

**Arun Local Plan Economy and Enterprise  
Background Technical Paper  
March 2017**





# Contents

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|     |  |           |
|-----|--|-----------|
| 1.0 | <b>Introduction</b>                                      | <b>1</b>  |
|     | Context and Scope of Background Paper .....              | 1         |
|     | Employment and Enterprise Evidence Base .....            | 2         |
| 2.0 | <b>Demand for New Employment Land</b>                    | <b>5</b>  |
|     | Demand position .....                                    | 5         |
|     | Further analysis of the demand for employment land ..... | 6         |
|     | The alignment of housing and employment provision .....  | 8         |
|     | Meeting economic objectives .....                        | 9         |
|     | Conclusions .....  | 10        |
| 3.0 | <b>Supply of Employment Land</b>                         | <b>12</b> |
|     | Pipeline Supply .....                                    | 12        |
|     | Aligning Demand with Supply .....                        | 16        |
|     | Conclusion .....   | 19        |
| 4.0 | <b>Viability and Deliverability of Employment Land</b>   | <b>21</b> |
|     | Viability and Deliverability .....                       | 21        |
|     | Phasing .....  | 22        |
|     | Suitability of Sites .....                               | 22        |
|     | Strategic Housing Allocations .....                      | 23        |
| 5.0 | <b>Functional Economic Market Area</b>                   | <b>25</b> |
|     | Review of the Evidence .....                             | 25        |
|     | Defining Arun's FEMAs .....                              | 26        |
|     | Meeting Unmet Needs .....                                | 26        |
| 6.0 | <b>Overall Conclusions and Implications</b>              | <b>28</b> |



## 1.0 Introduction

- 1.1 This Employment and Enterprise Background Paper has been prepared by Arun District Council to set out the context and supporting information that has helped to inform the approach to planning for employment space needs in Arun District over the Local Plan period 2011-2031.
- 1.2 It provides an overview of the relevant technical work and explains how this evidence has informed the policies in the Local Plan and the main modifications. This work follows on from extensive evidence related to employment and enterprise that has been prepared over a number of years but does not seek to replicate the detail set out in these documents and therefore should be read alongside the existing evidence base.
- 1.3 The purpose of this Background Paper is also to review the estimated requirements for employment floorspace drawing on the latest evidence and consider this against the identified future land supply within the District taking account of the requirements of the National Planning Policy Framework (NPPF) and Planning Policy Guidance (PPG).

## Context and Scope of Background Paper

- 1.4 The Local Plan Examination-in-Public was suspended in February 2016. In terms of Employment and Enterprise, the Inspector queried whether or not the policies of the Submitted Local Plan provide a sound basis for employment provision up to 2031, and whether or not this is sufficiently aligned with housing provision. The deliverability of Enterprise Bognor Regis was also considered. With regard to Littlehampton Economic Growth Area, it was suggested that references were unclear and confusing.
- 1.5 The Council has made proposed modifications to the Local Plan which respond to the various concerns raised by the Inspector. The Council has undertaken additional technical evidence base work to inform the proposed modifications to the Plan.
- 1.6 The modifications in terms of Employment and Enterprise comprise mainly minor text changes, refinement of supporting text to reflect the most relevant, up-to-date circumstances in the District and the renaming of strategic employment policy EMP SP1 to 'Strategic Economic Growth'. The most significant modification comprises the addition of a new strategic employment policy EMP SP2 'Economic Growth Areas' which amalgamates previous policies EMP DM3 'Littlehampton Harbour' and EMP DM4 'Knowledge and Cultural Based Economic Growth and Regeneration'.
- 1.7 In this context, in order to help explain how the Council has progressed from the Local Plan as submitted, to the current policies and main modifications, this Background Paper provides the following:

- 1 a summary of the available technical evidence that has been prepared to inform the policies in the Local Plan;
- 2 an update of technical evidence where required drawing on latest available data; and
- 3 an explanation of the main modifications made to the Pre-Submission Consultation version of the Local Plan.

1.8 This Background Paper covers employment, in terms of both demand and supply. In planning, employment land usually refers to 'B-class' uses<sup>1</sup> and includes:

- B1(a) – offices;
- B1(b) – research and development;
- B1(c) – light industry;
- B2 – general industry; and
- B8 – storage and distribution.

1.9 The primary focus is on these use classes and the implications of future growth (or decline) in these sectors over the course of the Local Plan.

1.10 The Background Paper primarily relates to Chapter 8 'Employment and Enterprise' of the Local Plan which sets out the policies intended to support the strategic objective for employment and enterprise.

## **Employment and Enterprise Evidence Base**

1.11 The Council has established an extensive evidence base related to employment and enterprise, prepared over a number of years alongside the preparation of the Local Plan.

1.12 The key documents are summarised in Table 1.1 however, it should be noted that this does not include all relevant documents that form part of the evidence base and are included in the Local Plan examination core documents list.

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<sup>1</sup>Different land uses are categorised into classes by Government. These are defined by the Town and Country Planning (Use Classes) Order (1987) as amended.

Table 1.1 Employment and Enterprise Local Plan Evidence Base

| Evidence Base Document   | Date | Key Outputs  | Core Doc Ref. |
|--|------|--|---------------|
| <b>Employment Evidence</b>   |      |  |               |
| Open for Business: An Economic Strategy for Arun 2009-2026             | 2009 | This Strategy provides an overview of Arun's economy and identifies the main strengths, weaknesses, opportunities and threats. It sets out the vision and targets for economic development and objectives for the future. The framework for action provides the steps to be taken to achieve the vision for the District. This Strategy is currently being updated.  | SEP P05       |
| Employment and Economic Land Assessment ('EELA')                       | 2010 | This Employment Land Review provides: <ul style="list-style-type: none"> <li>• Overview of employment space and the commercial property market;</li> <li>• Broad employment/job targets;</li> <li>• Quantity, type, broad location of employment land and floorspace requirements;</li> <li>• Qualitative site assessments;</li> <li>• List of identified sites potentially suitable for allocation;</li> <li>• Advice on potential mechanisms for delivery; and</li> <li>• Policy recommendations.</li> </ul>                           | PEP P2        |
| Oldlands Farm – Feasibility & Viability Assessment                     | 2011 | This is an assessment of feasibility and viability for bringing forward for development the allocated employment site at Oldlands Farm site in Bognor Regis.   | SEP P07       |
| Angmering Employment Site Assessments                                  | 2013 | This is an assessment of two potential employment sites in Angmering: land north of Water Lane and land south of Water Lane.   | SEP P06       |
| Local Plan Validation Study: Economy & Enterprise ('Validation Study') | 2014 | This Assessment provides: <ul style="list-style-type: none"> <li>• A rapid review of existing evidence and emerging policies;</li> <li>• A partial technical update including: <ul style="list-style-type: none"> <li>- Review of latest data on take-up and availability of employment land;</li> <li>- Analysis of commercial property market signals;</li> <li>- Partial site assessment update;</li> <li>- Updated future requirements;</li> <li>- Demand/supply balance; and</li> <li>- Policy implications.</li> </ul> </li> </ul> | PEP P1        |
| Employment Land Needs Update ('ELNU')                                  | 2016 | This Assessment provides: <ul style="list-style-type: none"> <li>• Updated scenarios of future economic growth needs;</li> <li>• New estimates of future employment land and floorspace requirements; and</li> <li>• Updated demand/supply balance.</li> </ul>   | ADC ED14      |
| Defining the HMA and FEMA  | 2016 | This study defines the housing market area and functional economic market areas across the Coastal West Sussex and Greater Brighton Area to provide the authorities in the area with a sound basis for   |               |

| Evidence Base Document  | Date         | Key Outputs   | Core Doc Ref. |
|---|--------------|---|---------------|
|   |              | undertaking future housing and economic needs assessments.  |               |
| <b>Housing Evidence</b>   |              |   |               |
| Coastal West Sussex SHMA Update                                       | 2012         | The SHMA Update provided an assessment of needs for all types of housing based on demographic projections and the needs of different groups. It defined a functional housing market.  | PELV P06      |
| Housing Study (Duty to Cooperate)                                     | 2013         | Commissioned by the Sussex Coast Housing Market Area authorities, this Study considered objectively assessed housing requirements and the residential land supply and capacity and constraints to development for each of the authorities in the HMA.                                   | PELV P03A     |
| Arun District Council Strategic Housing Market Assessment Validation  | 2013         | The validation study considered the outcomes of the Coastal West Sussex sub-regional Strategic Housing Market Assessment.   | PELV P03      |
| Assessment of Housing Development Needs Study: Sussex Coast HMA       | 2014         | This assessment revises the assessment of housing need in the Housing Study (2013) taking account of the existing evidence at time of drafting, updated demographic projections, analysis of housing market indicators and signals to provide an assessment of housing need to 2031.    | PELV P02      |
| Objectively Assessed Needs for Housing Arun District                  | 2015         | This assessment provided an update on housing need taking account of the 2012-based Household Projections and economic growth aspirations. It also provided an updated assessment of affordable housing need and market signals.  | PELV P20      |
| Updated Housing Needs Evidence  | 2016         | This report provides an updated assessment of housing need. It considers whether there are any implications for OAN arising from the 2014-based Sub-National Population Projections and an updated assessment of the need for different types of homes.                                 | PELV P23      |
| <b>Other</b>  |              |   |               |
| Coast to Capital Local Enterprise Partnership Strategic Economic Plan | 2014         | The SEP sets out the ambitions for sustainable economic growth and investments and proposals for realising these and ambitions. Six strategy priorities are identified including place-based and hard infrastructure issues; business and sector issues, the workforce and communities. | PEV &O2       |
| Greater Brighton & Coastal West Sussex Background Papers              | 2015         | These background papers provide evidence and inform decision making within Greater Brighton and Coastal West Sussex (including Arun District). The papers focus on key strategic issues relating to the economy (employment land), housing market and the transport system.             | N/A           |
| Coastal West Sussex and Greater Brighton Local Strategic Statement    | Updated 2016 | The Local Strategic Statement sets out the long term strategic objectives and the spatial priorities for delivering these in the short to medium term. They reflect the local authorities aspirations for long term sustainable growth to meet existing and future needs.               | PEV &O4       |



## 2.0 Demand for New Employment Land

2.1 This section considers future economic growth needs in Arun District and reviews demand-side factors that determine how much employment space/land should be planned for over the Local Plan period 2011-2031. It has regard to studies that form part of the evidence base and other relevant strategies as well as development monitoring data.

### Demand position

2.2 As summarised in Table 1.1, the Council's evidence on employment land requirements was initially prepared within the Employment and Economic Land Assessment ('EELA') which was published in 2010. This was subsequently updated by the Arun Local Plan Validation Study: Economy and Enterprise ('Validation Study') which was published in 2014. In line with the requirements of the PPG, this Study included a range of scenarios based on labour demand, past take-up and labour supply based on the Council's objectively assessed housing need figure of 580 dwellings per annum (dpa). This reflected the housing target included within the Local Plan Working Draft at the time of preparation and as submitted to Planning Inspectorate. This drew on the Experian Regional Planning Service (RPS) June 2014 economic forecasts.

2.3 Following the suspension of the Local Plan examination in public in 2016, the Arun Employment Land Needs Update ('ELNU') provided updated estimates of the future requirements for employment floorspace drawing on the latest evidence available at time of drafting.

2.4 The ELNU produced five updated scenarios of future economic growth needs:

- 1 Baseline job growth - based on Experian RPS December 2015 economic forecasts;
- 2 Past take-up – based on West Sussex County Council development monitoring data;
- 3 Labour supply - based on housing growth of 650 dpa;
- 4 Labour supply - based on housing growth of 758 dpa; and
- 5 Labour supply - based on housing growth of 900 dpa.

2.5 The baseline job growth scenario is based on economic forecasts produced by Experian which takes into account the latest national and regional macro-economic assumptions to provide estimates of job growth across a range of sectors at the local authority level. This approach is in line with the PPG; further detail of how these forecasts are applied to identify the labour demand for economic growth needs as well as the other scenarios under consideration is detailed in the 2014 Validation Study and the 2016 ELNU.

2.6 The 758 dpa labour supply scenario aligned with the OAN for Housing at the time of publication. The labour supply assumptions used were consistent with

the modelling assumptions used within the objectively assessed housing needs study (Objectively Assessed Needs for Housing Arun District, March 2015).

- 2.7 These scenarios generated a range of future job, floorspace and land requirements for B Class uses taking account of average employment densities; including allowance for a normal level of market vacancy; applying a safety margin to give flexibility of provision and including an allowance for some replacement of losses of existing employment space<sup>2</sup>. The gross floorspace requirements range from 31,750sq.m to 123,360sq.m as shown in Table 2.1. The baseline scenario which relates to forecasts of employment growth across Arun indicates a requirement for 37,280sq.m.

Table 2.1 Gross Floorspace Requirement by Scenario, 2011 to 2031 (sq.m)

| Scenario                   | Industrial | Office | Total   |
|----------------------------|------------|--------|---------|
| 1. Baseline                | 18,880     | 18,400 | 37,280  |
| 2. Past Take-up            | 95,660     | 27,700 | 123,360 |
| 3. Labour Supply - 650 dpa | 19,015     | 12,735 | 31,750  |
| 4. Labour Supply – 758 dpa | 24,045     | 15,335 | 39,380  |
| 5. Labour Supply – 900 dpa | 30,660     | 18,745 | 49,405  |

Source: NLP, 2016 (ELNU Table 2.10)

- 2.8 The resulting land requirements range from 6.9ha to 28.6ha as shown in Table 2.2. The baseline scenario indicates a requirement for 7.8 ha.

