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# Shaping Elmbridge A New Local Plan

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## Key Theme Summary Paper Growing a prosperous economy

Elmbridge Local Plan Evidence Base

January 2020



**Elmbridge**  
Borough Council  
*... bridging the communities ...*

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# Contents

Key theme summary .....	3
1. Introduction .....	4
Purpose.....	4
Overview .....	4
2. Policy Context .....	5
National policy and guidance .....	5
3. Evidence base.....	14
4. Growing a prosperous economy .....	21
5. Next steps .....	23

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## Key theme summary

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This Key Theme Overview paper brings together legislation and national policy requirements, guidance and our local plan evidence base which inform the development of planning policies on growing a prosperous economy in the new Local Plan.

Growing a prosperous economy includes our employment areas, both offices and industrial spaces, as well as our town and local centres and other areas of retail in the borough. The importance of good connectivity and movement for our local economy is also considered.

We have to plan for our employment needs, ensuring we have land for businesses to grow and for new businesses to develop, as well as supporting our town centres, defining their areas and supporting a range of uses, keeping them vibrant and active places.

Our evidence is showing us that we need to consider reducing the number of Strategic Employment Land locations in the borough and consider how we best support our growing number of small and medium enterprises through development.

Town and local centres, not just in Elmbridge, but across the Country have seen significant change in the last few years and we need to formulate policies that consider and enable our centres to positively respond to these changes, maintaining them as active and vibrant places for our communities.

This paper brings together all these challenges and evidence and explains the policy directions we are considering in the new Local Plan, *Creating our vision, objectives and the direction for development management policies 2020* consultation. The consultation is running from 27 January 2020 to 9 March 2020 and is seeking views on the vision, objectives and direction of development management policies as part of the preparation of the new Local Plan.

Further information on the consultation can be found at:

**[elmbridge.gov.uk/localplan2020](http://elmbridge.gov.uk/localplan2020)**

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# 1. Introduction

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## Purpose

- 1.1 This Theme Summary Paper on Growing a prosperous economy (Key Theme 2) is one in a series of three that have been produced to support the consultation on the new Local Plan, *Creating our vision, objectives and the direction for development management policies 2020*. The purpose of each Theme Summary Paper is to provide more detail on the legislation, policy and evidence base that have informed the proposed direction of the development management policies for consultation. The two other Key Theme summary papers in this series are:
- Key Theme 1: Climate change and the natural environment
  - Key Theme 3: Ensuring health and wellbeing for all
- 1.2 This paper provides a summary analysis on the technical evidence base produced to date, bringing this together with the legislative and policy requirements which the new Local Plan will be expected to meet regarding the economy.

## Overview

- 1.3 Bringing together key pieces of information, the aim of this paper is to provide technical background information for stakeholders and interested parties on the development of the policies in the new Local Plan. The paper does not contain any policies or proposals. This paper covers the topics of:
- Employment land (industrial and office)
  - Town and local centres
  - Leisure, culture and the arts
  - Tourism
  - Mixed use development
  - Digital infrastructure
- 1.4 The document sets out firstly in section 2 an overview of the legislation and national policy requirements; in section 3 a summary analysis of the technical evidence base and in section 4 an overview of the next steps in furthering the evidence base, where needed, and the development of policies. The summary at the front of the document provides a snapshot of the key requirements and issues arising, and the next steps for the consultation.

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## 2. Policy Context

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- 2.1 In developing the new Local Plan, regard must be had to relevant legislation and National Planning Policy and guidance, as well as regional and local plans and strategies. This section of the paper summarises those, at the national and regional level, that are relevant to the development of the direction of policies on growing a prosperous economy.

