overall figure however disguises internal variations within the sector, with employment expected to fall in some sub-sectors (particularly the machinery and equipment, transport equipment and chemicals sectors) but to increase in others (wood products, paper and publishing and other manufacturing).

6.44 Employment in the wholesale sector is expected to decline (- 900 jobs) and in the construction sector (-1,400). Employment growth is expected in communications.

6.45 To consider the specific impact of the recession, we have analysed the reduction in employment forecast between 2008-10. Employment is projected to fall by -3.0% across the sub-region over this two year period. The recession is expected to hit Crawley hardest, where employment is expected to fall by -3.8% between 2008-10, whilst employment is expected to contract in Mid Sussex the least (-2.3% between 2008-10).

6.46 Employment is expected to contract most significantly in the manufacturing sector although no major sector besides education is immune. A reduction in consumer spending is also expected to hit the hotels and catering sector, where employment is expected to fall by -11%. Significant reductions are also expected in employment in utilities in Horsham and in construction in Crawley.

Total Employment

6.47 Analysis of forecasts of overall levels of employment in the three Northern West Sussex districts to 2026 reveals the following key trends:

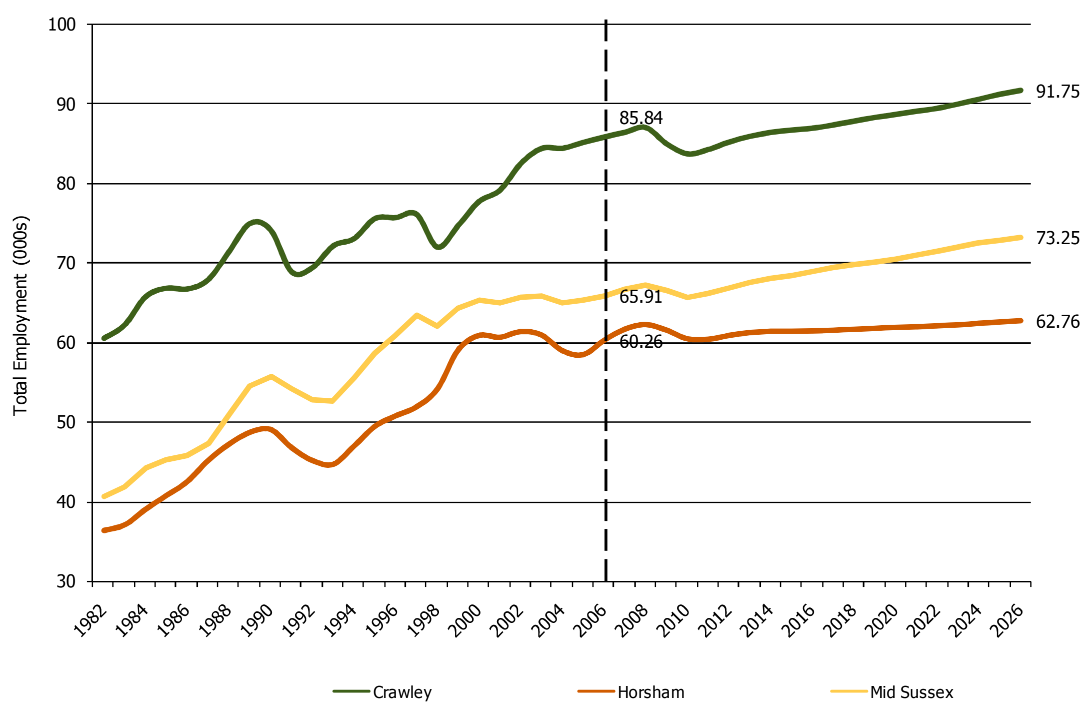
- Between 1982 and 2006, the number of jobs in Crawley increased by 42% - over 25,000 net jobs in real terms. In 2006 there were around 85,800 jobs in Crawley. Forecasts suggest that in the period to 2026, the number of jobs will continue to grow. It is estimated that by 2026 employment will have increased by a further 7% or 5,900 net jobs. As a result employment in Crawley will total nearly 92,000 in 2026.

- In 2006, employment in Mid Sussex totalled 65,900, having increased by 62% (25,200 jobs) since 1982. Forecasts suggest that by 2026 employment in the district will have reached 73,300. This represents an additional 7,300 jobs (11% increase) to 2006 figures. This is a greater increase than predicted in Crawley.

- The employment growth rate experienced in Horsham in recent decades has been far higher than that experienced in neighbouring Crawley and Mid Sussex. Between 1982 and 2006, employment in Horsham increased by nearly 66% (24,000 jobs), resulting in a total of 60,300 jobs in the district in 2006. In the period to 2026, however, employment is forecast to grow at a slower rate than in Mid Sussex and Crawley. It is estimated that by 2026 employment will total 62,800 – an increase of only 2,500 jobs (4%).

6.48 The rate of employment growth is expected to be around a quarter of that achieved over the previous 20 years over the plan period in Crawley and Mid Sussex, but just 10% in Horsham District.

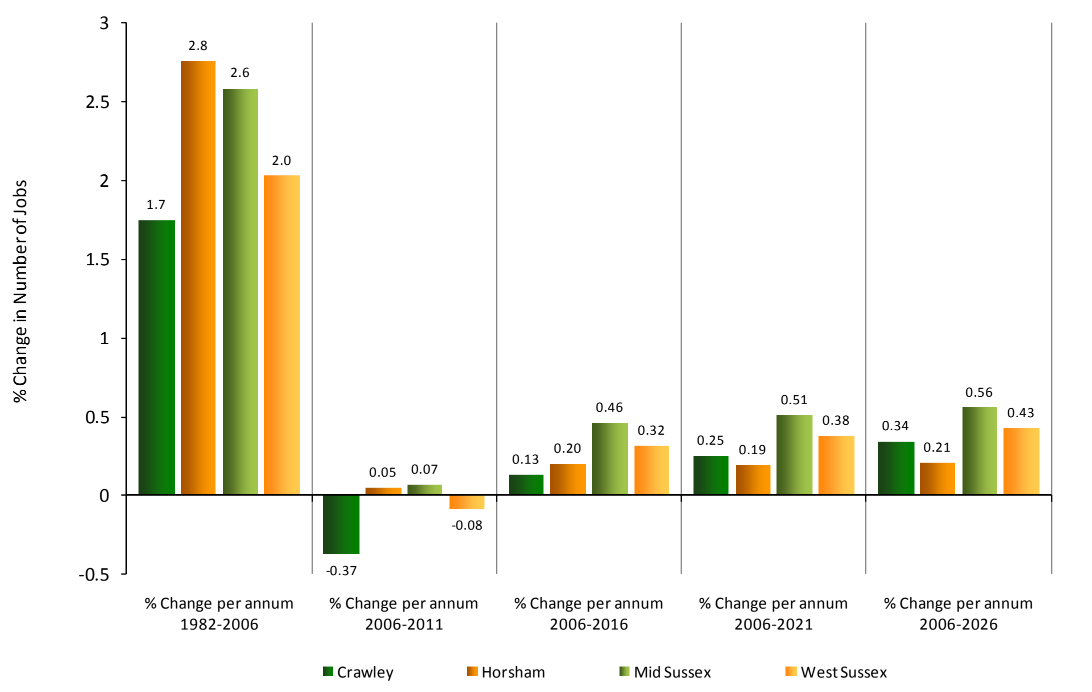
Figure 6.2: Base Scenario – Employment by District, 2007-2026



Source: Experian, 2009

Figure 6.3: Total Employment Change 1982 - 2026					
		Crawley	Horsham	Mid Sussex	West Sussex
Total Employment (000's)	**1982**	60.5	36.3	40.7	272.3
	2006	85.8	60.3	65.9	404.8
	2011	84.3	60.4	66.1	403.1
	2016	87.0	61.5	69.0	417.5
	2021	89.1	62.0	70.9	427.7
	2026	91.7	62.8	73.2	439.2
Average Change per annum	**1982-2006**	1.1	1.0	1.1	5.5
	2006-2011	-0.3	0.0	0.0	-0.3
	2006-2016	0.1	0.1	0.3	1.3
	2006-2021	0.2	0.1	0.3	1.5
	2006-2026	0.3	0.1	0.4	1.7
Average % change per annum	**1982-2006**	1.7	2.8	2.6	2.0
	2006-2011	-0.37	0.05	0.07	-0.08
	2006-2016	0.13	0.20	0.46	0.32
	2006-2021	0.25	0.19	0.51	0.38
	2006-2026	0.34	0.21	0.56	0.43
Source: Experian, 2009					

Figure 6.4: Percentage Change in Employment 1982 - 2026



Source: Experian, 2009

Sectoral Employment Change

6.49 In order to gain a more complete understanding of employment trends, it is important to break the data down according to individual employment sectors and analyse exactly where jobs are likely to be lost and gained. This section considers the employment forecasts for the key sectors in each of the three Northern West Sussex local authorities.

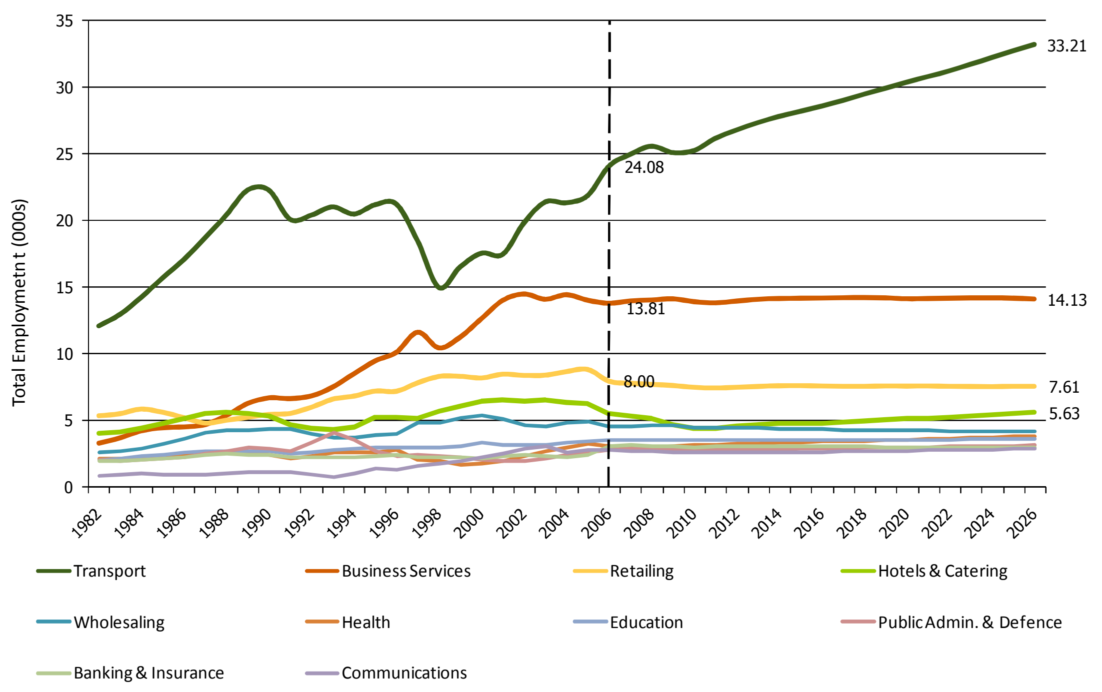
Crawley

6.50 The **Transport Sector** plays a key employment role in Crawley. In 2006, the sector provided around 24,000 jobs, having doubled in size since 1982. The Base Experian Forecast predicts that the sector will continue to grow to 2026, increasing in size by a third to a total of around 33,000 jobs. 85% of employment growth in the transport sector in the sub-region anticipated in Crawley.

6.51 The **Business Services Sector** accounts for the second largest number of jobs in Crawley – 13,800 in 2006. However, whilst the sector has expanded considerably since 1982 (albeit not since 2001), forecasts suggest that in the period to 2026, the number of jobs will remain relatively stable.

6.52 Meanwhile, employment is expected to increase in the Health, Hotels and Catering and Public Administration sectors in Crawley in the period to 2026.

Figure 6.5: Change in Crawley Employment by Sector, 1982 – 2026 (Top 10 Sectors)



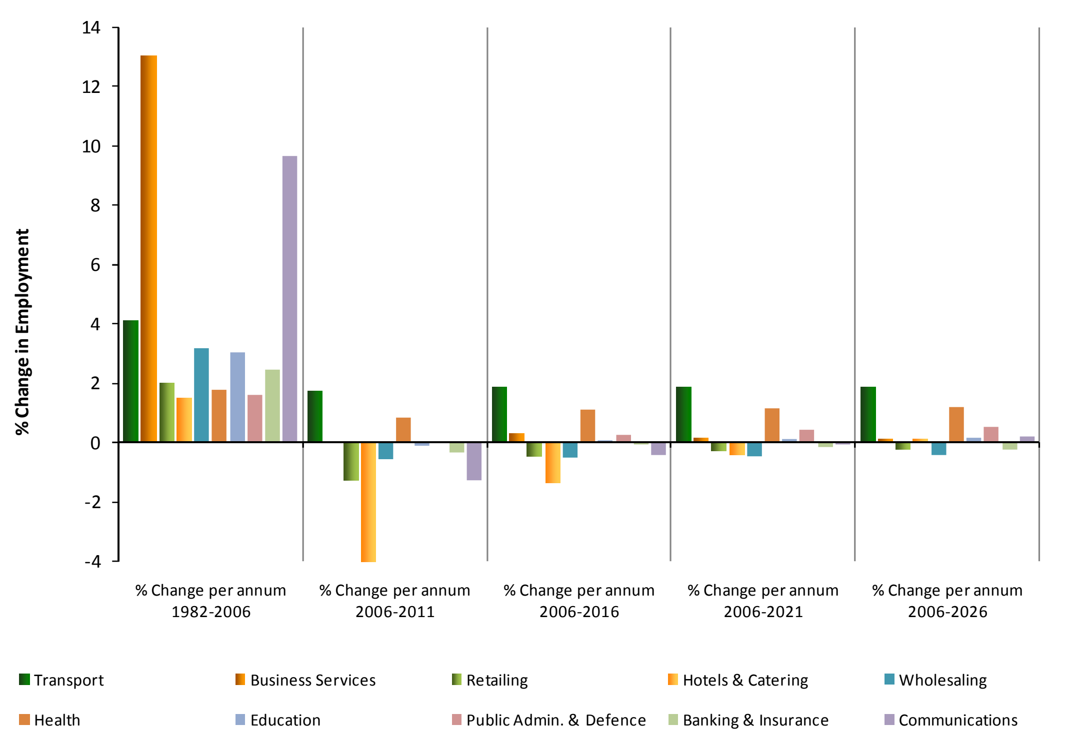
Source: Experian, 2009

Figure 6.6: Crawley Employment Change by Sector 1982 – 2026 (Top 10 Sectors)

		Transport	Business Services	Retailing	Hotels & Catering	Whole-saling	Health	Education	Public Admin.& Defence	Banking & Insurance	Commu-nications
Total Employment (000's)	**1982**	12.08	3.34	5.41	4.03	2.59	2.15	2.03	2.05	1.95	0.85
	2006	24.08	13.81	8.00	5.51	4.56	3.07	3.52	2.83	3.10	2.82
	2011	26.16	13.84	7.49	4.41	4.43	3.20	3.50	2.83	3.05	2.64
	2016	28.58	14.20	7.63	4.77	4.33	3.41	3.54	2.91	3.09	2.70
	2021	30.80	14.17	7.64	5.18	4.24	3.62	3.59	3.02	3.02	2.81
	2026	33.21	14.13	7.61	5.63	4.16	3.82	3.64	3.14	2.96	2.93
Average Change in Employment per annum	**1982-2006**	0.50	0.44	0.11	0.06	0.08	0.04	0.06	0.03	0.05	0.08
	2006-2011	0.42	0.01	-0.10	-0.22	-0.02	0.03	0.00	0.00	-0.01	-0.04
	2006-2016	0.45	0.04	-0.04	-0.07	-0.02	0.03	0.00	0.01	0.00	-0.01
	2006-2021	0.45	0.02	-0.02	-0.02	-0.02	0.04	0.01	0.01	-0.01	0.00
	2006-2026	0.46	0.02	-0.02	0.01	-0.02	0.04	0.01	0.02	-0.01	0.01
Average % Change in Employment per annum	**1982-2006**	4.14	13.04	2.00	1.53	3.17	1.78	3.05	1.59	2.46	9.66
	2006-2011	1.73	0.05	-1.26	-4.00	-0.53	0.85	-0.09	0.01	-0.31	-1.26
	2006-2016	1.87	0.29	-0.45	-1.34	-0.50	1.10	0.07	0.27	-0.05	-0.42
	2006-2021	1.86	0.17	-0.30	-0.41	-0.46	1.18	0.14	0.45	-0.17	-0.02
	2006-2026	1.90	0.12	-0.24	0.11	-0.43	1.22	0.18	0.55	-0.23	0.20

Source: Experian, 2009

Figure 6.7: Percentage Change in Top Crawley Employment Sectors, 1982 – 2026



Source: Experian, 2009

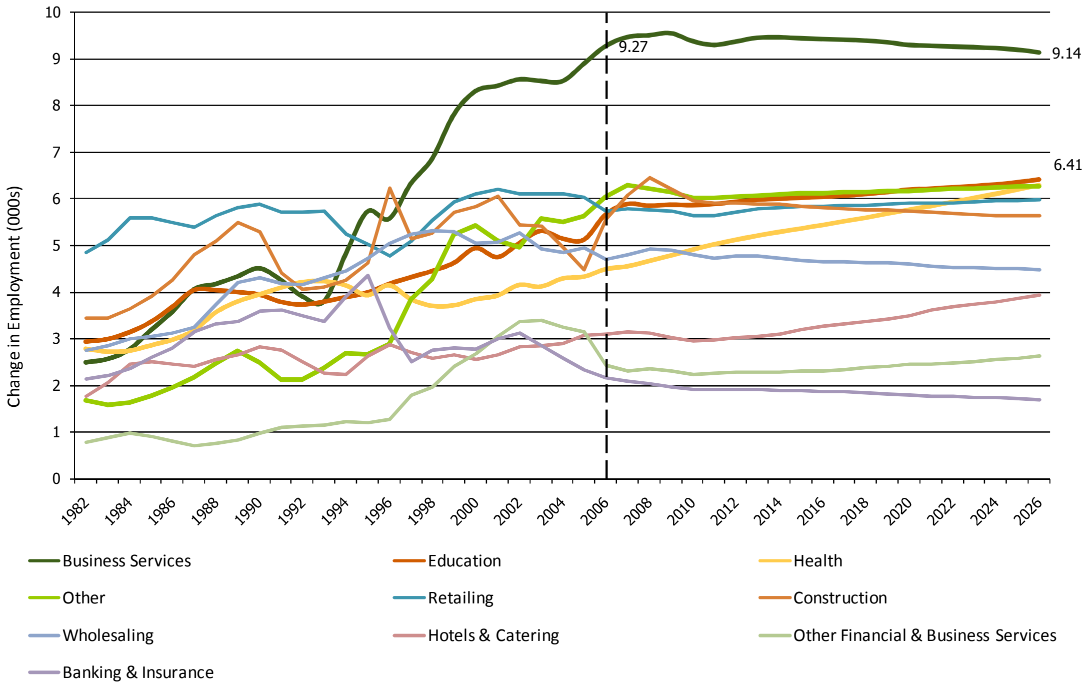
Horsham

6.53 The top employment sector in 2006 in Horsham was the **Business Services** sector, accounting for around 9,300 jobs – the largest sector by a considerable margin. Despite this in the period to 2026 employment in the sector is expected to decline to 9,100.

6.54 Forecasts suggest that the Health and Education sectors are likely to be the faster growing sectors in Horsham – both increasing by over a third to 2026. Increases will also be seen in sectors such as **Hotels and Catering**.

6.55 Meanwhile, in addition to the Business Services sector, the **Banking and Insurance Sector**, the **Construction** sector and the **Wholesale** sector are all expected to experience employment declines.

