Northern West Sussex Economic Growth Assessment Focused Update for Crawley

Crawley Borough Council

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1.0 Introduction

1.1 Crawley Borough Council ('CBC') commissioned Lichfields to undertake a focused update of the Northern West Sussex Economic Growth Assessment ('EGA') (dated January 2020), also produced by Lichfields.

1.2 The 2020 Northern West Sussex EGA[1] provided a comprehensive evidence base for employment and economic development needs across the Northern West Sussex area during the period to 2036, having regard to the revised National Planning Policy Framework ('NPPF') and Planning Practice Guidance ('PPG').

1.3 The purpose of this focused update is to provide supplementary and updated economic evidence specifically to inform the approach to economic growth and employment land policies within the new Crawley Local Plan which is currently being prepared by CBC. This report partially updates the findings of the 2020 EGA study as they relate to Crawley, and should be read alongside it.

Scope of the Study

1.4 CBC is in the process of preparing a review of the Local Plan, for which Regulation 19 consultation was undertaken between January-March 2020. Following this consultation, the Council is currently revisiting aspects of the Regulation 19 Local Plan and has identified a number of issues related to the draft Plan's economic growth policies that require further consideration ahead of it being finalised. In addition, it is necessary to consider the impact of the Covid-19 pandemic on the Borough's economy and how this may affect the growth prospects over the new Local Plan period.

1.5 In this context, the scope of this update study consists of the following:

1 Re-visit future economic growth forecasts for Crawley set out in the 2020 EGA – prepared by Oxford Economics, which implied a fairly modest level of future growth – and undertake some further interrogation to identify the extent to which any specific macro, sector or other assumptions had a determining effect on the outputs for Crawley, set in the context of the long-term historical growth rate for the Borough and the structure of its economy.

2 Update these economic forecasts to reflect Covid-19 and revised macroeconomic assumptions for the UK economy more widely.

3 Given the added uncertainties associated with forecasting at this time and also what appeared to be a pessimistic outlook associated with the 2020 EGA economic forecasts, benchmark these forecasts against equivalent contemporary figures sourced from Experian to inform the 'triangulation' judgement about the most appropriate and positive basis for long-term planning in Crawley.

4 Prepare new estimates of future employment land requirements for the range of B class uses in terms of floorspace and land areas for all updated growth scenarios.

5 Assess the updated demand/supply balance of employment land in Crawley over the new Local Plan period, to consider the potential need to provide additional capacity through the new Local Plan.

1.6 All other aspects of the 2020 EGA remain unchanged.

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[1] https://crawley.gov.uk/sites/default/files/documents/PUB354687.pdf

1.7   The scope of this focused EGA update includes consideration of economic development as defined by the NPPF, with a primary focus upon the typologies set out in the 'B' Use Classes as outlined below:

- **B1 Business:** offices (B1a), research & development (B1b) and light industrial (B1c).

- **B2 General Industrial:** typically comprising factory and manufacturing space.

- **B8 Storage and Distribution:** warehouses, wholesale and distribution.

1.8   References to 'employment space' refer to all B class elements noted above. In addition, the term 'industrial space' is used to refer to both manufacturing (B1c/B2) and warehouse and distribution (B8) uses.

1.9   An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation in July/August 2020. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

1.10   Due to the timing of the study and its analysis, no specific consideration has been given to the impact of emerging planning reform, including the more immediate changes to the Use Classes Order effective from 1st September 2020.

2.0 Future Requirements for Employment Space

2.1 This section considers an updated assessment of future economic growth needs in Crawley drawing on an expanded range of employment forecasts, latest B class completions data and housing delivery assumptions.

2.2 It follows the same NPPF-compliant approach as the 2020 EGA to developing a number of potential future economic scenarios to provide an updated framework for considering future economic growth needs and B class employment space requirements in Crawley up to 2036, drawing upon:

1 Projections of employment growth in the main B class sectors **(labour demand)** derived from economic forecasts produced by Oxford Economics and Experian in 2018 and 2020;

2 Consideration of **past trends in completions of employment space** based on the latest monitoring data collected by Crawley Borough Council; and

3 Estimates of future growth of local **labour supply** based on the Council's latest housing delivery trajectory and demographic assumptions consistent with the 2019 Northern West Sussex Strategic Housing Market Assessment (SHMA).

2.3 The outputs from these updated scenarios are presented and discussed in turn below.

1. Forecasts of Job Growth

Oxford Economics Forecasts: Q4 2018

2.4 The 2020 Northern West Sussex EGA considered a 'baseline job growth' scenario that used forecasts of employment growth over the period to 2036 prepared by Oxford Economics (OE), based on their Q4 2018 release. These took account of regional and national macroeconomic assumptions prevailing at the time.

2.5 The OE employment projections indicate overall growth of 6,336 workforce jobs for Crawley over the 17-year period from 2019 to 2036, equivalent to around 372 jobs per year on average.

2.6 The 2020 EGA noted that the forecasts point to a slowdown in implied job growth compared with recent trends recorded in the Borough; where 1,803 jobs were created each year on average between 2011 and 2019. The scale of job growth is also significantly lower than that implied by economic forecasts used as part of previous Northern West Sussex EGA studies (dated 2013 and 2015).

2.7 In this context, the 2020 EGA concluded (at para 8.63/8.74) that the scale of job growth implied by the 2018 OE forecasts does not appear to be particularly optimistic and is unlikely to provide an effective, positive basis for planning for local economic growth in Crawley.