Table 2.2 Gross Land Requirements by Scenario, 2011 to 2031 (ha)

| Scenario                   | Industrial | Office | Total |
|----------------------------|------------|--------|-------|
| 1. Baseline                | 4.7        | 3.1    | 7.8   |
| 2. Past Take-up            | 23.9       | 4.7    | 28.6  |
| 3. Labour Supply - 650 dpa | 4.7        | 2.2    | 6.9   |
| 4. Labour Supply – 758 dpa | 6.0        | 2.6    | 8.6   |
| 5. Labour Supply – 900 dpa | 7.7        | 3.2    | 10.9  |

Source: NLP, 2016 (ELNU Table 2.11)

## Further analysis of the demand for employment land

- 2.9 Since the publication of the ELNU (April 2016), the Council commissioned an Updated Housing Needs Evidence Report [ADCED26]<sup>3</sup> (September 2016). The purpose of this report was to consider whether there were any implications for the Objectively Assessed Need (OAN) for Housing arising from the 2014 based Sub-National Population Projections, issued by ONS in May 2016, and associated Household Projections, published by CLG in July 2016.
- 2.10 The findings of the Study indicated that more recent population trends show stronger population growth. Stronger population growth, driven by higher than expected net in-migration results in an increase in the OAN to 18,380 homes

<sup>2</sup> The approach and methodology applied are detailed in Section 5.0 of the Arun Local Plan Validation Study: Economy and Enterprise (2014)

<sup>3</sup> This Study forms an Addendum to the Objectively Assessed Need for Housing: Arun District (March 2015).

over the plan period 2011-2031 which is the equivalent to 919 dpa. The Study recommended that there was a reasonable basis for adjusting housing provision within the Local Plan to take account of the latest official projections.

2.11 Under the duty to cooperate Arun District Council has sought to plan for additional housing to meet the needs of neighbouring authorities who cannot meet their own needs mainly Chichester and Worthing who share a local HMA. The revised Local Plan housing target for the District, as set out in Policy H SP1 'Housing Allocation' is 20,000 units up to 2031 which is equivalent to a delivery of 1,000 homes per annum. This is equivalent to additional 81 homes per annum or 1,620 up to 2031 over and above OAN.

2.12 As a result, the employment land implications associated with the delivery of two further alternative housing growth scenarios over the Local Plan period 2011-2031 have been assessed including:

- 1 Labour supply - based on 919 dpa (reflecting the OAN for housing);
- 2 Labour supply - based on 1,000 dpa (revised Local Plan housing target)

2.13 Using the same methodology as applied within the 2016 ELNU [ADCED14], the estimates of employment space and land requirements arising from these two scenarios can be identified. These are summarised in Table 2.3 and Table 2.4.

Table 2.3 Gross Floorspace Requirement by Scenario, 2011 to 2031 (sq.m)

| Scenario                     | Industrial | Office | Total  |
|------------------------------|------------|--------|--------|
| 6. Labour Supply – 919 dpa   | 20,980     | 34,380 | 55,360 |
| 7. Labour Supply – 1,000 dpa | 40,460     | 23,035 | 63,495 |

Source: Lichfields analysis, 2017

Table 2.4 Gross Land Requirement by Scenario, 2011 to 2031 (ha)

|                              | Industrial | Office | Total |
|------------------------------|------------|--------|-------|
| 6. Labour Supply – 919 dpa   | 8.6        | 3.6    | 12.2  |
| 7. Labour Supply – 1,000 dpa | 10.1       | 3.9    | 14.0  |

Source: Lichfields analysis, 2017

2.14 The gross floorspace requirement associated with the revised Local Plan housing target (i.e. 1,000 dpa) equates to 63,495sq.m, with a resulting land requirement of 14 ha.

2.15 Drawing this analysis together, on the basis that the Local Plan includes a housing target of 1,000dpa, the labour supply scenarios relating to the delivery of 650, 758, 900 and 919 dpa (Scenarios 3, 4, 5 and 6) can be discounted going forward.

2.16 As outlined above, the baseline labour demand scenario indicates a requirement for 37,280sq.m of B Class floorspace and 7.8ha of employment land. This baseline scenario provides an indication of the 'base case' position drawing on macro-economic forecasts. However, the alternative scenarios provide an indication of the growth potential of the economy of the District

under different circumstances. The labour supply scenario associated with the delivery of 1,000 dpa and 20,000 dwellings over the Local Plan period indicates a higher requirement for 63,495sq.m and 14ha of employment land. Requirements based on past take-up are significantly higher than both the baseline and labour supply scenarios at 123,360sq.m and 28.6ha of employment land and represents a more aspirational trajectory of growth for the District and reflect the fact that Arun has performed strongly in terms of delivering new space over the past decade.

- 2.17 This suggests that provision of sufficient land for development could generate demand over and above the baseline level of growth.

## **The alignment of housing and employment provision**

- 2.18 The Local Plan Modifications Version identifies a housing target of 20,000 homes (Policy H SP1 Housing Allocation) to 2031. This figure takes account of the most recent Government population and household projections in addition to providing a contribution towards unmet housing needs of the local HMA.

- 2.19 As set out above, the employment space and land requirements associated with this quantum of housing growth (1,000 dpa) have been quantified and these exceed the baseline requirements associated with the forecast level of employment growth in the District but are significantly lower than a scenario where future development rates continue at the long term average achieved in the past.

- 2.20 In line with the requirements of the PPG<sup>4</sup>, it is necessary to consider sectoral and employment forecasts and projections (labour demand); demographically derived assessments of future employment needs (labour supply) and analyses based on past take-up of employment land when considering future employment needs.

- 2.21 With this in mind, it is useful to consider the employment growth implied by each of the future growth scenarios and compare these to the theoretical job capacity of the strategic employment land allocations identified within the Local Plan to ensure economic development needs can be adequately accommodated over the duration of the Plan period. The job capacity of the strategic employment land allocations is calculated based on average plot ratios and employment densities<sup>5</sup> for the assumed mix of B Class uses on each site.

- 2.22 Table 2.5 shows the implied level of job growth for the period 2011-2031 across all sectors of the economy in both overall and annual terms, it also draws out the number of these jobs that are assumed to relate to B Class activities (therefore the jobs in all sectors includes B Class jobs). Further detail

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<sup>4</sup> Paragraph: 032 Reference ID: 2a-032-20140306

<sup>5</sup> Floorspace and use class assumptions are set out in Table 3.2 below. Plot ratios and employment density assumptions are consistent with those used in the identification of needs set out in the 2014 Validation Study and the 2016 ELNU.

relating to the growth and decline of specific sectors is set out in Section 2 of the 2016 ELNU report.

Table 2.5 Forecast Employment Change in Arun, 2011-2031

| Job Change 2011-2031                    | 1. Baseline | 2. Past Take-up | 7. Labour Supply - 1,000 dpa | Strategic Employment Land Allocation Capacity |
|---|-------------|-----------------|------------------------------|---|
| Total B Class Jobs                      | -20         | 2,355           | 860                          | 6,005   |
| Implied B Class Job Growth (p.a)        | -1          | 118             | 43                           | 300   |
| Jobs in All Sectors                     | 6,390       | -               | 9,575                        | -   |
| Implied Job Growth in All Sectors (p.a) | 320         | -               | 480                          | -   |

Source: Lichfields

2.23 This analysis shows that the identified strategic employment land allocations could provide sufficient capacity to accommodate around 6,000 B Class jobs which is sufficient to provide for the implied level of B Class job growth under each of the job growth scenarios to meet the economic development needs of the District over the Local Plan period (up to 2,355 jobs).

2.24 It should be noted that the capacity of the strategic employment land allocations could vary depending on the exact mix of uses and floorspace that are brought forward on each site.

## Meeting economic objectives

2.25 The Economic Strategy for Arun 'Open for Business' [SEPP05] seeks to maximise the benefits that can come from substantial housing growth and regeneration. The Local Plan aligns with the Economic Strategy with common objectives and a focus on improving opportunities for business and quality of life for residents of the District. To facilitate economic growth the Local Plan seeks to ensure that there is sufficient land supply available in the District to accommodate existing and future business needs and make it a location that is attractive to footloose firms looking to locate in the economic area.

2.26 The key role of the District's two largest settlements - Littlehampton and Bognor Regis is recognised within the Local Plan through designation as local Economic Growth Areas (EGAs) [EMP SP2]. The Council is seeking to enhance local employment opportunities within these areas which are reflected in the strategic employment land allocations.

2.27 Arun falls within the Coast to Capital Local Enterprise Partnership (LEP) area. The LEP's Strategic Economic Plan [PEV&O2] sets out ambitions to create 60,000 new jobs across the area. Enterprise Bognor Regis (EBR) is also identified as an area where growth will be delivered and will provide the capacity for employment and housing growth within the Strategic Economic Plan. The LEP and the Council are seeking to ensure that EBR is designated as a formal Enterprise Zone. The Council is currently progressing with a Local

Development Order for EBR to streamline the planning process and expedite the rate of development.

- 2.28 The Council is in the process of updating the Economic Strategy for Arun. The focus of the emerging Strategy will be to build on existing objectives and to promote a level of job growth over and above the baseline position as well as developing the sector strengths in the District. Policies in the Local Plan acknowledge the role of the key growth sectors identified in the Economic Strategy by providing policy support.
- 2.29 The LEP's Strategic Economic Plan also seeks to improve workforce skills as reflected in Policy SKILLS SP1 of the Local Plan.
- 2.30 There have been some important economic investments recorded in Arun in recent years, for example, the new Rolls Royce facility at Enterprise Bognor Regis and the new campus at the University of Chichester.

## Conclusions

- 2.31 A number of potential future economic scenarios have been developed, based on a number of approaches which reflect economic growth and labour demand, past development trends and labour supply linked with potential housing supply factors within Arun. These approaches correspond with the guidance set out in the PPG (para 32). This analysis has been updated over time to reflect data releases and updates to demographic projections and the OAN housing evidence.
- 2.32 Demand for employment land in terms of B Class floorspace and land requirements have been identified ranging from 37,280sq.m and 7.8 ha under a baseline job growth scenario which reflects forecasts of job growth for B Class space related sectors to 123,360sq.m and 28.6ha under a scenario where past development trends continue at a similar rate in the future. The demand for land associated with the labour supply arising from the revised Local Plan housing target (1,000dpa) falls within this range at 63,495sq.m and 14 ha.
- 2.33 While the Council is not seeking to meet one specific scenario of future growth; the baseline future growth scenario provides a starting point for planning to accommodate job growth in the District. However, the Council's corporate strategy has ambitious economic aspirations and is seeking to maximise the benefits that can come from housing growth and regeneration planned in the District. The labour supply scenario of future growth would reflect a better balance between jobs and homes. Analysis of past development trends suggests that the District has the potential to achieve higher job growth than indicated by the baseline if past trends continue in the future and particularly if suitable sites are made available to attract inward investment.
- 2.34 In addition, the future growth scenarios under consideration do not factor in the job growth implications associated with 'step change' developments that have been recently delivered or could to be delivered during the Local Plan period

as a result of inward investment decisions of a strategic nature (e.g. Rolls Royce). This is particularly relevant given the objectives set out in the Coast to Capital LEP Strategic Economic Plan, the Council's Economic Development Strategy and the forthcoming adoption of an LDO at EBR which combined provide a strategic framework to support growth.

3.0

## Supply of Employment Land

3.1

This section considers the pipeline supply of employment land in the District to help determine the extent to which the requirements identified in the preceding section can be accommodated in quantitative terms in Arun over the Local Plan period 2011-2031.

### Pipeline Supply

3.2

The District contains some 548,000sqm of B Class floorspace<sup>6</sup> including 499,000sqm of industrial space and 49,000sqm of office space across a range of sites. The existing portfolio of employment sites are likely to continue to provide an important function in supporting economic activities in the District in the future. A full assessment of the District's existing and allocated employment sites was undertaken as part of the 2010 EELA. Some of the key sites including all of the proposed strategic employment land allocations were assessed again as part of the 2014 Validation Study. These assessments considered their intrinsic characteristics and quality as well as their suitability to meet future economic development needs.

3.3

Alongside the exiting sites, the pipeline supply of employment space in the District comprises sites with outstanding planning permission that have not been started or are under construction and undeveloped/vacant sites currently allocated for employment development.

### Planning Permissions

3.4

The latest monitoring data from West Sussex County Council (WSCC) provides the most recent supply position. The data identifies a number of sites within the District that benefit from planning permission for B Class development that is either under construction or not yet started. Some of these permissions imply a net loss of B Class floorspace if implemented in full. Interpretation and analysis of this data indicates that in total, permissions equate to 23,285sq.m of B Class space, broken down as follows in Table 3.1. This table does not include permissions that relate to the strategic employment land allocations as these sites are considered in further detail below.