Figure 6.8: Change in Horsham Employment by Sector, 1982 – 2026 (Top 10 Sectors)



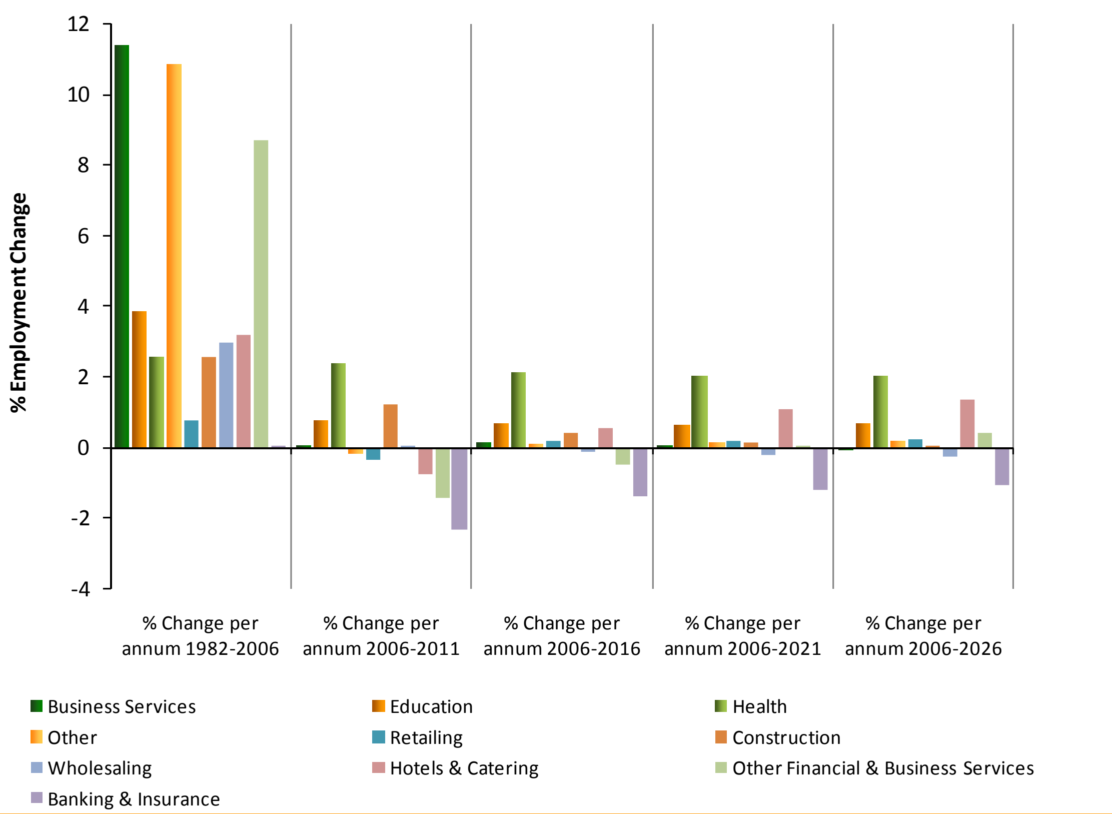
Source: Experian, 2009

Figure 6.9: Horsham Employment Change by Sector 1982 – 2026 (Top 10 Sectors)

		Business Services	Education	Health	Other	Retailing	Const-ruction	Whole-saling	Hotels & Catering	Other Financial & Business	Banking & Insurance
Total Employment (000's)	**1982**	2.48	2.95	2.77	1.68	4.85	3.44	2.75	1.75	0.79	2.12
	2006	9.27	5.67	4.48	6.04	5.75	5.57	4.71	3.09	2.44	2.15
	2001	9.30	5.89	5.02	6.00	5.65	5.92	4.72	2.97	2.27	1.90
	2016	9.42	6.05	5.43	6.11	5.84	5.81	4.66	3.26	2.32	1.86
	2021	9.28	6.22	5.84	6.18	5.92	5.71	4.56	3.60	2.47	1.77
	2026	9.14	6.41	6.28	6.26	5.99	5.63	4.48	3.93	2.63	1.68
Average Change in Employment per annum	1982-2006	0.28	0.11	0.07	0.18	0.04	0.09	0.08	0.06	0.07	0.00
	2006-2011	0.00	0.04	0.11	-0.01	-0.02	0.07	0.00	-0.02	-0.03	-0.05
	2006-2016	0.02	0.04	0.09	0.01	0.01	0.02	0.00	0.02	-0.01	-0.03
	2006-2021	0.00	0.04	0.09	0.01	0.01	0.01	-0.01	0.03	0.00	-0.03
	2006-2026	-0.01	0.04	0.09	0.01	0.01	0.00	-0.01	0.04	0.01	-0.02
Average % Change in Employment per annum	1982-2006	11.41	3.85	2.57	10.85	0.77	2.58	2.97	3.17	8.71	0.05
	2006-2011	0.05	0.79	2.38	-0.15	-0.34	1.23	0.06	-0.75	-1.40	-2.34
	2006-2016	0.16	0.67	2.12	0.12	0.17	0.43	-0.10	0.55	-0.50	-1.36
	2006-2021	0.00	0.65	2.01	0.15	0.20	0.16	-0.22	1.10	0.07	-1.19
	2006-2026	-0.07	0.66	2.01	0.18	0.21	0.05	-0.24	1.36	0.40	-1.09

Source: Experian, 2009

Figure 6.10: Percentage Change in Top Horsham Employment Sectors, 1982 - 2026



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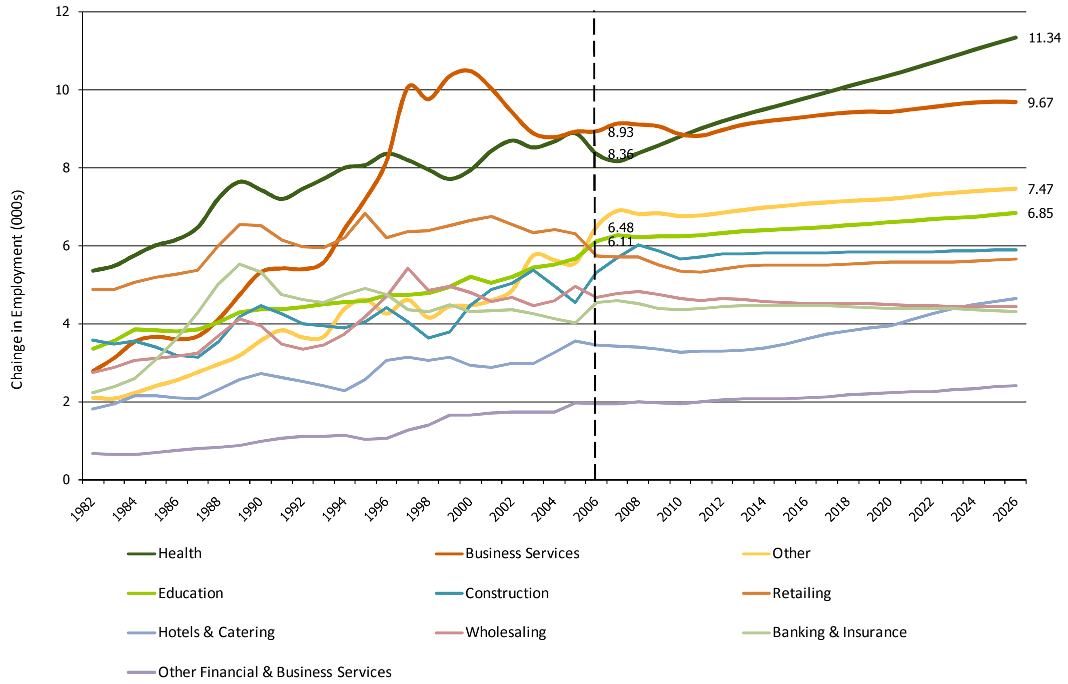
Mid Sussex

6.56 In 2006, the top employment sector in Mid Sussex was the **Business Services** sector, providing around 8,900 jobs. In to the period up to 2026, the sector is expected to show some growth, expanding by 8% to around 9,700 jobs. Meanwhile, the **Health** sector is expected to grow by nearly a third to 2026, from a 2006 base of 8,400 jobs. As a result the sector is set to overtake Business Services as the District's top employment sector.

6.57 Other than Health, other Mid Sussex sectors expected to experience employment growth to 2026 include **Hotels and Catering, Other Financial and Business Services and Education**.

6.58 Meanwhile employment in the District's **Wholesale** sector is expected to contract to a certain extent.

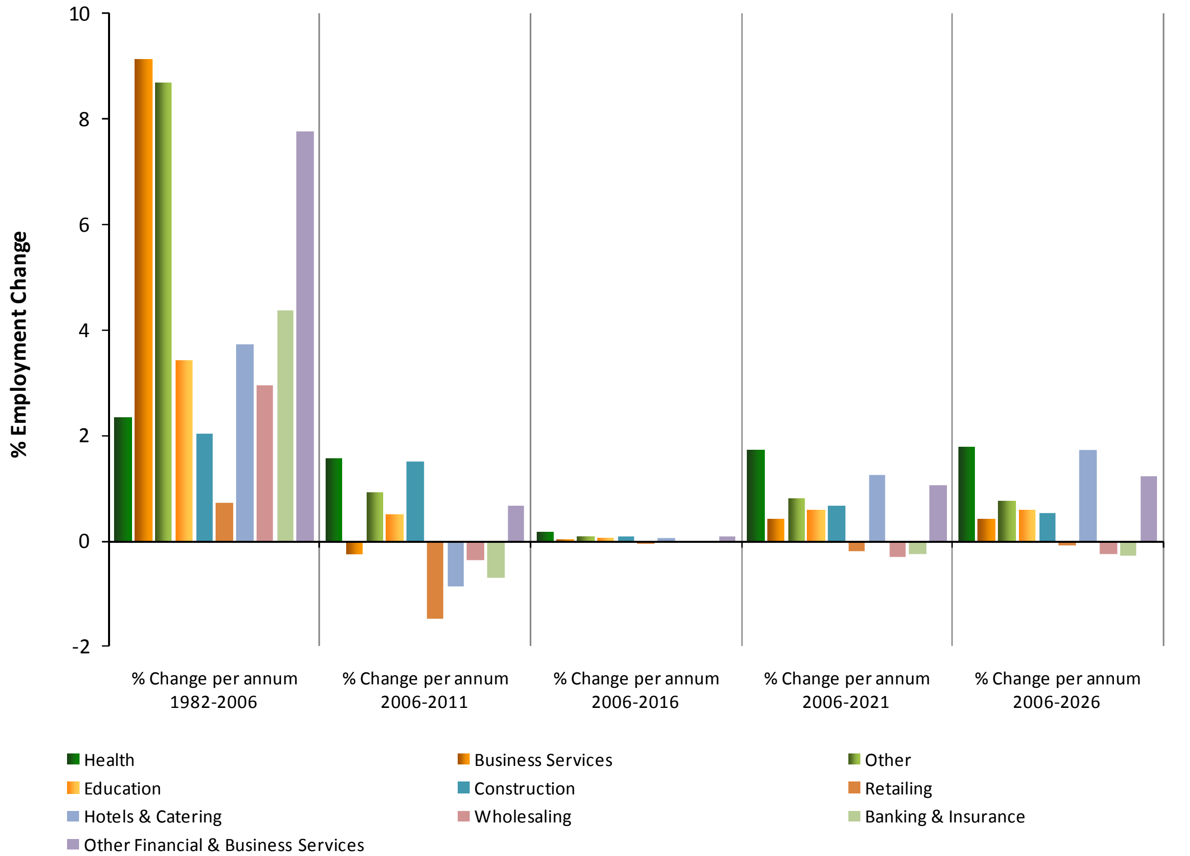
Figure 6.11: Change in Mid Sussex Employment by Sector, 1982 – 2026 (Top 10 Sectors)



Source: Experian, 2009

Figure 6.12: Mid Sussex Employment Change by Sector 1982 – 2026 (Top 10 Sectors)											
		Health	Business Services	Other	Education	Const-ruction	Retailing	Hotels & Catering	Whole-saling	Banking & Insurance	Other Financial & Business Services
Total Employment (000's)	**1982**	5.36	2.79	2.10	3.36	3.58	4.89	1.82	2.74	2.22	0.67
	2006	8.36	8.93	6.48	6.11	5.33	5.75	3.44	4.67	4.55	1.93
	2011	9.01	8.81	6.78	6.27	5.73	5.33	3.29	4.59	4.39	2.00
	2016	9.79	9.29	7.08	6.46	5.82	5.50	3.61	4.52	4.46	2.10
	2021	10.53	9.48	7.26	6.65	5.85	5.58	4.08	4.47	4.38	2.24
	2026	11.34	9.67	7.47	6.85	5.89	5.66	4.64	4.43	4.30	2.40
Average Change in Employment per Annum	**1982-2006**	0.12	0.26	0.18	0.11	0.07	0.04	0.07	0.08	0.10	0.05
	2006-2011	0.13	-0.02	0.06	0.03	0.08	-0.09	-0.03	-0.02	-0.03	0.01
	2006-2016	0.14	0.04	0.06	0.03	0.05	-0.03	0.02	-0.01	-0.01	0.02
	2006-2021	0.14	0.04	0.05	0.04	0.04	-0.01	0.04	-0.01	-0.01	0.02
	2006-2026	0.15	0.04	0.05	0.04	0.03	0.00	0.06	-0.01	-0.01	0.02
% Change in Employment per annum	**1982-2006**	2.33	9.15	8.68	3.42	2.04	0.73	3.72	2.94	4.37	7.78
	2006-2011	1.56	-0.25	0.94	0.50	1.51	-1.48	-0.85	-0.35	-0.69	0.66
	2006-2016	0.16	0.04	0.09	0.05	0.09	-0.04	0.05	-0.03	-0.02	0.08
	2006-2021	1.73	0.41	0.80	0.58	0.66	-0.20	1.25	-0.29	-0.25	1.06
	2006-2026	1.78	0.42	0.76	0.60	0.53	-0.08	1.74	-0.25	-0.28	1.22
Source: Experian, 2009											

Figure 6.13: Percentage Change in Top Mid Sussex Employment Sectors, 1982 - 2026



Source: Experian, 2009

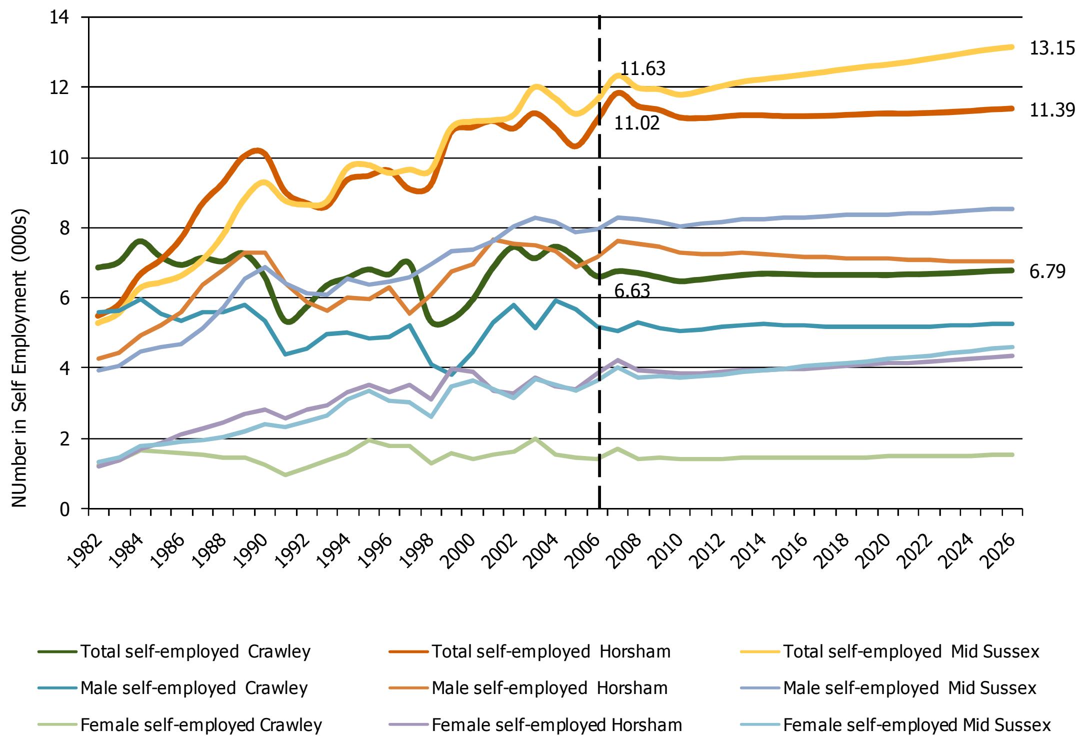
Self Employment

6.59 There are significant variations in levels of self employment across the three Northern West Sussex local authorities. The headline trends regarding self employment in Northern West Sussex are:

- Levels of self employment in **Crawley** are low and have shown little change in recent decades. In 2006, around 6,600 people were self employed, compared to nearly 6,900 in 1982. Forecasts suggest that this trend will continue in 2026 – by that year it is estimated that there will be around 6,800 self employed people in the Borough.

- Both **Horsham** and **Mid Sussex** have a much larger number of people in self employment than Crawley – 11,000 and 11,600 respectively in 2006. Since 1982 self employment has more than doubled in both Districts. Forecasts predict that in future years, the level of self employment will continue to increase in Mid Sussex but become relatively stable in Horsham.

Figure 6.14: Number of people in self employment (000s)



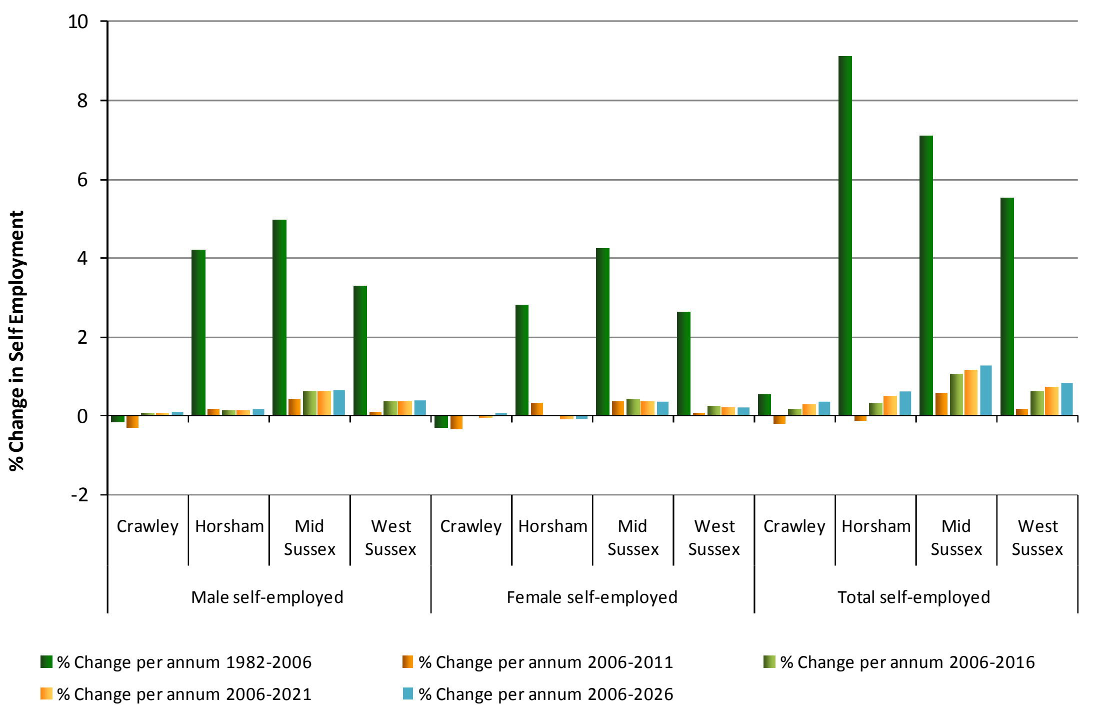
Source: Experian, 2009

Figure 6.15: Forecasted Changes in Levels of Self Employment, 1982-2026

		Male self-employed			Female self-employed			Total self-employed		
		Crawley	Horsham	Mid Sussex	Crawley	Horsham	Mid Sussex	Crawley	Horsham	Mid Sussex
Total Employment (000's)	**1982**	5.60	4.27	3.94	1.26	1.21	1.36	6.87	5.48	5.30
	2006	5.20	7.16	7.97	1.43	3.86	3.66	6.63	11.02	11.63
	2011	5.11	7.27	8.12	1.42	3.84	3.77	6.53	11.11	11.89
	2016	5.21	7.18	8.31	1.46	3.99	4.05	6.67	11.17	12.36
	2021	5.19	7.09	8.41	1.49	4.15	4.31	6.68	11.24	12.72
	2026	5.26	7.05	8.55	1.53	4.34	4.60	6.79	11.39	13.15
Average Employment change per annum	**1982-2006**	-0.01	0.23	0.26	1.16	-0.02	0.12	0.17	0.70	0.01
	2006-2011	-0.02	0.02	0.05	0.07	-0.02	0.02	0.03	0.03	0.00
	2006-2016	0.00	0.02	0.07	0.23	0.00	0.00	0.03	0.11	0.00
	2006-2021	0.00	0.01	0.07	0.24	0.00	0.00	0.03	0.10	0.00
	2006-2026	0.01	0.02	0.08	0.26	0.00	-0.01	0.03	0.10	0.01
Average % Employment change per annum	**1982-2006**	-0.15	4.22	4.98	3.31	-0.30	2.83	4.25	2.63	0.55
	2006-2011	-0.29	0.17	0.45	0.11	-0.33	0.31	0.38	0.07	-0.18
	2006-2016	0.06	0.14	0.63	0.37	0.03	0.03	0.43	0.25	0.18
	2006-2021	0.05	0.13	0.62	0.38	-0.01	-0.06	0.38	0.22	0.27
	2006-2026	0.12	0.17	0.65	0.41	0.06	-0.08	0.37	0.22	0.36

Source: Experian, 2009

Figure 6.16: % Change in Self Employment, 1982-2026



Source: Experian, 2009

Scenario 1: Summary and Implications

By 2026, employment is forecast to have increased by 15,700 across the sub-region. The rate of employment growth between 2006-26 is expected to be higher in Mid Sussex District (11%) and Crawley (7%) than in Horsham District (4%): in notable contrast to the previous 20 years where Horsham District had the strongest rate of employment growth.