### National policy and guidance

#### National Planning Policy Framework (2019)

- 2.2 The National Planning Policy Framework (NPPF) (2019) contains chapters on building a strong, competitive economy, ensuring the vitality of town centres and supporting high quality communications.
- 2.3 The NPPF places significant weight on the need to support economic growth and expects planning policies and decisions to help create conditions in which businesses can invest, expand and adapt. Paragraph 81 sets that planning policies should:
- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
  - b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
  - c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
  - d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.
- 2.4 Paragraph 82 expects planning policies to “recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-drive, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.”
- 2.5 In chapter 7 the NPPF clearly sets out what is expected in planning policies to support town centres, recognising the role that they play at the heart of local

communities. Local planning policies therefore should:

- a) define a network and hierarchy of town centres and promote their long-term vitality and viability – by allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters;
- b) define the extent of town centres and primary shopping areas, and make clear the range of uses permitted in such locations, as part of a positive strategy for the future of each centre;
- c) retain and enhance existing markets and, where appropriate, re-introduce or create new ones;
- d) allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead. Meeting anticipated needs for retail, leisure, office and other main town centre uses over this period should not be compromised by limited site availability, so town centre boundaries should be kept under review where necessary;
- e) where suitable and viable town centre sites are not available for main town centre uses, allocate appropriate edge of centre sites that are well connected to the town centre. If sufficient edge of centre sites cannot be identified, policies should explain how identified needs can be met in other accessible locations that are well connected to the town centre; and
- f) recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites.

2.6 The NPPF defines town centres as an “area defined on the local authority’s policies map, including the primary shopping area and areas predominately occupied by main town centre uses within or adjacent to the primary shopping area. References to town centres or centres apply to city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in the development plan, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres”.

2.7 The NPPF recognises the role that digital technology plays in economic growth, requiring planning policies to “support the expansion of electronic communication networks, including next generation mobile technology (such as 5G) and full fibre broadband connections. Policies should set out how high-quality digital infrastructure, providing access to services from a range of providers, is expected to be delivered and upgraded over time; and should prioritise full fibre connections to existing and new developments.”

## Planning Practice Guidance

- 2.8 The Planning Practice Guidance (PPG) supports the implementation of the NPPF giving further guidance and details on the requirements. The PPG outlines how planning authorities need to use the tools available to them to respond to and adapt to change, taking particular account of structural changes in the economy, and thus shopping and leisure patterns.
- 2.9 The PPG identifies that in considering the future vitality of town centres a wide range of complementary uses can be considered, such as residential, employment, office, commercial, leisure/ entertainment, healthcare and educational, as well as temporary activities. The PPG emphasises the wider offer of town centres through diversification developing a brand and offering of services beyond retail. For example, the role that residential development can play in ensuring vitality and giving residents easier access to a range of services, and the potential economic increase from evening and night time activities.
- 2.10 The Local Plan is seen as a key way to set the vision and strategy for town centres. In developing planning policies, the PPG expects primary shopping areas to be defined, and where appropriate and justified primary and secondary retail frontages. The strategy should be based on evidence on the current state of town centres. Strategies for town centres can be used to establish:
- the realistic role, function and hierarchy of town centres over the plan period. This should focus on the first five years but take into account the lifetime of the plan.
  - the vision for the future of each town centre, including the most appropriate mix of uses to enhance overall vitality and viability.
  - the ability of the town centre to accommodate the scale of assessed need for main town centre uses, and associated need for expansion, consolidation, restructuring or to enable new development or the redevelopment of under-utilised space.
  - how existing land can be used more effectively – for example the scope to group particular uses such as retail, restaurant and leisure activities into hubs or for converting airspace above shops.
  - opportunities for improvements to the accessibility and wider quality of town centre locations, including improvements to transport links in and around town centres and enhancement of the public realm.
  - what complementary strategies are necessary or appropriate to enhance the town centre and help deliver the vision for its future, and how these can be planned and delivered.

- the role that different stakeholders can play in delivering the vision. If appropriate, it can help establish the level of cross-boundary/strategic working or information sharing required between both public and private sector groups.
- appropriate policies to address environmental issues facing town centres, including opportunities to conserve and enhance the historic environment.

2.11 Where future development needs cannot be accommodated in the town centre, planning authorities should plan positively “to identify the most appropriate alternative strategy for meeting the identified need for these main town centre uses, having regard to the sequential and impact tests”. Planning policy takes a town centre first approach and the sequential test for plan-making requires a thorough assessment of the suitability, viability and availability of locations for main town centre uses. A clearly explained justification is required if more central opportunities to locate main town centre uses are rejected.