Experian Forecasts: Q4 2018

2.8 Reflecting the relatively pessimistic outlook implied by the 2018 OE forecast and to provide an alternative view from another forecasting provider, the equivalent 2018 Q4 forecasts from Experian have been sourced, and analysed on a consistent basis with the methodology applied as part of the 2020 EGA.

2.9   These forecasts imply a scale of growth for Crawley over the period to 2036 that is considerably higher than the OE results; equivalent to an increase of 14,800 workforce jobs in the Borough over the Local Plan period to 2036, or 871 on average per year.

2.10   There are methodological differences between the two sets of forecasts, but such a divergence appears significant, and will have a bearing on resulting employment land requirements for the new Local Plan period.

Comparing the 2018 Forecasts

Total Employment Change

2.11   Notwithstanding the significant difference in overall job growth for Crawley implied by the OE and Experian forecasts, both forecasts point to an expected slowing of the growth of the Crawley economy over the new Plan period.

2.12   To place this into context, ONS Business Register and Employment Survey (BRES) data indicates that Crawley's economy grew by c.1,780 jobs per annum between 2009 and 2018, a period characterised by relatively mixed economic conditions.

2.13   By comparison, the Experian implied annual job growth rate to 2036 is less than half of this past trend (48%), and the OE forecast equivalent to just 20% (Table 2.1).

Table 2.1 Annual Employment Change in Crawley

Oxford Economics, 2018

	2019	2036	Change	
			No.	p.a.
Total jobs	101,052	107,388	6,336	372

Experian, 2018

	2019	2036	Change	
			No.	p.a.
Total jobs	102,500	117,300	14,800	870

BRES – past trend

	2009	2018	Change	
			No.	p.a.
Total jobs	80,000	96,000	16,000	1,778

Source: Oxford Economics 2018 / Experian 2018 / BRES 2018 / Lichfields analysis

Sector Change

2.14   A more detailed analysis of the two sets of 2018 forecasts identifies some significant variation between individual sectors expected to drive employment growth and decline over the Local Plan period to 2036, notably:

- **Transport and storage:** where OE forecast a small loss, and Experian 14% growth; and
- **Manufacturing:** for which both forecast a loss, but OE to a much greater extent.

2.15   These differences are summarised in Tables 2.2. and 2.3 below.

Table 2.2 Forecast Employment Change by Sector – Oxford Economics 2018 Forecasts

Sector	2019	2036	Change 2019-36	
			No.	%
N. Administrative and support service activities	19,110	22,769	3,659	19.1%
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	13,130	14,369	1,239	9.4%
M. Professional, scientific and technical activities	6,755	7,751	995	14.7%
Q. Human health and social work activities	4,448	5,171	723	16.3%
F. Construction	3,718	4,343	625	16.8%
E. Water supply; sewerage, waste management and remediation activities	319	282	-37	-11.6%
D. Electricity, gas, steam and air conditioning supply	1,322	1,171	-151	-11.4%
O. Public administration and defence; compulsory social security	2,345	2,146	-199	-8.5%
H. Transport and storage	22,609	22,042	-567	-2.5%
C. Manufacturing	6,662	5,129	-1,533	-23.0%

Source: Oxford Economics 2018 / Lichfields analysis

Table 2.3 Forecast Employment Change by Sector – Experian 2018 Forecasts

Sector	2019	2036	Change 2019-36	
			No.	%
N. Administrative and support service activities	18,000	22,500	4,500	25.0%
H. Transport and storage	25,800	29,400	3,600	14.0%
I. Accommodation and food service activities	7,500	9,100	1,600	21.3%
Q. Human health and social work activities	4,000	5,300	1,300	32.5%
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	13,100	14,300	1,200	9.2%
L. Real estate activities	500	500	-	-
S. Other service activities	900	900	-	-
O. Public administration and defence; compulsory social security	3,000	2,900	-100	-3.3%
J. Information and communication	3,700	3,500	-200	-5.4%
C. Manufacturing	5,500	4,900	-600	-10.9%

Source: Experian 2018 / Lichfields analysis

Transport and storage

2.16   In absolute terms, the most significant difference in future job growth between the two forecasts relates to the 'transport and storage' sector. This poses implications for resulting B class job growth, employment space and land requirements for the new Local Plan period given that some of this transport and storage sector activity is typically associated with B8 warehousing/distribution land uses.

2.17   Experian's projected growth of 3,600 transport and storage jobs between 2019 and 2036 represents nearly a quarter of all expected job growth within the Borough. OE have indicated that they expect automation to reduce future job growth (but not output) in the transport and

storage sector, and this is reflected within their projected decline of 567 transport and storage jobs to 2036.

2.18   To understand which assumption might be most appropriate within the context of planning for future economic needs in Crawley, ONS BRES data at 4-digit Standard Industrial Classification (SIC) level has been analysed to examine recent changes within Crawley's transport and storage sector in more detail.

2.19   This indicates that over the past 9 years, the sector has grown by around 19%, or 3,550 jobs (394 jobs p.a.) within the Borough (Table 2.4).