Experian's forecast indicates that the profile of employment growth in the sub-region over the plan period (2006-26) is expected to be considerably different to the previous two decades. Total forecast employment growth of 7% is substantially below the 37% growth achieved between 1986-2006 and below the County average of 9%. The Baseline Scenario is hence of low growth and relative economic underperformance. Intervention will be required to improve economic performance to match its status as a Diamond for Growth within the wider region.

Under 'baseline' conditions, those sectors which are expected to see the most substantial increases in employment between 2006-26 are the transport sector and the health sector, in which over 15,000 additional jobs are expected to be created. In both cases employment growth between 2006-26 is expected to be stronger than over the previous 20 years. Other sectors which are expected to see some growth in employment are hotels and catering and education. However demands for employment land arising from growth in these sectors is limited.

Forecast employment growth of 1,000 between 2006-26 in the business services, banking and insurance and other financial and business service sectors combined falls significantly below the substantial growth of 25,100 achieved over the previous 20 years. These sectors have not grown since 2001. Coupled with very modest employment growth in public administration, demand for additional office space would be dramatically reduced although office development will continue to be important to address qualitative issues and replace outdated stock. Demand for an additional 1.3 ha of land has been identified.

The strongest forecast growth in key office-related sectors, while still moderate, is in Mid Sussex District. Crawley is also expected to see modest growth, while in Horsham District employment is expected to decline.

Manufacturing is the mainstay of the industrial market. Employment is expected to contract between 2006-26, but at a much slower rate than over previous 20 years. Employment in the construction sector is also expected to contract. As a result, demand for industrial units can be expected to reduce over time. However there is not always a direct relationship between employment and demand for floorspace as companies can reduce their workforce as they become more productive while retaining the same volume of space, while again there can be qualitative issues regarding sites and premises.

While employment in transport and communications is expected to increase, it is expected that a significant proportion of this is 'airport-related.' We consider that there are some risks to this, as explored in the Low Gatwick Growth Scenario. Employment in wholesaling and distribution is expected to fall.

As there is currently net commuting of 9,000 persons daily into the sub-region to work, this scenario could potentially reduce commuting into the sub-region although this is dependent on delivery of the Housing Requirement identified in the South East Plan.

SCENARIO 2: POLICY-ON SCENARIO

6.60 SEEDA and SEERA set out that they expect that the evidence base to inform LDF preparation would include a scenario for economic growth which broadly aligns with the vision for the South East contained within the South East Plan and the RES. It recommends that "to support the delivery and implementation of the South East Plan and RES local authorities should use the regional growth assumptions as part of positive contingency planning."

6.61 The South East Plan is informed by a Gross Value Added (GVA) 'policy-on' forecast of around 3% growth per annum, while the RES contains a policy aspiration to achieve an annual increase in GVA per capita of at least 3%. Given the impact of the economic recession, we can consider the achievement of 3% growth in GVA per annum on average across the 2006-26 plan period as a whole as a high growth 'Policy-On' scenario which accords with the South East Plan.

6.62 The level of employment growth which is necessary to support 3% GVA growth per annum is dependent on what increase in productivity is achieved (growth in GVA per employee). This will be influenced by the performance of different economic sectors. In the absence of a detailed economic model, we have not been able to accurately estimate the sectoral distribution of growth necessary to achieve 3% annual growth in GVA. Instead we have made a number of high-level judgements regarding potential increases in productivity (GVA per employee).

6.63 We have assumed that over the 20 year plan period, 2006-26, a 48% increase in GVA per employee is achieved in Crawley reflecting its higher-value economic base, with a 43% increase in GVA per employee achieved in Mid Sussex and Horsham Districts. This would result in a c. 45% increase in GVA per employee across the sub-region as a whole.

6.64 Using data on total employment and GVA in 2006, GVA per employee can be calculated. GVA in 2026 can also be calculated by applying a growth rate of 3% per annum. The estimated increase in GVA per employee for each of the districts in then applied, to calculate GVA per Employee in 2026. On this basis, forecast employment for 2026 can be calculated by dividing estimates of GVA by GVA per employee.

Figure 6.17: Forecast Employment, 2026

	GVA per Employee, 2006 (£)	Estimated Increase in GVA per Employee	GVA per Employee 2026 (£)	Employment, 2026
Crawley	37515	48%	55523	91,754
Horsham	36580	43%	52309	63,927
Mid Sussex	34282	43%	49024	71,443
Northern West Sussex	36,253	45%	156,856	227,124

Source: GL Hearn

6.65 Figure 6.18 sets out the projections for employment growth for this Policy-On Scenario. The Policy-On scenario indicates employment growth of 21,300 across the sub-region between 2006-26. At a district level, employment growth of 0.41% per annum is expected in Crawley and 0.59% in Horsham and Mid Sussex.

Figure 6.18: Forecast Employment Growth, 2006-26

	Employment, 2006	Employment Growth, 2006-26	Average Annual Employment Growth, 2006-26
Crawley	85,840	6,882	0.41%
Horsham	60,260	6,792	0.59%
Mid Sussex	65,910	7,591	0.59%
Northern West Sussex	212,010	21,265	0.52%

Source: GL Hearn

6.66 Growth in higher-value employment sectors in Crawley is expected to mean that less net growth in employment is required to achieve 3% annual growth in GVA relative to Horsham and Mid Sussex.

6.67 Figure 6.19 compares the Policy-On and Base Scenarios. Total employment is expected to grow by 7.7% in the Base Scenario and 10.3% in the Policy-On Scenario over the 2006-26 plan period. This translates into an additional 21,300 jobs created in the Policy-On Scenario: 5,500 higher more than in the Baseline Scenario.

Figure 6.19: Comparison of Policy-ON and Base Scenarios

Employment Growth, 2006-26	Base Scenario		Policy-On Scenario		Difference
Crawley	5910	6.88%	6,880	8.11%	970
Horsham	2,500	4.15%	6,790	11.88%	4,290
Mid Sussex	7,340	11.14%	7,590	11.89%	250
Northern West Sussex	15,750	7.65%	21,260	10.33%	5,510

Source: GL Hearn

6.68 The most substantial difference between the scenarios is in Horsham District, where employment is expected to increase by 6,790 (12%) in the Policy-On scenario compared to growth of just 2,500 (4%) in the Base Scenario. Employment in the Policy-On scenario is higher in the Base Scenario in Crawley (8% compared to 7%) and Mid Sussex (12% compared to 11%) but not substantially so.

Scenario 2: Summary and Implications

We estimate that delivery of the South East Plan ambition of 3% GVA per annum would require employment growth of 21,300 over the 2006-26 plan period. This is 35% higher than forecast employment growth in the Base Scenario. It is however sensitive to assumptions on productivity growth.

The level of employment growth need to be substantially higher than forecast in the Base Scenario in Horsham District to achieve 3% GVA growth per annum over the plan period. In contrast, just 3% additional employment over and above that forecast in the Base Scenario is required to deliver 3% GVA growth per annum in Mid Sussex; with 16% additional employment growth required in Crawley. In both cases this equates to less than 1,000 additional jobs.

SCENARIO 3: HOUSING GROWTH SCENARIO

6.69 This scenario has sought to assess the impact of the successful delivery of 37,600 new homes across the Northern West Sussex Sub-Region over the 2006-26 period in accordance with housing requirements set out in the South East Plan.

6.70 On the one hand population growth, linked to new housing development, will have implications from a number of consumer-related sectors. On the other hand, the level of population growth will influence growth in labour supply. This can both support and constrain employment growth in quantitative terms (recognising that there is also a skills dimension).

6.71 This scenario assumes that housing growth will support growth in labour supply and additional employment growth in a number of key sectors, including Construction, Retailing, Hotels and Catering, Public Administration and Defence, Education and Health.

6.72 Experian's forecast (the Base Scenario) incorporates some assessment of supply-side factors including housing development (and population growth expected to arise from this) as well as major infrastructure investment. Experian use ONS population projections as a starting point for their forecasts and assume that that a proportion of the housing requirements outlined in the South East Plan are delivered. Through this scenario we consider what implications successful delivery of the housing requirement might have.

6.73 We have first calculated the potential growth in population arising from the growth in housing proposed in the South East Plan. We have assumed a 2.5% vacancy rate[1] and taken assumptions for average household size from West Sussex County Council's Population and Household Projections. This has been used to estimate the population in 2026, as shown in Figure 6.20.

Figure 6.20: Projected Growth in Population

	2006 Population	2006 Households	Additional Households	2026 Households	Est. HH Size 2026	Population 2026
Crawley	99850	40870	7500	48183	2.23	107640
Horsham	128331	52871	13000	65546	2.16	141776
Mid Sussex	129067	54351	17100	71024	2.16	153624
Northern West Sussex	357248	148092	37600	184752		403040

Source: GL Hearn

6.74 The next step of the process has been to estimate the growth in the population of working age. We have assumed that economic activity rates are consistent both over time and geographically at 78%. Assumptions regarding the proportion of the total population which is of working age are derived from the Government's 2006 Sub-National Population Projections.

6.75 Figure 6.21 sets out the projected growth in the labour force which is expected to result over the period 2006-2026.

[1] This is a nationally recognised benchmark to allow for turnover in the housing stock

Figure 6.21: Projected Growth in Labour Supply

	% Working Age/ All Ages 2006	% Working Age/ All Ages 2026	Assumed Economic Activity Rate	Assessed Economically Active Population, 2006	Assessed Economically Active Population, 2026	Additional Economically Active Working Age Population, 2006-26
Crawley	63.4%	64.0%	78%	49349	53718	4369
Horsham	59.4%	58.5%	78%	59450	64724	5274
Mid Sussex	59.6%	57.9%	78%	60045	69343	9298

Source: GL Hearn

6.76 This scenario is based upon a rapid 'bounce back' in housing delivery rates, such as recovery to 2007 delivery rates in 2011. It assumes consistent growth from 2012-2026. It assumes delivery of strategic development across the main towns.

6.77 Figure 6.22 summarises the overall implications of housing growth in terms of population and labour supply.

Figure 6.22: Implications of Housing Growth for Population and Labour Supply, 2006-26

2006-26	% Growth in Households	% Growth in Households per Annum	% Growth in Population	% Growth in Labour Supply
Crawley	18.4%	0.9%	7.8%	8.9%
Horsham	24.6%	1.2%	10.5%	8.9%
Mid Sussex	31.5%	1.6%	19.0%	15.5%
Northern West Sussex	25.4%	1.3%	12.8%	11.2%

Source: GL Hearn

6.78 This assessment indicates that housing growth, if successfully delivered, would result in a growth in the economically active working age population (based on the assumption on economic participation set out) by approximately 19,000 people. It would result in growth in the economically active population by 4,400 in Crawley and 5,300 in Horsham – both representing growth of 9% - but with significantly stronger growth in Mid Sussex of 9,300 or 16%.

6.79 We can relate the projections for growth in the labour force to levels of employment growth generated in the Base Scenario. This is presented in Figure 6.23 below.

Figure 6.23: Comparison of Housing Growth and Base Scenarios – Total Employment

2006-26	Housing Growth: Growth in Labour Supply	Base Scenario: Growth in Employment	Differential
Crawley	4370	5910	-1540
Horsham	5270	2500	2770
Mid Sussex	9300	7340	1960
Northern West Sussex	18940	15750	3190

Source: GL Hearn

6.80 At the headline level, housing growth is expected to result in growth in the available supply of labour by c. 19,000 people. This is 20% above the level of employment growth which is expected in the Base Scenario with 3,200 additional jobs created over the plan period between 2006-26.

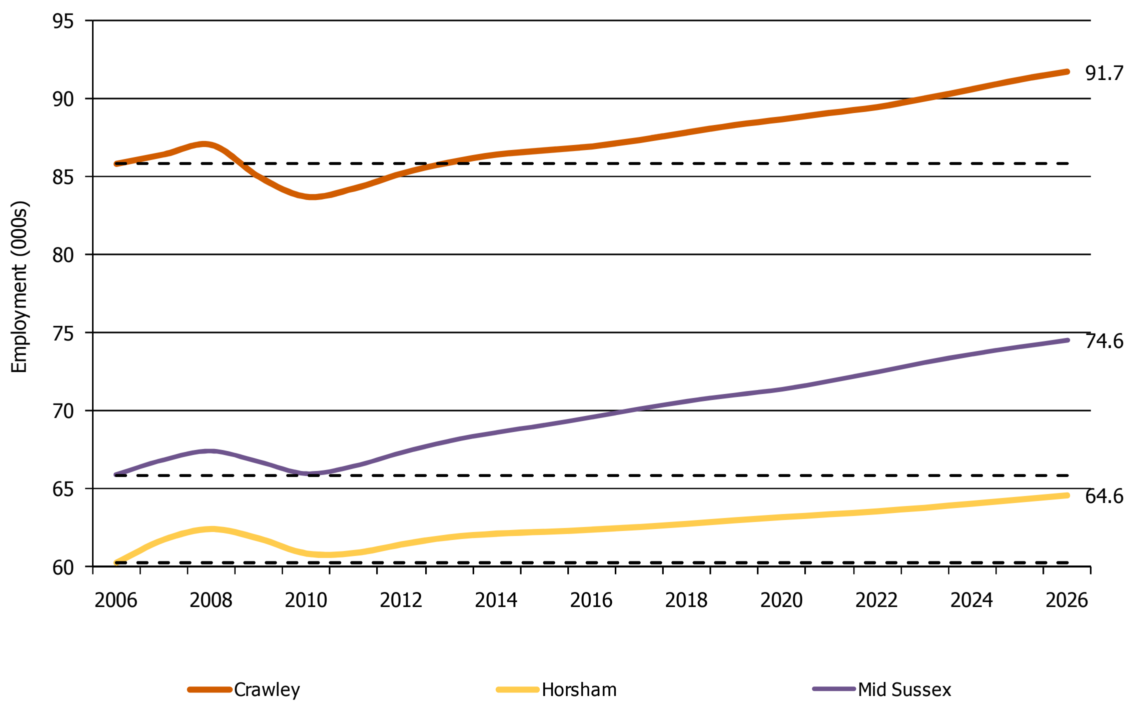
6.81 The Successful Delivery of New Housing Scenario assumes an additional 3,200 jobs are created across the sub-region in key consumer-related sectors, driven by housing growth in the sub-region. It assumes additional growth in Retailing, Hotels and Catering, Public Administration and Defence, Education and Health; together with Construction. It is assumed that the additional jobs created will relate to the distribution of housing development in spatial terms. On the basis of the analysis in Figure 6.23, we consider that this the additional employment will arise primarily arise in Horsham and Mid Sussex Districts.

6.82 Housing development is not expected to constrain economic growth potential in Crawley given the inter-connected nature of the sub-regional economy. There are already significant levels of in-commuting from Horsham and Mid Sussex to Crawley on the one hand; whilst it is expected that part of the districts' housing allocations could be met 'At Crawley' mitigating potentially unsustainable commuting patterns.

6.83 In this Successful Delivery of New Housing Scenario we have thus distributed the additional 3,200 jobs on the basis of the difference in projected growth in labour supply and employment in the Base Scenario, as set out in Figure 6.24. This results in 59% of this additional growth being ascribed to Horsham District and 41% to Mid Sussex.

6.84 If the proposed levels of house building are fulfilled, it is possible that employment across Northern West Sussex will rise from 212,000 in 2006 to around 231,000 in 2026. This represents an increase of 89% from 2006.

Figure 6.24: Delivery of New Housing Scenario – Employment by District, 2006-2026



Source: Experian/ GL Hearn

6.85 While Crawley will experience a decline in employment between 2008 and 2010, employment will rise steadily from 2010, reaching 91,800 in 2026.

6.86 Employment in Mid Sussex will reach 74,600 by 2026. This represents an increase of around 13% (8,650) jobs from 2006 levels. The sectors to experience the largest increases during this period are the Health sector (an increase of 43% or 3,500 jobs) and the Hotels and Catering sector (an increase of 45% or 1,600 jobs).

6.87 By 2026, total employment in Horsham will increase to around 64,700 – an increase of 4% and around 4,400 jobs from 2006. The Health and Hotels & Catering sectors will experience large employment increases, of 42% and 46% respectively.

Figure 6.25: Delivery of New Housing Scenario – Scenario Employment Sector Changes, 2006-2026								
Scenario Employment Sectors (000s)		**2006**	**2011**	**2016**	**2021**	**2026**	Actual Change 2006-2026	% Change 2006-2026
Crawley	Retailing	8.0	7.5	7.6	7.6	7.6	-0.38	-4.79
	Hotels & Catering	5.5	4.4	4.8	5.2	5.6	0.12	2.10
	Health	3.1	3.2	3.4	3.6	3.8	0.75	24.35
	Education	3.5	3.5	3.5	3.6	3.6	0.12	3.55
	Public Admin. & Defence	2.8	2.8	2.9	3.0	3.1	0.25	17.39
	Other	2.2	1.8	1.6	1.5	1.3	-0.91	-40.73
	Construction	2.2	1.3	0.8	0.4	0.2	-1.98	-90.77
	All Sectors	**85.8**	**84.3**	**87.0**	**89.1**	**91.8**	**5.91**	**6.88**
Horsham	Education	5.7	6.0	6.2	6.4	6.7	0.99	17.51
	Health	4.5	5.2	5.8	6.4	7.1	2.57	57.37
	Other	6.0	6.0	6.2	6.3	6.4	0.39	6.51
	Retailing	5.7	5.7	5.9	6.0	6.1	0.34	5.97
	Construction	5.6	5.9	5.8	5.7	5.6	0.06	1.01
	Hotels & Catering	3.1	3.1	3.5	4.0	4.5	1.38	44.8
	Public Admin. & Defence	1.0	1.0	1.0	1.1	1.2	0.15	15.46
	All Sectors	**60.3**	**60.9**	**62.4**	**63.4**	**64.7**	**4.38**	**7.28**
Mid Sussex	Health	8.4	9.2	10.1	10.9	11.9	3.52	42.04
	Other	6.5	6.8	7.1	7.4	7.6	1.11	17.13
	Education	6.1	6.3	6.5	6.8	7.0	0.90	14.80
	Construction	5.3	5.7	5.8	5.9	5.9	0.57	10.61
	Retailing	5.8	5.3	5.4	5.6	5.7	-0.02	-0.38
	Hotels & Catering	3.4	3.4	3.8	4.4	5.0	1.57	45.77
	Public Admin. & Defence	1.4	1.3	1.4	1.4	1.5	0.08	5.59
	All Sectors	**65.9**	**66.5**	**69.6**	**71.9**	**74.6**	**8.65**	**13.12**
Northern West Sussex	Health	15.9	17.6	19.3	21.0	22.8	6.81	42.94
	Retailing	19.5	18.5	19.1	19.3	19.4	-0.66	-0.32
	Education	15.3	15.8	16.3	16.8	17.3	2.02	13.22
	Other	14.8	14.7	15.0	15.1	15.4	0.59	3.99
	Hotels & Catering	12.0	10.9	12.1	13.6	15.1	3.08	25.53
	Construction	13.1	13.0	12.4	12.0	11.7	-1.36	-10.39
	Public Admin. & Defence	5.2	5.1	5.3	5.5	5.8	0.54	10.33
	All Sectors	**212.0**	**211.6**	**219.0**	**224.4**	**231.0**	**18.94**	**8.93**
Source: GL Hearn Calculations based on Experian Employment Forecasts, 2009								

Summary and Implications

Housing growth is an important economic driver in the sub-region. Successful delivery of 37,600 additional homes over the 2006-26 plan period, in accordance with the South East Plan, could result in population growth of 45,800 in Northern West Sussex. If economic activity rates remain consistent, this could result in growth in the labour force by 19,000 equating to 11.2% growth.