2.12 The impact test considers the impact of out of centre and edge of centre uses on the vitality and viability of a town centre over time. The test is applied to all town centres that maybe affected and only relates to retail and leisure developments which are not in accordance with up-to-date plan policies. Using the impact test in plan making the PPG states that “If plan policies are based on meeting the assessed need for town centre uses in accordance with the sequential approach, issues of adverse impact should not arise. The impact test may however be useful in determining whether proposals in certain locations would impact on existing, committed and planned public and private investment, or on the role of particular centres”.

2.13 Paragraph 025 of the PPG expects planning authorities to prepare robust evidence to demonstrate an understanding of existing business needs, which is kept under review considering local circumstances and market conditions, and take account of other plans and strategies, such as the Local Industrial Strategy. In doing this, authorities should use their evidence base to help determine the type and amount of employment land that is required, and assess the following (paragraph 026 Reference ID: 2a-026-20190220, date 20022019 PPG):

- the best fit functional economic market area
- the existing stock of land for employment uses within the area
- the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);
- evidence of market demand (including the locational and premises



requirements of particular types of business) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;

- wider market signals relating to economic growth, diversification and innovation; and
- any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.

2.14 In developing an idea of future employment needs a range of data should be utilised including employment forecasts and projections, future local labour supply, analysis on past take-up of employment land and property, and consult with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.

2.15 We also need to identify existing stock of employment land and identify the recent pattern of supply and loss through an analysis of market segment and sub-areas and through monitoring permissions that have been granted for other uses. Using this data, we can then identify any gaps in employment provision or where there is an oversupply in local employment land, and to do this for market segments. This can then identify whether there is a mismatch between quantitative and qualitative supply and demand, and which market segments are under or over supplied.

2.16 Our assessment of land requirements needs to include the following:

- Standard Industrial Classification sectors to use classes
- Standard Industrial Classification sectors to type of property
- Employment to floorspace (employment density) and
- Floorspace to site area (plot ratios based on industry proxies)

2.17 Understanding the local market will be important in addressing any specific locational requirements or specialist and new sectors, as in some sectors clustering plays an important role in collaboration, innovation, productivity and sustainability. This will need to take account of Local Industrial Strategies.

2.18 In delivering the policies in the NPPF local authorities are expected to assess future land availability which is suitable, available and achievable for [housing] and economic development. This assessment will provide an important source of evidence to inform plan making and links to the brownfield land registers. However, this assessment does not in itself allocate a site for development. These assessments should:

- Identify sites and broad locations with potential development;
- Assess their development potential; and
- Assess their suitability for development and the likelihood of development coming forward (the availability and achievability).

2.19 The PPG details specific guidance and processes that lead to a robust assessment of land availability, but this should be undertaken in a proportionate manner, building on existing information sources where available. Any departure from the guidance needs to be explained.

### **National Industrial Strategy: Building a Britain fit for the future, November 2017**

2.20 The overarching aim of the National Industrial Strategy is to 'create an economy that boosts productivity and earning power throughout the UK'. The strategy is based around five foundations of productivity:

- Ideas: the world's most innovative economy
- People: good jobs and greater earning power for all
- Infrastructure: a major upgrade to the UK's Infrastructure
- Business environment: the best place to start and grow a business
- Places: prosperous communities across the UK

2.21 The strategy seeks to place the UK at the forefront of artificial intelligence and data revolution, maximising advantages for UK Industry from the global shift to clean growth, a world leader in the way people, goods and services move, and using innovation to help meet the needs of an aging society.

2.22 Some key policies in the Strategy are:

- Raise total research and development (R&D) investment to 2.4per cent of GDP by 2027.
- Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills.
- Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure.
- Support electric vehicles thorough £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant.
- Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks.
- Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the 'long tail' of lower productivity firms.

- Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities.
- Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions.

## **Regional Plans and Strategies**

### **Enterprise M3 – Local Enterprise Partnership**

- 3.2 Enterprise M3 (EM3) is a business led Local Enterprise Partnership (LEP) that brings together a partnership of both private and public sector organisations and is one of 38 LEPs in England. The EM3 LEP is made up of small businesses, larger companies, local authorities, not-for-profit organisations, colleges and universities and works across west Surrey and most of the county of Hampshire.
- 3.3 The Enterprise M3 partnership determines the local economic priorities and through their activities aims to drive economic growth and productivity in the region through innovation, job creation, improved infrastructure and increasing skills. The priorities, economic vision and growth ambitions are set out in the Strategic Economic Plan and the emerging Local Industrial Strategy.