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<sup>6</sup> VOA Administrative Data as at 31 March 2016



Table 3.1 Outstanding Planning Permissions Net Floorspace (sq.m) in Arun, 2016

| Settlement                                 | Office<br>(B1a/b) | Industrial<br>(B1c/B2/B8) | Total         |
|--|-------------------|---------------------------|---------------|
| Littlehampton                              | -65               | 2,750                     | 2,685         |
| Bognor Regis (including Bersted & Felpham) | 675               | 740                       | 1,415         |
| Angmering                                  | 0                 | 2,265                     | 2,265         |
| Ferring                                    | -165              | 1,200                     | 1,035         |
| Poling                                     | 0                 | 440                       | 440           |
| Ford                                       | 0                 | 300                       | 300           |
| Other settlements                          | 1,075             | 14,070                    | 15,145        |
| <b>Total</b>                               | <b>1,520</b>      | <b>20,765</b>             | <b>23,285</b> |

Source: West Sussex County Council Monitoring Data, Totals Rounded

Note: 1,800sq.m of 'Mixed B1' floorspace have been split evenly between B1a/b and B1c/B2 uses for the purposes of this analysis

## Strategic Employment Land Allocations

- 3.5 In addition to sites with planning permission, within the Local Plan, Policy EMP SP3 allocates seven strategic employment land allocations for employment development over the plan period. These sites comprise a total of about 78 ha of land. Enterprise Bognor Regis (EBR) comprises of four allocated sites; Salt Box, Rowan Park, Oldlands Farm and the former LEC Airfield. A Local Development Order (LDO) covering Salt Box, Rowan Park and Oldlands Farm is currently being progressed and will be made once outstanding technical matters have been resolved.
- 3.6 Planning permission has been granted for B Class employment floorspace on a number of the sites designated as strategic employment allocations in the Local Plan. Combined, these permissions amount to c.75,550sq.m (included in the final column of Table 3.2) including 58,550sq.m of industrial space and 17,000sqm of office space. The composition of these extant planning permissions is explained in further detail in the following paragraphs.
- 3.7 In Bognor Regis, full planning permission was granted for 38,099sq.m of industrial (B1c/ B2/B8) floorspace in August 2014<sup>7</sup> at Oldlands Farm. Phase 1 comprising of 29,099sq.m of this development has now been completed and occupied by Rolls Royce with 9,000sq.m to be constructed as part of Phase 2. Outline planning permission<sup>8</sup> was also granted for a further 20,453sq.m of industrial floorspace (B2/B8) on land to the north east of Rolls Royce at Oldlands Farm in 2016.
- 3.8 An application for 8,082sq.m of A Class floorspace on land to the west of Rolls Royce that also forms part of the Oldlands Farm allocation is currently being considered by the Council. It should be noted that if this application is consented, it will not contribute to meeting B Class needs.

<sup>7</sup> Application reference BE/73/14/PL

<sup>8</sup> Application reference AL/58/15/OUT

- 3.9 In Littlehampton, the Courtwick masterplan<sup>9</sup> proposes 4,000sq.m of B1 employment floorspace. A reserved matters application by Fittleworth Medical comprising of 1,365sq.m of B1 office space was approved in 2016. It is understood that construction is almost complete. The company is retaining the remainder of the land (2,635sq.m of employment floorspace) at the site for potential future expansion.
- 3.10 At North Littlehampton, 13,000sq.m of B1 employment floorspace including a 3,000sq.m Enterprise Centre was granted planning consent on land north of Toddington Lane.
- 3.11 Alongside the floorspace that benefits from planning permission, the remaining sites also have the potential to deliver some c.78,975sq.m of net additional employment floorspace to meet needs over the Local Plan period. These capacity assumptions are indicative at this stage and may be subject to change following further detailed analysis and as sites come forward for development.
- 3.12 On this basis, the estimated supply of employment space associated with the strategic employment land allocations totals c.154,525sq.m as set out in Table 3.2 including the 75,550sq.m that benefits from planning permission or is completed<sup>10</sup>.

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<sup>9</sup> Application reference LU/355/10

<sup>10</sup> C.30,465sq.m of this floorspace has now been constructed including 29,099sq.m at Oldlands Farm and 1,365sq.m at Courtwick

Table 3.2 Employment Space Supply from Strategic Employment Land Allocations (sq.m)

| Site No. | Allocation                             | Gross Site Area (ha) | Indicative Capacity |                        |                      | Extant B Class Planning Permission/ Completion (March 2017) |
|----------|--|----------------------|---------------------|------------------------|----------------------|---|
|          |  |                      | Office (B1a/b)      | Industrial (B1c/B2/B8) | Total                |   |
| 1        | Salt Box                               | 11.70                | 11,735              | 13,390                 | 25,125 <sup>11</sup> | N/A   |
| 2        | Rowan Park                             | 3.20                 | 4,475               | 4,475                  | 8,950 <sup>12</sup>  | N/A   |
| 3        | Oldlands Farm                          | 21.30                | 8,800               | 67,350                 | 76,150               | 58,550  |
| 4        | Former LEC Airfield and adjoining land | 29.30                | 3,135               | 6,265                  | 9,400 <sup>13</sup>  | N/A   |
| 5        | Courtwick - Littlehampton              | 1.50                 | 4,000               | 0                      | 4,000                | 4,000   |
| 6        | North Littlehampton                    | 2.00                 | 13,000              | 0                      | 13,000               | 13,000  |
| 7        | West of A280 - North of Water Lane     | 8.95                 | 5,965               | 11,935                 | 17,900 <sup>14</sup> | N/A   |
|          | <b>Total</b>                           | <b>77.95</b>         | <b>51,110</b>       | <b>103,415</b>         | <b>154,525</b>       | <b>75,550</b>   |

Source: Arun Local Plan, totals rounded

## Completions

- 3.13 WSCC monitoring data has also been used to identify completions of B Class floorspace since 2011. Gross completions, losses and net completions of space are shown in Table 3.3. As indicated above, to avoid double counting, the completions data presented in Table 3.3 does not include the 30,465sq.m floorspace that has been built on the strategic employment land allocations.

Table 3.3 Employment Floorspace Completions 2011/12-2015/16

|                   | Office (B1a/b) | Industrial (B1c/B2/B8) | Total  |
|-------------------|----------------|------------------------|--------|
| Gross Completions | 1,415          | 37,720                 | 39,135 |
| Losses            | 450            | 22,260                 | 22,710 |
| Net Completions   | 965            | 15,460                 | 16,425 |

Source: WSCC Monitoring Data

Note: 'Mixed B1' floorspace has been split evenly between B1a/b and B1c/B2 uses for the purposes of this analysis

- 3.14 Since the start of the Local Plan period, gross completions have amounted to 39,135sq.m. However, losses have amounted to 22,710sq.m. The majority of

<sup>11</sup> Floorspace assumptions based on the draft Enterprise Bognor Regis LDO

<sup>12</sup> Floorspace assumptions based on the draft Enterprise Bognor Regis LDO with 50:50 split between uses.

<sup>13</sup> Takes account of site constraints, assumed even split between B1a/b, B1c/B2 and B8 uses

<sup>14</sup> A standard plot ratio of 0.4 has been applied to the site area to calculate the approximate floorspace that could be accommodated; the potential floorspace has been evenly split between B1 and B2, B8 uses. The resulting floorspace has then been discounted by 50% to account for the sensitivities of this site which borders the South Downs National Park taking into account the policies of the adopted Angmering Neighbourhood Plan 2014-2029. This is a high level, conservative assumption to allow for the implementation of mitigation measures; further detailed consideration of site capacity would be required were this site comes forward for development

losses relate to changes of use and relate to units of c.1,000sqm. The most significant B Class loss related to the change of use of c.7,000sqm of B8 floorspace to A1 retail by Morrisons in Littlehampton. The assessment of economic development needs includes an allowance for losses based on past trends in the District. When these losses are discounted, net completions equated to 16,425sq.m. In the region of 95% of the gross and net completions in the District relate to industrial floorspace.

- 3.15 For information, including the completions related to the strategic employment land allocations net completions amount to 46,890sq.m comprising of 44,560sqm of industrial space and 2,330sq.m of office space.

## Supply Summary

- 3.16 Taking net completions since 2011, floorspace that benefits from planning consent and floorspace capacity on the strategic employment land allocations indicates that the total employment space supply available to meet needs over the Local Plan period 2011-2031 equates to in the region of 194,235sq.m<sup>15</sup> (Table 3.4). This total comprises of 53,595sq.m of office space (28%) and 140,640sq.m of industrial space (72%).

Table 3.4 Employment Floorspace Supply Summary

| Site/ Category  | Site area (ha) | Office Floorspace (sq.m) | Industrial Floorspace (sq.m) | Total B Class Floorspace (sq.m) |
|---|----------------|--------------------------|------------------------------|---------------------------------|
| Net Completions to 31/03/2016                             | -              | 965                      | 15,460                       | 16,425                          |
| Extant Planning Permissions                               | -              | 1,520                    | 21,765                       | 23,285                          |
| <b>Sub-total</b>  |                | <b>2,485</b>             | <b>37,225</b>                | <b>39,710</b>                   |
| Future Sites: Local Plan Strategic Employment Allocations | 77.95          | 51,110                   | 103,415                      | 154,525 <sup>16</sup>           |
| <b>Total</b>  |                | <b>53,595</b>            | <b>140,640</b>               | <b>194,235</b>                  |

- 3.17 Combined net completions and extant planning permissions amount to 39,710sq.m; this figure excludes space related to the strategic employment land allocation which amounts to 75,550sq.m (as shown in Table 3.3). Therefore, of the total identified pipeline supply of 194,235sq.m, approximately 115,260sq.m or 60% is either built or benefits from planning consent.

## Aligning Demand with Supply

- 3.18 Drawing together the latest forecasts of future economic growth, summarised in Section 2 of this Background Paper and the estimates of employment land

<sup>15</sup> Note: this does not make an allowance for additional floorspace that would be provided within the named strategic housing allocations.

<sup>16</sup> Note: this figure includes completions and extant planning permissions as described in this section.

and floorspace that is likely to be available for development over the Local Plan period, this section considers the alignment between demand and supply.

3.19

A comparison of estimated demand for B Class space against the identified supply position is shown in Table 3.5. This implies that Arun has sufficient employment space in quantitative terms up to 2031 to meet the needs arising from each of the scenarios and has identified a surplus of space ranging from +70,875sq.m (past take-up) to +156,955sq.m (baseline) in quantitative terms. Notwithstanding the overall quantitative surplus, qualitative factors such as viability, deliverability, suitability and proposed phasing also need to be taken to account when aligning demand with supply.

Table 3.5 Demand/ Supply of B Class Employment Space in Arun 2011-2031 (sq.m)

| Use                                  | 1. Baseline     | 2. Past Take-up | 3. Labour Supply – 1,000 dpa |
|--------------------------------------|-----------------|-----------------|------------------------------|
| Requirement for B Class Space (sq.m) | 37,280          | 123,360         | 63,495                       |
| Available Employment Space (sq.m)    | 194,235         |                 |                              |
| Surplus (+)/ Shortfall (-)           | <b>+156,955</b> | <b>+70,875</b>  | <b>+130,740</b>              |

Source: Lichfields analysis

3.20

Ensuring an adequate choice of types of sites is also important to meet the needs of different employment sectors and the aims for diversity of employment opportunities at different skill levels. Potential supply of employment space for both industrial and office uses is compared with estimated requirements for these uses.

3.21

Table 3.6 compares the demand and supply situations for industrial and office uses separately. This indicates that there is also sufficient supply available in quantitative terms to meet both industrial and office needs arising under all three scenarios. For industrial uses, the surplus ranges from 26,130sq.m (past take-up) to 102,910sq.m (baseline) while for office uses the surplus ranges from 25,895sq.m (past take-up) to 35,195sq.m (baseline) with the labour supply scenario falling in between.

Table 3.6 Demand/ Supply for Office and Industrial Space in Arun 2011-2031 (sq.m)

| Use   | 1. Baseline     | 2. Past Take-up | 3. Labour Supply – 1,000 dpa |
|---|-----------------|-----------------|------------------------------|
| <b>Industrial</b>                           |                 |                 |                              |
| Industrial Space Requirement (sq.m)         | 18,880          | 95,660          | 40,460                       |
| Available Supply of Industrial Space (sq.m) | 140,640         |                 |                              |
| Surplus (+)/ Shortfall (-)                  | <b>+102,910</b> | <b>+26,130</b>  | <b>+100,180</b>              |
| <b>Offices</b>                              |                 |                 |                              |
| Office Space Requirement (sq.m)             | 18,400          | 27,700          | 23,035                       |
| Available Supply of Office Space (sq.m)     | 53,595          |                 |                              |
| Surplus (+)/ Shortfall (-)                  | <b>+35,195</b>  | <b>+25,895</b>  | <b>+30,560</b>               |

Source: Lichfields, 2017

- 3.22 Notwithstanding these surpluses, as set out above, the District has been out-performing the forecast economic development needs; the supply position includes completions and sites that benefit from planning permission which gives an indication that development could take place in the short term. With regards to industrial space, these sources combined comprise 95,775sq.m which constitutes 68% of industrial supply. If all of the consented development were to take place in the short to medium term, there is a need to provide some headroom to accommodate longer term needs.
- 3.23 Analysis of the rate of completions between 2011 and 2016 indicates that Arun has been delivering industrial floorspace at a rate (annualised figure of 3,090sq.m) that exceeds the annualised requirement implied by both the baseline and labour supply scenarios with requirements of 945sq.m (c.325%) and 2,025sq.m (c.150%) respectively. The rate of delivery does fall behind the annualised requirement under the past take-up scenario (4,785sq.m) (c.65%).
- 3.24 In terms of office space, the rate of completions has been notably lower than recorded for industrial floorspace however, completions and sites that benefit from planning permission provide 19,485sq.m. This accounts for a significant proportion of the identified range of requirements over the Local Plan period and exceeds the baseline scenario by c.5%. In the event that these permissions are implemented in full in the short term, the floorspace surplus would be required to provide headroom and meet levels of demand.
- 3.25 Alongside the quantitative requirements it is also necessary to take account of qualitative factors including commercial property market signals in planning for future employment and economic growth.