Table 2.4 Transport and Storage Employment in Crawley

SIC 2007 Code	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Change 2009-18	% Change 2009-18
4910 : Passenger rail transport, interurban	150	150	100	200	200	200	200	200	200	200	50	33%
4920 : Freight rail transport	0	0	0	0	0	0	0	0	0	0	0	0%
4931 : Urban and suburban passenger land transport	500	500	500	600	600	600	600	700	500	600	100	20%
4932 : Taxi operation	20	20	10	35	50	100	100	150	100	125	105	525%
4939 : Other passenger land transport n.e.c.	200	150	150	150	30	40	100	150	300	300	100	50%
4941 : Freight transport by road	450	450	350	400	350	400	350	450	350	350	-100	-22%
4942 : Removal services	50	40	50	40	40	50	50	50	40	50	0	0%
4950 : Transport via pipeline	0	0	0	0	0	0	0	0	0	0	0	0%
5010 : Sea and coastal passenger water transport	0	0	0	0	10	10	10	20	40	10	10	0%
5020 : Sea and coastal freight water transport	10	10	10	10	10	10	0	0	20	0	-10	-100%
5030 : Inland passenger water transport	0	0	0	0	0	0	0	0	0	0	0	0%
5040 : Inland freight water transport	0	0	0	0	0	0	0	0	0	0	0	0%
5110 : Passenger air transport	10,000	10,000	10,000	10,000	9,000	9,000	9,000	9,000	9,000	10,000	0	0%
5121 : Freight air transport	30	25	25	50	40	10	30	20	20	10	-20	-67%
5122 : Space transport	0	0	0	0	0	0	0	0	0	0	0	0%
5210 : Warehousing and storage	300	450	450	400	500	450	500	1,000	1,250	1,500	1,200	400%
5221 : Service activities incidental to land transportation	500	600	600	700	800	900	1,000	900	900	900	400	80%
5222 : Service activities incidental to water transportation	0	0	0	0	0	0	0	0	0	0	0	0%
5223 : Service activities incidental to air transportation	5,000	5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	1,000	20%
5224 : Cargo handling	10	20	50	75	100	150	150	150	225	225	215	2150%
5229 : Other transportation support activities	400	500	450	600	600	400	600	400	500	500	100	25%
5310 : Postal activities under universal service obligation	1,000	1,250	1,250	1,250	1,250	1,250	1,000	1,000	1,000	1,000	0	0%
5320 : Other postal and courier activities	400	450	600	500	500	500	600	700	450	800	400	100%
Total	**19,020**	**19,615**	**20,595**	**21,010**	**20,080**	**20,070**	**20,290**	**20,890**	**20,895**	**22,570**	**3,550**	**19%**

Source: BRES 2018 / Lichfields analysis

2.20   The largest sub-sector is 'passenger air transport' (10,000 jobs), followed by 'service activities incidental to air transportation' (6,000 jobs); both of these are associated with the presence of Gatwick Airport within the Borough, and have remained relatively stable in employment terms over the last 9 years.

2.21   Meanwhile, the 'warehousing and storage' sub-sector, whilst relatively small in absolute employment terms, has grown significantly from 300 to 1,500 jobs during this period. More detailed analysis suggests this job growth has related exclusively to land transport.[2]

2.22   On this basis, the Experian job forecasts (+211 total jobs p.a. in transport and storage sectors) align more closely with past job growth trends actually recorded in Crawley based on the types of transport and storage activity occurring in the Borough. On this basis, the Experian view of how the transport and storage sector will grow in the future – albeit at a slower rate than the past trend – appears to provide a more appropriate basis for anticipating the needs of this sector.

Converting to Employment Land Requirements

2.23   Expected employment change by B class sector is summarised for both 2018 sets of forecasts in the Tables below[3].

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[2] Analysis at 5-digit SIC level records 100% of jobs within *52103 : Operation of warehousing and storage facilities for land transport activities*. No jobs are recorded in *52102 : Operation of warehousing and storage facilities for air transport activities*, but may be captured elsewhere e.g. cargo handling

[3] As part of the more detailed examination of local employment trends within the transport and storage sector carried out through this focused EGA update, an analysis of Inter Departmental Business Register data has been undertaken to explore the relationship between transport and storage-related jobs and land use within Crawley. Based on this it is assumed that approximately 30% of future job growth within the sector will require B8 space, broadly consistent with current land use patterns.

Table 2.1 Forecast Employment Change: Oxford Economics 2018

	2019	2036	Change 2019-2036	
			No.	%
Total Jobs	**101,052**	**107,388**	**6,336**	**6.3%**
B Class Jobs	**41,209**	**42,812**	**1,602**	**3.9%**
Office Jobs (B1a/b)	20,580	23,381	2,801	13.6%
Industrial Jobs (B1c/B2)	10,577	9,240	-1,337	-12.6%
Warehousing Jobs (B8)	10,052	10,190	138	1.4%

Source: Oxford Economics 2018 / Lichfields analysis

Table 2.2 Forecast Employment Change: Experian 2018

	2019	2036	Change 2019-2036	
			No.	%
Total Jobs	**102,500**	**117,300**	**14,800**	**14.4%**
B Class Jobs	**40,442**	**44,641**	**4,199**	**10.4%**
Office Jobs (B1a/b)	20,360	23,315	2,955	14.5%
Industrial Jobs (B1c/B2)	9,080	8,945	-135	-1.5%
Warehousing Jobs (B8)	11,002	12,381	1,379	12.5%

Source: Experian 2018 / Lichfields analysis

2.24 The B class part of these employment growth forecasts are then converted to future employment space requirements by applying the latest published density figures for employment space, which take account of recent trends in occupancy for the different B class uses. The following average ratios have been applied, consistent with the 2020 EGA:

- **Offices**: 1 workforce job per 11 sqm for general office space;
- **Industrial**: 1 workforce job per 36 sqm as an average across B1c and B2 uses; and
- **Warehousing**: 1 workforce job per 80 sqm for warehousing uses.