### **A Strategic Economic Plan for the Enterprise M3 Area 2018-2030**

- 3.4 The LEP has produced an economic plan for the LEP area. The focus of the plan is to stimulate further growth and achieve a growth ambition rate of 4% per year to 2030. Within this ambition for the area are 5 priorities to achieve growth, and two stimulants for growth.
- 3.5 The stimulants in the EM3 area for growth are digital and data technologies, and the clean growth economy, both of which are relevant in developing our new Local Plan. Part of the focus on the digital and data technology is the 5G network and enhancements to digital infrastructure, harnessing existing research and development in producing globally competitive technology products and not only looking to the larger corporate firms based in the area, but also Small- Medium Enterprises (SMEs).
- 3.6 Achieving clean growth through reducing the carbon emission profile of the LEP further harnesses the opportunities that exist in the sector in developing new technologies. The strategy supports a move towards a low carbon emissions transport system and the inclusion of low carbon technologies in new housing developments, as well as having a balance for appropriate economic development and growth in the countryside to sustain local

communities and jobs.

- 3.7 The stimulants sit underneath the five priorities for growth:
- High value sectors for a globally facing economy
  - Enterprise and innovation for scaling up high productivity SMEs
  - Skills for a high value, high growth economy
  - Connectivity for a 21st century advanced digital and low carbon economy
  - Dynamic communities and sustainable growth corridors
- 3.8 To achieve these priorities and the growth ambition, the LEP will work with Government to produce a Local Industrial Strategy. The start of this process is detailed below.

### **Local Industrial Strategy - Enterprise M3 – Local Enterprise Partnership**

- 3.9 The Local Industrial Strategy (LIS) is currently being developed by the EM3 LEP. The LIS will put in place strategies for delivering the growth outlined in the Strategic Economic Plan, achieved through collaboration and co-design and will be focused on nine long-term strategic priorities.
- 3.10 The nine long-term strategic priorities include science, innovation and enterprise; people and skills; towns; housing (which includes increasing supply and securing greater diversity of housing to improve recruitment and retention of people); a gateway region; clean growth (which includes better use of energy to improve productivity and the role of natural capital); digital connectivity (a step change in the provision of digital connectivity and technology); smart mobility (better and more efficient connections, with new approaches to mobility); and exporting (increasing demand and stimulating investment).
- 3.11 Productivity will be an overarching focus for the forthcoming strategy, with improvements in productivity a key measure of the performance of the region and the LEP area. The nine strategic priorities focus on enhancing productivity that provides benefits for the people and places across the area, with an emphasis on the quality and nature of growth, and not just the quantity and the rate. The draft strategy is due to be published in early 2020.

### **Surrey Hotel Futures Study 2015, Surrey County Council (by Hotel Solutions)**

- 3.12 The study was undertaken across the County and provides an analysis, at that time, of the future opportunities and requirements for hotel development

to inform future district-wide and local plan policies on tourism and hotel planning. The study recognised that Weybridge, along with some other Surrey towns had a more significant hotel supply. Esher, Walton-on-Thames and Molesey were identified as places with limited or no hotel provision.

- 3.13 The performance and market in Surrey, in line with the national trend, has seen annual room occupancies increasing and the study identified an increase in budget hotel provision in the last ten years, with a number of existing hotels being refurbished, but little investment in expansion. Since 2004, 20 hotels have closed in Surrey, mainly 2 and 3 star, including one in Cobham. However there has been an overall increase in the total hotel bedrooms of 1,487, equivalent to a growth of 23.8%.
- 3.14 In 2015 across Surrey there were proposals for 18 new hotels, mainly 5- and 4-star hotels. In Elmbridge the study notes that proposals for hotels in Hersham, Walton-on-Thames and Esher were not going ahead.
- 3.15 The overall performance of hotels in Surrey saw 5 star/ luxury house hotels with good levels of occupancy, particularly at the weekends and also budget hotels consistently busy throughout the week and weekend. The mid-range hotels had less occupancy, particularly at weekends.
- 3.16 Overall the study considered that there was good potential for growth in all the key markets for hotel accommodation in Surrey, at least in the next 5 years. In terms of hotel development opportunities, the following was identified by the study within Elmbridge, an international 4 star hotel in Weybridge, a boutique hotel in Esher and budget/ 3 star hotels in Cobham, Esher, Weybridge, and Walton-on-Thames.