- 3.26 Commercial property market intelligence indicates that while there has been a lack of activity in the market over the past decade the outlook going forward is more optimistic. The focus of activity is likely to be in the industrial market:
- “the Arun market has been provided with a major fillip by the recent development of a major Logistics and Technology Centre for Rolls Royce at Oldlands Farm and this is likely to act as a catalyst for future development, particularly in the industrial, logistics and warehouse sector. Occupier demand for such premises is increasing, and thus further development at Oldlands Farm is now firmly in the pipeline. The district is further set to benefit from increasing demand for large logistics premises for the south coast, helped by the lack of available land in Brighton & Hove”<sup>17</sup>*

## Conclusion

- 3.27 The pipeline supply of employment space in the District comprises sites with outstanding planning permission that have not been started or are under construction and undeveloped/vacant sites currently allocated for employment development including the seven strategic employment land allocations identified in policy EMP SP3. Taking account of the Local Plan period, floorspace completions between 2011 and 2016 have contributed towards meeting requirements.
- 3.28 The identified sources of supply have the potential to deliver 194,235sq.m. The majority of this supply is linked to the strategic employment land allocations which have capacity to deliver 154,530sq.m; 68% of this floorspace benefits from planning permission or has already been implemented which provides some degree of certainty that it could be delivered in the short to medium term.
- 3.29 In quantitative terms, the identified supply of space exceeds requirements across all demand scenarios and in terms of both industrial and office uses, meaning that the District is well positioned to meet its economic development needs over the long term Local Plan period.
- 3.30 Completions of industrial space have been strong since the start of the Local Plan period in 2011, with the annualised rate of development significantly outstripping the annualised requirement for space under both the baseline and the labour supply scenario.
- 3.31 While the take-up of office space has lagged behind the identified level of requirements, two of the key strategic employment sites, namely, Courtwick and North Littlehampton benefit from planning permission and Courtwick is currently being implemented. Combined these sites could exceed the baseline scenario for office space.
- 3.32 These factors indicate that the demand/supply position may be narrower than it may initially appear and the surplus supply provides headroom and flexibility for meeting future economic and employment growth over the long term of

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<sup>17</sup> Cluttons LLP, Commercial Property Market Intelligence Report, 2017

Local Plan. The economic growth aspirations of the Council and the potential step-change at Enterprise Bognor Regis is also a relevant consideration.



4.0

## **Viability and Deliverability of Employment Land**

4.1

This section considers the viability, deliverability, suitability and phasing of the strategic employment land allocations included in EMP SP3 of the Local Plan. The Council instructed Cluttons LLP to provide a Commercial Property Market Intelligence Report for Arun District Council to help inform the development of the Arun Local Plan (2011-2031) and any proposed modifications and consider these factors specifically.

### **Viability and Deliverability**

4.2

Cluttons LLP undertook notional appraisals of office and industrial development, assessed on current market conditions. These appraisals indicated that:

*“[development] in theory is currently unviable, in that the land values and profits generated are insufficient to tempt land owners to sell, particularly if more profitable types of development, such as residential or retail are potential options. Equally, if developments do not generate sufficient profits then developers will not build.”*

4.3

The results of the notional appraisals are similar to the outcomes within the Local Plan Viability Study (January 2017).

4.4

However, it was stated:

*“there are signs of the development market improving, and this is demonstrated by planning consents being granted at Oldlands Farm... One of the outline consents is for enabling development on part of the site, which allows sufficient profit to be made to subsidise any viability issues on the industrial and warehousing space. Depending upon future market movement, enabling development may need to be considered for some of the larger allocations.”*

4.5

The future deliverability of some of the sites will depend upon the provision of the appropriate infrastructure. The Council is working alongside other key stakeholders including West Sussex County Council, the LEP and developers to identify sources of funding to overcome development constraints which would improve viability and deliverability. In particular, infrastructure improvements are required for the former LEC Airfield and North Littlehampton. LEC Airfield is intended to come forward for employment in the later stages of the Local Plan period to allow these constraints to be addressed and it is understood that the Lyminster bypass at North Littlehampton is set to commence construction in 2017.

4.6

Viability and deliverability needs to be considered in the wider context and in the context of planning for employment needs of the Local Plan period in its

entirety to 2031 and not just in the short term. The commercial property market analysis suggests that allocated sites are considered to be generally suitable for providing employment space.

## **Phasing**

- 4.7 The phasing of the key strategic employment sites seeks to ensure that there is a steady supply of available sites over the duration of the Plan.
- 4.8 As outlined above, a number of the strategic sites, namely, Oldlands Farm, Courtwick and North Littlehampton have already been developed or benefit from extant planning permission and therefore are well placed to meet commercial demand in the short term (albeit subject to the delivery of key infrastructure in the case of North Littlehampton).
- 4.9 The Local Plan sets out that development at Enterprise Bognor Regis will be undertaken in three planned phases extending over a number of years. Phase 1 covers the period 2015-2019 and includes Oldlands Farm Phase 1 and Salt Box. Phase 2 covering the period from 2020-2024 includes Phase 2 of these two sites in addition to the Former LEC Airfield. Phase 3 covering the period 2025-2029 includes Rowan Park and land north west of LEC Airfield.
- 4.10 Rowan Park is currently in use as a caravan park, the existing lease is set to expire in 2024 and therefore this site is intended to meet longer term needs. Similarly LEC Airfield and the adjoining land require the development of significant road infrastructure to open up the site for development.
- 4.11 No specific assumptions have been made in terms of the phasing of the remaining allocation North of Water Lane, Angmering. This site is intended to provide flexibility and choice within the site allocations portfolio and is considered available to meet needs as they arise over the duration of the Local Plan.

## **Suitability of Sites**

- 4.12 Four of the seven strategic employment land allocations are located in Bognor Regis three of which are included in the draft Enterprise Bognor Regis LDO. This provides a degree of certainty to potential developers to invest in this location. This approach has been demonstrated by investment by Rolls Royce and others at Oldlands Farm.
- 4.13 In terms of Rowan Park and the former LEC Airfield, it is acknowledged that there are barriers to delivering these sites including infrastructure constraints and existing occupiers in the short to medium term however, this has been adequately reflected by the development phasing (as discussed above).
- 4.14 The two sites located in Littlehampton benefit from planning consent; a single occupier has taken-up all of the proposed space at Courtwick and the masterplan proposals at North Littlehampton include 13,000sqm of office space. Development on the site has now commenced.

4.15 The proposed allocation at Water Lane, Angmering provides additional supply in the District and could provide flexibility and a greater range in the choice of sites. This is the largest employment land allocation in the eastern half of the district and represents the only opportunity to provide further industrial and warehouse development in the Littlehampton area given that Courtwick and North Littlehampton are earmarked for office development. As set out in the Commercial Property Market Intelligence Report prepared by Cluttons:

*“it is important for the site to be retained...to improve choice and flexibility within the strategic employment site allocations portfolio. It is well located just off the A27 and therefor particularly suitable for the logistics sector which is growing quickly because of the fast expanding on-line retailing market. In addition, it would appeal to businesses in neighbouring districts looking to expand but where land is in short supply, due to its proximity to the A27”.*

4.16 Overall, the Council consider the identified portfolio of sites, along with the phasing assumptions ensure that the District can meet future employment needs over the Local Plan period to 2031 and provide sufficient flexibility and choice within the site portfolio. Limited levels of enabling development on some of the strategic employment allocations could help to improve viability of development and expedite the rate at which sites could come forward. The Council will continue to work with landowners to achieve delivery.

## **Strategic Housing Allocations**

4.17 The commercial property market analysis indicates that enabling development may be required to make development on some of the larger strategic employment allocations more viable particularly where infrastructure constraints need to be overcome. In cases where enabling development was permitted this would reduce the quantum of B Class space that could be delivered.

4.18 Chapter 12 of the Local Plan includes a number of strategic housing site allocations. A number of these sites could also provide employment space to improve the sustainability of new development including:

- 1 Barnham Eastergate/Westergate (SD5);
- 2 Ford (SD8); and;
- 3 West of Bersted (SD3).

4.19 Taking account of the analysis considering the alignment between supply and demand, alongside the more qualitative factors including viability, deliverability and phasing of the strategic employment allocations, there is a role for these sites to provide flexibility in the supply of over the course of the Local Plan period and could provide additional choice in terms of the range of sites available and locations.

4.20 Commercial property market feedback also suggests:

*“these allocations may provide an opportunity to deliver new stock to assist in meeting the required district wide employment floorspace needs given that some of the identified strategic employment locations...have expensive infrastructure barriers to overcome before development becomes deliverable”*

*“In addition, deliverability for the strategic employment land allocations may rest upon enabling development which would reduce the level of employment floorspace which could be met by allocations within the housing sites at Barnham/Eastergate/Westergate, West Bersted and Ford.”<sup>18</sup>*

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<sup>18</sup> Cluttons, Arun District Council Commercial Property Market Intelligence Report (2017)

## 5.0 **Functional Economic Market Area**

- 5.1 This section considers the Functional Economic Market Area (FEMA) within which Arun District is located and the role of Arun in meeting wider economic needs.

### **Review of the Evidence**

- 5.2 The Greater Brighton & Coastal West Sussex Background Paper 1 Economy (2015) considered employment forecasts, commuting flows, provision of employment space and identified future opportunities at a sub-regional scale. It was identified that the focus of economic activity is very firmly concentrated in Brighton & Hove, and to a lesser extent Chichester. The Papers findings suggested that there is potential for parts of the sub-region to develop a complementary offer for key locations on the basis that Brighton & Hove faces a range of constraints and this strategy would ensure that economic growth is retained in the area.
- 5.3 More recently, the Greater Brighton and Coastal West Sussex Strategic Planning Board commissioned GL Hearn to prepare a Study to define the Housing Market Area (HMA) and FEMA across the Coastal West Sussex and Greater Brighton Area which includes Arun District.
- 5.4 The draft findings of this Study, published in December 2016, indicates that Arun falls within two HMAs with Arundel and Littlehampton and the eastern part of the District falling within the Coastal Urban Area HMA and Bognor Regis and the western part of the District having stronger linkages to Chichester in the west. The FEMA analysis within this Study indicates that there is a natural correlation with the HMA boundaries.
- 5.5 The Council commissioned Lichfields to prepare a high level FEMA assessment, taking account of the factors highlighted by the PPG to consider the potential role that Arun has in the wider sub-regional market for employment land and how this dynamic could change in the future. A briefing note is included at Appendix 1.
- 5.6 The synthesis of this assessment outlines that Arun is located in the Coast to Capital LEP area however, the District has a more localised administrative relationship with Coastal West Sussex and Greater Brighton and the Strategic Planning Board which will influence future growth and investment. In terms of functional labour market and housing market relationships and the commercial property market, the strongest linkages are apparent between Arun and Chichester and Worthing based on an east west split with some wider sub-regional influences also noted. These linkages are facilitated by predominantly east–west transport networks and a number of planned infrastructure improvements are likely to influence future investment decisions.
- 5.7 The Arun District Council Commercial Property Market Intelligence Report prepared by Cluttons LLP (2017) also includes commentary on Arun’s FEMA

from a commercial property market perspective. It is outlined that Arun falls within a Coastal West Sussex property market with the strongest functional relationships with Chichester and Worthing. Arun is identified as similar in terms of its property market characteristics to both Chichester and Worthing and businesses from both districts seeking new accommodation for expansion or upgrading would be likely to consider Arun if there was a lack of suitable floorspace in their districts, particularly as regards larger space requirements as demonstrated by the expansion of Rolls Royce. Rental levels for industrial and warehouse space would be at similar levels, albeit that the more prime locations are likely to be around the A27. Arun is centrally located within the Coastal West Sussex property market and thus ideally placed to attract developer, investor and occupier demand along the coast.

## **Defining Arun's FEMAs**

- 5.8 Taking account of the extent of the Coast to Capital LEP area, other sub-regional partnerships including Greater Brighton and Coastal West Sussex, travel to work areas, housing market areas, transport networks and the commercial property market areas as well as the service markets for consumers, the flow of goods, services and information and transport networks, the FEMAs within which Arun is located can be identified. Analysis of these key factors suggests that the western part of the District (Bognor Regis and the area west of Littlehampton and Arundel) has the strongest functional relationship with Chichester while the area to the east of the District including Littlehampton, Arundel and Angmering has a strong relationship with Worthing.
- 5.9 In light of objectives and planned initiatives to kick start future economic growth and to attract inward investment into Arun over the Local Plan period for example Enterprise Bognor Regis means that the District's functional economic market area role could further develop.

## **Meeting Unmet Needs**

- 5.10 Through the duty to cooperate process, the Council is working on an on-going basis with the adjoining authorities to identify the scope to help accommodate unmet employment land needs from elsewhere. A number of the adjoining authorities have identified that they may not have a sufficient supply of land to meet their employment land requirements in full albeit the scale of these requirements have yet to be quantified.
- 5.11 The 'Worthing Economic Research and Employment Land Review' (2016) indicates that the Borough could have a shortage of employment space in quantitative terms to meet the identified future needs to 2033 locally unless additional sites are identified. The Local Plan Issues and Options consultation document acknowledges the severe constraints on supply and recognises that development in adjoining areas will be a key influence. The Council has identified a number of 'Areas of Change' which are considered to present the best opportunities to help provide for some of the employment opportunities within the Borough. The commercial property market in the Borough is

currently focused upon a small number of employment sites. Demand for industrial space (rather than office space) is relatively strong and a shortage of premises in the Borough means local firms have difficulties finding suitable space to support their expansion or relocation plans, while enquiries from firms outside the Borough are rarely met.