2.25 An allowance of 10% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space. Where a reduction in jobs is forecast (e.g. manufacturing), the associated negative floorspace was halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it does not automatically follow that all of the existing employment space will be lost.

Table 2.3 Net Employment Space Requirements

	Floorspace (GEA sqm) 2019 to 2036	
	Oxford Economics 2018	**Experian 2018**
Offices (B1a/B1b)	33,890	35,760
Manufacturing (B1c/B2)	-24,065	-2,430
Distribution (B8)	12,145	121,350
Total B Class	**21,970**	**154,680**

Source: Lichfields analysis

2.26 The final step, for all scenarios, is to translate floorspace into land requirements for both office (B1a/B1b) and industrial (B1c/B2/B8) uses. This translation takes account of the total land/site area typically needed to accommodate industrial and office uses, once both premises and associated car parking, space for lorry turning, landscaping etc have all been factored in.

2.27   This has been calculated by applying the following plot ratio assumptions to the floorspace estimates presented above to reflect the pattern of development in Crawley:

- **Industrial (B1c/B2/B8):** a plot ratio of 0.4 is applied so that a 1.0 ha site would be needed to accommodate a footprint of 4,000sq.m of employment floorspace; and

- **Offices (B1a/B1b):** assumed that 50% of new floorspace would be in lower density developments with a plot ratio of 0.4, and 50% in higher density urban/town centre locations at a plot ratio of 2.0.

2.28   The resulting land requirements are set out below, and also include a 10% 'buffer' allowance for such factors as delays in development sites coming forward, replacement of some ongoing losses of employment space during the Local Plan period, and other relevant factors in the local market. Again, this is consistent with the 2020 EGA methodology.

Table 2.4 Employment Land Requirements

	Employment Land (ha) 2019 to 2036	
	Oxford Economics 2018	Experian 2018
Offices (B1a/B1b)	5.6	5.9
Manufacturing (B1c/B2)	-6.0	-0.6
Distribution (B8)	3.3	33.4
Total B Class	**2.9**	**38.7**

Source: Lichfields analysis

Covid-19 Scenarios

2.29   Following the outbreak of Covid-19 in March 2020, a further two scenarios have been considered to examine potential impact of the Covid-19 pandemic on the Borough's economy, both in the short term and the effect on its forecast growth over the longer-term Plan period. This draws on initial Covid-19 economic forecasts published by OE and Experian in June 2020 which take account of revised macroeconomic assumptions for the UK economy including a recession in the UK economy during 2020 and a 'delayed V-shape' recovery.

2.30   Notwithstanding the greater than usual degree of uncertainty and variability attached to these forecasts, they are useful to consider and contrast with the 2018 forecasts presented above to provide an initial 'stress test' of the moderating effect the pandemic may have on the overall level and rate of job growth in Crawley over the Plan period. This may need to be re-considered again closer to the Local Plan examination stage depending on how the economic situation changes over the coming months.

2.31   Detailed job growth, employment space and land outputs from the scenarios are presented in Appendix 1 and summarised below.

Oxford Economics – June 2020

2.32   Compared to OE's 2018 forecasts, the 2020 forecasts:

a   are 'rebased' compared to the 2018 vintage (104,196 vs 101,052), an increase of 3%;

b   reduce Crawley's total job growth by over 50%, from 6,300 jobs to 2,900 jobs over the Plan period 2019-2036; this reduction is largely caused by the 'rebasing' of jobs in 2019, with workforce jobs expected to reach the same level by 2036 as implied by pre-Covid forecasts;

c   B-class jobs reverse from growth of 1,600 jobs to a decline of 527 jobs;

d   reduce growth of office jobs slightly, but much greater forecast declines in industrial and warehouse jobs; and

e   assume that pre-Covid levels of local employment return by 2022.

Experian – June 2020

2.33   Compared to the 2018 Experian forecasts, the 2020 forecasts:

a   are also 'rebased' compared to the 2018 vintage (105,600 vs 102,500 jobs for 2019);

b   reduce Crawley's total job growth by about 40%, from 14,800 jobs to 8,900 jobs over the 2019-2036 Plan period;

c   imply that the local economy supports a smaller employment base by the end of the Plan period (2036);

d   B-class job growth remains positive, but reduces by nearly 60%;

e   growth of office jobs is reduced slightly, but there is a much greater forecast decline in industrial jobs and reduced growth of warehouse jobs; and

f   assume that pre-Covid levels of local employment return by 2024.