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## 3. Evidence base

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- 3.1 National Planning Policy requires us to develop policies in the new Local Plan based on evidence. Our evidence base comprises documents that have helped inform past and current stages of our Local Plan policy development; emerging evidence will help inform future development of policies for the Local Plan.
- 3.2 The Council has published several evidence base documents relating to the economy which are all available to view on the Council's website. These evidence base studies cover the topics of employment and retail needs, economic strategy, and asset management.
- 3.3 The key current pieces of evidence relevant to the economy are:
- Strategic Employment Land Review 2019
  - Elmbridge Retail Assessment 2016 (Bilfinger GVA)
  - Elmbridge Commercial Property Report 2017 (GL Hearn)
  - Baseline and Functional Economic Area 2016

### **Strategic Employment Land Review 2019**

- 3.4 The Review assesses the borough's current Strategic Employment Land (SEL) designations of which there are 13 along with other non-designated employment sites. All of the sites were assessed by taking into account market signals, physical signals, sustainability signals and whether the site could provide opportunities for future growth. A number of the SELs have already been granted planning permission for residential redevelopment and this has been considered in the assessment.
- 3.5 The assessment concluded that only five sites were worthy of being retained as SEL: Brooklands Industrial Estate, The Heights, Hersham Trading Estate in Walton-on-Thames, Hersham Place Technology Park and Molesey Industrial Estate. These five SEL sites considered suitable to retain their designation of SEL are all over 5ha in size and have the potential for intensification and redevelopment to provide more employment floorspace. Changes to permitted development rights now allow, subject to submitting a prior notification, the change of use from office to residential. We currently have an Article 4 Direction which brings back the need for planning permission for the conversion of offices to houses or flats in the SELs listed below:

- Brooklands Industrial Estate
- Hersham Trading Estate (including North Weylands Trading Estate)
- Molesey Industrial Estate

3.6 The other sites assessed were either considered to be unsuitable for retaining their SEL designation or becoming designated SEL in the first place. These sites were found to be of a small size and scattered in locations around the borough and therefore could not form significant elements of strategic employment land. Other sites were located near to settlement centres and were viewed as providing a complementary role to the settlement centre function rather than providing a strategic employment role.

## **Elmbridge Commercial Property Report 2017 (GL Hearn)**

3.7 This report provides a commercial property market review, updated employment forecasting, an analysis of the local property market demand and supply and future employment land requirements.

3.8 The report identified that the borough is a highly desirable place for both office and industrial industries. There is a skilled local labour force with a strong transport network with connections to London and the South East.

### **Industrial supply and demand**

3.9 In terms of supply, Elmbridge has a greater provision of warehousing than its surrounding boroughs with Brooklands Industrial Estate and Molesey Industrial Estate providing most of the borough's industrial supply with modern, large warehouse accommodation with good accessibility to the strategic road network. The other industrial areas in the borough serve a more local market.

3.10 It found that the current industrial stock experienced low vacancy levels, and this is considered to be restricting market performance. This is reflected in the identified undersupply in the Upper M3 area. Overall the borough is not a prime market for industrial property however latent demand is considered to exist.

3.11 The baseline employment forecast shows demand for Use Class B8 (Warehouse & Distribution) particularly in transport, storage & distribution. This is fuelled by a lack of provision of B8 space in adjacent boroughs. Demand is for both larger B8 distribution as well as small plots for construction and niche manufacturing. However, the constrained physical

nature of the borough means it is difficult to increase this floorspace.