- 5.12 The Chichester 'Employment Land Review Update' (2013) recommended that the Local Plan should identify up to 29ha within the Local Plan including up to 8ha of land for office development and up to 21ha for industrial uses. The Council's preferred scenario for future growth indicates a requirement for 25ha of employment land. Approximately 9ha of new employment land is allocated in the Chichester Local Plan: Key Policies 2014-2029 including 6ha West of Chichester and 2.8ha at Tangmere within a strategic site. It is expected that part of the residual requirement will be met through extant planning permissions and allocations carried forward; the Council is also seeking to identify some additional sites through the emerging Site Allocations DPD and a 'Vision for Chichester' document being produced (primarily office). The Council has indicated that there is potential for approximately 7.7ha of employment land to be allocated on the smaller sites in and around Chichester.
- 5.13 The potential for Arun to meet unmet needs from adjoining authorities in the future will depend on a range of factors. It appears that the councils are still seeking to identify sites within their own boundaries and therefore the potential role will need to be considered in the context of any changes to the supply position. Nevertheless, due to physical constraints, the availability of medium to large scale sites (>10ha) is particularly limited in these locations. At the same time, the shortfall and requirements are highest for industrial uses. Taking account of the typology of Arun's allocated sites (Enterprise Bognor Regis and Angmering), there may be potential for the District to accommodate some medium to large scale, industrial requirements as has already occurred with Rolls Royce at Bognor Regis.
- 5.14 Strategic objectives and planned initiatives to kick start future economic growth and to attract inward investment into Arun over the Local Plan period means that the functional economic market area role of the District could further develop. The Council will seek to continue to work on an on-going basis with the adjoining authorities to identify the scope to help accommodate unmet employment land needs. Nevertheless, the commitment to meet any of these needs from neighbouring authorities within Arun will be balanced with meeting the District's own employment land needs in the first instance.

## Overall Conclusions and Implications

6.0

6.1

This Background Paper summarises the Council's economic evidence and the evolution and rationale of the Employment and Enterprise Local Plan policies and the proposed modifications.

6.2

A number of potential future economic scenarios have been developed, based on a number of approaches which reflect economic growth labour demand, past development trends and potential housing growth driven labour supply factors within Arun. This analysis indicates demand for employment land in terms of B Class floorspace and land requirements ranging from 37,280sq.m and 7.8 ha under a baseline job growth scenario to 123,360sq.m and 28.6ha under a scenario where past development trends continue at a similar rate in the future. The demand for land associated with the labour supply arising from the level of housing growth proposed by the Local Plan (1,000dpa) falls within this range at 63,495sq.m and 14 ha.

6.3

While the Council is not seeking to meet one specific scenario of future growth, the baseline future growth scenario provides a starting point for planning to accommodate job growth in the District. Further to this, the Council's corporate strategy has ambitious economic aspirations and is seeking to maximise the benefits that can come from housing growth and regeneration planned in the District. The labour supply scenario of future growth would reflect a better balance between jobs and homes. Nevertheless, past development trends provide a more aspirational scenario for the District. The future growth scenarios under consideration do not factor in the job growth implications associated with 'step change' developments that have been recently delivered or could to be delivered during the Local Plan period as a result of inward investment decisions of a strategic nature (e.g. Rolls Royce). This is particularly relevant given the objectives set out in the Coast to Capital LEP Strategic Economic Plan and the Council's Economic Development Strategy and the forthcoming adoption of a LDO at Enterprise Bognor Regis which provide a strategic framework to support future growth.

6.4

The identified sources of supply which include completions, extant planning permissions and strategic employment land allocations, have the potential to deliver 194,235sq.m. The majority of this supply is linked to the strategic employment land allocations which have capacity to deliver 154,530sq.m including 140,640sq.m of industrial space and 53,595sq.m of office space. In quantitative terms, the identified supply of space exceeds requirements across all demand scenarios and in terms of both industrial and office uses.

6.5

Notwithstanding these surpluses, the District has been out-performing the forecast economic development needs since the beginning of the Plan period; analysis of development activity to date for the first five years of the Plan indicates that that the baseline requirements could be exceeded in the shorter term should all planning permissions be implemented in full.



- 6.6 The supply position includes completions (2011-2016) and sites that benefit from planning permission which indicate some degree of intent that development is likely to take place in the short term. With regards to industrial space, combined, these sources comprise of 95,775sq.m which constitutes 68% of industrial supply. If all of the consented development were to take place in the short to medium term there is a need to provide headroom to accommodate longer term needs. Similarly in terms of offices, completions and planning permissions exceed the baseline need by 5%. Beyond the quantitative alignment, it is necessary to consider the qualitative factors that will influence the demand and supply of employment land and floorspace. Commercial property market analysis has indicated that B Class development is not, in theory, currently viable albeit that there are signs of the development market improving as demonstrated by recent development. Depending on the future market movement, enabling development may need to be considered for some of the larger allocations. This would have the effect of reducing the quantum of B Class floorspace that these sites could deliver.
- 6.7 The strategic employment land allocations sites portfolio comprises of seven key sites. The deliverability of some of these sites will depend upon the provision of the appropriate infrastructure and overcoming other challenges on this basis, the delivery of these sites has been phased in such a way as to ensure that there is a steady supply of sites over the duration of the Plan. These sites are also intended to provide a choice of sites to meet a range of needs across a number of locations in the District.
- 6.8 In seeking to achieve a sustainable pattern of development, a number of the strategic housing site allocations could provide employment space also. These allocations may provide an opportunity to deliver new stock to assist in meeting needs given that some of the strategic employment site allocations have expensive infrastructure requirements to overcome and in addition, deliverability of these sites may rest upon enabling development.
- 6.9 As such when qualitative factors are taken into account the demand/ supply position is narrower and the surplus supply provides headroom and flexibility for meeting future economic and employment growth. This also reflects the economic growth aspirations of the Council and the potential step-change at Enterprise Bognor Regis.
- 6.10 In terms of FEMA, analysis of the key factors suggests that the western part of Arun District (Bognor Regis and the area west of Littlehampton and Arundel) has the strongest functional relationship with falls within the Chichester while the area to the east of the District including Littlehampton, Arundel and Angmering has the strongest relationship with Worthing..
- 6.11 The potential for Arun to meet unmet needs from adjoining authorities in the future will depend on a range of factors. It appears that the councils are still seeking to identify sites within their own boundaries and therefore the potential role will need to be considered in the context of any changes to the supply position. Nevertheless, due to physical constraints, the availability of medium to large scale sites (>10ha) is particularly limited in these locations. At the

same time, the shortfall and requirements are highest for industrial uses. Taking account of the typology of Arun's allocated sites (Enterprise Bognor Regis and Angmering), there may be potential for the District to accommodate some medium to large scale, industrial requirements as has already occurred with Rolls Royce at Bognor Regis.

6.12

Strategic objectives and planned initiatives to kick start future economic growth and to attract inward investment into Arun over the Local Plan period means that the functional economic market area role of the District could further develop. The Council should seek to continue to work on an on-going basis with the adjoining authorities to identify the scope to help accommodate unmet employment land needs. Nevertheless, the commitment to meet any of these needs from neighbouring authorities within Arun will be balanced with meeting the District's own employment land needs in the first instance. Overall, the Council consider the identified portfolio of sites, along with the phasing assumptions ensure that the District can meet future employment needs over the Local Plan period and the Council will continue to work with landowners to achieve delivery.

## **Appendix 1 Functional Economic Market Area Briefing Note**

# Briefing Note

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## **Subject   Arun District Functional Economic Market Area**

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### **1.0        Introduction**

- 1.1        This note has been prepared by Lichfields on behalf of Arun District Council (ADC) to identify the Functional Economic Market Area(s) (FEMAs) within which Arun is located and to consider the potential role that the District has in the wider sub-regional market for employment land.
- 1.2        This high level assessment is informed by existing evidence base studies and employment land evidence work prepared for authorities within the Coastal West Sussex area. It also takes account of the emerging findings of the Coastal West Sussex and Greater Brighton 'Definition of Housing Market Areas and Functional Economic Market Areas Study' prepared by GL Hearn as well as other relevant strategy and policy documents.

#### **Factors to consider**

- 1.3        Taking account of the requirements of the Planning Practice Guidance (PPG), this assessment considers each of the following factors in identifying the FEMA(s) within which Arun District is located:
- a        extent of any Local Enterprise Partnership within the sub-region;
  - b        travel to work areas;
  - c        housing market areas;
  - d        flow of goods, services and information;
  - e        service markets for consumers;
  - f        administrative areas;
  - g        catchments areas of facilities providing cultural and social wellbeing; and
  - h        transport networks<sup>1</sup>.

### **2.0        Spatial Context and Extent of any Local Enterprise Partnership within the Sub-Region**

- 2.1        Arun District lies on the south coast of England within West Sussex. As shown in Figure 1, the District is bounded to the west and north-west by Chichester District, to the east by Worthing and beyond that Adur, and to the north east by Horsham District. The nearest large towns in the area include Worthing (13 km to the east), Chichester (13 km to the west), Brighton (30 km to the east) and Portsmouth (40 km to the west).
- 2.2        Arun's main towns include the resort town of Bognor Regis and Littlehampton. These towns are also the main focal points for employment development. A significant proportion of the District is rural, and much of the area north of the A27 falls within the South Downs National Park Authority. The District also contains six main villages – Angmering, Barnham, Eastergate,

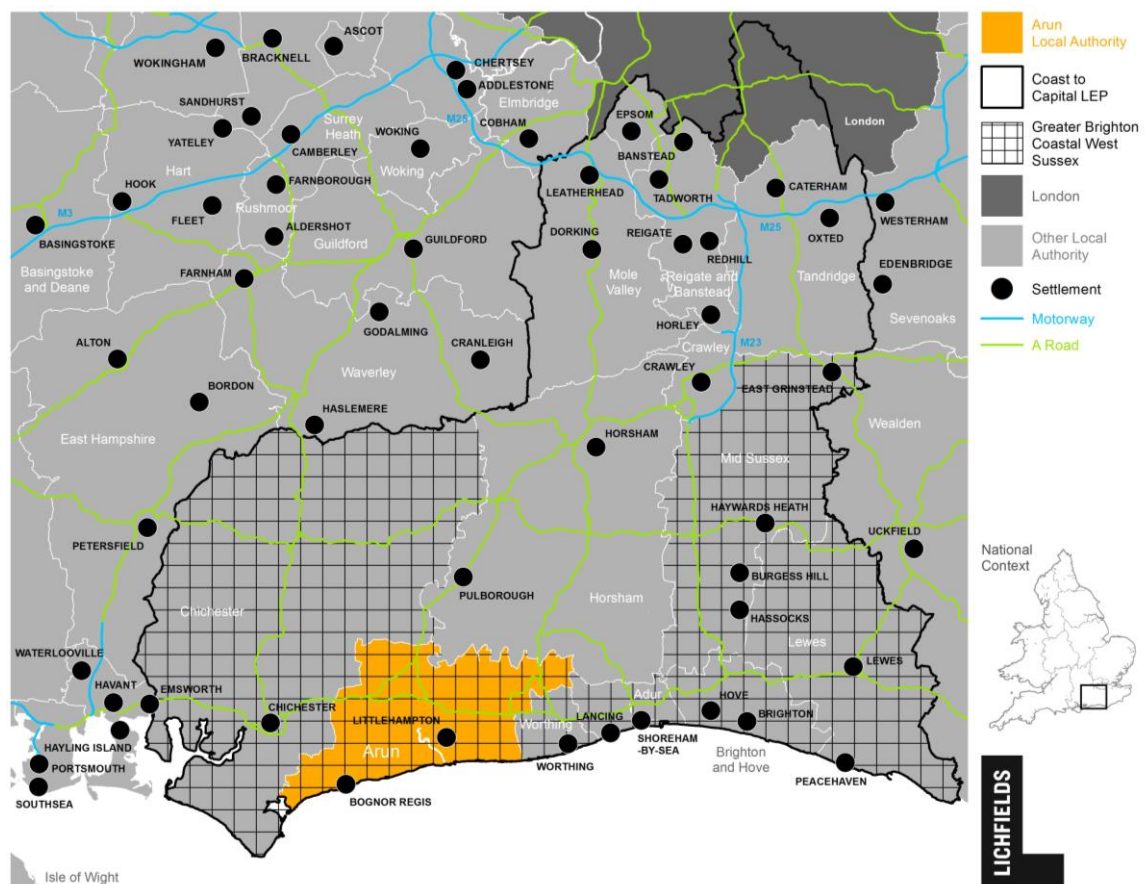
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<sup>1</sup> PPG Paragraph 012 Reference ID: 2a-012-20140306

Westergate, Yapton and Walberton – which are largely commuter settlements with limited existing employment in their own right.

- 2.3 Arun falls within the Coast to Capital Local Enterprise Partnership (LEP) area<sup>2</sup>. The LEP covers a wide area with a number of sub-regions; Arun is located within the Coastal West Sussex sub-region comprising the local authorities of Chichester, Arun, Worthing and Adur. This sub-region has an established Area Partnership which brings together representatives from business, education and the public sector to work collectively on economic issues.
- 2.4 The Coastal West Sussex Partnership alongside representatives from Greater Brighton form a Strategic Planning Board whose remit it is to identify and manage spatial planning issues that impact on more than one local planning area and support better integration and alignment of strategic spatial and investment priorities in the area.
- 2.5 The geographic extent of the LEP administrative boundary and the Greater Brighton and Coastal West Sussex Area are shown in Figure 1.

Figure 1 Spatial Context Map



Source: Lichfields

<sup>2</sup> The Coast to Capital LEP covers Chichester, Arun, Worthing, Adur, Brighton and Hove, Lewes, Mid-Sussex, Horsham, Crawley, Epsom and Ewell, Tandridge, Reigate and Banstead, Mole Valley and Croydon.