The most significant impact of housing growth is in Mid Sussex, where labour supply could increase by 16% over the plan period. 9% growth in expected in Horsham District and Crawley.

It is expected that housing growth could result in 20% higher job growth over the 2006-26 plan period than in the Base Scenario: with the creation of 3,200 additional jobs in consumer-related services. The impact is primarily in service-based sectors, with limited implications for employment land requirements. It particularly supports additional job creation in the health, education and leisure sectors.

The impact of housing growth on employment creation is however sensitive to changes in economic activity rates. If for instance economic activity in Crawley could be increased, additional employment could be supported. Commuting patterns is also a key variable. This scenario demonstrates that growth in labour supply within the sub-region could support 19,000 additional jobs between 2006-26 if economic activity rates remain consistent. If employment creation is greater than this, it could result in either a reduced level of out-commuting (higher retention) or an increase in in-commuting. It is also important in this context that the skills mix is appropriate to that required by the business base.

SCENARIO 4: MODERATE GROWTH OF GATWICK AIRPORT

6.88 Gatwick Airport currently caters for 33 million passengers a year.[2] The Airport's passenger numbers has however fallen by 7% over the last year.

6.89 There is a degree of uncertainty regarding the future development and growth of Growth of Gatwick Airport, the vulnerability of the transport/ aviation sectors at the local level to trends in the aviation industry globally and to wider macro-economic conditions, and a degree or risk of exposure of the local economy to these factors.

6.90 There is a risk that other Airports in the South East may grow over the next 20 years at the expense of Gatwick. The Government's current preferred option is to deliver a third runway at Heathrow. Stansted has been granted permission to increase passenger numbers from 25 million to 35 million per annum, and a second runway could be delivered at this Airport by 2013. Significant uncertainty is however attached to delivery of new runways in each case. Indeed in May 2009 BAA requested a postponement of the Planning Inquiry into a Second Runway at Stansted.

6.91 While passenger throughput at the Airport has been falling recently, from a peak of 35 million in 2007, there is potential for it to grow in the medium and longer-term. In response to the emerging conclusions of the Competition Commission into BAA dominance of the airports' market in the UK, BAA put Gatwick Airport up for sale in September 2008. It is understood that all prospective purchasers currently seek to expand the Airport and have included development of a second runway at Gatwick within their bids. Regardless of whether a second runway goes ahead, it is expected that a new operator would seek to maximise passenger throughput and the efficient operation of the Airport.

6.92 The delivery of a second runway at Gatwick before 2019 is however precluded by a legal agreement between BAA and West Sussex County Council dating from 1979. While we understand that this could be overturned by Parliament, it is likely that a second runway, if brought forward, would not be delivered until late in the plan period.

6.93 The consultancy team has considered potential alternative scenarios for Gatwick Airport and the impact of this on the local economy on this basis.

6.94 BAA produced an Interim Masterplan for the Airport in 2006. This includes a scenario which explores the potential for delivery of second runway. We have reviewed the employment and passenger projections in the Airport Interim Masterplan. Based on an increase in passengers to 40 million in 2015 with a single runway the Interim Masterplan forecasts 27,300 jobs at the Airport and 14,500 jobs elsewhere (in terms of indirect airport-related employment). The overall forecast jobs associated with the airport of 41,850 in 2015 is slightly higher than in 2006, but around 3,400 less than was judged to have existed in 2001.

6.95 If we consider direct employment related to the Airport, this is likely to be focused in the transport, communications and retail sectors. Across Northern West Sussex, the Base Scenario projects growth in employment growth of 9,750 jobs in the transport sector (of which 9,130 is in Crawley), of 230 jobs in the communications sector but of a decline in employment of -230 jobs in the retail sector over the 2006-26 plan period.

6.96 Comparing the employment forecasts within the Airport Interim Masterplan with the Experian Base Forecast, in our view the Experian model potentially exaggerates the level of potential employment growth in the transport sector for a single runway operation at Gatwick. On this basis we consider that it is necessary to test an alternative scenario which explores the

[2] Year to March 2009, BAA

implications of more moderate growth in Airport-related sectors than in the Base Scenario. This recognises that there are notable downside risks to delivery of the level of growth in the transport sector forecast in the Base Scenario.

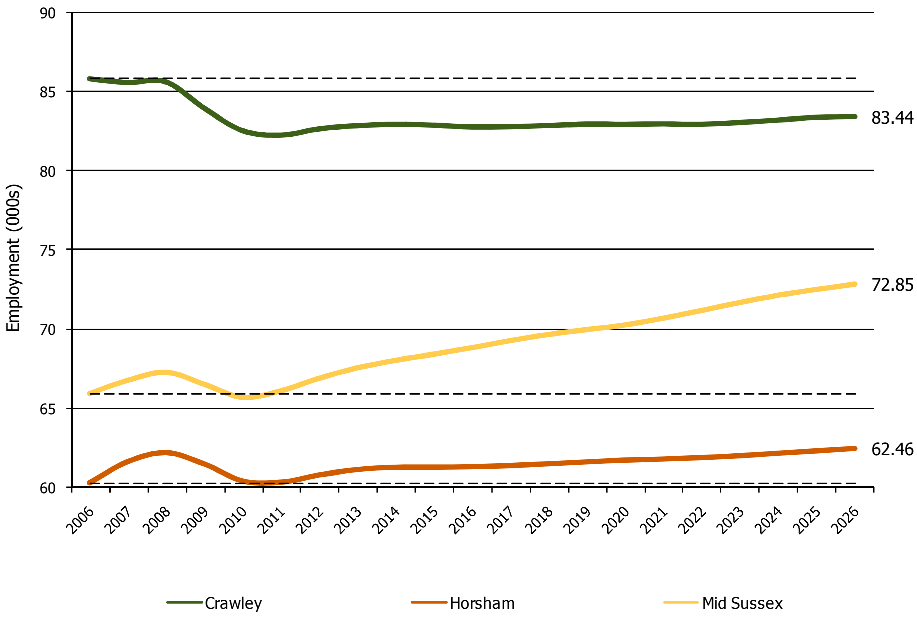
6.97 The potential caveat here is that we have not fully explored the impact of a second runway. The Interim Airport Masterplan indicates that this could increase passenger numbers to perhaps 80 million and be delivered by 2023. However there is a strong current degree of uncertainty regarding if and when this might be delivered. It is not supported by Government policy at either the national or local levels (albeit that it is being promoted by a number of the consortia bidding for the Airport). There is also currently little detail on which to base an assessment of the economic impact.

6.98 On the basis of this understanding, this scenario considers the potential for a more moderate level of growth to arise in airport-related employment than in the Base Scenario. It considers the implications of only moderate future growth in employment at Gatwick Airport, taking into account associated consequences for growth in local business and leisure-related sectors.

6.99 The scenario builds in an assumption that moderate growth at Gatwick Airport will have a larger influence on employment levels in Crawley than in Mid Sussex and Horsham. If future growth at Gatwick Airport occurs at a more moderate rate than might be expected, there are a number of important implications:

- In 2026, employment in Northern West Sussex will total 218,700 – an increase of around 6,700 jobs (3%) from 2026.
- Moderate growth at Gatwick Airport is likely to have a significant detrimental effect on employment levels in Crawley. Employment will decline sharply in the period to 2010, before stabilising and staging a very slight recovery. However, by 2026, total employment will stand at 83,400. This equates to 2,400 fewer jobs than in 2006.
- In contrast to Crawley, moderate growth at Gatwick has little impact on employment in Mid Sussex. Here, employment will increase at a relatively fast rate (11%) to a total of around 72,900 in 2026.
- Employment will also increase in Horsham, though at a slower rate than in Mid Sussex. From 2006 to 2026, employment will increase by around 2,200 jobs (4%) to a total of around 62,500.

Figure 6.26: Moderate Growth of Gatwick Airport Scenario – Employment by District, 2006-2026



Source: Regeneris Consulting Calculations based on Experian Employment Forecasts, 2009

Figure 6.27: Moderate Growth of Gatwick Airport Scenario – Scenario Employment Sector Change, 2006-2026								
Scenario Employment Sectors (000s)		**2006**	**2011**	**2016**	**2021**	**2026**	Actual Change 2006-2026	% Change 2006-2026
Crawley	Transport	24.08	24.29	24.53	24.75	24.99	0.91	3.79
	Business Services	13.81	13.84	14.16	14.13	14.10	0.29	2.11
	Hotels & Catering	5.51	4.30	4.70	5.14	5.62	0.10	1.89
	Banking & Insurance	3.10	3.05	3.08	3.01	2.95	-0.15	-4.97
	Communications	2.82	2.62	2.69	2.81	2.92	0.10	3.59
	Other Financial & Business Services	1.44	1.48	1.50	1.58	1.66	0.23	15.65
	All Sectors	**85.84**	**82.25**	**82.78**	**82.97**	**83.44**	**-2.40**	**-2.80**
Horsham	Business Services	9.27	9.30	9.41	9.28	9.12	-0.15	-1.62
	Hotels & Catering	3.09	2.96	3.24	3.55	3.85	0.76	24.50
	Other Financial & Business Services	2.44	2.25	2.31	2.46	2.61	0.17	7.13
	Banking & Insurance	2.15	1.88	1.83	1.73	1.64	-0.51	-23.88
	Transport	1.05	1.13	1.18	1.21	1.25	0.20	18.63
	Communications	1.03	0.95	0.94	0.94	0.96	-0.07	-7.07
	All Sectors	**60.26**	**60.30**	**61.29**	**61.78**	**62.46**	**2.20**	**3.64**
Mid Sussex	Business Services	8.93	8.80	9.26	9.43	9.60	0.67	7.55
	Hotels & Catering	3.44	3.28	3.60	4.02	4.52	1.08	31.32
	Banking & Insurance	4.55	4.38	4.45	4.36	4.27	-0.28	-6.08
	Other Financial & Business Services	1.93	1.99	2.08	2.21	2.35	0.42	21.89
	Transport	1.43	1.44	1.50	1.55	1.60	0.17	12.15
	Communications	0.92	0.92	0.97	1.03	1.09	0.17	18.54
	All Sectors	**65.91**	**66.08**	**68.83**	**70.69**	**72.85**	**6.93**	**10.52**
North West Sussex	Business Services	32.01	31.94	32.83	32.83	32.82	0.81	2.54
	Transport	26.56	26.86	27.21	27.52	27.84	1.28	4.83
	Hotels & Catering	12.04	10.54	11.54	12.71	13.98	1.94	16.10
	Banking & Insurance	9.80	9.30	9.36	9.11	8.86	-0.94	-9.63
	Other Financial & Business Services	5.81	5.73	5.89	6.25	6.63	0.82	14.14
	Communications	4.77	4.49	4.60	4.78	4.96	0.20	4.17
	All Sectors	**212.02**	**208.63**	**212.90**	**215.44**	**218.74**	**6.72**	**3.17**
Source: Regeneris Consulting Calculations based on Experian Employment Forecasts, 2009								

Scenario 3: Summary and Implications

There is a degree of dependence in the sub-regional economy to changes in the transport/aviation sector which is strongly represented in the sub-region, and particularly in Crawley. This leaves the sub-region vulnerable to changes in macro-economic conditions and trends in the aviation industry globally. This is recognised locally, and 'diversification' of the economic base is already embedded within local policies.

There may be potential for the Airport to grow in the medium-term, including the prospect of delivery of a second runway at Gatwick, however there the future growth of the Airport is characterised by a considerable degree of uncertainty.

The Airport is currently up for sale and it is likely that a new operator would seek to improve the efficiency of its operation. BAA's Interim Masterplan for the Airport indicates that it passenger numbers could grow to 40 million pa (from a current base of 33 million) without significant additional job creation, with forecast employment in this scenario remaining below 2001 levels.

We see a particular element of downside risk to delivery of growth in the transport sector as set out in the Base Scenario. A 'moderate growth' scenario for the Airport, whereby its relative position falls compared to other airports in the greater South East could have further implications, including for business and professional services, linked to a reduced attractiveness of the area to businesses.

If future growth at Gatwick Airport occurs at a more moderate rate than might be expected, employment in Northern West Sussex could total around 218,700 in 2026. This is an increase of only 3% from 2006.

Within Northern West Sussex, moderate growth at Gatwick Airport is likely to have the biggest impact on employment in Crawley - by 2026, total employment will stand at around 83,400 – 2,400 fewer jobs than in 2006. Moderate growth at Gatwick will have less impact on employment in Mid Sussex and Horsham, where employment will increase by around 11% and 4% respectively.

Even in this moderate growth scenario, transport employment in Crawley is forecast to increase by 910 jobs. In Horsham and Mid Sussex around 200 and 170 jobs, respectively, are predicted. This is a total of 1,280 jobs across Northern West Sussex in comparison to the 9,750 jobs predicted in the Base Experian Scenario.

The scenario would result in reduced levels of demand for all land from all B-class uses relative to the Base Scenario. Net demand for B2 and B8 floorspace would fall below levels today.

The scenario highlights a degree of risk or economic 'exposure' associated with a concentration of employment, particularly in Crawley, in transport and aviation-related activities which are vulnerable to global fluctuations, but also over the longer-term to policy decisions at a national level and the commercial decisions of a new Airport operator.

SCENARIO 5: SUCCESSFUL REPOSITIONING OF THE GATWICK DIAMOND

6.100 A further Strategic Scenario has been developed which considers the potential of the sub-region to attract footloose investment in higher value-added sectors. This scenario termed **The Successful Repositioning of the Gatwick Diamond** assumes an additional 5% growth is achieved across a number of sectors which are either growth-orientated or strongly represented in the sub-region. It is an aspirational economic scenario.

6.101 The Scenario assumes that the sub-region is successful in retaining existing higher value-added employment and businesses and attracting footloose investment in the following key sectors: Machinery & Equipment; Electrical & Optical; Transport Equipment; Chemicals; Communications; Banking & Insurance; Business Services; and Other Financial and Business Services. These sectors comprise key higher value-added employment sectors identified by the Gatwick Diamond Initiative.

6.102 This scenario uses the Experian Forecast as a base, but includes an additional 5% employment across the key growth sectors. This is distributed according to the proportion of employment by sector and local authority within the sub-region.

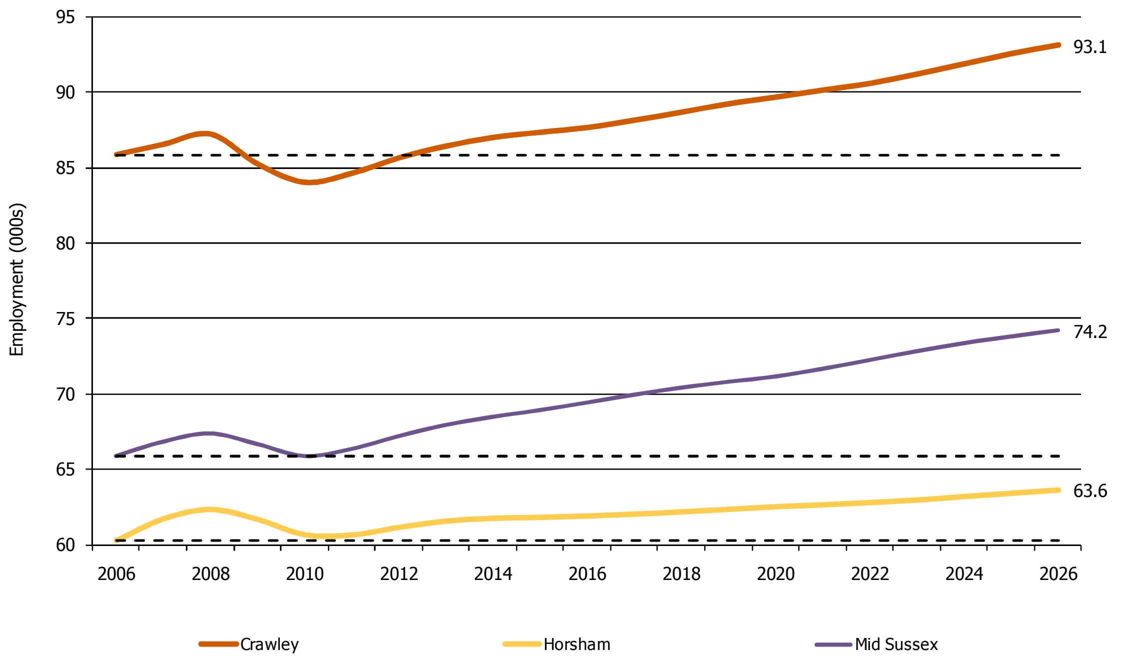
6.103 Employment across Northern West Sussex in this scenario would rise to 230,900 in 2026. This represents an increase of 9% from 2006 or 18,900 jobs in real terms.

6.104 Crawley will experience a sharp decline in employment between 2008 and 2010. From 2010, employment will increase at a fairly steady rate to nearly 93,100 jobs in 2026. Overall 8% growth in employment will be achieved over the plan period. The scenario will result in a 7% increase in employment in business services (leaving a total of 14,800 jobs in 2026). The number of jobs in 'Other Financial and Business Services' will increase by 22% although this is less significant as the sector starts from a relatively smaller base (1,400 jobs in 2006).

6.105 From 2010, employment will rise steadily in Mid Sussex to a total of 74,200 in 2026 – an increase of 13% (8,300 jobs) from 2006 levels. The Business Services and Other Financial and Business Services sectors will see increases in employment of 8% and 24% respectively, although the Banking and Insurance Sector will continue to decline (-6% to 2026). Though relatively small in absolute terms, the communications sector will also experience an increase of 21%.

6.106 By 2026, total employment in Horsham, will increase to around 64,700 – an increase of 7% and around 4,400 jobs from 2006. Contributing 9,100 jobs, the Business Services sector will continue to play an important role in the local economy, although declining slightly by 1.5%. The Banking and Insurance sector will also experience job losses of around 22%. The 'Other Financial and Business Services' sector, however, will grow by around 8% to 2,600 jobs.