### **Office supply and demand**

- 3.12 In terms of office supply, Brooklands at Weybridge continues to be the principal office location in the borough. Overall there is limited office space and little in the development pipeline for new office development. It found there is a strong supply of offices in neighbouring boroughs with number of schemes being developed and therefore businesses could migrate to neighbouring authorities and this may lead to a lower rate of demand for Grade A space in the short to medium term. However, in the long-term Elmbridge and the Upper M3 will remain areas of demand for office.
- 3.13 Permitted development rights were found to be adversely affecting the borough and have resulted in loss of office space in town centre locations. This could potentially result in an undersupply of second-hand space for smaller businesses and replacement stock would require market intervention.
- 3.14 The analysis identified a short to medium term demand for smaller (less than 1,000sqm) and medium sized suites (between 1,000-5,000sqm). It also highlighted that there is a need to consider office provision for small and medium sized enterprises (SMEs) and start-ups looking for flexible small workspace at lower rents that traditionally occupied second-hand space in town centres.

### **Future employment demand**

- 3.15 Informed by the analysis, the Review establishes a 'Local Scenario' to identify a jobs growth forecast for the borough. This adjusts the labour demand forecasting to take account of completions trends and planned development in the borough. The result of this is an increase in the need for office space and a decrease in the need for warehouse/distribution space. This is because the employment densities for warehouse/distribution jobs is much lower than it is for office jobs.
- 3.16 Using the 'local scenario' it estimates the future floorspace needs for Elmbridge (2015-2035) as set out in the table overleaf.



<b>Local Scenario Floorspace Forecast for Elmbridge (2015-2035) (sqm)</b>	
<b>Use Class</b>	<b>Total including 5-year buffer 2015-2035</b>
B1a/b: Office & R&D	35,650
B1c/B2: Industrial	-8,270
B8: Warehouse & Distribution	35,480
Sui Generis Uses on Employment Sites	-4,700
<b>Total</b>	<b>58,150</b>

### **Employment Land Needs**

- 3.17 Following on from this, the Review uses plot ratios to translate this floorspace forecast to a land need. This result in a need of 16ha of employment land to provide the floorspace needed to support growth, with around 7ha required for warehouse/distribution use and 9ha for office use. Along with a forecast net loss of around 2ha of industrial land and 1ha of Sui Generis uses.

<b>Employment Land Requirement for Elmbridge (2015-2035) (ha)</b>	
<b>Use Class</b>	<b>Local Scenario</b>
B1a/b: Office & R&D	11.9
B1c/B2: Industrial	-2.1
B8: Warehouse & Distribution	7.1
Sui Generis Uses	-0.9
<b>Total</b>	<b>16</b>

### **Baseline and Functional Economic Area 2016**

- 3.18 The purpose of this study was to identify the functional economic area that Elmbridge is located within and identifies the boroughs that the Council will need to work with to ensure an effective supply of employment land to meet business needs.
- 3.19 The study concludes that Elmbridge functions within a south west London / north Surrey economic area and this area is similar to that identified by the Enterprise M3 LEP as the Upper M3 commercial market area.
- 3.20 It identified that the Council needs to work with the following authorities:
- Runnymede
  - Spelthorne
  - London Borough of Kingston upon Thames
- 3.21 However, it will be important to engage the following authorities as part of a wider economic area when seeking to secure sufficient floorspace to meet

business needs:

- London Borough of Richmond upon Thames
- Woking
- Epsom and Ewell
- Mole Valley
- Guildford

- 3.22 It will also be important to continue to consult with Surrey County Council, Enterprise M3 LEP and the London LEP on economic and employment issues.
- 3.23 The number of jobs in the capital, the higher salaries and the ease of commuting from Elmbridge and its neighbouring authorities mean that a significant proportion of the population travel into London for employment. The pattern for those commuting into Elmbridge for work purposes shows that people are commuting from a relatively confined area, with the neighbouring Boroughs of Kingston, Richmond, Runnymede, Guildford, Spelthorne, Mole Valley and Epsom and Ewell providing, alongside Elmbridge residents, 77% of the local workforce.
- 3.24 Prominent economic sectors identified within the borough are knowledge based such as professional, computing and information services. This is similar to Mole Valley, Runnymede, Woking, Guildford and Richmond upon Thames. Whilst the prominence of distribution and warehousing functions within the borough are more reflective of the LEP area as a whole, and as a result of good transport linkages.
- 3.25 On the commercial market supply side, there are clear similarities between the office markets for Elmbridge, Spelthorne, Runnymede and the London Boroughs of Kingston and Richmond upon Thames. For industrial floorspace, Elmbridge shares a similar market with these boroughs with lower rents and lower level of demand compared to the other boroughs especially those in the LEP.