Figure 2.1 Covid-19 Employment Forecasts
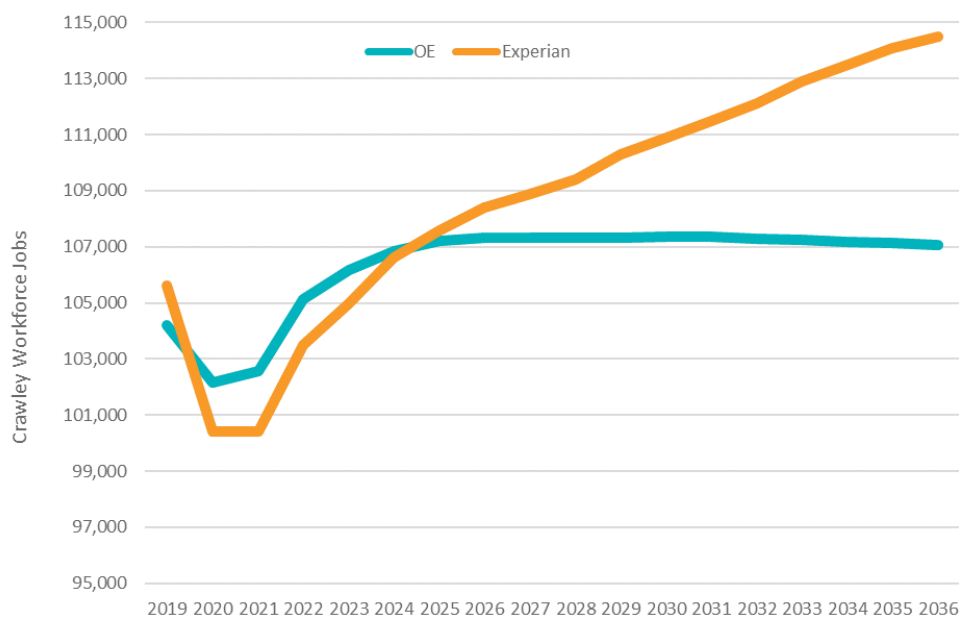
Source: Oxford Economics 2020 / Experian 2020 / Lichfields analysis

2.34   As might be expected, the 2020 forecasts which start to factor in the impacts of Covid-19 imply much lower levels of growth, and therefore employment land requirements, for Crawley overall. The OE forecasts are more pessimistic than Experian, echoing the general pattern implied by the 2018 forecasts.

2.35   They provide a necessary sensitivity check at the current time but are, invariably, subject to a high degree of variability given the evolving nature of the pandemic at the time of preparation. Therefore they would not appear to represent a reliable basis for long-term planning given the uncertainty (and therefore significant caveats) associated with them.

2.36   As noted above, the pre-Covid (i.e. 2018) forecasts both already imply a slower job growth trajectory for the Crawley economy over the new Plan period when compared with past employment growth trends. In this context, the more subdued growth trajectory associated with these latest economic forecasts does not provide the Council with a positive basis for economic planning.

2. Past Development Rates

2.37   The past take-up scenario from the 2020 EGA (i.e. scenario 2) has been updated to reflect an additional year of monitoring data now available (the 2018/19 reporting year). This shows that gross and net completions of B class space were considerably higher in 2018/19 than in recent years (driven largely by two developments at Space Gatwick (B8) and the Former Thales site (B1)); this has the effect of increasing the historic annual average take-up rate and therefore the resulting employment floorspace and land requirement under this scenario for the Local Plan period to 2036 (see Table 2.5). It also underlines the role of industrial sectors in driving take-up of employment space in Crawley over recent years.

Table 2.5 Employment Space and Land Requirements Based on Past Completion Trends

Use	2011-2019		2019-2036	
	Net Annual Completions (sqm)	Gross Annual Completions (sqm)	Net Floorspace Requirement (sqm)	Land Requirement (ha)
Office (B1a/B1b)	2,220	4,340	37,740	6.2
Industrial (B1c/B2/B8)	7,150	11,720	121,550	33.4
Total	**9,370**	**16,060**	**159,290**	**39.6**

Source: CBC / Lichfields analysis

3. Future Labour Supply

2.38   The 2020 EGA provided a baseline labour supply scenario (i.e. scenario 3) based on population growth associated with the standard method of calculating local housing need (equivalent to 752 dwelling per annum (dpa) for Crawley). This 'uncapped' housing need figure has not materially changed in the interim, so the employment land requirement for this scenario remains broadly unchanged from the 2020 EGA (i.e. 113 ha over the Plan period to 2036).

2.39   From a capacity/supply perspective, CBC's latest 'supply-led' trajectory currently assumes a much lower level of housing delivery:

- equivalent to **347 dpa** over the period to 2036 (46% of the standard method figure);

- or **597 dpa** if the West of Crawley allocation is included (79% of the standard method figure) and counted as part of Crawley's housing supply, notwithstanding it falls within Horsham District administrative area (and is subject to that authority's Local Plan process).

2.40   The employment land requirements associated with these lower housing supply figures have been modelled to provide a more realistic view of labour supply growth based on anticipated housing delivery over the Local Plan period.

2.41   This is based on an estimate of the growth in resident workforce which might be supported by each respective quantum of housing delivery in Crawley and what this means for potential total labour supply, after taking account of commuting, unemployment rates and double jobbing. To be consistent with the 2020 EGA, these labour supply estimates have been provided by Iceni (authors of the 2019 Northern West Sussex Strategic Housing Market Assessment (SHMA)).

2.42   This level of housing delivery would support jobs growth of between 5,736 (based on 347 dpa) and 15,044 (based on 597 dpa) in Crawley over the 17-year period to 2036. The proportion of jobs within B class sectors assumes the same shares as the 2018 Experian baseline forecast (as set out in Table 2.2 above).