Figure 6.28: Successful Repositioning of Diamond Scenario – Employment by District, 2006-2026



Source: Experian/ GL Hearn

Figure 6.29: Repositioning of Diamond Scenario – Scenario Employment Sector Changes, 2006-2026

	Scenario Employment Sectors (000s)	2006	2011	2016	2021	2026	Actual Change 2006-2026	% Change 2006-2026
Crawley	Chemicals	0.64	0.59	0.62	0.61	0.60	-0.04	-5.9
	Machinery & Equipment	1.23	0.95	0.81	0.68	0.57	-0.66	-53.5
	Electrical & Optical Equipment	2.35	2.18	2.13	2.12	2.11	-0.25	-10.5
	Transport Equipment	1.11	0.82	0.80	0.76	0.73	-0.38	-34.2
	Communications	2.82	2.64	2.70	2.81	2.93	0.11	4.0
	Banking & Insurance	3.10	3.05	3.09	3.02	2.96	-0.14	-4.5
	Business Services	13.81	13.84	14.20	14.17	14.13	0.32	2.3
	Other Financial & Business Services	1.44	1.49	1.51	1.59	1.69	0.25	17.4
	All Sectors	85.84	84.27	86.96	89.11	91.75	5.91	6.9
Horsham	Chemicals	0.86	0.69	0.70	0.65	0.61	-0.25	-29.1
	Machinery & Equipment	0.27	0.23	0.24	0.24	0.24	-0.04	-13.4
	Electrical & Optical Equipment	1.43	1.38	1.45	1.46	1.46	0.02	1.7
	Transport Equipment	0.07	0.06	0.06	0.06	0.05	-0.01	-20.5
	Communications	1.03	0.95	0.95	0.95	0.96	-0.07	-6.4
	Banking & Insurance	2.15	1.90	1.86	1.77	1.68	-0.47	-21.7
	Business Services	9.27	9.30	9.42	9.28	9.14	-0.14	-1.5
	Other Financial & Business Services	2.44	2.27	2.32	2.47	2.63	0.19	7.9
	All Sectors	60.26	60.89	62.41	63.41	64.65	4.39	7.3
Mid Sussex	Chemicals	0.12	0.05	0.03	0.02	0.01	-0.11	-91.3
	Machinery & Equipment	0.91	0.78	0.81	0.80	0.79	-0.12	-12.7
	Electrical & Optical Equipment	0.98	0.78	0.80	0.87	0.93	-0.05	-4.6
	Transport Equipment	0.06	0.04	0.03	0.02	0.02	-0.04	-68.5
	Communications	0.92	0.92	0.98	1.04	1.11	0.19	20.6
	Banking & Insurance	4.55	4.39	4.46	4.38	4.30	-0.25	-5.5
	Business Services	8.93	8.81	9.29	9.48	9.67	0.75	8.4
	Other Financial & Business Services	1.93	2.00	2.10	2.24	2.40	0.47	24.3
	All Sectors	65.91	66.47	69.62	71.93	74.56	8.65	13.1
North West Sussex	Chemicals	1.62	1.33	1.36	1.29	1.22	-0.40	-24.6
	Machinery & Equipment	2.41	1.96	1.86	1.71	1.60	-0.81	-33.6
	Electrical & Optical Equipment	4.77	4.34	4.39	4.44	4.50	-0.27	-5.6
	Transport Equipment	1.23	0.91	0.89	0.85	0.80	-0.43	-35.0
	Communications	4.77	4.52	4.63	4.80	5.00	0.24	4.9
	Banking & Insurance	9.80	9.35	9.40	9.17	8.94	-0.86	-8.8
	Business Services	32.01	31.95	32.92	32.92	32.94	0.94	2.9
	Other Financial & Business Services	5.81	5.75	5.93	6.30	6.72	0.91	15.7
	All Sectors	212.02	211.62	218.99	222.44	230.96	18.94	8.9

Source: GL Hearn Calculations based on Experian Employment Forecasts, 2009

Summary and Implications

If the Gatwick Diamond undergoes a successful repositioning through the attraction and retention of higher value employment, total employment is likely to increase to around 231,000 by 2026. This is an increase of 18,900 jobs from 2006: 20% higher than in the Base Scenario.

Within Northern West Sussex, employment in Crawley will increase to around 91,800 by 2026, after a period of short-term decline. In Mid Sussex and Horsham, employment will increase to 74,600 and 64,700 respectively over the same period. In Mid Sussex, this represents an employment growth rate of 13% - considerably higher than the growth rates of 6% and 4% in Crawley and Horsham.

The Scenario envisages an increase in the number of jobs in the 'Business Services' and 'Other Financial and Business Services' sectors (albeit that this is partly offset by declining employment in Banking and Insurance). It is however considered unlikely that we will see the same level of net growth in financial and professional services over the next 20 years that we had seen up until the early 2000's. This has significant implications regarding demand for additional office space, albeit that modern floorspace to replace older supply will still be required.

There are a number of key sectors within the sub-region in which employment is expected to fall over the plan period. These include higher-value manufacturing sectors, such as chemicals, machinery and equipment, electrical and optical, and transport equipment. This Scenario assumes that provision of positive intervention and support to these sectors, working with existing companies, results in lower job losses than in the Base Scenario. Although these sectors are not expected to yield net employment growth, it will be important to support them both in terms of job retention and recognising their importance to wealth creation within the sub-region.

Despite evident trends in the business and professional service sectors in the sub-region, we however see some potential for a supply-led response which aims to capture the market opportunity provided by the location and accessibility of Crawley-Gatwick in a domestic and international context, an established market and existing infrastructure. This is explored further in the report conclusions.

SCENARIO 6: HYBRID GROWTH

6.107 The scenarios process has explored a number of possible economic outlooks for Northern West Sussex. It has explored the impact of housing growth, of support to higher-value economic sectors but also the vulnerability of the sub-region to changes in the transport/aviation sector. The most likely scenario however is likely to be a combination of these.

6.108 On this basis we have constructed a sixth scenario for *Hybrid Growth*. This is based on achieving at least 3% per annum growth in GVA across the sub-region over the plan period, driven by a combination of housing growth and provision of support to key higher-value sectors. It is hence a policy-led approach which combines the Successful Repositioning of the Gatwick Diamond and Housing Growth Scenarios.

6.109 The Scenario is based upon the Base Scenario with additional growth in consumer-related services arising from the Housing Growth Scenario, and stronger performance of key higher value-added sectors in accordance with the Successful Repositioning of the Gatwick Diamond.

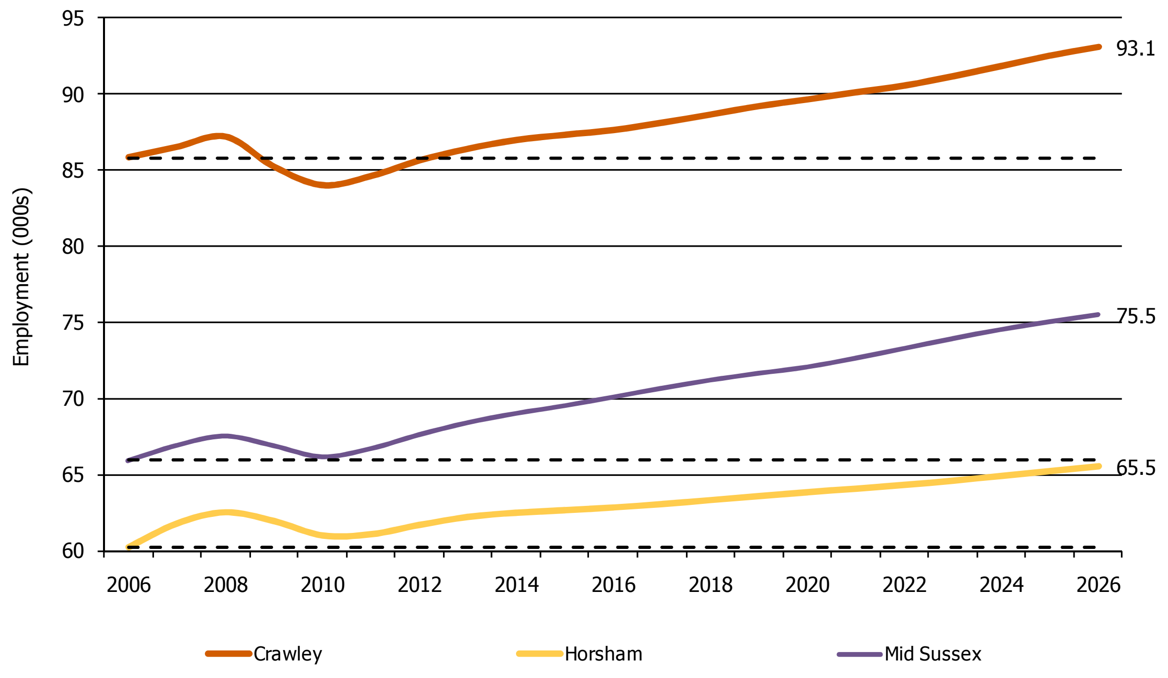
6.110 The Scenario indicates that employment across Northern West Sussex will rise to around 234,100 in 2026. This represents an increase of 10% from 2006 or 22,100 jobs. Employment growth is 40% higher in this scenario over the plan period than in the Base Scenario.

6.111 Whilst Crawley will experience a decline in employment between 2008 and 2010, employment will rise steadily from 2010, reaching 93,100 in 2026. This is 23% higher than in the Base Scenario and represents employment growth of 7.8% over the plan period (7,300 jobs).

6.112 In Mid Sussex employment could reach 65,900 in 2026 representing growth in employment of 12.7% (9,600 jobs) over the plan period. This is 31% higher than in the Base Scenario.

6.113 In Horsham District, employment could reach 60,300 in 2026 representing growth of 8.0% over the plan period (5,300 jobs). This is more than double the level of employment growth forecast in the Base Scenario.

Figure 6.30: Hybrid Growth Scenario – Employment by District, 2006-2026



Source: Experian, Regeneris Consulting and GL Hearn

Figure 6.31: Hybrid Growth Scenario – Scenario Employment Sector Changes, 2006-2026

	Top Employment Sectors (000s)	2006	2011	2016	2021	2026	Actual Change 2006-2026 (000s)	% Change 2006-2026
Crawley	Transport	24.08	26.16	28.58	30.80	33.21	9.13	37.92
	Business Services	13.81	14.02	14.55	14.69	14.83	1.02	7.40
	Retailing	8.00	7.49	7.63	7.64	7.61	-0.38	-4.79
	Hotels & Catering	5.51	4.41	4.77	5.18	5.63	0.12	2.10
	Wholesaling	4.56	4.43	4.33	4.24	4.16	-0.39	-8.61
	Health	3.07	3.20	3.41	3.62	3.82	0.75	24.35
	Total	85.84	84.61	87.63	90.11	93.09	7.25	8.45
Horsham	Business Services	9.27	9.41	9.66	9.63	9.61	0.33	3.59
	Health	4.48	5.21	5.82	6.41	7.05	2.57	57.37
	Education	5.67	5.95	6.17	6.40	6.66	0.99	17.51
	Other	6.04	6.04	6.20	6.31	6.44	0.39	6.51
	Retailing	5.75	5.67	5.89	5.99	6.09	0.34	5.97
	Construction	5.57	5.92	5.81	5.71	5.63	0.06	1.01
	Total	60.26	61.11	62.85	64.07	65.53	5.27	8.75
Mid Sussex	Health	8.36	9.15	10.06	10.93	11.87	3.51	42.04
	Business Services	8.93	8.93	9.52	9.82	10.13	1.20	13.45
	Other	6.48	6.81	7.14	7.35	7.59	1.11	17.13
	Education	6.11	6.31	6.54	6.77	7.02	0.90	14.80
	Construction	5.33	5.73	5.82	5.85	5.89	0.57	10.61
	Retailing	5.75	5.34	5.54	5.63	5.73	-0.02	-0.38
	Total	65.91	66.70	70.08	72.63	75.49	9.58	14.53
Northern West Sussex	Transport	26.56	28.79	31.39	33.75	36.31	9.75	36.70
	Business Services	32.01	32.36	33.73	34.14	34.56	2.56	7.98
	Health	15.92	17.56	19.29	20.96	22.75	6.83	42.94
	Retailing	19.49	18.51	19.06	19.26	19.43	-0.06	-0.32
	Education	15.30	15.76	16.25	16.76	17.32	2.02	13.22
	Other	14.76	14.68	14.96	15.12	15.35	0.59	3.99
	Total	212.02	212.41	220.57	226.81	234.12	22.10	10.42

Source: Regeneris & GL Hearn Calculations based on Experian Employment Forecasts, 2009

Summary and Implications

The Hybrid Scenario demonstrates the strongest level of employment growth between 2006-2026. Total employment is expected to increase by 234,100 equating to 10% growth in employment. The Scenario indicates the potential for additional employment in consumer-related sectors, driven by housing growth, but also stronger performance of a number of key higher value-added sectors in the sub-region. These are expected to result in 40% additional employment growth relative to the Base Scenario.

The Gatwick Diamond Initiative and housing growth are both important economic drivers within the sub-region, both of which will have to be driven forward aggressively if the sub-region is to achieve 3% or more growth in GVA per annum over the plan period.

Within the sub-region, Crawley is an important hub with a higher value-added economic base and potential to perform above average. In contrast, Horsham District is less well aligned for economic growth. Policy intervention is particularly required to deliver stronger employment growth in Horsham. The housing-led growth agenda in Mid Sussex is set to be a key driver for its local economy.

22,100 jobs are expected to be created in this scenario to 2026. This compares with estimated growth in the workforce by around 19,000. Delivery of over 3% growth in GVA per annum could therefore require (based on our assumption on productivity growth) some changes in commuting patterns (either a reduction in out-commuting or increase in in-commuting) or improvements in economic activity (the scope for which is greatest in Crawley) to enable the economy to achieve the level of employment growth set out.

The Hybrid Scenario remains however quite aspirational in nature: it assumes that the sub-region is able to successfully deliver the level of housing growth set out; which could be regarded as ambitious even before the downturn in the Housing Market. There are downside risks related both to market capacity and to potential delays in delivering key enabling infrastructure. There are also risks to achieving stronger performance in key higher-value added sectors as set out, including wider macro-economic trends, uncertainty regarding key projects in the sub-region including delivery (or delay to delivery) of Crawley Town Centre North and other Town Centre regeneration schemes, the intensions of a new owner at Gatwick Airport and future trends in key economic sectors (e.g. transport, business services).

SCENARIO 7: CHANGES IN FUTURE WORKING PATTERNS

6.114 The Experian forecasts take into account all those employed within the 30 sectors. In considering how this relates to floorspace and employment land requirements, it is necessary to consider potential future changes in working patterns (including homeworking). These affect the efficiency at which floorspace is used and hence employment densities. It is predicted that such modes of working will continue to increase with technological advances, changing regulations and work organisation profiles, and expectations of employees. As such, all other things being equal, employment land demand is likely to decrease over time.

6.115 We have produced a separate 'think piece' document entitled 'The Changing Face of UK Working Patterns' which explored these factors. The document evidenced three key working patterns that would have an implication on employment land requirements. These are displayed in the table below.

Table: 6.32: Working Patterns Affecting Employment Land Requirements

Working Pattern	Definition	Data
Home Working	Individuals working from home, either in self-employment or working remotely for an organisation	45 28% of employers offer home-working options (2004). 46 Between 1991 and 2001 home-workers doubled from 1 to 2 million (2001). 47 Many home-workers are self-employed 48 60% of business owners set up at home (2007) 49 Young workers (under 25), mothers and individuals over 50 are more likely to set up a business at home
Virtual Working	Geographically dispersed individuals or teams coming together by information and telecommunication technologies to work. Similar to home working.	No specific data available. See above
Hot-desking	One central office or multiple smaller locations have a limited number of desk spaces that are accessible to employees. It is expected that many individuals conduct work remotely	50 A large IT company has reduced its deskspace from 4,000 to 1,600 due to hot-desking 51 Some reductions in desk number are compensated for an increase in space allocated to meeting areas and video conferencing

6.116 The 2001 Arup Employment Densities document notes that there is a relative lack of data to apply these assumptions to employment land densities. However, while it is not possible to turn these factors into quantitative scenario analysis at this stage, it is possible to make the following assumptions.

- The above working patterns will primarily result in **less demand for B1 employment land** especially in business parks and managed workspace which cater for micro-businesses and in office blocks which cater for large organisations.

- The **high quality of life and high skills levels** makes the potential for these types of working practices greater in Northern West Sussex, particularly Mid Sussex and Horsham.

- The Experian forecast predicts a rise in self-employment of 2,050 individuals between 2006 and 2026. The largest increase is expected to be seen in Mid Sussex (1,520 additional self-employed) and the smallest in Crawley (160 additional self-employed). An increase in self-employment is likely to increase the number of individuals working from home and reduce demand for employment land.

- '*The Changing Face of UK Working Patterns'* identifies sectors which are likely to be particularly affected. Sectors in which wealthier and more highly skilled individuals work are key as these individuals are more likely to work from home or have the capital to start up their own business. In particular distribution, retail, business and financial services, public administration, education, training and health and manufacturing are likely to see a reduction in the demand for employee land as more individuals work from home as employees or to run their own business.

6.117 While these assumptions suggest that less employment land will be required, particularly B1, any reduction is likely to be minimal. There may be potential to quantify this analysis in Part II of the Employment Land Review as we have identified two key sources which have investigated the impact of changing work patterns on employment land: SEEDA and Arup. We have attempted to obtain both documents for this study but have been unable to.

Scenario 9: Summary and Implications

There is a UK-wide trend for changing working patterns, focusing primarily on home-working. This coupled with the high quality of life and skills levels in areas of Northern West Sussex, which is conducive to increased levels of self-employment, means that there is likely to be a minor reduction in demand for workspaces and a subsequent knock-on effect on employment land requirements.

The main sectors likely to be implicated are primarily office based such as business and financial services though distribution, retail, public administration, education, training and health and manufacturing have also been identified in literature.

Changing working patterns over time may influence employment density assumptions, with the overall impact of reducing requirements for additional floorspace.

ALL SCENARIOS: SUMMARY BY DISTRICT

6.118 Figure 6.33 summarises predicted employment changes related to each scenario across Northern West Sussex. The impact of different scenarios on employment levels in each of the Northern West Sussex local authorities is then considered separately.