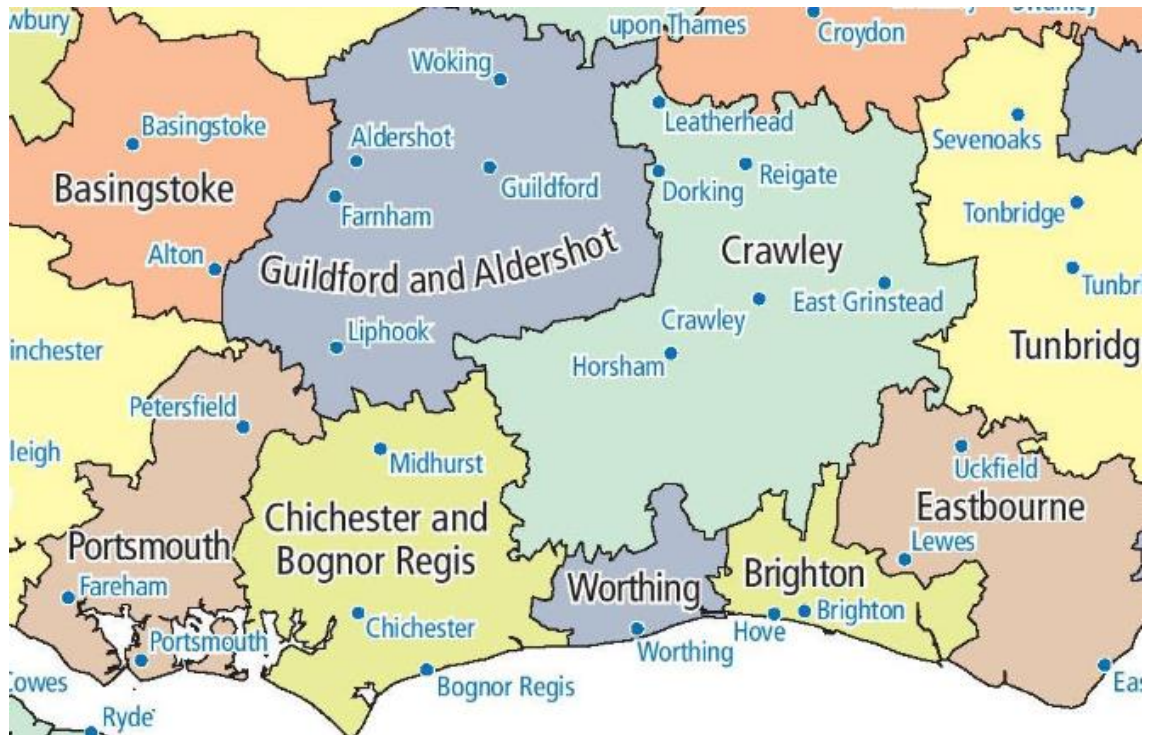
## **Future Growth and Investment**

- 2.6 At the LEP and sub-regional level there are a number of strategy documents that are intended to guide future growth and investment in the area. Some of the key objectives and priorities are identified below.
- 2.7 Coastal West Sussex and Greater Brighton ‘Local Strategic Statement - Delivering Sustainable Growth 2015-2031’ (Updated January 2016) sets out a vision, strategic objectives and spatial priorities for the sub-region. This includes a spatial priority for Chichester City/ Tangmere/ Bognor Regis (Spatial Priority 2) and Littlehampton (Spatial Priority 3). It is acknowledged that the Local Plan will need to give priority to the infrastructure improvements needed to enable strategic employment and housing sites to be delivered including improvements to the A27 and improvement to north-south links including the A259 between Chichester and Bognor Regis and the A29. Construction of the Lyminster Bypass and improvements to the A259 and rail connections along the Arun Valley are also priorities to address existing capacity issues in Littlehampton,
- 2.8 The Coast to Capital (C2C) LEP ‘Strategic Economic Plan’ (2014) provides a framework for priorities of future growth and investment across the sub-region. Arun has been successful in attracting Regional Growth Funds through the SEP for investment improvements to the A29, A259, A284 and the University of Chichester Campus at Bognor Regis.
- 2.9 A proposal for Enterprise Zone status for Enterprise Bognor Regis (EBR) is included in the C2C SEP. The Council is in the process of adopting a Local Development Order for EBR with a focus on Salt Box Field, Rowan Park and Oldland's Farm to facilitate early development and accelerate economic growth. The delivery of EBR will require a number of infrastructure schemes to be delivered as part of the phased development of the site as a whole. This will build upon the momentum created by the completion of the Bognor Regis Northern Relief road (BRNRR), planning permission at Oldland's Farm and the construction of a new leg to the BRNRR to provide direct access to the Salt Box site.

## **3.0 Travel to Work Areas**

- 3.1 The Office for National Statistics (ONS) defines labour market areas as those areas where the majority of the resident population also works in the same area. The standard definition of Travel to Work Areas (TTWA) offered by the ONS is that they are the area from which at least 75% of an area's resident workforce is employed and at least 75% of the people who work in the area also reside.
- 3.2 Based on 2011 Census data, Arun falls within two TTWAs – the western part of the District falls within the Chichester and Bognor Regis TTWA and the eastern part falls within the Worthing TTWA (Figure 2).

Figure 2 2011 Travel to Work Area



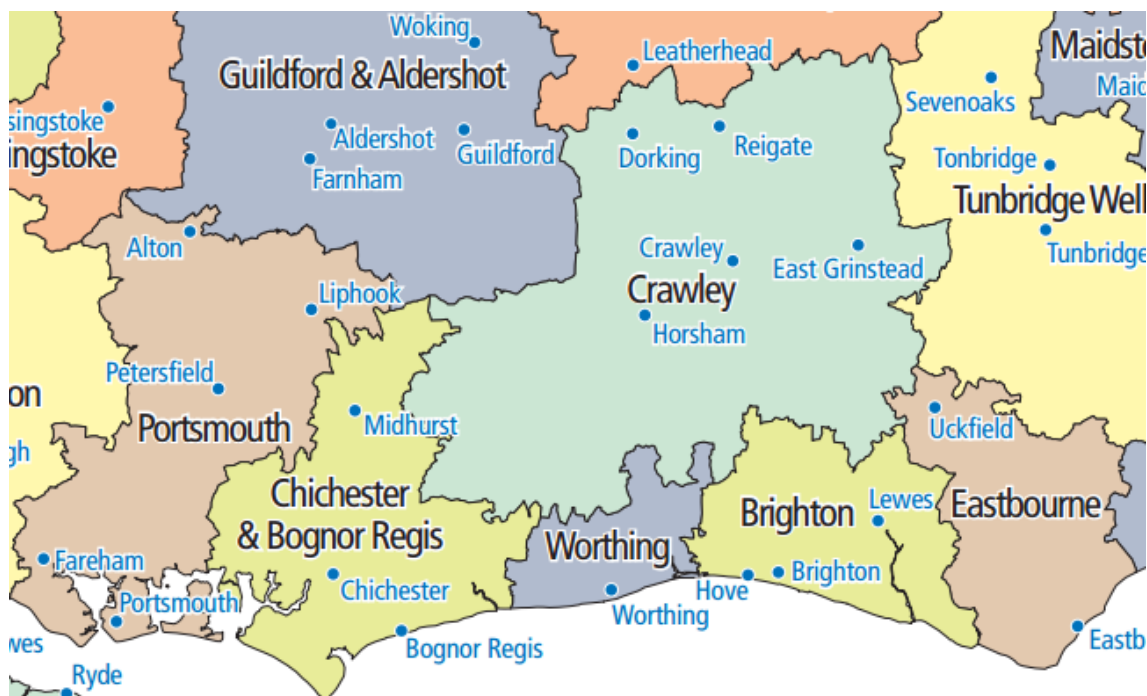
Source: ONS

### 3.3

A comparison of the 2011 based ONS TTWAs with the equivalent analysis prepared using 2001 Census data identifies an expansion of the Chichester and Bognor Regis TTWA into Crawley and to a lesser extent into the Worthing TTWA (Figure 3). The extent of the Worthing TTWA has contracted due to the extension of the Crawley and Brighton TTWAs.



Figure 3 2001 Travel to Work Area



Source: ONS

## Commuting Flows

- 3.4 Whilst ONS TTWA analysis provides a useful starting point, it is also useful to examine local level commuting flows to understand the flows of labour between Arun and other local authority areas.
- 3.5 Table 1 summarises a number of the key commuting indicators, drawing on the Census 2011 origin destination data. This shows that the number of working residents in Arun far exceeds the number of workplace workers; as a result the District is a net-exporter of labour. Approximately 27,315 residents commute out of the District for employment. The top destinations for out-commuters include Chichester, Worthing, Horsham, Brighton & Hove and Adur local authority areas.
- 3.6 At the same time, 8,975 people commute into Arun to access employment; the strongest inflows of workers come from adjoining Worthing, Chichester, Horsham, Adur and Brighton & Hove.
- 3.7 While Arun is a net exporter of labour, it has a self-containment rate of 60%. This means that 60% of working residents live and work in the District<sup>3</sup>.

<sup>3</sup> This analysis provides an update to information presented in the Arun EELA (2014) to reflect the ONS methodology for calculating self-containment.



Table 1 Commuting Analysis for Arun District

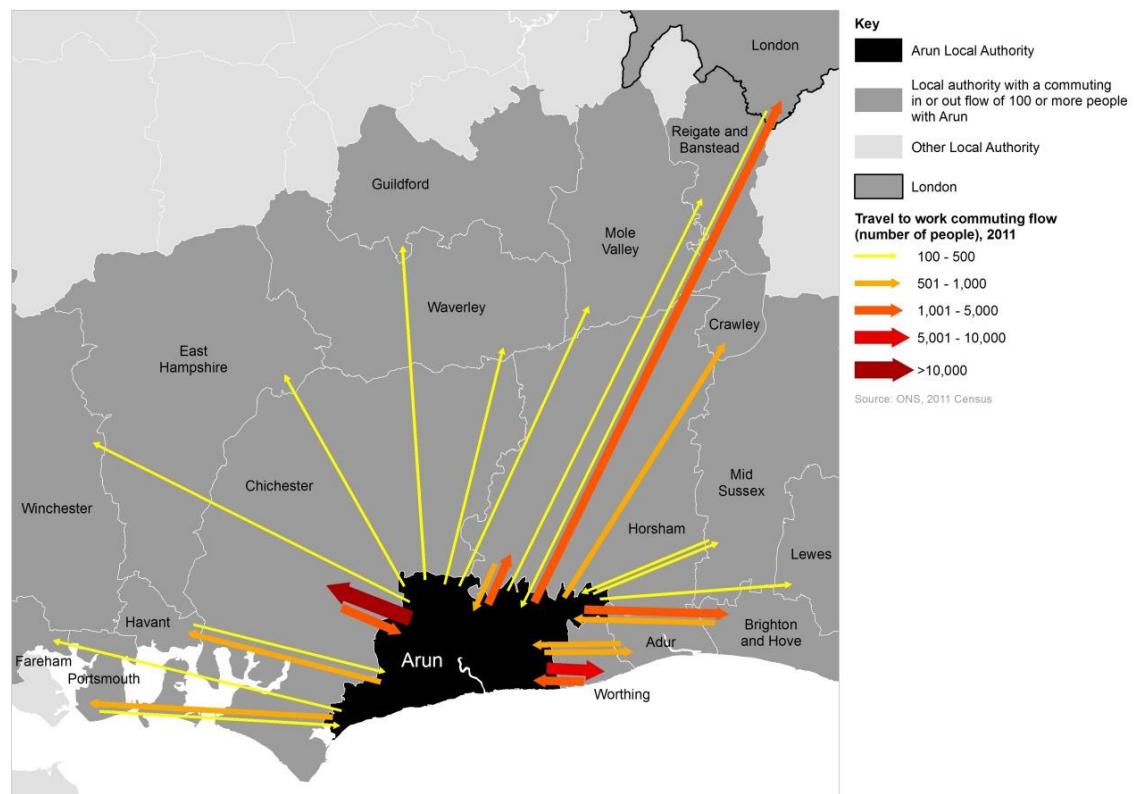
|                                  | Arun   |
|----------------------------------|--|
| Number of Working Residents      | 68,080   |
| Number of Workplace Workers      | 34,425   |
| Live and Work in Local Authority | 40,765   |
| Self-containment Rate            | 60% <sup>4</sup>                                     |
| Out-commuting Workers            | 27,315   |
| Top Out-commuting Destinations   | Chichester, Worthing, Horsham, Brighton & Hove, Adur |
| In-commuting Destinations        | 8,975  |
| Top in-commuting Destinations    | Worthing, Chichester, Horsham, Adur, Brighton & Hove |
| Net flow of Workers              | 18,340   |

Source: ONS, Census 2011 Figures rounded

3.8

The travel to work commuting flows for Arun District are shown in Figure 4.