Table 2.6 Job Growth Based on 'Supply-Led' Labour Supply

Use	Total Change (2019-2036)	
	347 dpa	597 dpa
Workplace Labour Supply (Total Jobs)	5,736	15,044
Office Jobs (B1a/B1b)	1,140	2,990
Manufacturing Jobs (B1c/B2)	437	1,147
Distribution Jobs (B8)	605	1,588
All B Class Jobs	2,183	5,725

Source: Iceni / Lichfields analysis (totals rounded)

2.43   These job numbers can then be translated into estimated requirements for B class employment land by applying the same standard employment densities used in the job growth-based approach, adding a 10% vacancy allowance and 10% 'buffer' allowance, and by applying the plot ratio assumptions noted above.

Table 2.7 Employment Land Requirements Based on 'Supply-Led' Labour Supply

Use	2019-2036 Land Requirement (ha)	
	347 dpa	597 dpa
Office (B1a/B1b)	2.3	6.0
Manufacturing (B1c/B2)	4.8	12.5
Distribution (B8)	14.7	38.4
All B Uses	21.7	56.9

Source: Iceni / Lichfields analysis (totals rounded)

Synthesis

2.44   This focused EGA update considers a range of scenarios to inform employment land provision within the new Local Plan.

2.45   The starting point is a more detailed review of the 2018 OE employment forecasts for Crawley that were applied as part of the 2020 EGA, which implied a fairly modest level of future growth and therefore did not appear to provide a particularly positive basis for future planning. These have now been reviewed through comparison against equivalent contemporary forecasts sourced from Experian, to give an alternative independent view.

2.46   Both sets of 2018 forecasts suggest that future job growth in overall terms in Crawley will be slower than in the recent past, so there is a degree of consistency between the two forecasters in this regard.

2.47   For office jobs, the 2018 OE and Experian forecasts imply a very similar scale of future job growth in Crawley which indicates that this represents a reasonable basis for estimating the scale of office requirements over the new Plan period.

2.48   The main deviation relates to implied job growth within industrial and warehousing sectors:

- For industrial (B1c/B2), the question is essentially about the scale of the decline – this is mainly driven by manufacturing, which OE suggest will decrease more significantly than Experian. BRES data shows that manufacturing employment in Crawley has been relatively

stable (and actually increased slightly in the past few years), so the Experian forecast might be more prudent given it effectively assumes 'steady state'. Either way, this means no additional land is required for B1c/B2 uses over the Plan period.

- For warehousing (B8), the picture is more complex. OE and Experian indicate very similar levels of growth in 'wholesaling and retail', so the source of the difference is essentially down to the 'transport and storage' sector. While Gatwick Airport comprises the largest direct share of recorded employment in transport and storage (c.48%), a closer look at the BRES data suggests that the other components of this sector (i.e. land transport) has in itself been growing by about 100 jobs p.a. since 2009 (equivalent to 1,700 jobs if extrapolated over 17 years). This growth picture also validates market intelligence gathered through the 2020 EGA regarding the strength of market demand associated with distribution sectors locally. This suggests that the macro adjustments made by OE for automation in this sector (which assume that employment declines as output increases) are perhaps too high when applied to the position in Crawley, and so planning for a higher growth level (equivalent to Experian's scenario,) would be more realistic. On an annualised basis, this level of growth would still be lower than Crawley's recorded job growth in the transport and storage sector since 2009, and so therefore not unreasonable in that context.

2.49   Overall, this suggests that the Experian 2018 forecasts provide the most appropriate basis for considering future employment land requirements from a labour demand perspective.

2.50   The latest (June 2020) Covid-19 economic forecasts from both OE and Experian imply much lower levels of employment growth for Crawley overall over the Local Plan period to 2036. In part this reflects the short-term impact caused by this unprecedented period of economic disruption but can also be explained by a fairly significant 'rebasing' of local employment levels at 2019 which effectively reduces the scale of growth or uplift in jobs expected to be supported by the Borough's economy over the next 17 years. Whilst these Covid-19 forecasts are a necessary sensitivity check at the current time, they do not appear a sensible basis for long-term planning given the uncertainty (and therefore significant caveats) associated with them.

2.51   For completeness, this focused EGA update also considers updated past take-up and labour supply-based scenarios of future growth in Crawley and these provide useful benchmarks against which to compare the job growth-based approach. These factor in an additional year of strong B class development within the Borough and a supply-led view of population and labour supply growth associated with the Council's current housing delivery trajectory for the new Local Plan period.

2.52   The updated scenarios generate employment land requirements that range from 22ha to 57ha over the period to 2036, as shown in the table below. This significantly narrows the range between the scenarios considered within the 2020 EGA by increasing the lowest requirement (previously associated with OE 2018 employment forecasts) and reducing the highest requirement (implied by population growth associated with 'uncapped' housing delivery).

Table 2.8 Indicative Gross Land Requirements by Scenario to 2036 (ha)

	1. Baseline Job Growth (Experian 2018)	2. Past Take-Up	3. Labour Supply (347 dpa)	3. Labour Supply (597 dpa)
Office (B1a/B1b)	5.9	6.2	2.3	6.0
Manufacturing (B1c/B2)	-0.6	33.4	4.8	12.5
Distribution (B8)	33.4		14.7	38.4
All B Uses	**38.7**	**39.6**	**21.7**	**56.9**

Source: Lichfields analysis

2.53   The Experian 2018 and past take-up scenarios both generate an employment land requirement equivalent to around 40ha over the new Local Plan period. The labour supply scenarios generate land requirements either side of this, at just under 22ha associated with 347 dwellings per annum or 57ha under the 597 dwellings per annum delivery scenario.