Figure 6.33: Summary of Forecasted Employment Change by Scenario, 2006-2026

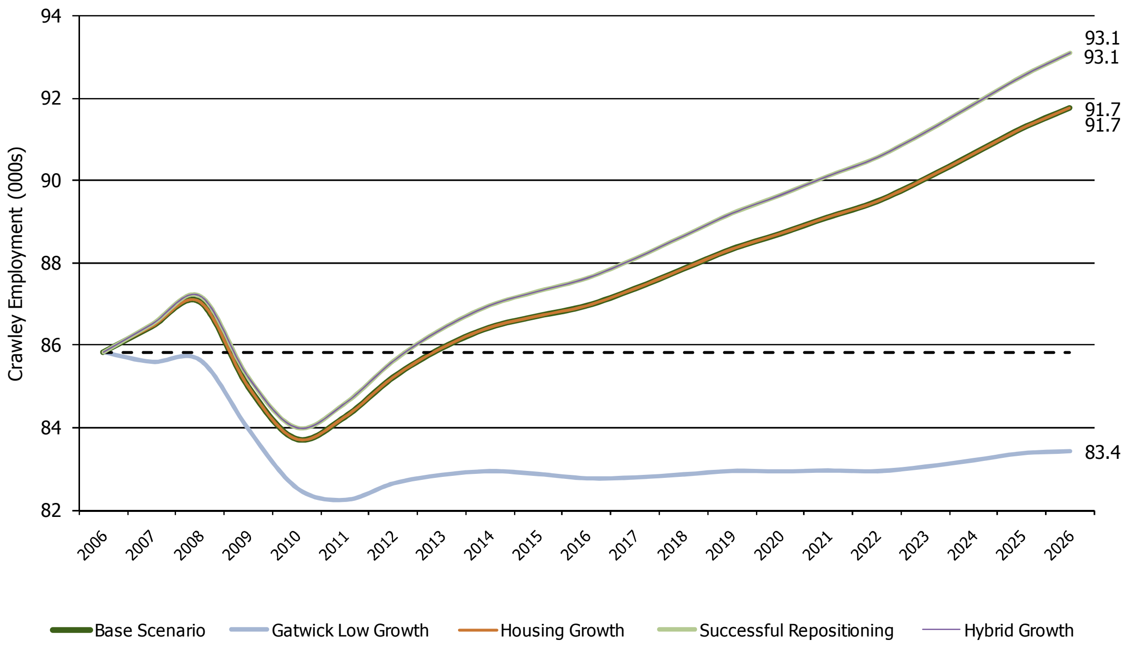
Employment (000s)		2006	2011	2016	2021	2026	% Change 2006-11	% Change 2006-16	% Change 2006-21	% Change 2006-26
Crawley	Base Scenario	85.8	84.3	87.0	89.1	91.7	-1.8	1.3	3.8	6.9
	Gatwick Low Growth	85.8	82.3	82.8	83.0	83.4	-4.2	-3.6	-3.3	-2.8
	Housing Growth	85.8	84.3	87.0	89.1	91.7	-1.83	1.31	3.80	6.88
	Successful Repositioning	85.8	84.6	87.6	90.1	93.1	-1.44	2.09	4.98	8.45
	Hybrid Growth	85.8	84.6	87.6	90.1	93.1	-1.44	2.09	4.98	8.45
Horsham	Base Scenario	60.3	60.4	61.5	62.0	62.8	0.3	2.0	2.9	4.1
	Gatwick Low Growth	60.3	60.3	61.3	61.8	62.5	0.1	1.7	2.5	3.6
	Housing Growth	60.3	60.9	62.4	63.4	64.6	1.0	3.6	5.2	7.3
	Successful Repositioning	60.3	60.6	61.9	62.7	63.6	0.6	2.7	4.0	5.6
	Hybrid Growth	60.3	61.1	62.9	64.1	65.5	1.4	4.3	6.3	8.7
Mid Sussex	Base Scenario	65.9	66.1	69.0	70.9	73.2	0.3	4.6	7.6	11.1
	Gatwick Low Growth	65.9	66.1	68.8	70.7	72.8	0.3	4.4	7.2	10.5
	Housing Growth	65.9	66.5	69.6	71.9	74.6	0.8	5.6	9.1	13.1
	Successful Repositioning	65.9	66.4	69.4	71.6	74.2	0.7	5.3	8.7	12.5
	Hybrid Growth	65.9	66.7	70.1	72.6	75.5	1.2	6.3	10.2	14.5
North West Sussex	Base Scenario	212.0	210.8	217.4	222.0	227.8	-0.6	2.5	4.7	7.4
	Gatwick Low Growth	212.0	208.6	212.9	215.4	218.7	-1.6	0.4	1.6	3.2
	Housing Growth	212.0	211.6	219.0	224.4	231.0	-0.2	3.3	5.9	8.9
	Successful Repositioning	212.0	211.6	219.0	224.4	230.9	-0.2	3.3	5.8	8.9
	Hybrid Growth	212.0	212.4	220.6	226.8	234.1	0.2	4.0	7.0	10.4
KEY:	**Negative Employment Growth**									

Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

CRAWLEY

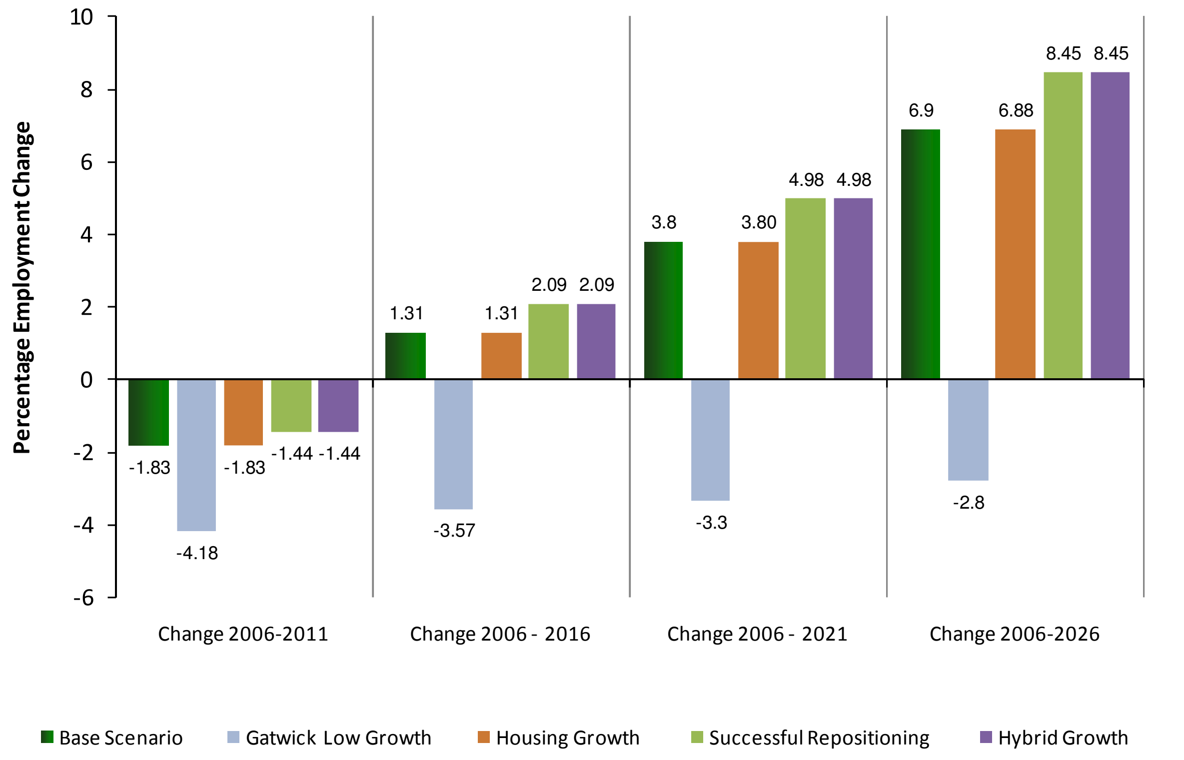
6.119 According to all scenarios explored here, employment will decline in Crawley in the period to 2011. According to the Gatwick Low Growth Scenario, after 2011 levels will recover only very slightly. In contrast, each of the other scenarios predicts steady employment growth post 2011. The Hybrid Growth Scenario results in the highest employment levels in 2026 (8.5% employment growth over the plan period).

Figure 6.34: Forecast Crawley Employment by Scenario, 2006-2026



Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

Figure 6.35: Percentage Change in Crawley Employment, 2006-2026

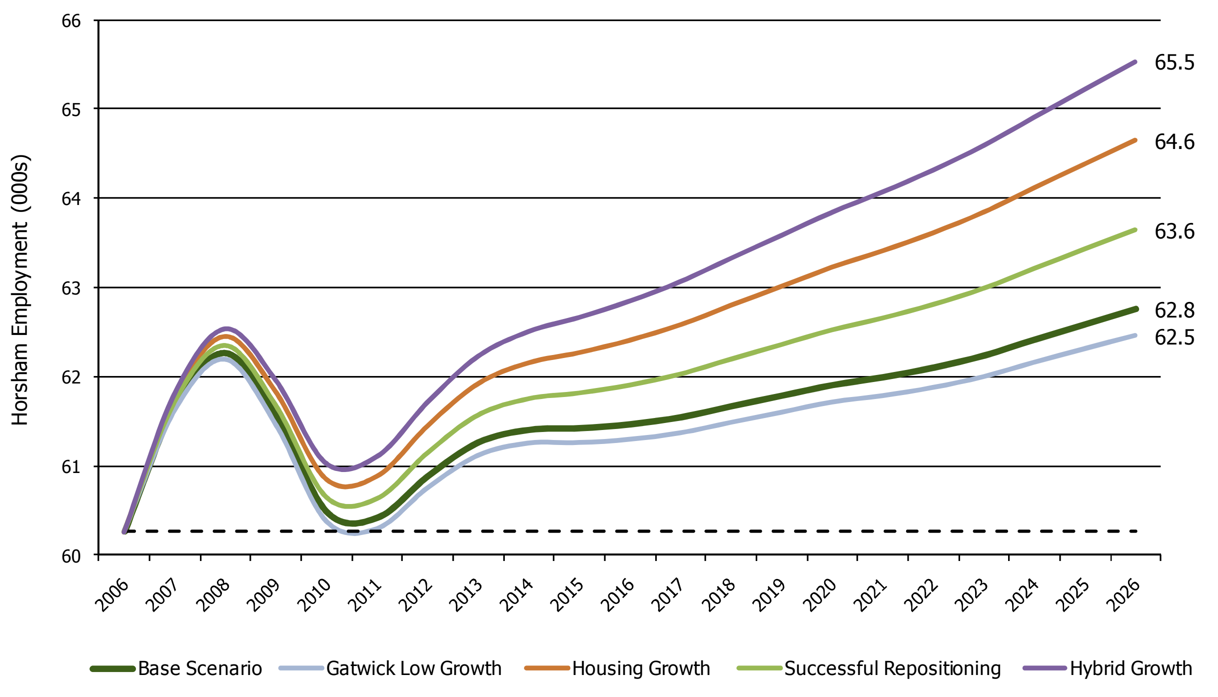


Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

HORSHAM

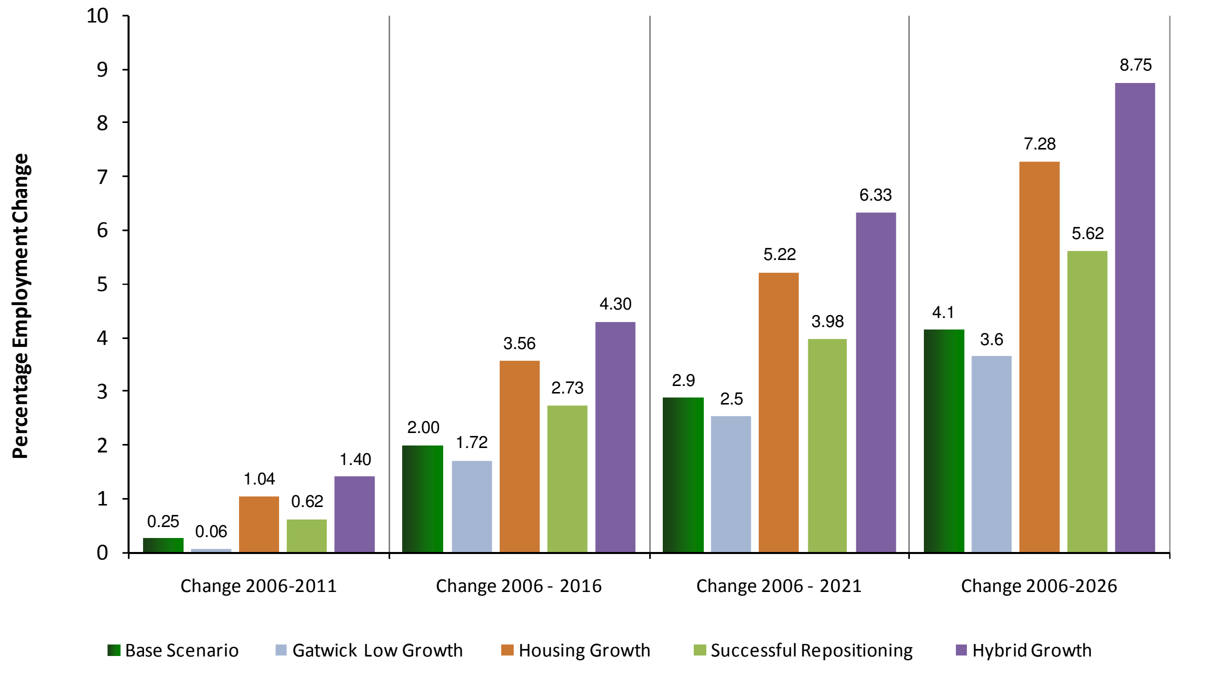
6.120 After a period of fast employment growth from 2006 to 2008, employment will decline once more across all scenarios in the period to 2011. There is likely to be a particularly sharp recovery in the immediate years post 2011, before the rate of employment growth steadies in the years up to 2026. Over the plan period, employment growth varies between 3.6% in the Gatwick Low Growth Scenario which is moderately below the Base Scenario position of 4.1%, through to 8.7% growth in the Hybrid Growth Scenario.

Figure 6.36: Forecasted Horsham Employment by Scenario, 2006-2026



Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

Figure 6.37: Percentage Change in Horsham Employment, 2006-2026



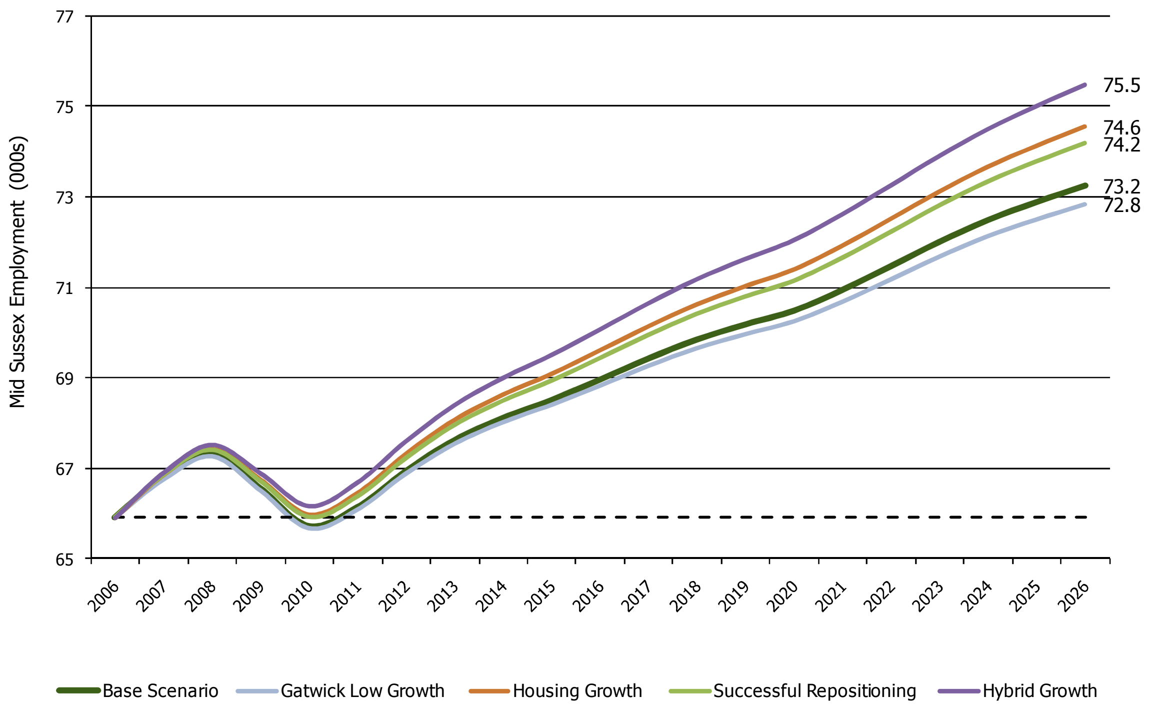
Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

MID SUSSEX

6.121 As in Horsham, employment growth in the period to 2008 will be tempered by employment decline from 2008 to 2010. Post 2010, employment will rise at a relatively high rate across all scenarios. As in Horsham, however, if the targeted 3% GVA growth rate per annum is to be achieved, employment will need to increase at a much higher rate than that projected in the Experian base scenario.

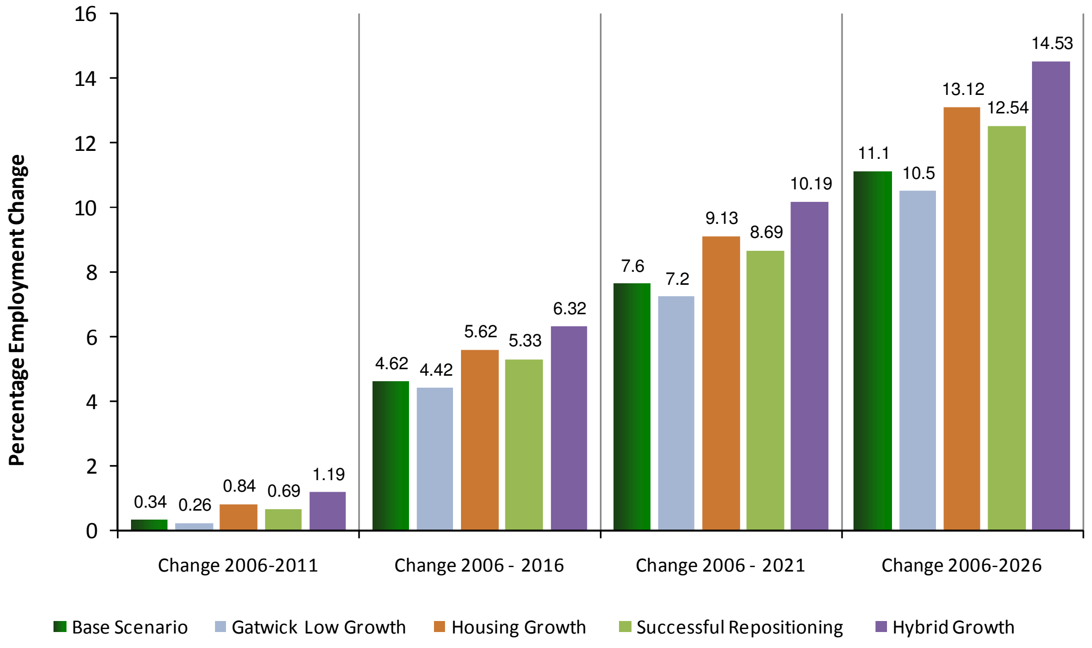
6.122 Driven by the Base Scenario, each of the Scenarios developed shows quite strong employment growth over the plan period.

Figure 6.38: Forecasted Mid Sussex Employment by Scenario, 2006-2026



Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

Figure 6.39: Percentage Change in Mid Sussex Employment, 2006-2026

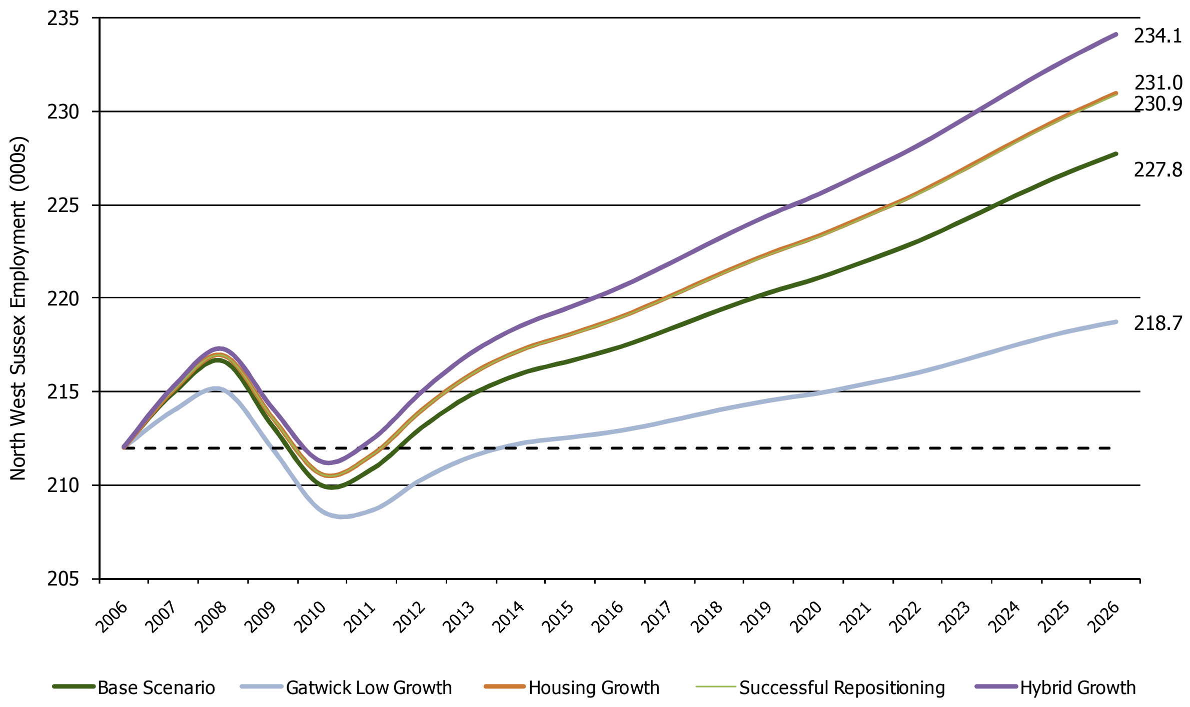


Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

NORTHERN WEST SUSSEX

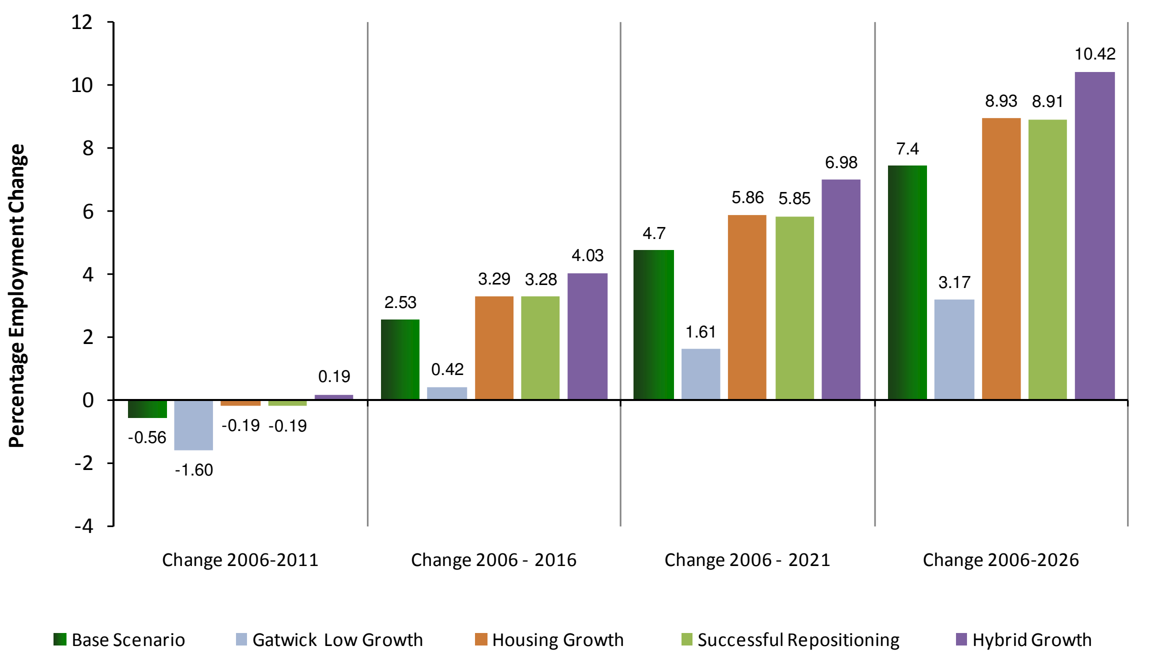
6.123 Across the whole of Northern West Sussex, employment will rise to 2008, before declining in the period to 2011, falling below 2006 levels across all scenarios. After 2011, all scenarios predict employment growth, although to varying degrees and at varying rates. The Gatwick Moderate Growth scenario predicts the slowest rate of employment growth (3.2%) and hence the lowest employment levels come 2026. The highest growth is achieved in the Hybrid Growth Scenario which sees employment growth of 10.4% across the sub-region to 2026. This would equate to a rate of GVA growth of over 3% per annum.