Figure 4 Commuting Flows for Arun District



Source: ONS Census 2011/ Arun EELA, 2014 / Lichfields analysis

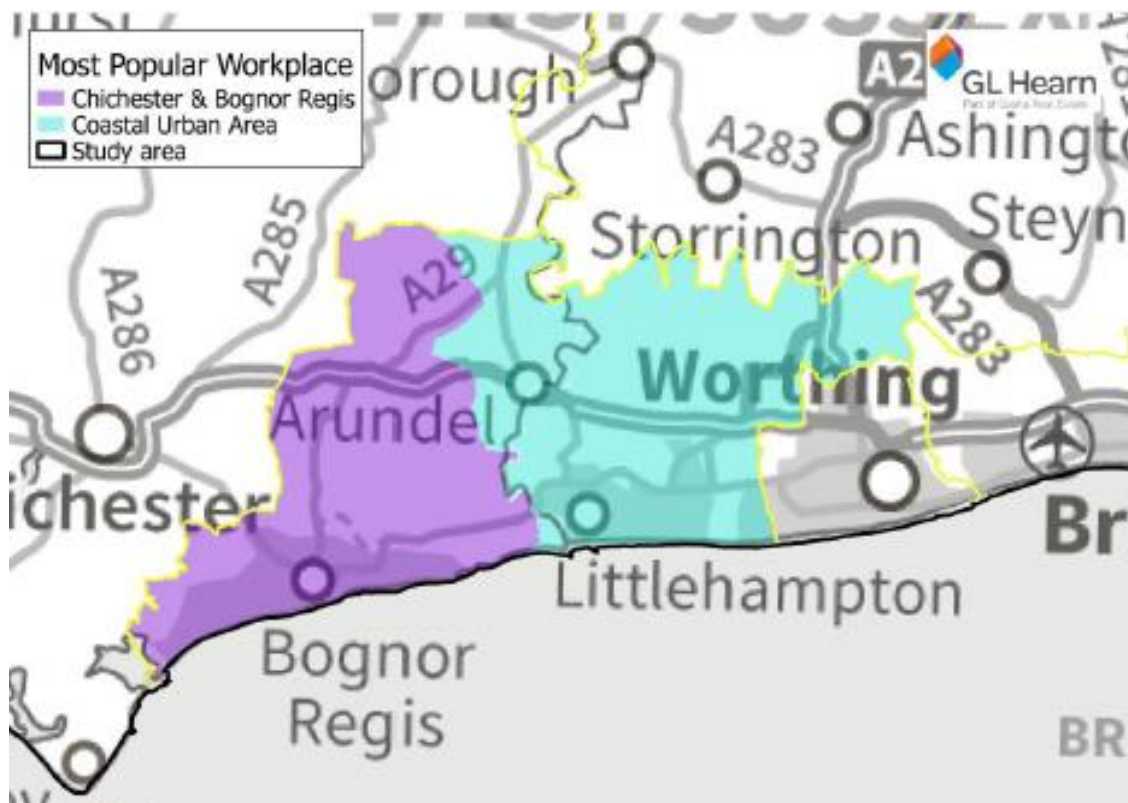
3.9

According to the Defining the HMA and FEMA Study, local level commuting data indicates that residents of Littlehampton, Arundel and areas to the east of the District have stronger commuting relationships with Worthing and Brighton than with Chichester and Bognor Regis. Meanwhile, Bognor Regis and wards in the western part of the District have a higher self-

<sup>4</sup> This includes people that work in Arun, mainly work at or from home, no fixed place of work and at an offshore installation.

containment rate or links to Chichester reflecting the role that Bognor Regis performs in the local economy of the District (Figure 5).

Figure 5 Most Popular Workplaces for Arun Residents



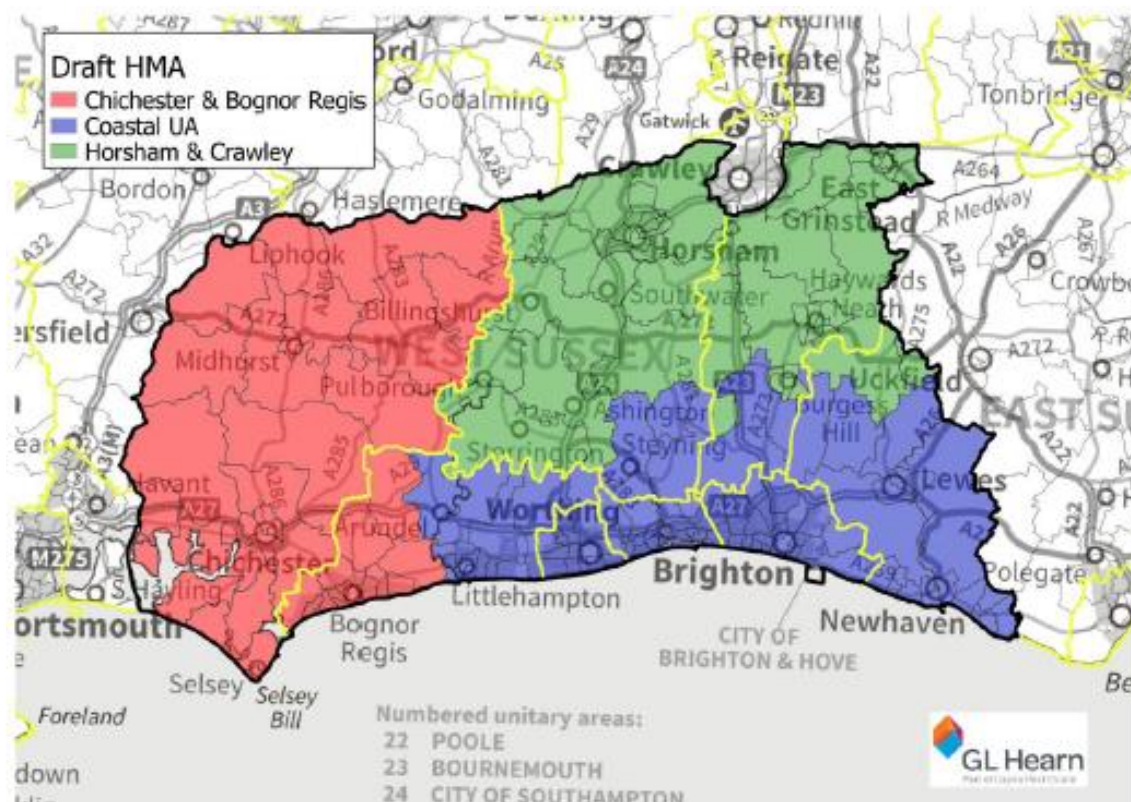
Source: Defining the HMA and FEMA Draft Study, GL Hearn, 2016 Draft

## 4.0 Housing Market Areas

- 4.1 Housing market areas (HMAs) are a key indicator in considering the spatial extent of FEMAs due to the influence they have upon travel to work and labour market flows. This section considers the HMA(s) within which Arun is located.
- 4.2 There are a number of housing market studies that have been prepared to define the boundaries of the HMA to provide a basis for planning for future housing and economic needs. Most recently, 'Defining the HMA and FEMA' (2016) was prepared on behalf of Greater Brighton and Coastal West Sussex Strategic Planning Board by GL Hearn to define the housing market area and functional economic market area across the Coastal West Sussex and Greater Brighton Area.
- 4.3 The analysis indicates that house prices in the coastal area including Arun, (alongside Adur and Worthing but with the exception of Brighton & Hove and to a less extent Chichester) are relatively lower than the more northern parts of the area. Similarly, there is a clear distinction between urban and rural areas. In terms of migration flows and patterns, which reflect household movement between areas and commuting, Arun shows both strong inward and outward flows to Worthing and Chichester in particular. Inward flows to the District from Worthing are strongest in the east and from Chichester are strongest in the west. Bognor Regis and wards in the west also demonstrate a higher level of self-containment.

- 4.4 Drawing on this housing, migration and commuting data, three HMAs were identified within the Greater Brighton and Coastal West Sussex area as shown in Figure 3.1. The western part of Arun District (Bognor Regis and the area west of Littlehampton and Arundel) falls within the Chichester and Bognor Regis HMA while the area to the east of the District including Littlehampton, Arundel and Angmering fall within the Coastal Urban Area HMA.

Figure 6 Coastal West Sussex and Greater Brighton Draft HMA Boundaries, 2016



Source: Defining the HMA and FEMA Draft Study, GL Hearn, 2016 Draft

## 5.0 Flow of Goods, Services and Information

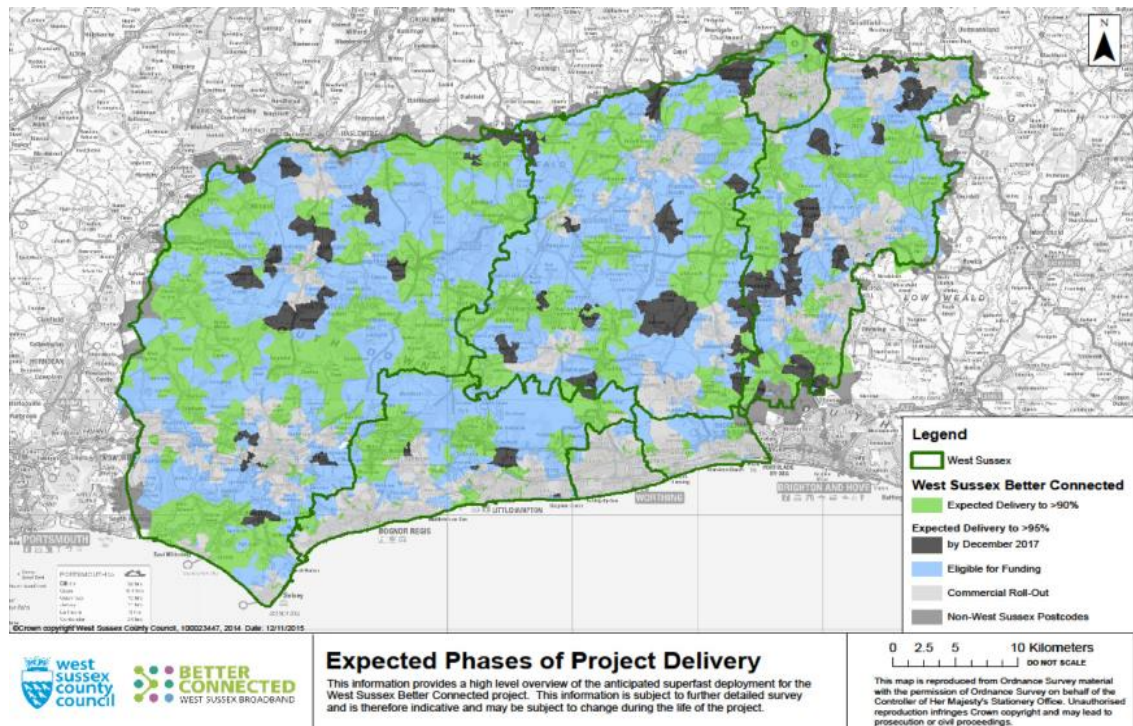
- 5.1 The flow of goods, services and information in an area depends on a range of factors including strategic transport networks, digital connectivity and the distribution of different types of employment floorspace. Transport networks are discussed in further detail in Section 8.0.
- 5.2 This section draws on the Cluttons' analysis as set out in the Arun District Council Commercial Property Market Intelligence Report (2017). and the Study Defining the HMA and FEMA for Greater Brighton and Coastal West Sussex prepared by GL Hearn (2016 Draft).

### Digital Connectivity

- 5.3 Availability of broadband has significant positive economic, environmental and social impacts. Broadband is also an enabler for trade and innovation and therefore availability and quality of coverage are increasingly essential to the relative attractiveness of an area to do business.
- 5.4 Figure 7 indicates that publicly broadband coverage (green areas) is relatively limited across West Sussex and there is a clear reliance on commercial roll out particularly in coastal locations.



Figure 7 Broadband Coverage in West Sussex



Source: West Sussex County Council

## Stock of Employment Space

- 5.5 In 2012, the Greater Brighton Coastal West Sussex commercial property market had a stock of around 3,817,000sq.m<sup>5</sup> of employment floor-space of which Brighton & Hove had the greatest proportion, at 22% of the total. Arun accounted for approximately 15% of the total, which is a similar to the share in Mid-Sussex and Chichester.
- 5.6 Brighton & Hove is the largest office centre in the area with over 40% of the total, with Mid-Sussex and Worthing the next largest office centres in terms of space. As might be expected, Brighton & Hove has also recorded the highest levels of office growth since 2000. Arun saw an increase in its office stock between 2000 and 2012 albeit from a much lower base than all other local authorities in the sub-region with the exception of Adur.
- 5.7 Arun has the largest supply of industrial stock. However, the level of stock in Arun has not changed considerably since 2000, over the same period, Chichester did see an increase in stock of around 95,000 sq m (equivalent to 26%) as did Mid-Sussex (+13%). Meanwhile, the stock in Worthing, Adur and Brighton & Hove all recorded losses of space.
- 5.8 There is a number of strategic employment sites planned across the Coast West Sussex area that could increase the supply of employment space in the future. These sites include Enterprise Bognor Regis, Worthing Enterprise Growth Hub and Shoreham Harbour and Shoreham Airport.

<sup>5</sup> VOA, 2012 / Lichfields analysis set out in the Greater Brighton & Coastal West Sussex Background Paper 1 - Economy (May 2015)

## **Market Geography**

- 5.9 Brighton & Hove is the main economic centre in the sub-region. Brighton & Hove is a more prominent and more expensive market for occupiers and also faces physical constraints which may be of benefit to the Coastal West Sussex market should occupiers in Brighton look to relocate to more economical premises potentially along the A27.
- 5.10 In geographical terms, Arun is centrally located within the Coastal West Sussex property market and thus ideally placed to attract developer, investor and occupier demand along the coast. In considering the commercial property market aspects of the FEMA, the most relevant other authorities are those bordering Arun, namely Chichester to the north and west and Worthing to the east. Arun is similar in terms of its property market characteristics to both Chichester and Worthing. Commercial property market intelligence indicated that businesses from both of these Districts seeking new accommodation for expansion or upgrading would be likely to consider Arun if there was a lack of suitable floor-space in their districts, particularly as regards larger space requirements. This has recently been demonstrated by the Rolls Royce expansion in Bognor Regis, away from the company's Goodwood base at Chichester. Rental levels for industrial and warehouse space would be at similar levels, albeit that the more prime locations are likely to be around the A27<sup>6</sup>.
- 5.11 Local agent feedback reported in the 'Defining the HMA and FEMA' Study confirms this, suggesting that there is limited commercial stock in a number of the major centres and this causes some fluidity in occupiers' area of search. For example Brighton has a lack of industrial properties so occupiers were looking further along the coast. Similarly Worthing was also seen as quite constrained and some occupiers are considering moves along the A27 to Chichester.