### **Elmbridge Retail Assessment 2016 (Bilfinger GVA)**

- 3.26 This study provides an evidence base on the existing and future roles and performance of the borough's Town, District and Local Centres and assessed the future demand for retail floorspace in the borough over the period to 2035. The study took into account the expected levels of growth in Elmbridge and neighbouring authorities, as well as recent and emerging changes in consumer behaviour.

- 3.27 It identified a 'need' for additional comparison and convenience goods floorspace, as follows:
- Comparison goods — between 14,100 and 19,700 sqm net additional comparison goods floorspace by 2035; and
  - Convenience goods — between 1,000 and 1,900 sqm net additional convenience goods floorspace by 2035.
- 3.28 The capacity forecasts shown above have regard to planning 'commitments' for new retail floorspace in the borough and are based on a range of scenarios in terms of population growth and, in respect of comparison goods, the amount of comparison goods spending which will be retained in the borough in light of the planned developments for new comparison goods retail floorspace in competing centres such as Kingston-upon-Thames, Woking and Guildford.
- 3.29 The centres in Elmbridge should therefore seek to play a complementary, supporting role to these higher order centres, which enable day-to-day and some higher-order shopping needs to be met.
- 3.30 The location of any new retail development will be subject to the sequential test and impact test where appropriate.
- 3.31 It concludes that retail will continue to be an important contributor to the vitality and viability of town centres, and a driver for growth. It is therefore important the Town and District centres are protected and supported through policy. The council should consider the introduction of appropriate measures, including Article 4 Directions, to support this. Whilst a more flexible approach to 'town centre' uses is appropriate in secondary locations, active uses on ground floors should be encouraged throughout the Town and District Centres.
- 3.32 The retail assessment sets out strategies and recommendations to ensure the borough's Town, District and Local Centres remain vibrant, attractive retail destinations over the course of the Local Plan period.

### **Elmbridge Economic Strategy 2019-2023**

- 3.33 Building upon Elmbridge's economic success, its role within the Enterprise M3 Local Enterprise Partnership (LEP), the borough's locational and transport advantages, the Elmbridge Economic Strategy sets out the economic vision and action plan for the Borough. It identified the borough's economic strengths:

- The borough is attractive due to its proximity to London for inward investment and for businesses looking to relocate out of London, local workforce and transport network connections.
- Elmbridge has an internationally facing business base with Amazon, Samsung, Cargill, Air Products and JTI all located within the borough.
- Elmbridge sits within the Upper M3 area, alongside Spelthorne and Runnymede which forms part of the wider Enterprise M3 LEP. Elmbridge has a strong performance in the knowledge and technology sectors. In terms of business growth and jobs growth it outperforms the LEP's Growth Towns of Guildford, Woking, Farnborough and Basingstoke. Elmbridge's professional services form the second largest cluster of professional services firms across the LEP with a growing cluster of digital, computing and information services within the borough.
- There is a potential for the distribution sector given the borough's location.
- Feedback from local businesses gave a positive outlook on business growth potential.

3.34 The Elmbridge Economic Strategy identified the following economic challenges:

- the lack of stock available in town centre locations due to the impact of permitted development rights.
- that existing employment areas are largely at capacity.
- that there is an undersupply of both office and industrial space.
- there is a high commuting outflow with 37% of residents commuting to London, reducing this outflow would ease pressure on transport infrastructure.
- that house prices are a barrier to attracting young professionals.

3.35 The Economic Strategy identified a growth ambition for the borough to deliver:

- 370 additional knowledge-based employees per annum.
- 16,000sqm of new A grade office by 2026 – Brooklands 10,000sqm and Hersham Place Technology Park 6,000sqm.
- 11,500sqm of refurbished commercial floorspace by 2026.
- 150 additional hotel bedrooms by 2026.