Figure 6.40: Forecasted Northern West Sussex Employment by Scenario, 2006-2026



NOTE: Housing Growth & Successful Repositioning trendlines are indistinct due to scale of chart
Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

Figure 6.41: Percentage Change in Northern West Sussex Employment, 2006-2026



Source: Regeneris Consulting and GL Hearn Calculations based on Experian Employment Forecasts, 2009

SUMMARY AND IMPLICATIONS

6.124 The six quantitative scenarios developed indicate that additional employment generation between 2006-2026 could vary from 6,700 in the Gatwick Low Growth Scenario through to 22,120 in the Hybrid Growth Scenario. Employment growth in the Policy-On Scenario is 35% above the Base Scenario, whilst the Hybrid Growth Scenario indicates employment growth of 40% higher than the Base Scenario.

6.125 The economic outlook is characterised by a considerable degree of uncertainty. This is reflected in the range of employment growth forecast in the scenarios developed. There are key short-term supply and demand influenced which are affecting demand for employment floorspace and the market conditions for employment development. However in the longer-term we consider that the Base Scenario potentially under-estimates sub-region economic development potential.

6.126 Policy interventions which maximise the potential of the Diamond could support additional employment growth in some higher value-added sectors and employment retention in others. This is expected to include providing support to existing businesses, supporting growth in key sectors and investing in infrastructure, including high quality sites, skills development and quality of place (including town centres).

6.127 Housing growth is also expected to be a key driver of change in the sub-region. Delivery of the Hybrid Growth Scenario whereby new housing is delivered together with the Gatwick Diamond Initiative to attract investment, retain and grow companies in key high value-added sectors could support growth of 22,100 jobs to 2026.

6.128 If we look at our assessment of labour supply (as set out within the Housing Growth Scenario) and employment growth in the Hybrid Scenario, employment is projected to potentially grow more strongly than labour supply. Additional employment could be supported by an increase in rates of economic participation (the greatest scope for which is in Crawley), by an increase in in-commuting into the sub-region, or by a reduction in out-commuting from the three local authorities. In reality it is likely to be a combination of the three.

6.129 The 2001 Census indicated a daily net inflow of 9,000 people to Northern West Sussex as a whole. At a local authority level, Crawley had a net daily inflow of 30,800; whilst Horsham had a daily outflow of 10,800 and Mid Sussex an outflow of 10,000.

6.130 On this basis, delivery of the Hybrid Scenario provides the potential to increase the level of self-containment of travel to work in Horsham and Mid Sussex, reducing out-commuting; but could increase in-commuting into Crawley should economic participation rates remain constant. However if the employment rate in Crawley increased, for instance to match that in Mid Sussex, the levels of in-commuting could potentially fall, with growth in the labour force exceeding growth in employment.

6.131 **A positive planning framework which supports economic growth and allows the area to maximise its potential seems entirely appropriate**. This is the rationale for the sub-region's status as a Diamond for Growth and Investment in the region. Local employment policies should support this.

6.132 A key risk in the current economic context is to underestimate future employment land requirements, driven in part by a somewhat cautious approach inherent within current economic forecasts. The South East of England Partnership Board have highlighted this risk. However on the other hand, there are clear risks to delivering more aspirational rates of growth.

6.133 Whilst recognising both upside and downside risks, it seems appropriate to adopt a 'policy-led' approach to planning for employment land provision which provides a sufficient quantity of employment land of the right quality to enable the sub-regional economy to prosper and achieve its potential as a Diamond for Growth.

6.134 Against this context, **we consider that the Hybrid Growth Scenario is the most appropriate basis from which to derive planning policies**. The Hybrid Scenario:

- Is the best aligned with policy, including the growth aspirations of the South East Plan and objectives of the Gatwick Diamond Initiative;
- Takes account of delivery of planned housing growth, and economic potential associated with investment in infrastructure, skills development and local economic strategies which aim to deliver higher value-added growth;
- Represents a positive planning framework for economic growth which accords with the approach put forward for positive contingency planning by the South East England Partnership Board.

6.135 This approach is supported by draft PPS4 which encourages local planning authorities to plan positively and proactively to encourage sustainable economic growth.

6.136 The Hybrid Scenario remains however quite aspirational in nature: it assumes that the sub-region is able to successfully deliver the level of housing growth set out; which could be regarded as ambitious even before the downturn in the Housing Market. There are downside risks related both to market capacity and to potential delays in delivering key enabling infrastructure.

6.137 There are also risks to achieving stronger performance in key higher-value added sectors as set out, including wider macro-economic trends, uncertainty regarding key projects in the sub-region including delivery (or delay to delivery) of Crawley Town Centre North and other Town Centre regeneration schemes, the intensions of a new owner at Gatwick Airport and future trends in key economic sectors (e.g. transport, business services).

6.138 The recommended Hybrid Scenario represents a Policy-ON approach led by current regional policy. While this is the consultants' recommendation, this policy approach may not be supported by the three authorities. A change of Government at the national level could also result in a change in this regional policy framework.

7 DETERMINING LAND REQUIREMENTS

7.1 The previous section has set out and appraised a number of potential scenarios for employment growth across Northern West Sussex over the 2006-26 plan period. This section calculates indicative employment land requirements which would necessary to support delivery of these scenarios.

7.2 The assessment adopts a stepped approach. For each scenario, the net change in floorspace by use class arising for each of the three local authorities is first calculated. Adopting some high level assumptions regarding plot ratios, an initial indication is provided what level of change in the stock of employment land might be necessary to support this net change in floorspace.

7.3 In reality however, sufficient land will need to be allocated to allow for churn, reflecting a general level of turnover in property requirements, and to provide some flexibility, particularly to allow a choice of business locations. This however is offset to some extent by leakage, particularly in the office sector, whereby not all expected employment in activities which are traditionally associated with B-class uses actually takes place within recognised employment areas.

7.4 An assessment of employment land requirements is thus made, taking account of churn and leakage. This approach has been agreed in consultation with the three local authorities.

Calculating Net Change in Floorspace

7.5 The employment resulting from the previous scenario analysis has been used to provide an indication of the employment land supply requirements to 2026. The following stepped approach has been used to calculate net floorspace requirements:

1) Allocation of Use Classes by 4 digit SIC Code

2) Based on the above, application of Use Classes to 30 sectors used in Experian analysis (based on amalgamated 4 digit SIC Codes) to identify number employed in each Use Class

3) Multiplication of employment by Use Class by density (see below) to give sqm floorspace requirements by Use Class

4) Addition of 5% to B1 figures to turn Gross Internal Area (GIA) into Gross External Area (GEA)

7.6 This analysis is used to calculate forecasts of net floorspace change between 2006-26 by use class for each of the scenarios.

7.7 Figure 7.1 sets out the assumptions of employment densities adopted. These have been informed by the national study undertaken by Arup (2001) for English Partnerships, relevant regional studies and our understanding of the nature of the sub-regional property market.

Figure 7.1: Use Class Densities

Use Class	B1	B2	B8
Density (sq.m per employee)	17	32	50

Source: Regeneris Consulting and GL Hearn

7.8 The following table provides floorspace requirements by Use Class for each local authority for each of the Scenarios.

Figure 7.2: Net Floorspace Requirements by Scenario, 2006-2026

Local Authority/ Scenario		B1	B2	B8	Total
		sq.m GEA			
Crawley	Base	576	-39484	-6809	-45717
	Gatwick Low Growth	-702	-44586	-11579	-56867
	Housing Growth	576	-39484	-6809	-45717
	Successful Repositioning	6679	-31710	-3962	-28993
	Hybrid	6679	-31710	-3962	-28993
Horsham	Base	-3107	-11660	-7327	-22094
	Gatwick Low Growth	-4775	-14424	-9643	-28842
	Housing Growth	-1458	-11660	-7327	-20445
	Successful Repositioning	3286	-7819	-6426	-10959
	Hybrid	4935	-7819	-6426	-9309
Mid Sussex	Base	8584	-9869	-9947	-11232
	Gatwick Low Growth	6828	-11988	-11873	-17033
	Housing Growth	9719	-9869	-9947	-10098
	Successful Repositioning	16045	-6858	-9075	111
	Hybrid	17179	-6858	-9075	1245
Northern West Sussex	Base	6053	-61013	-24084	-79044
	Gatwick Low Growth	1351	-70998	-33095	-102742
	Housing Growth	8836	-61013	-24084	-76260
	Successful Repositioning	26010	-46387	-19463	-39840
	Hybrid	28793	-46387	-19463	-37057

Source: Regeneris Consulting

7.9 The Hybrid Growth Scenario has been identified as the most appropriate basis from which to derive planning policies. The Hybrid Scenario:

- Is the best aligned with policy, including the growth aspirations of the South East Plan and objectives of the Gatwick Diamond Initiative;
- Takes account of delivery of planned housing growth, and economic potential associated with investment in infrastructure, skills development and local economic strategies which aim to deliver higher value-added growth;
- Represents a positive planning framework for economic growth which accords with the approach put forward for positive contingency planning by the South East England Partnership Board.

7.10 This approach is supported by draft PPS4 which encourages local planning authorities to plan positively and proactively to encourage sustainable economic growth.

7.11 **An assessment of employment land requirements is thus made based on delivering the Hybrid Scenario, taking account of churn and leakage. This approach has been agreed in consultation with the three local authorities**.

Adjustments for Leakage

7.12 Adjustments have been made for leakage to take account of a proportion of employment floorspace being located outside of recognised employment areas.

7.13 Leakage has a more noticeable effect on the demand for office space, as offices activities can take place in a wider range of locations, including in local centres, above shops and through homeworking. Industrial and distribution uses in contrast have a much stronger reliance on employment land.

7.14 We have assumed that 35% of the net forecast change in office floorspace and 10% for industrial and warehouse/ distribution floorspace is met elsewhere. These assumptions are consistent with other similar studies.

7.15 Figure 7.3 sets out the overall effects of leakage on demand for additional floorspace across the sub-region across the 2006-26 plan period.

Figure 7.3: Adjustments for Leakage, 2006-26

	Net Floorspace Requirement Forecast (sq.m), 2006-26			Adjustment for Leakage (sq.m)		
	Office	Industrial	Warehouse	Office	Industrial	Warehouse
				-35%	-10%	-10%
Crawley	6679	-31710	-3962	2338	-3171	-396
Horsham	4935	-7819	-6426	1727	-782	-643
Mid Sussex	17179	-6858	-9075	6013	-686	-908
Northern West Sussex	28793	-46387	-19463	10078	-4639	-1946

Source: GL Hearn

Adjustments for Flexibility & Churn

7.16 For an economy to be successful and to ensure that demand for property is met, a degree of flexibility in the supply of land and premises is required. This is essential to provide businesses with a choice of locations and given that there can be no guarantees that allocated sites will come forward as predicted. It is also necessary to account for the risk that some non B-class uses might be developed on employment land.

7.17 While employment growth will result in demand for additional floorspace, it is also true that an element of demand will arise from existing companies moving premises. This can occur for a range of reasons, including due to obsolescence of their existing property, desire for a higher or lower cost/ quality premises, for improved amenities or simply for strategic reasons. Improvements and redevelopment of existing employment areas (e.g. Manor Royal) may also give rise to business relocations which create further demand for employment land. This form of demand is called 'churn' and reflects the general turnover of business premises within the market. This can have a very significant effect on the amount of floorspace that is required in order to meet predicted demand.

7.18 It has been assumed that the rate of churn, as a proportion of existing floorspace, is 0.75% per annum for B1a/b Offices, 0.4% per annum for B1c/B2 Industrial and 1.0% pa for B8 Warehouse/Distribution uses. These assumptions are in line with other similar studies.

7.19 Figure 7.4 sets out the overall effects of churn on demand for additional floorspace across the sub-region across the 2006-26 plan period. It is assumed that this additional allowance for floorspace will support flexibility of supply.

Figure 7.4: Adjustments for Churn, 2006-2026

	Existing Floorspace (sq.m)			Adjustment for Churn (sq.m)		
	Office	Industrial	Warehouse	Office	Industrial	Warehouse
				0.75% pa	0.4% pa	1.0% pa
Crawley	488000	349000	490000	73200	27920	98000
Horsham	188000	319000	243000	28200	25520	48600
Mid Sussex	210000	244000	178000	31500	19520	35600
Northern West Sussex	886000	912000	911000	132900	72960	182200

Source: VOA & GL Hearn

Forecast Floorspace Demand, 2006-26

7.20 Taking into account the above factors, the total demand for employment floorspace over the plan period within the three authorities is calculated as follows:

Figure 7.5: Forecast Net Employment Floorspace Demand, 2006-26

	Sub-Total Floorspace (sq.m)		
	Office*	Industrial	Warehouse
Crawley	81418	-619	94434
Horsham	32978	18483	42817
Mid Sussex	44800	13348	27433
Northern West Sussex	159196	31212	164683

Source: GL Hearn (* Addition of 5% to B1 figures to turn Gross Internal Area (GIA) into Gross External Area (GEA))

Land Requirements

7.21 The relationship between floorspace and land requirements is influenced by the nature of development, including the number of stories which buildings have together with how much of a plot is taken up by the footprint of a building. These relationships are captured by plot ratios, which describe the relationship between floorspace and land area.

7.22 For office development, plot ratios vary significantly depending on nature and intensity of development. There is for instance a significant difference between a plot ratio of 0.3 which might be expected for a business park development encompassing two or three storey blocks with surface car parking and landscaping, as against town centre office space whereby an office block of four or five storeys occupies the majority of a plot with undercroft parking and lower parking standards. This has a significant implication on the land requirement.

7.23 GL Hearn and Regeneris Consulting have undertaken herein a high level assessment of potential land requirements. The assumptions made regarding plot ratios reflect this. They however should be regarded as indicative, to be tested further as part of Stage II of the Employment Land Assessment. This will allow an informed assessment of potential plot ratios based on an understanding of the mix of potential development sites expected to be identified.

7.24 The following assumptions on plot ratios were adopted:

- 1.5 for town centre office development in Horsham/ Mid Sussex; 2.0 for Crawley
- 0.3 for business park office development
- 50:50 split between office and business park development
- 0.4 for B1c/B2 industrial development
- 0.45 for B8 warehouse/ distribution development

7.25 Calculation of the land requirement is based on the plot ratios set out and should be regarded as indicative, subject to further testing in the Part II Assessment.

Figure 7.6: Total Land Requirements by Use Class, 2006-26

	Land Requirement (ha)		
	Office	**Industrial**	**Warehouse**
Crawley	15.6	-0.2	21.0
Horsham	6.6	4.6	9.5
Mid Sussex	9.0	3.3	6.1
Northern West Sussex	31.2	7.8	36.6

7.26 **The figures presented in Figures 7.5 and 7.6 represent net requirements for employment land over the plan period. They do not take account of the development pipeline, vacant or underutilised land at existing employment locations.** These factors are to be considered in the Part II Assessment to confirm requirements for additional employment sites.

7.27 The figures presented are based upon a quantitative assessment of land requirements only. They do not take account of the qualitative factors, linked to the location and quality of existing sites and premises. The Part II assessment will consider the fitness for purpose of existing employment locations. It will consider the quality of existing sites and premises, including their market attractiveness and sustainability. This assessment will reveal whether there is latent demand in particular locations (including separate parts of the three districts) for allocation of additional employment land, extension or intensification of existing sites, or on the other hand where employment land could be released.

7.28 There may well be qualitative arguments for allocation of additional land to provide a supply of modern premises to meet local demand or to cater for particular market segments, where a quantitative need does not exist. Elsewhere it may be appropriate to allocate additional good quality sites, to compensate in quantitative terms for proposals for redevelopment or change of use of sites or buildings in employment use which do not meet the requirements of modern businesses.

7.29 It will be necessary to take into account a range of factors including land availability, the quality of existing sites and premises and commercial demand-side factors in determining an appropriate level and distribution of employment floorspace. These factors should be further considered within Part II Assessment.

8 CONCLUSIONS AND RECOMMENDATIONS

8.1 This Part I Employment Land Review has explored trends in the performance of the sub-regional economy and commercial property market in Northern West Sussex. It has then developed scenarios which examine the implications of a range of different factors on demand for employment land. These include housing growth, changes at Gatwick Airport and implementation of an economic strategy for the area which aims to maximise its economic performance and deliver growth in higher value-added activities.

8.2 Despite its recent performance, we believe that the sub-region is quite well positioned. It has an international airport and large successful town at its heart, surrounded by a number of smaller towns and attractive rural areas which offer a high quality of life. The workforce skills base is strong and set to develop further through planned housing growth. The area is well connected into London and to the national motorway network. Few parts of the UK demonstrate this range of assets.

8.3 A positive planning framework which supports economic growth and allows the area to maximise its potential seems entirely appropriate. This is the rationale for its status as a Diamond for Growth and Investment within the region. Local employment policies should support this.

8.4 However we are in strange times. The ‘credit crunch’ and subsequent recession have affected economists views regarding future economic performance. Against this context it has been necessary to review both past targets for growth and assumptions regarding what form this growth would take.

8.5 Growth in financial and business services has driven employment growth over the last 20 years and more than compensated for sustained losses in employment in manufacturing to other economies globally. Since the ‘credit crunch’ there is however a question as to whether this sector will recover and grow in the medium-to-long-term as it has in the past, or whether employment might be more stable. Some commentators have suggested that environmental industries and energy being the new key growth sectors, driven by objectives for energy and wider environmental sustainability. This could result in a different economic geography of growth. In both cases, requirements for employment land will differ.

8.6 A key risk in this context is to under-estimate future employment land requirements, driven in part by a somewhat cautious approach inherent within current economic forecasts. SEEDA and SEERA have highlighted this risk. However on the other hand, there are clear risks to achieving more aspirational rates of growth; and indeed we cannot be sure that the economic outlook will indeed deteriorate further relative to the base forecast used.