## **6.0 Service Markets for Consumers**

- 6.1 Bognor Regis and Littlehampton are the focus of retail activity in Arun. These town centres offer a range of financial, shopping and leisure services for residents. The smaller centres of Arundel and Rustington also provide a good range of shops and services to meet local needs and Arundel is considered to be a specialist retail destination for services such as restaurants and other leisure activities.
- 6.2 In terms of convenience shopping, the needs of Arun's residents are broadly met within the District, however, there are some expenditure flows from residents in the eastern part of the District into the western part of Worthing. In terms of convenience shopping, there is a relatively strong offer in the District's centres also. Nevertheless the retail offer overall is more limited in Arun than other centres in West Sussex, notably Worthing and to some extent Chichester with an over-reliance on low value retailers, relatively few higher quality premium retailers and provision of multiple retailers.
- 6.3 Brighton is the primary retail destination in the Greater Brighton and Coastal West Sussex and the wider area with its influence extending into surrounding local authorities. To the west, Portsmouth and Gunwharf Quays in particular, provides a strong retail offer attracting significant levels of retail expenditure.

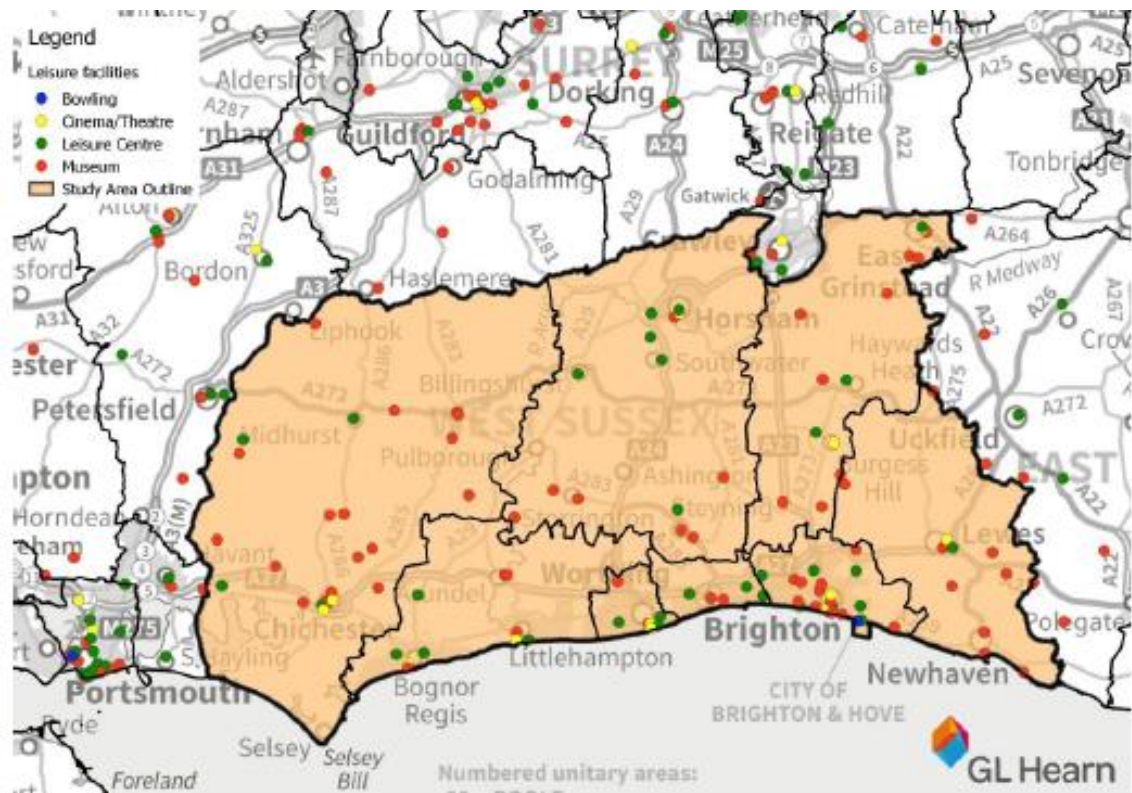
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<sup>6</sup> Section 5, Arun District Council Commercial Property Market Intelligence Report (2017)

## 7.0 Catchment Areas of Facilities Providing Cultural and Social Wellbeing

7.1 Figure 8 maps the distributions of the key cultural and leisure facilities in Greater Brighton and Coastal West Sussex. This suggests that there is a range of facilities in Littlehampton and Bognor Regis and cater for the rest of the District. As can be expected, there is a strong concentration of facilities in Brighton & Hove and similarly in Portsmouth.

Figure 8 Distribution of Leisure Facilities



Source: Defining the HMA and FEMA Draft Study, GL Hearn, 2016 Draft

## 8.0 Transport Networks

8.1 Transport networks support productivity and success of local economies by facilitating the movement of good and people and supporting business operations. Transport links in the District are dominated by east-west routes along the Sussex Coast, linking Arun with Worthing and Brighton to the east and Chichester and Portsmouth to the west (Figure 1). The main road links include the A27 and the A259.

8.2 The rail network in the District is operated by Southern Railway. The 'West Coastway' rail line between Brighton and Southampton connects the main towns along the south coast with Littlehampton and Bognor Regis served by branch lines. The Arun Valley line provides a direct rail link to London, Central Sussex and Gatwick Airport.

8.3 Public transport has an important role in extending labour market catchments. Analysis of Census data set out in the Greater Brighton and Coastal West Sussex Background Paper – Transport System, highlighted an apparent reliance on travel by car in Arun. In most parts of

the District with the exception of the town centres, in the region of 50% of journeys to work are made by car. Lack of services and slow journey times to other parts of the sub-region are likely to make commuting by public transport less attractive.

- 8.4 Planned improvements to the A27, A259 and the A29 will have a key role to play in reducing journey times, overcoming congestion issues (particularly on the A27), enhancing access to jobs and improving the attractiveness of Arun for attracting footloose businesses. This is relevant in the context of Enterprise Bognor Regis whereby bringing the site closer (to Brighton & Hove for instance) from an accessibility perspective could encourage businesses to locate in the area.

## 9.0 Synthesis

- 9.1 Based on the assessment of the various factors set out in the PPG that can be used to identify FEMAs, it is possible to consider the spatial extent of the core FEMA for Arun. The core FEMA encompasses those areas that the evidence indicates consistently have an inter-relationship with Arun across a number of the factors.
- 9.2 Arun is located in the Coast to Capital LEP area which extends along the south coast from Chichester to Lewes and north to Croydon. Within this wider area, there is a more localised administrative relationship with Coastal West Sussex and Greater Brighton as demonstrated by the Strategic Planning Board. These administrative units guide future growth and investment in the area and through their strategy documents have identified spatial priority areas (e.g Enterprise Bognor Regis) and attract funding.
- 9.3 In terms of travel to work areas, local authority level commuting flow data for Arun shows that the strongest links are with Chichester and Worthing, both in terms of in-commuting and out-commuting. More local level analysis indicates that there is a strong functional labour market relationship between Bognor Regis and the west of the District with Chichester while the east of the District including Littlehampton and Arundel has stronger ties to the east including Worthing and Adur and to a lesser extent parts of Horsham. This pattern aligns with the extent of the Chichester and Bognor Regis and Worthing TTWAs as defined by the ONS.
- 9.4 Arun District falls within two of the three HMAs identified for the Greater Brighton and Coastal West Sussex area. The division of the District is broadly consistent with the defined travel to work areas, on the basis that the western part of the District (Bognor Regis and the area west of Littlehampton and Arundel) falls within the Chichester and Bognor Regis HMA while the area to the east of the District including Littlehampton, Arundel and Angmering fall within the Coastal Urban Area HMA. The Coastal Urban Area HMA extends to Brighton & Hove and as far as Lewes to the east.
- 9.5 In terms of the flow of goods, services and information, it has been identified that digital connectivity in the rural parts of the District is relatively limited and coverage in the coastal area and main towns is provided through commercial operators. This could affect the District's attractiveness in terms of its offer to business operations. However, it would appear that Arun is not disproportionately disadvantaged compared to other parts of West Sussex.
- 9.6 Arun is centrally located within the Coastal West Sussex commercial property market. The District's employment space is dominated by industrial stock. The industrial market performs relatively well; meanwhile the office market is dominated by indigenous demand. The most significant functional linkages from Arun's perspective relate to Chichester and Worthing and to some extent Adur due to the profile of market demand and similar rental values. Looking at the wider Coastal West Sussex and the Greater Brighton area, a number of local authorities are



physically constrained and as a result firms may be forced to widen their area of search when seeking space.

- 9.7 Consideration of the service market for consumers and catchment areas of facilities providing cultural and social wellbeing indicates that Arun is well served. For higher order offerings, there is some draw towards the larger centres of Brighton & Hove to the east and Portsmouth to the west.
- 9.8 The key transport networks predominantly provide east-west connectivity while north-south linkages are relatively poor. Planned improvements to the A27, A259 and the A29 will have a key role to play in reducing journey times, overcoming congestion issues (particularly on the A27), enhancing access to jobs and improving the attractiveness of Arun for attracting footloose businesses. This will be particularly relevant in the context of constrained employment land supply in some local authority areas (discussed further below).
- 9.9 Taking account of the extent of the Coast to Capital LEP area, other sub-regional partnerships including Greater Brighton and Coastal West Sussex, travel to work areas, housing market areas, the flow of goods, services and information, service markets for consumers, catchment areas of facilities providing cultural and social wellbeing, transport networks and future investment, the FEMAs within which Arun is located can be identified. Analysis of these key factors suggests that the western part of the District (Bognor Regis and the area west of Littlehampton and Arundel) has the strongest functional relationship with Chichester while the area to the east of the District including Littlehampton, Arundel and Angmering has a strong relationship with Worthing.
- 9.10 The Arun Local Plan allocates seven strategic employment sites including sites at Bognor Regis, Littlehampton and Angmering to provide a mix of office [B1a/b] and industrial uses [B1c/B2/B8]. The Council has an identified supply of 194,235sq.m including 154,525sq.m within these strategic sites to meet the District's employment land requirements over the Plan period 2011-2031 and flexibility and choice in the employment site portfolio.
- 9.11 In this context, the potential role that the District has in the wider sub-regional market for employment land can be considered. Lichfields has undertaken a high level review of the evidence base of the adjoining authorities of Worthing and Chichester to understand the employment land position.
- 9.12 The 'Worthing Economic Research and Employment Land Review' (2016) indicates that the Borough could have a shortage of employment space in quantitative terms to meet the identified future needs to 2033 locally unless additional sites are identified. The commercial property market in the Borough is currently focused upon a small number of employment sites. Demand for industrial space (rather than office space) is relatively strong and a shortage of premises in the Borough means local firms have difficulties finding suitable space to support their expansion or relocation plans, while enquiries from firms outside the Borough are rarely met. Two potential sites are identified as suitable for new industrial development including Land Adjacent to Martlets Way and Inland Revenue Site (9.7ha) and Decoy Farm (8.5ha). The Local Plan Issues and Options consultation document acknowledges the severe constraints on supply and recognises that development in adjoining areas will be a key influence. The Council has identified a number of 'Areas of Change' which are considered to present the best opportunities to help provide for some of the employment opportunities within the Borough and include the sites referenced above.



- 9.13 The Chichester ‘Employment Land Review Update’ (2013) recommended that the Local Plan should identify up to 29ha within the Local Plan including up to 8ha of land for office development and up to 21ha for industrial uses. The Study also incorporated an assessment of the development potential of existing allocated sites which have not yet been developed and the suitability and deliverability of a number of potential locations which might be considered for future employment development including; provision of 4.5ha at Chichester Business Park, Tangmere, former MOD Fuel Depot Site (2.8ha) and delivery of up to 18ha of employment land through further strategic development sites.
- 9.14 The Council’s preferred scenario for future growth indicates a requirement for 25ha of employment land. Approximately 9ha of new employment land is allocated in the Chichester Local Plan: Key Policies 2014-2029 including 6ha West of Chichester and 2.8ha at Tangmere within a strategic site. It is expected that part of the residual requirement will be met through extant planning permissions and allocations carried forward; the Council is also seeking to identify some additional sites through the emerging Site Allocations DPD and a ‘Vision for Chichester’ document being produced (primarily office). The Council has indicated that there is potential for approximately 7.7ha of employment land to be allocated on the smaller sites in and around Chichester.
- 9.15 The potential for Arun to meet unmet needs from adjoining authorities in the future will depend on a range of factors. It appears that the councils are still seeking to identify sites within their own boundaries and therefore the potential role will need to be considered in the context of any changes to the supply position. Nevertheless, due to physical constraints, the availability of medium to large scale sites (>10ha) is particularly limited in these locations. At the same time, the shortfall and requirements are highest for industrial uses. Taking account of the typology of Arun’s allocated sites (Enterprise Bognor Regis and Angmering), there may be potential for the District to accommodate some medium to large scale, industrial requirements as has already occurred with Rolls Royce at Bognor Regis.
- 9.16 Strategic objectives and planned initiatives to kick start future economic growth and to attract inward investment into Arun over the Local Plan period means that the functional economic market area role of the District could further develop. The Council should seek to continue to work on an on-going basis with the adjoining authorities to identify the scope to help accommodate unmet employment land needs.