2.54   This recognises the relatively significant scale of housing delivery planned to take place close to the Borough's boundary (i.e. at the West of Crawley allocation) which if delivered in full, could support an uplift in local labour supply, economic activity and associated employment land requirements over and above the c.40ha identified by the first two scenarios which provide measures of economic demand and market need.

3.0 **Implications for Demand/Supply Balance**

3.1 The updated forecasts of future employment land considered in section 2.0 can be compared with the latest position in terms of identified employment land supply in Crawley, to determine the level of need for employment land over the Plan period to 2036.

3.2 The supply of employment space in the development pipeline comes from sites that have been allocated for employment uses as well as extant planning permissions for B use class development. CBC's latest Employment Land Trajectory (ELT) (July 2020) identifies a total of 17.6 ha employment land supply within the Borough, related to sites that are not subject to Gatwick Airport safeguarding.

3.3 In overall terms, this leaves a shortfall against all of the updated scenarios considered in section 2.0, as summarised in Table 3.1 below.

Table 3.1 Demand/Supply Balance to 2036

	1. Baseline Job Growth (Experian 2018)	2. Past Take-Up	3. Labour Supply (347 dpa)	3. Labour Supply (597 dpa)
Employment Land Requirement (ha)	38.7	39.6	21.7	56.9
Available Employment Space (ha)	17.6			
Surplus / Shortfall (ha)	**-21.1**	**-22.0**	**-4.1**	**-39.3**

Source: Lichfields analysis

3.4 This overall position masks a more nuanced position between the different B use classes. Sufficient capacity is identified by the ELT to accommodate future office needs based on all 4 scenarios; the shortfall relates to industrial and warehousing needs (B1c/B2/B8) which is consistent with the position set out in the 2020 EGA.

3.5 The updated analysis presented here points to an unmet industrial need of between 11ha and 42ha depending on the scenario (Table 3.2).

Table 3.2 Office and Industrial Demand/Supply Balance to 2036

	1. Baseline Job Growth (Experian 2018)	2. Past Take-Up	3. Labour Supply (347 dpa)	3. Labour Supply (597 dpa)
Offices				
Office Requirement (ha)	5.9	6.2	2.3	6.0
Available Employment Space (ha)	8.8			
Surplus / Shortfall (ha)	**+2.9**	**+2.6**	**+6.5**	**+2.8**
Industrial				
Industrial Requirement (ha)	32.8	33.4	19.5	50.9
Available Employment Space (ha)	8.7			
Surplus / Shortfall (ha)	**-24.1**	**-24.7**	**-10.8**	**-42.2**

Source: Lichfields analysis

4.0   Conclusions

4.1   This focused update of the Northern West Sussex EGA relating to Crawley has been prepared to provide supplementary and updated economic evidence specifically to inform the approach to economic growth and employment land policies within the new Crawley Local Plan. This report partially updates the findings of the 2020 EGA study as they relate to Crawley, and should be read alongside it.

4.2   Due to the timing of the study and its analysis, no specific consideration has been given to the impact of emerging planning reform, including the more immediate changes to the Use Classes Order effective from 1st September 2020.

Future Requirements for Employment Space

4.3   This focused update considers a range of scenarios to inform employment land provision within the new Local Plan. In doing so, it revisits the 2018 OE forecasts for Crawley contained in the EGA and compares these with the contemporary equivalent from Experian to determine future labour demand; considers post Covid-19 forecasts from both forecasting houses; and takes the opportunity of refreshing the past development rates and labour supply scenarios contained in the EGA through the use of later data/assumptions.

4.4   The analysis suggests that the Experian 2018 forecasts provide the most appropriate basis for considering future employment land requirements from a labour demand perspective. For office jobs, the 2018 OE and Experian forecasts imply a very similar scale of future job growth in Crawley which indicates that this represents a reasonable basis for estimating the scale of office requirements over the new Plan period. For industrial – and more specifically warehousing (B8) – planning for a higher growth level (equivalent to Experian's scenario) appears to fit more closely with recent job growth trends and market signals (as reported in the EGA) existing in Crawley. On an annualised basis, Experian's forecast growth would still be lower than Crawley's recorded job growth in the transport and storage sector since 2009, and so therefore not unreasonable in that context.

4.5   The later June 2020 forecasts factor in, to the extent that it is currently fully known, the impact of the Covid-19 pandemic on the Crawley economy. They reduce forecast job growth by the order of 40-50% compared to the earlier 2018 forecasts prepared before the pandemic. Whilst they are a necessary sensitivity check at the current time, they do not appear a sensible basis for long-term planning in the Borough given the high degree of uncertainty (and therefore significant caveats) associated with them. The 2018 forecasts already show some slowing of employment growth in Crawley compared to past trends. Furthermore, a planning strategy that assumes a much lower level of future employment growth as implied by these forecasts would risk constraining the Borough's economy in the future, and potentially be detrimental to helping the recovery of the local area.