8.7 While there are therefore both upside and downside risks to the base (or any) employment forecast, it does seem appropriate to take a somewhat pragmatic view which seeks to provide a sufficient quantity of employment land of the right quality to enable the sub-regional economy to prosper and achieve its potential as a Diamond for Growth. A ‘policy-led’ approach is hence appropriate.

8.8 The Scenarios have explored the influence of a range of factors. It is however the Hybrid Scenario which best aligns with the objectives of the Gatwick Diamond Initiative and South East Plan. This takes account of delivery of planned housing growth, and economic potential associated with investment in infrastructure, skills development and local economic strategies which aim to deliver higher value-added growth.

8.9 It is estimated that this Scenario would require allocation of just over 75 ha of land for employment development over the plan period, particularly to support a growth in industrial and warehouse floorspace of 18%. This assessment aims to provide sufficient flexibility and choice in the market and ensure qualitative deficiencies don't arise. This is necessary to provide adequate choice of sites of different sizes, types and locations.

8.10 There are however a number of recognised risks to delivery of the Hybrid Scenario. The Scenario is aspirational in nature, and assumes successful delivery of housing growth targets. This is relatively ambitious and will be influenced by market capacity and infrastructure delivery. There are also downside risks to achieving stronger performance in key higher-value added sectors as set out, including wider macro-economic trends, uncertainty regarding key projects in the sub-region including delivery (or delay to delivery) of Crawley Town Centre North and other Town Centre regeneration schemes, the intensions of a new owner at Gatwick Airport and the impacts of this on key economic sectors (e.g. transport, business services).

8.11 The recommended Hybrid Scenario represents a Policy-ON approach led by current regional policy. While this is the consultants' recommendation, this policy approach may not be supported by the three authorities. A change of Government at the national level could also result in a change in this regional policy framework.

8.12 Nonetheless, Draft PPS4 recognises that there is a limit to the extent local planning authorities can predict the future of their local economies and so a flexible approach to the supply and use of land will be important. It recommends that local planning authorities should **plan positively and proactively** to encourage sustainable economic growth.

8.13 The Stage II work will need to assess the potential of existing sites to cater for employment requirements, considering land supply in quantitative and qualitative terms, to meet identified demand. Assumptions on plot ratios and issues of quantitative capacity will need to be considered in further detail within this subsequent work.

7.30 Land requirements identified represent net requirements for employment land over the plan period. They do not take account of the development pipeline, vacant or underutilised land at existing employment locations. Nor do they take account of the quality of existing sites and premises. The Stage II Assessment will reveal whether there is latent demand for employment floorspace in particular locations (including separate parts of the three districts) for allocation of additional employment land, the potential for extension or intensification of existing sites, or on the other hand where employment land could be released.

8.14 In the remainder of this section, we set out specific recommendations regarding employment development in each of the local authorities and the main towns, to provide an initial steer to inform progression with LDF Core Strategies. **These conclusions should however be regarded as indicative, to be further 'tested' in the Part II Assessment**.

8.15 This concluding section aims particularly to draw together the conclusions of the Scenarios work and calculations of employment land requirements arising from this; with our broader understanding of the commercial development context in the sub-region and its main towns.

CRAWLEY

8.16 Crawley has been relatively successful in recent years and developed particularly as a hub of private sector business activity. It has a well developed office and industrial markets, and has seen development of smaller warehousing, particularly linked to the Airport. Manor Royal is an established and successful industrial location, albeit that it is now showing its age. The town centre office market is however somewhat under-developed.

8.17 There is demand for Grade A office space in Crawley, this representing 43% of office take-up over the three years to Q1 2009. While current availability is high, it will be important to deliver a continuous supply of new, Grade A office space to meet local demand in Crawley and to support and potentially grow its status as important office centre within the region.

8.18 Within the industrial market (covering industrial and warehouse floorspace), there has been very limited recent development of new industrial space within the town. However we do not consider that this reflects a lack of demand for new industrial space. It particularly reflects market economics, whereby a number of developers have sought to redevelop (or at least achieve planning consent for redevelopment of) former industrial sites in Manor Royal for office use. The value which can be achieved for office development is higher than for industrial use. Against this context, virtually no new industrial development has been brought forward in the town since 2000. Just 7% of industrial floorspace take-up in Crawley over the three years to Q1 2009 was of Grade A space.

8.19 There is a need to invest in improving Crawley's commercial offer to support the sustainable development and growth of the town and its status at the heart of the Gatwick Diamond. The commercial offer and the image of the town need to be 'refreshed.'

8.20 We consider, subject to further testing within the Part II Assessment, that an appropriate 'strategy' for employment in Crawley would be to develop its town centre office offer, as an alternative to the out-of-town business space which currently predominates. Through appropriate planning policies, industrial sites on Manor Royal could be protected, and through investment in the Estate, further industrial development incentivised. This would help to attract but also retain higher-value manufacturing companies.

8.21 Within Manor Royal there are a number of key sites which could be brought to market over the next few years. These include the Thalis site, and those occupied by BSE and GlaxoSmithKline. These combined represent c. 16ha of land. In our view a significant proportion of this should be retained for industrial uses.

8.22 CBC is working with partners and consultants to prepare a Masterplan for the Manor Royal Industrial Estate. This will establish a spatial framework for investment in the estate, including improving access to services and the facilities and environment of the Estate. This will be important to ensure its continued success and attractiveness. It represents an opportunity to consider in further detail the potential configuration of uses on key development sites. This should however include potential for redevelopment to provide modern industrial floorspace to meet occupier demand.

Recommendation 1: CBC should identify key sites within Manor Royal for redevelopment for B1c, B2 and B8 use within its LDF.

8.23 The Part II Assessment needs to establish a clear spatial framework for office development in the Borough. This must consider and assess in detail the relative role of 'business park' style space as against town centre office development.

8.24 In our view, the town centre office offer in Crawley is somewhat under-developed. Compared to similar sized towns, it has a significant proportion of out-of-town office space but relatively limited provision within the Town Centre. There is an important distinction to be made between the two, in that some occupiers would prefer town centre space where there is access by public transport and to the rail network, and a range of retail, leisure and other services are available locally.

8.25 Currently however the attractiveness of the Town Centre to occupiers is inhibited by the quality of place and environment of the centre to some extent, together with its accessibility.

Mixed-use development proposals at Town Centre North provides an opportunity to change this and deliver transformational change. There is potential for Town Centre North to improve quality of place within Crawley Town Centre, include the retail and leisure offer. It can improve provision of cafes, restaurants and quality comparison retailing which should make the town centre more attractive to office occupiers.

8.26 Some new office floorspace is expected to be delivered within Town Centre North. However it is understood that this is effectively replacement provision for that lost through redevelopment. It will not enhance the level of town centre office floorspace. We consider that there is potential for further town centre office development in addition to this. There may be potential for instance for delivery of an Office Quarter around Crawley Station, close to the bus and rail hubs. This would however require concerted investment to deliver a stronger gateway with a higher quality environment and sense of arrival. This could be taken forward by preparation of a Development Brief or Masterplan for this area.

8.27 Three Bridges benefits from stronger rail connections than Crawley, including both more and faster train services. There is some office development along Hazlewick Avenue, but floorspace is now somewhat dated. Redevelopment of office space in this location should be supported to provide modern floorspace. In our view the Council should also support delivery of office floorspace as part of a mixed-use gateway development scheme around Three Bridges Station.

8.28 Frequent and easy-to-use transport connections between Three Bridges and the Town Centre are important to supporting the office market at both locations. The availability of parking will also be important in attracting office occupiers, and suitable parking standards should be adopted.

8.29 The economic viability of any proposals for new office quarters or mixed-use developments should be carefully examined to inform planning policy.

Recommendation 2: CBC should explore the potential to bring forward mixed-use regeneration schemes including new office floorspace around key transport hubs at Crawley and Three Bridges Stations and within the Three Bridges Corridor.

8.30 There is however market pressure in Crawley to achieve a ‘step change’ in the office market through delivery of strategic office development in the Crawley area. This would inevitably enhance the supply of Grade A office accommodation, if permitted, and cement Crawley’s role as a major office location in the region.

8.31 We can see a strong case for strategic office development based upon Crawley’s locational advantages and transport connections, as well as its established status as an office centre. The rationale is as follows:

- Crawley is strategically well-located, adjacent to a major international airport with potential for growth;
- Should the Airport increase the number of routes serving international destinations, particularly in North America, interest could arise from American companies looking for an accessible European or UK HQ;
- It benefits from connectivity to the national motorway network, the M23 serving the town; and is in proximity to the M25;
- The town also benefits from frequent and fast rail connections to London, both to Victoria serving Whitehall and the West End, and to London Bridge and the City;

- Its location and transport connections provide access to a substantial and highly-skilled workforce, while the wider area of West Sussex provides a high quality of life offer;

- The town is an established and successful office centre which has demonstrated its potential to attract footloose investment;

- There are few locations in the region with similar transport infrastructure which offer potential for successful delivery of a major business park.

8.32 The latter is perhaps a particularly important point. Crawley benefits from existing infrastructure which could support delivery of a major business park. There are relatively few other locations, particularly in Sussex, where this is the case.

8.33 Changes at the Airport could also have a significant impact. Should it see increased international business routes, particularly to North America, the area could attract new foreign office occupiers looking for an accessible south-east base for European operations. Crawley is connected to the London market but represents stronger value for money.

8.34 The only real downside (in market terms) is the social / skills mix of the existing town, but this is mitigated by the strong skills offered within the wider catchment area.

8.35 There are very few locations where there is the market interest to deliver strategic office development. A development such as this could be of major economic benefit to the Gatwick Diamond area as a whole: spanning Surrey and West Sussex.

8.36 In market terms it was also ensure that the area does not lose out to Croydon which has plans to develop its role as an office/ employment hub in Outer London.

8.37 Strategic office development must be sustainable in terms of achieving substantial additional growth in higher value employment within the *sub-region*, as opposed to simply a redistribution of office floorspace or employment with little additionality. This is critical. Without this, a major business park would have a negative impact on existing town centres and other employment locations within the sub-region.

8.38 There are a number of potential ways in which the impact on town centres and other business sites of a strategic business park could be minimised. This could include:

- Restrictions on use classes, unit / floorplate sizes and parking provision;

- Limiting the scale/ nature of retail and service uses accommodated;

- Agreeing a marketing strategy with the developer through legal agreement, which could for instance focus on specific sectors or types of businesses initially;

- Identifying through LDFs an appropriate phasing strategy for delivery of town centre regeneration schemes, improvements to existing business / industrial sites, and delivery of a strategic business park.

8.39 The Part II Assessment will need to consider in further detail how development at Crawley Town Centre, Manor Royal and in the other main towns could potentially be brought forward alongside and in a complimentary way to delivery of a Strategic Employment Location.

8.40 Whilst there is strong market interest, the Scenario indicate that there can be no certainty that this can be achieved. To support strategic office development, employment in business and professional services particularly (business services, finance & insurance, and other business services) would need to perform much more strongly than currently projected. In effect the sector would need to perform in a similar way over the plan period to how it had performed over the previous 20 years. Experian's forecast does not support this (and this is reflected in all of the scenarios which are built on this base).

8.41 There is however a considerable current degree of uncertainty, and the Experian forecast probably represents a cautious assessment of future performance of office-based sectors. It is possible to argue that there is an opportunity to capture additional growth in these sectors for the reasons discussed, and not least the commercial opportunity which exists. This argument could be supported in policy terms.

8.42 This leaves us in a situation whereby a decision to accommodate strategic employment development would represent a *policy choice.*

8.43 We consider that the most appropriate way forward in this context would be for the local authorities to engage with SEEDA, the South East of England Partnership Board (SEEPB) and GOSE to examine the 'policy case' for strategic employment development.

Recommendation 3: The local planning authorities should engage with SEEDA, SEEPB and GOSE to consider the appropriateness of Strategic Employment Development within the Crawley area.

8.44 Should it be determined that the strategic employment development is necessary, it is next appropriate to assess where this should be located. We are clear that it should be located 'at Crawley' given its status as the main town and the existing market context.

8.45 Draft PPS4 promotes a town-centres first policy to town centre uses which include offices. It is hence appropriate for the Part II Employment Land Review to assess whether strategic office development could be successfully accommodated within the town centre.

8.46 We are of the initial view, subject to further testing, that the town centre will not offer the level of accessibility required to deliver significant new office development nor development opportunities of the necessary scale. However investment in the town centre will play an important role in supporting the potential for strategic employment in improving the image of the town, quality of retailing and services.

8.47 A key challenge is the relatively lower intra-regional accessibility which Crawley Town Centre offers relative to other parts of the wider area. Gatwick Airport and Three Bridges both offer stronger rail connections. The potential for new strategic office development in these areas should be further assessed.

8.48 Having explored other possibilities, should the potential for development of a new business park be justified, we consider that this should offer good accessibility to Gatwick Airport – and provide the potential for rapid access to the Gatwick Rail Hub via Fastway. This may require improvements to bus-rail interchange facilities at the Airport, which we consider to be currently sub-standard. The implication is that any new business park should be located on the north side of the town.

8.49 We can also see some advantages from a commercial point-of-view for the location of a new business park at a 'visible' location from the M23. This will support the profile and visibility of the development. This is not however an essential feature. Green Park in Reading for instance is located adjacent to the M4, however MEPC's Chineham Park development near Basingstoke and Kings Hill Business Park at West Malling, Kent are not.

8.50 In our opinion, to maximise the benefits to Crawley a new business park should be located within or close to Crawley's existing urban area. This will ensure that the new development benefits the image and business profile of the town, and is not marketed simply as a Gatwick location. Ideally it would be linked to or adjacent to Manor Royal, helping to lift Crawley's existing location rather than draw market interest away from it.

8.51 We consider that a potential location for a major business park could be either the North East Sector (preferably) or alternatively the site West of Copthorne. Both sites could be considered suitable at a headline level.

8.52 Infrastructure capacity is however likely to be a key delivery challenge to be addressed in order to bring forward any strategic employment development. This includes critical issues regarding sewage treatment capacity at Crawley; as well as the impact on the transport network. Should it be determined to move forward with a proposal for a new business park, these will need to be carefully considered as part of the planning process.

8.53 Besides Manor Royal and the Town Centre, there are a number of other smaller employment locations within Crawley including at Tilgate Forest and Stephenson Way. We consider that these locations perform well and their existing uses should be protected.

HORSHAM

8.54 The office market in Horsham has suffered from the downsizing and rationalisation of the main office occupier, RSA. Beyond the County Council deal, we consider that it is unlikely that Horsham will have much success in attracting major occupiers requiring significant office floorspace. Limited occupier demand particularly reflects the town's proximity to Crawley and its weaker rail connections. The office market is small-scale and localised and there is currently an oversupply of office accommodation. Against this context it is appropriate to seek to rationalise office floorspace **in the short-term** (over the next five years).

Recommendation 4: HDC should consider the implementation of flexible policies which support the change of use of outdated office floorspace in Horsham Town Centre to rebalance supply to effective demand.

Recommendation 5: HDC should support the subdivision of existing large floorplate offices to meet the requirements of smaller businesses.

8.55 In the longer-term it will be appropriate to support the phased delivery of modern office floorspace in Horsham Town and District particularly to ensure a supply of modern floorspace to cater for the needs of existing occupiers and growing small businesses.

8.56 Industrial estates in Horsham Town and elsewhere in the District are generally small in scale and well occupied. They lack major occupiers but cater well for local demand and there may be potential to enhance provision, particularly of B1c floorspace, to improve the sustainability of smaller settlements and the rural areas of the District.

Recommendation 6: The Part II Assessment should consider the potential for extensions to industrial estates in the smaller towns in Horsham District or for provision of some employment land as part of larger residential-led development schemes. These should contain a mix of employment uses.

8.57 We consider that small mixed-use development schemes which contain high quality modern industrial space, workshop and small-scale/ ancillary office space (e.g. hybrid units) could work well within some of the smaller settlements in Horsham and elsewhere in the sub-region.

MID SUSSEX

Haywards Heath

8.58 Haywards Heath has a local office market with a number of loyal occupiers, particularly within the banking and insurance sectors. The strong rail connections are a key driver of demand, and proximity to Haywards Heath Station is essential. Other key attractions to office occupiers include the cafes and restaurants in the town centre and a strong skills base within the local catchment.

8.59 No new Grade A office development has however been delivered for over 10 years, and we consider that there is a latent demand for new office floorspace from existing occupiers.

8.60 Haywards Heath is the only town in the sub-region outside Crawley where we see potential for the market to deliver new office floorspace. While rental levels are currently low, at below £20 psf, this is a reflection of the quality of available space. There is potential for new office development to move rents upwards.

Recommendation 7: Sites suitable for office development close to Haywards Heath Station should be reserved for B1 or mixed-use development incorporating B1 office floorspace.

8.61 The scale of office development in Haywards Heath should be informed by the availability of suitable sites, however we consider there is scope for identification of 1.7ha of land for B1a office development.

8.62 There is not a strong market for industrial/ warehouse floorspace in Haywards Heath, with the Burrell Road Industrial Estate being the main location. This caters well for Worcester Controls and other local occupiers (often freehold). It is well occupied, with limited churn or potential for redevelopment.

Recommendation 8: Planning policies should seek to protect employment use at the Burrell Road Industrial Estate.

East Grinstead

8.63 The office market in East Grinstead is very localised. The town's attractiveness as a location for office occupiers is limited by its poorer accessibility, location away from the M23 corridor, and proximity to Crawley. A number of occupiers have moved out of the town to Crawley. The quality of existing floorspace should be assessed within the Part II Review, however we understand that, in quantitative terms, there is sufficient floorspace availability: an overhang from those companies that have relocated from the town and released space onto the market. Given the sub-regional dynamics and current rental levels, we foresee limited demand for further office development although this should be assessed in detail through the Part II Review.

8.64 The industrial market in East Grinstead has performed much better. The Birches, Imberhorne and Charlwood Industrial Estates are all well occupied. Recent development of 350,000 sq.ft of space at the Birches Industrial Estate has performed well with space let to both local occupiers, and companies relocated from elsewhere in West Sussex and Surrey. This demonstrates the potential of the industrial market. The town has benefiting from delivery of high quality product, a lack of new competing floorspace being delivered elsewhere (including within a number of adjacent local authorities) and a cost incentive whereby industrial rents are lower than in Crawley. We see potential to further develop the industrial market moving forward.

Recommendation 9: Around 4ha of land should be identified in East Grinstead suitable for B1c, B2 and B8 development.

Burgess Hill

8.65 Burgess Hill has an established and successful industrial market with a particularly strong number of higher value manufacturing and engineering companies and skills base to match. The main locations within the town, particularly the Victoria Business Park, benefit from good access to the A23.

8.66 We consider that there is potential for growth in industrial floorspace (B1c/B2) in Burgess Hill, and for the town to accommodate additional B8 warehouse development, to develop its role as a sub-regional distribution hub.

8.67 Land allocated from industrial/ warehouse development in Burgess Hill should be on sites with strong accessibility to the strategic road network, a high quality environment and adequate parking provision in order to attract occupiers to the town. This could potentially include provision of employment development as part of mixed-use urban extensions.

Recommendation 10: 5-8 ha of high quality land for industrial and warehouse development (B1c, B2 and B8) should be identified in Burgess Hill to meet demand over the 2006-26 plan period.

SUPPORTING THE SMALL BUSINESS BASE

8.68 We have highlighted the potential in this report for home and remote working, both through changing working practices and linked to the potential for growth in micro-businesses over the longer-term. It is important that the local authorities work provide support to the small business base in their areas. This includes appropriate policies and investment to ensure provision of broadband infrastructure, access to business support and access to shared services (e.g. printing, IT support etc.). Given the nature of the business base in the area, it would be appropriate to develop an enterprise-based strategy for supporting small businesses across the sub-region.

8.69 It is also though going to be important to ensure provision of suitable premises for expanding small businesses. There are now various bespoke providers of space for small businesses, including the Workspace Group and Basepoint. A number of local authorities and other public sector agencies have also delivered bespoke innovation or small business centres, providing managed workspace or incubation units.

8.70 There is some existing provision within the sub-region, including Basepoint at Manor Royal which provides small workshop and office units; and the Regus Business Centre in Crawley Town Centre. We consider that there is further potential to expand this network.

Recommendation 11: The local authorities should work together and with private sector providers to deliver a network of serviced office space and small workshop units across the sub-region to support growth in small businesses.