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## 4. Growing a prosperous economy

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- 4.1 This section of the report brings together the legislation, national policy requirements and the main issues and challenges highlighted by the evidence base in relation to the policy areas being discussed in this consultation.
- 4.2 Each of the headings below relate to the policy directions being considered in Theme 2: growing a prosperous economy in the consultation document.

### **Employment land supply**

- 4.3 The NPPF and PPG requires us to develop an evidence base, taking account of local market factors in relation to the supply and demand for different types of employment land. Our employment land study indicated in 2017 that an additional 16ha of land is needed for office and warehousing/ distribution. Our Strategic Employment Land Review in 2019 looked at our existing strategic employment areas in detail and recommended that out of the 13 that currently exist only five should be considered for designation in a future Local Plan.
- 4.4 More recent strategies and evidence from the LEP, Enterprise M3, and the Elmbridge Economic Strategy indicates that we also need to plan for the needs of SMEs in the borough and provide flexible workspaces.
- 4.5 In response to this we are currently considering the future policy direction to provide and maintain a portfolio of employment sites that respond to business needs, including SMEs. Some existing sites would see land densified and intensified.

### **Mixed use development**

- 4.6 Taking a flexible approach to land that responds to market signals is advocated in the NPPF, as well as developing sustainable approaches to growth. The connectivity of workspaces and working towards a low carbon future are high priorities for the LEP in their regional strategies.
- 4.7 Our proposed approach is to encourage provision of suitable employment space in mixed use developments in accessible locations, including town and local centres. This space, as well as being in more sustainable locations in the borough, can provide the flexible workspaces for start-ups and SMEs, such as touch down and hub spaces, and office and work space available in different tenures.

## **Vibrant town and local centres for all**

- 4.8 The high street in many towns and centres has seen a decline in retailing over the last few years, and this has been recognised by the Government through The High Street Report, with a decline in footfall and high street shop closures and an increase in online sales. Forecasts are showing that these trends are set to continue.
- 4.9 The NPPF expects local planning policies to promote the long-term vitality and viability of town and local centres, recognising the important part they play within communities, and also to be able to respond to rapid changes in retail and leisure, promoting a mix of uses.
- 4.10 Our recent town centre health checks and the Retail Assessment (2016) both recognise that compared to the national trend, the town and local centres in Elmbridge have lower than average vacancy rates. However, despite this we must plan for a future change in retail over the plan period and enable our centres to grow and economically thrive. In response to this we are considering a policy direction that would allow a greater variety of uses in areas that may be seen as traditionally retail, including residential development, leisure uses and 'pop-up' and 'meanwhile' uses.

## **Connectivity and movement**

- 4.11 A high priority at both the national and regional level is improvements in connectivity, keeping pace, and being at the forefront as a region, of digital technologies. Our proposed policy direction is to ensure that new development is well connected will full-fibre connections to all new residential and commercial developments. The proposed policy would also support the delivery of new and improved technologies in the borough.
- 4.12 Congestion is identified through the strategies and reports the LEP is preparing, as well as its potential cost to the economy and impact on the attractiveness of the region to new and existing businesses. Ease of movement is also important for residents and those who work in the borough. This also has to be balanced with other factors such as climate change and air quality. Our proposed policy direction responds to current evidence by supporting transport improvements, particularly on public transport in the borough and designing spaces and services to reduce the reliance on the car, promoting cycling and walking.

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## 5. Next steps

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- 5.1 This review brings together the national policy requirements, regional strategies and the evidence base document outcomes and recommendations that have led to the policy directions considered in the consultation. The NPPF does requires us to base our policies on up to date evidence.
- 5.2 With recent retail changes we are considering further work looking at Elmbridge's retail and employment market areas in more detail and specific sites around the borough. We will also take account of the final Local Industrial Strategy when it is produced by Enterprise M3 and will be undertaking a further health check of our town and local centres.
- 5.3 Following the consultation, we will consider the feedback to these policy approaches, additional evidence and then consider whether any further evidence is required as we move towards the next stage of plan preparation.