4.6   In this context, the updated scenarios taken forward for consideration generate employment land requirements that range from 22ha to 57ha over the period to 2036, as shown in the table below. This significantly narrows the range between the scenarios considered within the 2020 EGA by increasing the lowest requirement (previously associated with OE 2018 employment forecasts) and reducing the highest requirement (implied by population growth associated with 'uncapped' housing delivery).

Table 4.1 Indicative Gross Land Requirements by Scenario to 2036 (ha)

	1. Baseline Job Growth (Experian 2018)	2. Past Take-Up	3. Labour Supply (347 dpa)	3. Labour Supply (597 dpa)
Office (B1a/B1b)	5.9	6.2	2.3	6.0
Manufacturing (B1c/B2)	-0.6	33.4	4.8	12.5
Distribution (B8)	33.4		14.7	38.4
All B Uses	**38.7**	**39.6**	**21.7**	**56.9**

Source: Lichfields analysis

4.7 The Experian 2018 and past take-up scenarios both generate an employment land requirement equivalent to around 40ha over the new Local Plan period. The labour supply scenarios generate land requirements either side of this, at just under 22ha associated with 347 dwellings per annum or 57ha under the 597 dwellings per annum delivery scenario.

4.8 This recognises the relatively significant scale of housing delivery planned to take place close to the Borough's boundary (i.e. at the West of Crawley allocation) which if delivered in full, could support an uplift in local labour supply, economic activity and associated employment land requirements over and above the c.40ha identified by the first two scenarios which provide measures of economic demand and market need.

Implications for Demand/Supply Balance

4.9 These updated scenarios have been compared with the latest position in terms of identified employment land supply in Crawley, to determine the level of need for employment land over the Plan period to 2036.

4.10 The supply of employment space in the development pipeline comes from sites that have been allocated for employment uses as well as extant planning permissions for B use class development. CBC's latest Employment Land Trajectory (ELT) (July 2020) identifies a total of 17.6 ha employment land supply within the Borough, related to sites that are not subject to Gatwick Airport safeguarding. This supply has an indicated split of 8.8ha for offices, and 8.7ha for industrial. When set against the updated scenarios, this points to a sufficient (and potential small surplus) of land for office uses, and a shortfall to meet industrial uses of between 11ha and 42ha depending on the scenario (Table 4.2).

Table 4.2 Office and Industrial Demand/Supply Balance to 2036

	1. Baseline Job Growth (Experian 2018)	2. Past Take-Up	3. Labour Supply (347 dpa)	3. Labour Supply (597 dpa)
Offices				
Office Requirement (ha)	5.9	6.2	2.3	6.0
Available Employment Space (ha)	8.8			
Surplus / Shortfall (ha)	**+2.9**	**+2.6**	**+6.5**	**+2.8**
Industrial				
Industrial Requirement (ha)	32.8	33.4	19.5	50.9
Available Employment Space (ha)	8.7			
Surplus / Shortfall (ha)	**-24.1**	**-24.7**	**-10.8**	**-42.2**

Source: Lichfields analysis

4.11   This implies that the Council will need to consider the extent to which additional land can be brought forward in the Borough to meet the identified industrial land needs either in part or in full. Any needs that could not be accommodated within the Borough may give rise to industrial land requirements elsewhere in the Northern West Sussex area.

Appendix 1 Covid-19 Economic Scenarios

Oxford Economics: June 2020

Table A.4.3 Forecast Employment Change: Oxford Economics 2020

	2019	2036	Change 2019-2036	
			No.	%
Total Jobs	**104,196**	**107,079**	**2,883**	**2.8%**
B Class Jobs	**40,860**	**40,332**	**-527**	**-1.3%**
Office Jobs (B1a/b)	18,314	20,577	2,263	12.4%
Industrial Jobs (B1c/B2)	11,363	8,893	-2,469	-21.7%
Warehousing Jobs (B8)	11,183	10,862	-321	-2.9%

Source: Oxford Economics 2020 / Lichfields analysis

Table A.4.4 Employment Floorspace and Land Requirements: Oxford Economics 2020

	Change 2019-2036	
	Net Employment Floorspace (GEA sqm)	Employment Land (ha)
Offices (B1a/B1b)	27,385	4.5
Manufacturing (B1c/B2)	-44,449	-11.1
Distribution (B8)	-12,849	-3.2
Total B Class	**-29,913**	**-9.8**

Source: Oxford Economics 2020 / Lichfields analysis

Experian: June 2020

Table A.4.5 Forecast Employment Change: Experian 2020

	2019	2036	Change 2019-2036	
			No.	%
Total Jobs	**105,600**	**114,500**	**8,900**	**8.4%**
B Class Jobs	**41,241**	**42,978**	**1,737**	**4.2%**
Office Jobs (B1a/b)	19,809	21,905	2,096	10.6%
Industrial Jobs (B1c/B2)	10,531	9,622	-909	-8.6%
Warehousing Jobs (B8)	10,901	11,451	550	5.0%

Source: Experian 2020 / Lichfields analysis

Table A.4.6 Employment Floorspace and Land Requirements: Experian 2020

	Change 2019-2036	
	Net Employment Floorspace (GEA sqm)	Employment Land (ha)
Offices (B1a/B1b)	25,362	4.2
Manufacturing (B1c/B2)	-16,362	-4.1
Distribution (B8)	48,400	13.3
Total B Class	**57,400**	**13.4**

Source: Experian 2020 / Lichfields analysis

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